

**Mobile Telecommunications Company KSC and subsidiaries
Kuwait**

**Interim Consolidated Financial Information (Unaudited)
30 June 2007**

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

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

Report on Review of Interim Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Mobile Telecommunications Company K.S.C. (the Parent Company) and its subsidiaries (together called "the Group" as at 30 June 2007 and the interim condensed consolidated statement of income, statement of changes in equity and statement of cash flows for the six 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

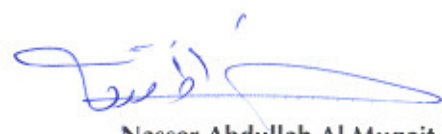
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared in all material respects in accordance with International Accounting Standard 34 – Interim Financial Reporting.

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 period ended 30 June 2007 that might have had a material effect on the business of the Group or on its financial position.



Bader A. Al Wazzan
Licence No. 62A
PricewaterhouseCoopers



Nasser Abdullah Al Muqait
Licence No.9A
Al-Ahli Bureau

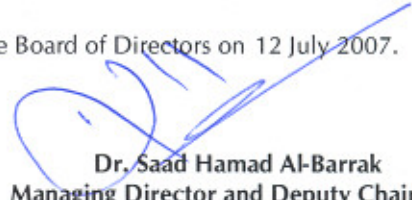
Interim Condensed Consolidated Balance Sheet as at 30 June 2007 (Unaudited)

	Note	Unaudited 30 June 2007	Audited 31 December 2006 (Restated)	Unaudited 30 June 2006 (Restated)
KD '000				
Assets				
Current assets				
Cash and bank balances	4	214,549	371,731	152,542
Short-term deposits		69,678	102,591	104,097
Trade and other receivables		282,668	184,485	268,933
Inventories		17,268	14,791	11,095
Investments – at fair value through profit or loss		23,564	18,455	18,173
		<u>607,727</u>	<u>692,053</u>	<u>554,840</u>
Non current assets				
Deferred tax assets		52,454	40,618	32,028
Investments – available-for-sale		174,652	134,843	136,284
Investment in associates		8,144	8,026	7,024
Property and equipment		931,535	775,222	682,048
Projects in progress		278,393	319,601	227,783
Intangible assets		1,546,673	1,506,524	1,500,522
Other financial assets		6,804	6,648	6,186
		<u>2,998,655</u>	<u>2,791,482</u>	<u>2,591,875</u>
Total Assets		<u>3,606,382</u>	<u>3,483,535</u>	<u>3,146,715</u>
Liabilities and Equity				
Current liabilities				
Trade and other payables	5	505,120	426,698	366,084
Due to banks		427,170	460,721	250,079
Due to minority interest holders	6	19,532	155,262	-
		<u>951,822</u>	<u>1,042,681</u>	<u>616,163</u>
Non current liabilities				
Due to banks		1,048,993	921,117	1,042,654
Deferred tax liabilities		10,849	9,980	8,995
Other non current liabilities		19,622	16,022	14,153
Due to minority interest holders		-	-	132,770
		<u>1,079,464</u>	<u>947,119</u>	<u>1,198,572</u>
Equity				
Attributable to the Parent Company's shareholders				
Share capital	7	189,273	126,182	126,182
Treasury shares	9	(15,576)	(15,576)	(15,576)
Share premium		624,465	624,465	624,465
Legal reserve		63,091	63,091	54,862
Voluntary reserve		63,091	63,091	54,862
Foreign currency translation reserve		(15,578)	(24,326)	(8,212)
Investment fair valuation reserve		70,936	41,778	42,284
Share based compensation reserve		7,320	5,736	-
Retained earnings		432,044	470,055	323,892
		<u>1,419,066</u>	<u>1,354,496</u>	<u>1,202,759</u>
Minority interest		<u>156,030</u>	<u>139,239</u>	<u>129,221</u>
Total equity		<u>1,575,096</u>	<u>1,493,735</u>	<u>1,331,980</u>
Total Liabilities and Equity		<u>3,606,382</u>	<u>3,483,535</u>	<u>3,146,715</u>

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

This financial information has been approved for issue by the Board of Directors on 12 July 2007.


Asa'ad Ahmed Al-Banwan
Chairman


Dr. Saad Hamad Al-Barrak
Managing Director and Deputy Chairman

Mobile Telecommunications Company KSC and subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Income – six months ended 30 June 2007 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2007	2006 (Restated) KD'000	2007	2006 (Restated) KD'000
Revenue		407,079	301,637	799,540	540,911
Cost of sales		(87,610)	(62,830)	(168,429)	(115,608)
Gross profit		319,469	238,807	631,111	425,303
Distribution, marketing & operating expenses		(115,992)	(73,361)	(232,308)	(132,296)
General and administrative expenses		(39,016)	(22,326)	(82,313)	(47,853)
Depreciation and amortization		(62,598)	(35,836)	(116,694)	(64,154)
Provision for doubtful debts		503	(403)	(874)	(1,378)
Operating profit		102,366	106,881	198,922	179,622
Interest income		2,967	3,064	9,620	5,896
Investment income	10	8,420	1,902	17,366	1,593
Share of profit of an associate		358	236	117	4,953
Profit/(Loss) on sale of shares in subsidiaries		-	1	-	(287)
Other income		2,534	2,999	3,397	3,274
Finance cost		(28,006)	(22,651)	(55,986)	(33,362)
Gain on currency revaluation		4,178	1,192	6,780	746
Board of Directors' remuneration		(7)	(7)	(14)	(14)
Contribution to Kuwait Foundation for Advancement of Sciences		(797)	(799)	(1,531)	(1,352)
National Labour Support Tax		(1,359)	(833)	(2,635)	(1,560)
Profit for the period before income tax		90,654	91,985	176,036	159,509
Income tax expense		(7,053)	(10,338)	(13,196)	(21,134)
Profit for the period		83,601	81,647	162,840	138,375
Attributable to:					
Shareholders of the Parent Company		77,552	78,265	148,911	132,365
Minority interest		6,049	3,382	13,929	6,010
		83,601	81,647	162,840	138,375
Earnings Per Share	11				
Basic - Fils		42	42	80	71
Diluted - Fils		42	42	80	71

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

Mobile Telecommunications Company KSC and subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity – six months ended 30 June 2007 (Unaudited)

	Equity attributable to Parent Company's Shareholders									Minority interest	Total equity
	Share capital	Share Premium	Treasury shares	Legal reserve	Voluntary reserve	Foreign currency translation reserve	Investment fair valuation reserve	Share based compensation reserve	Retained earnings		
											KD '000
Balance at 1 January 2007 – as previously reported	126,182	624,465	(15,576)	63,091	63,091	(24,352)	41,778	5,736	480,367	122,500	1,487,282
Adjustments to provisional values (net of amortisation) (Note 15)	-	-	-	-	-	-	-	-	(10,194)	16,739	6,545
Exchange differences	-	-	-	-	-	26	-	-	(118)	-	(92)
Balance at 1 January 2007 – as restated	126,182	624,465	(15,576)	63,091	63,091	(24,326)	41,778	5,736	470,055	139,239	1,493,735
Net exchange differences	-	-	-	-	-	8,748	-	-	-	3,403	12,151
Realised gain on available-for-sale investments (net)	-	-	-	-	-	-	(1,051)	-	-	-	(1,051)
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	30,209	-	-	-	30,209
Share based compensation	-	-	-	-	-	-	-	1,584	-	-	1,584
Net income / (expense) recognised directly in equity	-	-	-	-	-	8,748	29,158	1,584	-	3,403	42,893
Profit for the period	-	-	-	-	-	-	-	-	148,911	13,929	162,840
Total recognised income/(loss) for the period	-	-	-	-	-	8,748	29,158	1,584	148,911	17,332	205,733
Capital contribution	-	-	-	-	-	-	-	-	-	1,611	1,611
Adjustment to minority interest share	-	-	-	-	-	-	-	-	-	(363)	(363)
Share of put option liability - Zambia	-	-	-	-	-	-	-	-	-	(590)	(590)
Issue of bonus shares (2006)	63,091	-	-	-	-	-	-	-	(63,091)	-	-
Cash dividends (2006)	-	-	-	-	-	-	-	-	(123,831)	(1,199)	(125,030)
Balance at 30 June 2007	189,273	624,465	(15,576)	63,091	63,091	(15,578)	70,936	7,320	432,044	156,030	1,575,096
Balance at 1 January 2006 – as previously reported	109,723	624,465	(15,576)	54,862	54,862	2,352	55,540	-	303,521	23,783	1,213,532
Adjustments to provisional values (net of amortisation) (Note 15)	-	-	-	-	-	-	-	-	(4,009)	9,061	5,052
Balance at 1 January 2006 – as restated	109,723	624,465	(15,576)	54,862	54,862	2,352	55,540	-	299,512	32,844	1,218,584
Net exchange differences	-	-	-	-	-	(10,564)	-	-	-	(1,214)	(11,778)
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	(13,256)	-	-	-	(13,256)
Net income / (expense) recognised directly in equity	-	-	-	-	-	(10,564)	(13,256)	-	-	(1,214)	(25,034)
Profit for the period	-	-	-	-	-	-	-	-	132,365	6,010	138,375
Total recognised income for the period	-	-	-	-	-	(10,564)	(13,256)	-	132,365	4,796	113,341
Business combination	-	-	-	-	-	-	-	-	-	74,999	74,999
Adjustments to provisional values	-	-	-	-	-	-	-	-	-	17,748	17,748
Sale of shares to minority interest	-	-	-	-	-	-	-	-	-	1,234	1,234
Issue of bonus shares (2005)	16,459	-	-	-	-	-	-	-	(16,459)	-	-
Cash dividends (2005)	-	-	-	-	-	-	-	-	(91,526)	(2,400)	(93,926)
Balance at 30 June 2006	126,182	624,465	(15,576)	54,862	54,862	(8,212)	42,284	-	323,892	129,221	1,331,980

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

**Mobile Telecommunications Company KSC and subsidiaries
Kuwait**

Interim Condensed Consolidated Statement of Cash Flows – six months ended 30 June 2007 (Unaudited)

	Six months ended 30 June	
	2007	2006 (Restated)
	KD'000	
Cash flows from operating activities		
Profit for the period before income tax	176,036	159,509
Adjustments for:		
Depreciation and amortization	116,694	64,154
Interest income	(9,620)	(5,896)
Investment income	(17,366)	(1,593)
Share of profit of an associate	(117)	(4,953)
Loss on disposal of property and equipment	282	1,215
Finance cost	55,986	33,362
Gain from currency revaluation	(6,780)	(746)
Operating profit before working capital changes	315,115	245,052
Increase in trade and other receivables	(69,590)	(124,313)
Increase in inventories	(1,958)	(1,667)
Decrease in trade and other payables	(47,483)	(5,768)
Cash generated from operations	196,084	113,304
Board of Directors' remuneration paid	(28)	(28)
Paid to Kuwait Foundation for Advancement of Sciences	-	(1,851)
National Labour Support Tax paid	-	(2,877)
Income tax expense paid	(17,900)	(24,783)
<i>Net cash from operating activities</i>	<u>178,156</u>	<u>83,765</u>
Cash flows from investing activities		
Purchase of investments	(148)	(7,524)
Acquisition of subsidiaries	-	(526,858)
Proceeds from investments	457	617
Acquisition of property and equipment (net)	(208,434)	(114,151)
Acquisition of intangible assets	(51,214)	(39,721)
Interest received	9,583	3,905
<i>Net cash used in investing activities</i>	<u>(249,756)</u>	<u>(683,732)</u>
Cash flows from financing activities		
Borrowings from banks	72,887	663,484
Dividends paid to Parent Company's shareholders	(121,981)	(89,894)
Capital contribution of minority shareholder of the Bahraini subsidiary	1,611	-
Dividends paid to minority shareholders of subsidiaries	(1,199)	(2,400)
Finance cost	(67,388)	(15,268)
<i>Net cash (used in)/from financing activities</i>	<u>(116,070)</u>	<u>555,922</u>
Net decrease in cash and cash equivalents	(187,670)	(44,045)
Effect of foreign currency translation	(2,425)	7,804
Cash and cash equivalents at beginning of period	474,322	292,880
Cash and cash equivalents at end of period (Note 4)	<u><u>284,227</u></u>	<u><u>256,639</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 19 other countries (31 December 2006 – Kuwait and 19 other countries; 30 June 2006 – Kuwait and 18 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.

In March 2007, a consortium comprising of the Parent Company and Saudi partners won the bid for the third mobile telecommunications licence in the Kingdom of Saudi Arabia (KSA) for an amount of Saudi Riyals 22.91 billion (equivalent KD 1.77 billion). The Parent Company currently holds a 50% interest in the consortium which will be reduced to 25% following a mandatory initial public offering (“IPO”) of the new mobile operator in the KSA and allocations to two government entities. The consortium expects to launch the telecommunication services in the KSA in early 2008.

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 2006.

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. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2007. 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 2006.

3. Subsidiaries and associates

The initial accounting of the business acquisitions of Mobitel, Sudan and Vee Networks Limited, Nigeria in 2006 were carried out using the provisional values of identifiable assets, liabilities and contingent liabilities. Provisional values on the date of acquisition were initially assigned due to the time and effort required to gather information on fair values which are then determined during the first anniversary of the acquisition. The Group completed the purchase price allocation (PPA) of Mobitel, Sudan and Vee Networks Limited, Nigeria during this period and have restated comparative figures as disclosed in Note 15 to give effect to adjustments arising from the PPA.

Atheer’s telecom license expired on 31 March 2007, but the business in Iraq continues to operate. Furthermore, Atheer’s working capital is in deficit. The financial information of Atheer included in this interim consolidated financial information has been presented on a going concern basis as it expects to retain the licence due to its service capabilities and the commitment of its shareholders to provide financial support.

Notes to the Interim Consolidated Financial Information - 30 June 2007 (Unaudited)

4. Cash and bank balances

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

	<u>Unaudited</u> <u>30 June</u> <u>2007</u>	<u>Audited</u> <u>31 December</u> <u>2006</u>	<u>Unaudited</u> <u>30 June</u> <u>2006</u> <u>KD '000</u>
Cash on hand and at banks	214,549	371,731	152,542
Short-term deposits maturing within three months	69,678	102,591	104,097
Cash and cash equivalents	<u>284,227</u>	<u>474,322</u>	<u>256,639</u>

5. Trade and other payables

This includes dividend of KD 7,126,000 (31 December 2006 – KD 5,364,000; 30 June 2006 – KD 5,853,000) payable to the shareholders of the Parent Company.

6. Due to minority interest holders

During the period, the minority interest shareholders exercised their options to sell their 15.014% of the equity of Celtel to the Group for cash.

7. Share Capital

The authorized share capital as of 30 June 2007 is 1,895,655,826 shares of 100 fils each and the issued and fully paid up share capital as of 30 June 2007 consists of 1,892,729,386 shares of 100 fils each after the bonus share issue during the period. (31 December 2006 – 1,261,819,591 shares of 100 fils each; 30 June 2006 - 1,261,819,591 shares of 100 fils each). In the extraordinary general meeting held on 25 March 2007, the Parent Company's shareholders, approved this increase in authorized share capital and the Amiri Decree approving the increase of authorized share capital was issued on 9 July 2007.

8. Dividend - 2006

The annual general meeting of shareholders held on 25 March 2007 approved distribution of cash dividends of 100 fils per share and bonus shares in the ratio of 50 shares for every 100 shares.

9. Treasury shares

These shares were acquired based on the 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>30 June</u> <u>2007</u>	<u>Audited</u> <u>31 December</u> <u>2006</u>	<u>Unaudited</u> <u>30 June</u> <u>2006</u>
Number of shares	35,269,169	23,512,779	23,512,779
Percentage of issued shares	1.86%	1.86%	1.86%
Market value (KD '000)	164,354	78,062	67,247
Cost (KD '000)	15,576	15,576	15,576

Notes to the Interim Consolidated Financial Information - 30 June 2007 (Unaudited)

10. Investment income

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2007	2006	2007	2006
	KD'000		KD'000	
Gain/(loss) from investments "at fair value through profit or loss"	4,287	169	4,759	(1,997)
Realised gains from investments 'available-for-sale'	972	228	8,914	393
Dividend income	3,161	1,505	3,693	3,197
	<u>8,420</u>	<u>1,902</u>	<u>17,366</u>	<u>1,593</u>

11. Earnings per share

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

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2007	2006 (Restated)	2007	2006 (Restated)
	KD'000		KD'000	
Net profit for the period attributable to shareholders	<u>77,552</u>	<u>78,265</u>	<u>148,911</u>	<u>132,365</u>
	Shares	Shares	Shares	Shares
Parent Company's issued and paid-up shares	1,892,729,386	1,892,729,386	1,892,729,386	1,892,729,386
Less : Weighted average number of treasury shares	(35,269,169)	(35,269,169)	(35,269,169)	(35,269,169)
	<u>1,857,460,217</u>	<u>1,857,460,217</u>	<u>1,857,460,217</u>	<u>1,857,460,217</u>
Effect of dilution	2,836,396	-	2,836,396	-
Weighted average number of shares less treasury outstanding during the period adjusted for the effect of dilution	<u>1,860,296,613</u>	<u>1,857,460,217</u>	<u>1,860,296,613</u>	<u>1,857,460,217</u>
	Fils	Fils	Fils	Fils
Earnings per share	<u>42</u>	<u>42</u>	<u>80</u>	<u>71</u>

Earnings per share from operations reported for the three months and six months ended 30 June 2006 was 65 Fils and 113 Fils respectively, before retroactive adjustment relating to bonus shares and the effect of the restatement carried out during the period for business combination accounting.

12. 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 Sub-Saharan Africa. This forms the basis of the geographical segments.

Mobile Telecommunications Company KSC and subsidiaries
Kuwait

Notes to the Interim Consolidated Financial Information - 30 June 2007 (Unaudited)

	30 June 2007						Total KD '000
	Kuwait	Jordan	Bahrain	Lebanon	Sudan	Sub-Saharan Africa	
Segment revenues	177,313	66,693	19,242	8,753	117,822	409,717	799,540
Net profit	105,949	17,008	2,248	1,791	36,478	(14,563)	148,911
Segment assets	1,598,618	170,032	51,032	6,501	150,553	2,692,849	4,669,585
Consolidation adjustment							(1,063,203)
Consolidated assets							3,606,382
Segment liabilities	179,551	81,253	32,124	3,611	84,980	2,110,088	2,491,607
Consolidation adjustment							(460,321)
Consolidated liabilities							2,031,286
Net assets							1,575,096
Capital expenditure incurred during the period	14,982	2,029	1,513	4	11,475	229,645	259,648
Depreciation and amortisation	11,464	9,750	2,437	4	11,810	81,229	116,694
	30 June 2006 (Restated)						Total KD '000
	Kuwait	Jordan	Bahrain	Lebanon	Sudan	Sub- Saharan Africa	
Segment revenues	153,051	69,032	15,007	8,488	82,089	213,244	540,911
Net profit	62,798	18,446	1,711	1,658	40,362	7,390	132,365
Segment assets	1,408,164	170,184	36,359	6,006	176,982	2,367,897	4,165,592
Consolidation adjustment							(1,018,877)
Consolidated assets							3,146,715
Segment liabilities	205,405	84,470	25,745	2,643	41,564	2,316,222	2,676,049
Consolidation adjustment							(861,314)
Consolidated liabilities							1,814,735
Net assets							1,331,980
Capital expenditure incurred during the period	14,228	40,016	1,883	50	13,303	84,392	153,872
Depreciation and amortisation	10,568	9,732	1,918	3	11,471	30,462	64,154

13. Related party transactions

The Group has entered into transactions with related parties on terms approved by management.

Transactions

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2007	2006	2007	2006
	KD'000		KD'000	
Management fee (included in other income)	1,136	1,156	2,234	2,165

Notes to the Interim Consolidated Financial Information - 30 June 2007 (Unaudited)

Balances

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2007	2006	2006
	KD '000		
Trade and other receivables	13,403	490	627
Trade and other payables	-	27,203	480

Key management compensation

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2007	2006	2006
	KD '000		
Salaries and other short term employee benefits	2,202	5,002	2,500
Post employment benefits	352	675	332
Share based payments	890	3,066	3,987

14. Commitments and contingencies

	Unaudited	Audited	Unaudited
	30 June	31 December	30 June
	2007	2006	2006
	KD '000		
Capital expenditure	319,270	244,469	260,520
Uncalled share capital of investee companies	999	1,003	926
Letters of credit	10,445	4,318	7,634
Letters of guarantee	41,853	15,056	263,757

The Jordan operating subsidiary - Jordan Mobile Telecommunications Services Company JSC, is a defendant in lawsuits and arbitration proceedings amounting to approximately KD 936,000 (31 December 2006 – KD 3,267,000; 30 June 2006 – KD 940,000). 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 advisers, 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 and the consolidated operations of the Group.

The Parent Company is contingently liable for a claim filed by the Ministry of Communication (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 favor of MoC, but the Parent Company has filed an appeal against the verdict. The Parent Company believes that the verdict is currently unenforceable as it has not stipulated either the number of subscribers or the applicable period. The management has considered the above court verdict and has taken all steps necessary to ensure that it will not materially affect the financial statements.

The regulator of a subsidiary has demanded US\$ 36 million (KD 10.4 million) (31 December 2006 – KD 10.4 million; 30 June 2006 – Nil) based on a revenue sharing agreement, whose validity has been disputed by the Group's management. Discussions are ongoing with the regulator and the Group's management believes that the outcome will be in its favour.

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

Notes to the Interim Consolidated Financial Information - 30 June 2007 (Unaudited)

15. Comparative figures

Certain prior year amounts have been reclassified to conform to current period presentation and to give effect to the adjustments recognised during the current period arising from completion of the purchase price allocation of the business combinations that were effected in 2005 and 2006 as follows:

	Three months ended 30 June 2006 (Unaudited) KD'000	Six months ended 30 June 2006 (Unaudited) KD'000
Statement of Income		
Profit for the period - as previously reported	84,655	145,692
Adjustments for accounting of business combinations of 2005 & 2006 based on Purchase Price Allocation (PPA) – amortisation of intangible assets	(3,035)	(7,386)
KFAS adjustment	28	70
NLST adjustment	(1)	(1)
Profit for the period – restated	<u>81,647</u>	<u>138,375</u>

	Audited 31 December 2006 KD '000	Unaudited 30 June 2006 KD '000
Balance Sheet		
Property and equipment - as previously stated	770,428	676,940
Adjustments to provisional values	5,160	5,160
Depreciation pertaining to the year/period	(367)	(52)
Exchange difference	1	-
Property and equipment - restated	<u>775,222</u>	<u>682,048</u>
Intangible assets – restated		
Intangible assets - as previously stated	1,504,773	1,489,824
Adjustments to provisional values	12,744	18,036
Amortisation pertaining to the year/period	(11,027)	(7,386)
Exchange difference	34	48
Intangible assets – restated	<u>1,506,524</u>	<u>1,500,522</u>