مسوده للمناقشة فقط
Draft For Discussion Only

Hits Telecom Holding Co.

K.S.C (Holding)
and its Subsidiaries
Kuwait

Interim condensed consolidated
financial information
for the six months
ended June 30, 2010
(Unaudited)

Hits Telecom Holding Co.

K.S.C(Holding)
and its Subsidiaries
Kuwait

Interim condensed consolidated financial information for the six months ended June 30, 2010 (Unaudited)

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The Board of Directors
Hits Telecom Holding Co.
K.S.C (Holding)
And its subsidiaries
Kuwait

Review report on the interim condensed consolidated financial information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Hits Telecom Holding Co. - K.S.C (Holding) - (the parent company) and its subsidiaries (together referred the group) as of June 30, 2010 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the six months period then ended. Management of the parent company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the entity".

A review of interim condensed consolidated financial information consists of making inquires, 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 condensed consolidated financial information is not prepared, in all material respect in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Report on review of other legal and regulatory matters
Furthermore, based on our review, the interim condensed consolidated financial information are in agreement with the books of the parent company. Also, 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 six months period ended June 30, 2010 that might have had a material effect on the business of the parent company or on its consolidated financial position.

Ali A. Al-Hasawi
License No. 30 (A)
Rödl Middle East
Burgan-International Accountants

Adel Al- Sanea
Auditors Registry No. 86 Category (A)
Kuwaiti Accounting Auditing
A member of H.L.B International

August 08, 2010
State of Kuwait

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Exhibit – A

Hits Telecom Holding Co.
K.S.C (Holding)
and its subsidiaries
Kuwait

Interim condensed consolidated statement of financial position as of June 30, 2010
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	June 30, 2010	December 31, 2009 (restated - audited)	June 30, 2009
Assets				
Non-current assets				
Property and equipment		22,835,019	23,123,061	19,119,741
Intangible assets	4	86,509,373	85,875,772	87,052,212
Finance and joint ventures		407,768	348,809	-
		109,752,160	109,347,642	106,171,953
Current assets				
Inventory		1,339,214	886,446	308,378
Assets held for sale		3,568,730	3,516,295	3,521,563
Loan to an associate		364,125	358,775	359,312
Accounts receivable and other debit balances	5	6,168,701	5,845,054	8,052,166
Due from related parties	6	3,238,513	2,294,833	4,198,961
Advance payments for purchasing investments		5,946,778	5,946,778	5,946,778
Mudaraba investment	7	1,744,841	-	-
Finance and joint ventures		11,624,307	11,624,307	11,001,208
Cash and cash equivalents	8	1,664,799	1,918,987	2,057,112
		35,660,008	32,391,475	35,445,478
Total assets		145,412,168	141,739,117	141,617,431
Equity and liabilities				
Equity				
Share capital		72,091,686	72,091,686	72,091,686
Share premium		34,149,954	34,149,954	34,149,954
Statutory reserve		462,499	462,499	462,499
General reserve		462,499	462,499	462,499
Other reserves		147,896	136,120	-
Treasury shares	9	(6,837,335)	(6,837,335)	(6,733,359)
Foreign currency translation reserve		1,760,691	1,539,071	2,333,918
Accumulated losses		(2,082,265)	(2,212,426)	(1,855,525)
Equity attributable to the shareholders of parent company		100,155,625	99,792,068	100,911,672
Non-controlling interests		(1,122,145)	(185,296)	1,985,633
		99,033,480	99,606,772	102,897,305
Non-current liabilities				
Provision for end of service indemnity		238,871	263,791	577,096
License obligations		6,408,600	6,314,440	6,323,900
Term loans		632,456	731,149	896,103
		7,279,927	7,309,380	7,797,099
Current liabilities				
Accounts payable and other credit balances	10	22,475,536	22,550,524	25,874,281
Due to related parties	6	3,739,561	3,240,819	142,307
License obligations		3,204,300	3,157,220	3,161,950
Term loans		1,842,444	1,263,634	7,321
Islamic debt instruments	11	7,737,464	1,610,768	-
Banks overdraft		99,456	-	1,737,168
		39,098,761	34,822,965	30,923,027
Total equity and liabilities		145,412,168	141,739,117	141,617,431

Khaled Y. Al Mutawa
Vice chairman

The accompanying notes form an integral part of the interim condensed consolidated financial information.

Exhibit - B

Hits Telecom Holding Co.

K.S.C (Holding)
and its subsidiaries
Kuwait

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Interim condensed consolidated statement of income for the six months ended June 30, 2010

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended June 30		The six months ended June 30	
		2010	2009	2010	2009
Revenues		18,111,423	34,765,744	38,455,568	65,172,818
Cost of Sales		(16,365,690)	(33,052,845)	(35,282,534)	(62,031,130)
Gross profit		1,745,733	1,712,899	3,173,034	3,141,688
General and administrative expenses		(2,551,890)	(2,251,036)	(5,014,065)	(3,503,801)
Depreciation of property and equipment		(186,629)	(150,219)	(378,811)	(202,019)
Finance charges		(181,084)	(218,667)	(380,877)	(420,440)
Mudaraba investment income		609,317	-	1,473,770	-
Finance and joint venture income		21,923	291,990	101,887	507,700
Other income		1,255	136,474	2,097	200,691
Loss for the period before calculation Contribution to Kuwait Foundation for the Advancement of Science, National Labor Support Tax and Zakat		(541,375)	(478,559)	(1,022,965)	(276,181)
Contribution to Kuwait Foundation for the Advancement of Sciences		(731)	431	(1,226)	(1,390)
National Labor Support Tax		(2,030)	1,198	(3,405)	(3,861)
Zakat		(832)	404	(1,389)	(1,620)
Loss for the period		(544,968)	(476,526)	(1,028,985)	(283,052)
Attributable to:					
Shareholders of the parent company		77,586	(45,894)	130,161	147,580
Non-controlling interests		(622,554)	(430,632)	(1,159,146)	(430,632)
		(544,968)	(476,526)	(1,028,985)	(283,052)
Basic earning/(loss) per share/(Fils)	12	0.114	(0.067)	0.192	0.213

The accompanying notes form an integral part of the interim condensed consolidated financial information.

Exhibit - C

Hits Telecom Holding Co.

K.S.C (Holding)
and its subsidiaries
Kuwait

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Interim condensed consolidated comprehensive income for the six months ended June 30, 2010

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The three months ended June 30		The six months ended June 30	
	2010	2009	2010	2009
Net loss for the period	(544,968)	(476,526)	(1,028,985)	(283,052)
Other comprehensive income:				
Foreign currency translation	(233,944)	(680,097)	221,620	462,095
Total other (comprehensive loss)/ comprehensive income for the period	(233,944)	(680,097)	221,620	462,095
Total (comprehensive loss)/ comprehensive income for the period	(778,912)	(1,156,623)	(807,365)	179,043
Attributable to:				
Shareholders of the parent company	(156,358)	(611,577)	351,781	609,675
Non-controlling interests	(622,554)	(545,046)	(1,159,146)	(430,632)
	(778,912)	(1,156,623)	(807,365)	179,043

The accompanying notes form an integral part of the interim condensed consolidated financial information.

Exhibit - D

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Hits Telecom Holding Co.

K.S.C (Holding)
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Interim condensed consolidated statement of cash flows for the six months ended June 30, 2010 (Unaudited)

"All amounts are in Kuwaiti Dinar"

	The Six months ended June 30	
	2010	2009
Cash flows from operating activities		
Net loss for the period	(1,028,985)	(283,052)
Adjustments:		
Depreciation and amortization	378,811	202,019
Provision for end of service indemnity	(23,901)	331,496
Finance and joint venture income	(101,887)	(507,700)
Mudaraba investment income	(1,473,770)	-
Finance charges	380,877	420,440
	(1,868,855)	163,203
changes in working capital items:		
Inventory	(452,768)	34,770
Accounts receivable and other debit balances	(221,760)	(1,367,450)
Related parties	1,028,832	(5,071,634)
Accounts payable and other credit balances	(74,988)	8,031,403
Net cash (used in)/generated from operating activities	(1,589,539)	1,790,292
Cash flows from investing activities		
Property and equipment	(95,149)	(6,608,682)
Intangible assets	(446,839)	(53,440)
Mudaraba investment	(1,744,841)	-
Finance and joint venture	(53,717)	291,989
Net cash used in investing activities	(2,340,546)	(6,370,133)
Cash flows from financing activities		
Other reserves	11,776	-
Paid for purchase treasury shares	-	(24,432)
Proceeds from sale of treasury shares	-	2,009,120
Change in non-controlling interests	222,297	(205,586)
Term loans	582,603	87,569
Islamic debt instruments	2,774,973	(9,995,375)
Banks overdraft	99,456	310,715
Finance charges paid	(29,154)	(420,440)
Net cash generated from/(used in) financing activities	3,661,951	(8,238,429)
Foreign currency translation reserve	13,946	(586,534)
Net decrease in cash and cash equivalents	(254,188)	(13,404,804)
Cash and cash equivalents at the beginning of the period	1,918,987	15,461,916
Cash and cash equivalents at the end of the period	1,664,799	2,057,112

The accompanying notes form an integral part of the interim condensed consolidated financial information.

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Exhibit - E

مسودة للمناقشة فقط
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Hits Telecom Holding Co.

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and its subsidiaries
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Interim condensed consolidated Statement of changes in equity for the six months ended June 30, 2010 (unaudited)

"All amounts are in Kuwaiti Dinar"

	Equity attributable to parent company's shareholders										
	Share capital	Share premium	Statutory reserve	General reserve	Other reserves	Treasury shares	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at January 1, 2009	72,091,686	34,149,954	462,499	462,499	-	(9,741,404)	1,871,823	1,384,872	100,681,929	2,621,851	103,303,780
Net profit for the period	-	-	-	-	-	-	-	147,580	147,580	(430,632)	(283,052)
Total other comprehensive income for the period	-	-	-	-	-	-	462,095	-	462,095	-	462,095
Total comprehensive income for the period	-	-	-	-	-	-	462,095	147,580	609,675	(430,632)	179,043
Purchasing of treasury shares	-	-	-	-	-	(2,389,052)	-	-	(2,389,052)	-	(2,389,052)
Selling of treasury shares	-	-	-	-	-	5,397,097	-	-	5,397,097	-	5,397,097
Loss on sale treasury shares	-	-	-	-	-	-	-	(3,387,977)	(3,387,977)	-	(3,387,977)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(205,586)	(205,586)
Balance as of June 30, 2009	72,091,686	34,149,954	462,499	462,499	-	(6,733,359)	2,333,918	(1,855,525)	100,911,672	1,985,633	102,897,305
Balance at January 1, 2010 (restated) - (Note - 14)	72,09 ,686	34,149,954	462,499	462,499	136,120	(6,837,335)	1,539,071	(2,212,426)	99,792,068	(185296)	99,606,772
Net loss for the period	-	-	-	-	-	-	-	130,161	130,161	(1,159,146)	(1,028,985)
Total other comprehensive income for the period	-	-	-	-	-	-	221,620	-	221,620	-	221,620
Total comprehensive loss for the period	-	-	-	-	-	-	221,620	130,161	351,781	(1,159,.46)	(807,365)
Parent company share from other reserves of subsidiaries	-	-	-	-	11,776	-	-	-	11,776	-	11,776
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	222,297	222,297
Balance as of June 30, 2010	72,091,686	34,149,954	462,499	462,499	147,896	(6,837,335)	1,760,691	(2,082,265)	100,155,625	(1,122,145)	99,033,480

The accompanying notes form an integral part of the interim condensed consolidated financial information.

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Hits Telecom Holding Co.
K.S.C (Holding)
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Notes to the interim condensed consolidated financial information for the six months ended June 30, 2010
(Unaudited)
"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Company's brief

Hits Telecom Holding Company - Kuwaiti Shareholding Company (Holding) - was incorporated on May 22, 1999 in accordance with the Commercial Companies' Law of 1960 article No. 15, and its subsequent amendments.

The parent company's main objectives are:

- Owning shares in Kuwaiti and Non-Kuwaiti shareholding companies and owning shares or quotas in Kuwaiti and Non-Kuwaiti limited liability companies or participating in establishing, managing and sponsoring both kinds of companies to others related to communications segment only.
- Lending companies in which it holds shares and guaranteeing them to others, providing that the holding company's ownership percentage in the share capital of the borrowing company must be at least 20%.
- Owning industrial property rights of patents or industrial trademarks, or industrial charges or any other rights relating thereto, and leasing to other companies for utilization inside or outside the State of Kuwait related to communications segment only.
- Holding movables and real estates necessary to initiate its activity in accordance with the Law.
- Utilizing the surplus funds by investing them in investment portfolios managed by specialized companies and institutions.

The parent company has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to establish, participate or purchase these firms or institutions or join them.

The registered main office of the parent company is: Al-Enizy Tower – Mubarak Al Kabir Street – Kuwait City.

The Board of Directors approved these interim condensed consolidated financial statements for the six months ended June 30, 2010 for issue on August 8, 2010.

2- **Adoption of new and revised standards**

During the period, the group has adopted the new standards, are effective the annual period beginning on January 1, 2010. The main changes on the Accounting Policies for the Group are related to IFRS 3 (Revised) "Business combinations" and consequential amendments to IAS 27 "Consolidated and Separate Financial statements" and IAS 28 "Investments in Associates" whereby acquisition related costs are expensed in the consolidated statement of comprehensive income in periods in which the costs are incurred. Also changes in ownership interests in a subsidiary that do not result in a loss of control are treated as transaction between equity holders and are accounted for within equity. Equity interests held prior to control being obtained are remeasured to fair value at the date of obtaining control, and any gain or loss is recognized in the consolidated statement of comprehensive income. However, the adoption of these new and revised Standards has had no impact on the reported results or the consolidated financial position of the Group.

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(Unaudited)
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3- Significant Accounting Policies

3/1) Significant accounting judgments, estimates and assumptions

The preparation of the interim condensed consolidated financial information requires the management to make judgments, estimates and assumptions that may have an effect on applying the accounting policies and the disclosed amounts of assets, liabilities, revenues and expenses. Actual results may be different from these estimates.

In preparing the interim condensed consolidated financial information, management applied the same significant judgments, estimates and assumptions used in the Group accounting policies and the same major estimates for uncertainty that were applied on the consolidated financial statements for the year ended December 31, 2009.

3/2) Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard No. 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended December 31, 2009

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards. In additions results for the six months period ending June 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. For further information, refer to the group's audited condensed financial statements for the year ended December 31, 2009.

3/3) Basis of consolidation

The interim condensed consolidated financial information include the financial statements of the parent company and its subsidiaries as following:

	Country of incorporation	Shareholding % June 30, 2010	Shareholding % December 31, 2009
Qanawat Telecom Company (W.L.L)	Saudi Arabia	%100	%100
Fawran Telecom Company (W.L.L)	Saudi Arabia	%100	%100
Hits Telecom Spain Company (S.A.)	Spain	%68.68	%62.06
Hits Africa Ltd.	Cayman Islands	%92.82	%90.667

- The financial statements of all the subsidiaries were consolidated based on financial statements prepared by management for the six months ended June 30, 2010. The total assets of these subsidiaries reported in the interim condensed consolidated statement of financial position amounted to KD 74,198,124 while net loss reported in the interim condensed consolidated statement of income amounted to KD 1,416,809.
- During the period the Group increased its ownership percentage in Hits Africa Ltd and Hits Telecom Spain Company (S.A) to 92.82% and 68.68% respectively.

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(Unaudited)
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4- Intangible assets

Intangible assets represent the amount paid by the Group's subsidiaries to acquire the GSM licenses awarded by Government / regulator in the country of operations in Africa against an agreed license fees, in addition to goodwill and other intangible assets as follows:

	License fees	Goodwill*	Software and trade mark	Other intangible assets	Total
Cost					
Balance at January 1, 2010	16,491,616	67,867,645	1,695,323	176,211	86,230,795
Additions	-	409,905	89	36,845	446,839
Foreign currency translation	226,185	295,618	(226,934)	2,648	297,517
Balance at June 30, 2010	16,717,801	68,573,168	1,468,478	215,704	86,975,151
Accumulated amortization					
Balance at January 1, 2010	15,474	-	339,549	-	355,023
Charged for the year	9,133	-	160,317	-	169,450
Foreign currency translation	(1,095)	-	(57,600)	-	(58,695)
Balance at June 30, 2010	23,512	-	442,266	-	465,778
Net book value					
At June 30, 2010	**16,694,289**	**68,573,168**	**1,026,212**	**215,704**	**86,509,373**
At June 30, 2009	17,518,179	67,936,250	1,597,483	-	87,052,212

* The company has entered into sale and purchase agreements with the shareholders of certain companies that were originally awarded the license to establish, install and operate cellular public telephony network in their respective countries of operations amounted to KD 19,724,470. In accordance with IFRS 3 "Business Combinations", these acquisitions have been accounted for by applying the purchase method. As these companies had yet to commence operations and had no other assets at the time of the acquisition by the company, the purchase consideration and acquisition cost paid to acquire these companies were considered as goodwill. Goodwill is attributable to the growth prospects of the acquired businesses and the significant synergies that are expected to arise from these subsidiaries.
This item represents goodwill amounted to KD 33,747,166 resulted from the acquisition of a subsidiary - Hits Africa Ltd, Cayman Islands, and goodwill amounted to KD 14,015,057 resulted from the acquisition of a subsidiary - Qanawat Telecom Company (W.L.L) Kingdom of Saudi Arabia.

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Notes to the interim condensed consolidated financial information for the six months ended June 30, 2010
(Unaudited)
"All amounts are in Kuwaiti Dinar unless stated otherwise"

5- Accounts receivable and other debit balances

	June 30, 2010	December 31, 2009 (restated - audited)	June 30, 2009
Trade receivables	428,936	151,986	2,161,711
Accrued income	2,340,089	1,908,318	2,844,376
Other receivables	135,487	691,057	443,672
Deferred tax assets	1,992,853	1,551,383	1,404,311
Refundable deposits	70,538	263,270	205,902
Letters of guarantee	757,285	669,550	-
Prepaid expenses	434,871	601,782	204,164
Advance payments	8,644	7,708	788,030
	6,168,701	5,845,054	8,052,166

6- Related parties transactions

Related parties comprise of associates, major shareholders, directors and key management personnel of the Group, entities controlled, jointly controlled or significantly by such parties. The Group's management decides on terms and conditions of these transactions..

The balances and transactions with related parties included in the consolidated financial statements are as follows:

Interim condensed consolidated financial position	June 30, 2010	December 31, 2009 (restated - audited)	June 30, 2009
Financing and joint ventures	11,624,307	11,624,307	11,001,208
Islamic debt instruments	7,228,645	4,078,645	-
Due from related parties	3,238,513	2,294,833	4,198,961
Due to related parties	3,739,561	3,240,819	142,307

	The three months ended June 30		The six months ended June 30	
Interim condensed consolidated statements of income	2010	2009	2010	2009
Finance and joint venture income	21,923	291,991	101,887	507,700
Finance charges	156,037	89,821	297,054	286,990

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Notes to the interim condensed consolidated financial information for the six months ended June 30, 2010
(Unaudited)
"All amounts are in Kuwaiti Dinar unless stated otherwise"

7- Mudaraba investment

This item represents a Mudaraba & Musharaka in Profit Agreement matures in August 9, 2010, the expected profit is approximately 4%. The fair value of the Mudaraba investment approximately equals their carrying value as of June 30, 2010.

8- Cash and cash equivalents

	June 30, 2010	December 31, 2009 (restated - audited)	June 30, 2009
Cash and bank balances	753,590	1,007,791	1,032,414
Short term deposits	-	-	9,450
Cash on portfolios	911,209	911,196	1,015,248
	1,664,799	1,918,987	2,057,112

9- Treasury shares

	June 30, 2010	December 31, 2009 (restated - audited)	June 30, 2009
Number of shares	41,325,981	41,325,981	40,480,981
Ownership percentage	5.73%	5.73%	%5.61
Market value	2,479,559	3,801,990	4,695,794

10- Accounts payable and other credit balances

	June 30, 2010	December 31, 2009 (restated - audited)	June 30, 2009
Trade payables	17,780,624	18,843,210	10,510,039
Payable to minority	1,456,500	1,435,100	4,604,374
Accrued expenses	2,637,228	1,728,177	458,849
Other	601,184	544,037	10,301,019
	22,475,536	22,550,524	25,874,281

11- Islamic debt instruments

This item represents financing Murabaha and Mudaraba contracts, some of them with related parties due within one year. The average cost is 4%: 7%. The fair value of financing Murabaha and Mudaraba contracts approximate their carrying value as of June 30, 2010 as they are bearing cost rates equal to the markets' prevailing rates. Part of Islamic debt instruments amounting KD 508,819 are secured by pledging some of treasury shares.

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and its subsidiaries
Kuwait

Notes to the interim condensed consolidated financial information for the six months ended June 30, 2010
(Unaudited)
"All amounts are in Kuwaiti Dinar unless stated otherwise"

12- Earnings/(loss) per share/(Fils)

Earnings per share are computed by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follow:

	The three months ended June 30		The six months ended June 30	
	2010	2009	2010	2009
Net profit/(loss) for the period	77,586	(45,894)	130,161	147,580
Weighted average numbers of outstanding shares during the period	720,916,860	720,916,860	720,916,860	720,916,860
Effect of right issue on weighted average number of outstanding share	(41,325,981)	(40,480,981)	(41,325,981)	(29,582,106)
Weighted average numbers of outstanding shares during the period (restated by right issue)	679,590,879	680,435,879	679,590,879	691,334,754
Basic earning/(loss) per share/(Fils)	0.114	(0.067)	0.192	0.213

13- **Prior years adjustments**

The consolidated financial statements for the year ended December 31, 2009 for the Group included unaudited management financial statements of its subsidiary - Qanawat Telecom Company (W.L.L). During the period ended March 31, 2010 the group received the audited financial statements for this subsidiary showing net profit of KD 192,644 while the previous unaudited consolidated management statements showed net profit of KD 870,683. The management determined that this has a material effect on the Group net assets as of June 30, 2010. Accordingly, the Group restated the comparative figures of the previous year.

As a result, the accumulated losses are restated by KD 657,234 and the foreign currency translation reserve is restated by KD 177 as of December 31, 2009. Also the carrying value of the assets and liabilities are restated as shown in the table below:

	Before restatement	Restatements	After restatements
Property and equipment	23,299,272	(176,211)	23,123,061
Intangible assets	85,699,561	176,211	85,875,772
Finance and joint ventures	-	348,809	348,809
Inventory	1,193,972	(307,526)	886,446
Accounts receivable and other debit balances	6,987,438	(1,142,384)	5,845,054
Due from related parties	1,903,369	391,464	2,294,833
Accounts payable and other credit balances	22,571,329	(20,805)	22,550,524
Due to related parties	3,272,240	(31,421)	3,240,819

مسودة للمناقشة فقط
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Hits Telecom Holding Co.
K.S.C (Holding)
and its subsidiaries
State of Kuwait

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(Unaudited)
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14- Annual General Assembly

On July 1, 2010 the Ordinary General Assembly of Shareholders approved the consolidated financial statements for the year ended December 31, 2009 and non-distribution of cash dividends for this year.

15- Operating segments

The group identified the operating segments - in accordance with IFRS 8 - on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (industrial and geographical), using risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. However, there has been no change to the group's reportable segments following the adoption of IFRS 8 as the group's reporting segments under IAS 14 were consistent with the internal reporting being provided to the chief operating decision maker.
The group is divided into business divisions to manage its various activities. For the purposes of primary segment analysis reporting, the group's management has classified the group's activities into the following business segments:

- Telecommunication

	The three months ended June 30		The six months ended June 30	
	2010	2009	2010	2009
Revenue	18,111,423	34,765,744	38,455,568	65,172,818
Profit for the period before other income and unallocated expenses	1,559,104	1,562,680	2,794,223	2,939,669
Other income	632,495	428,464	1,577,754	708,391
unallocated expenses	(2,732,974)	(2,469,703)	(5,394,942)	(3,924,241)
(loss)/profit for the period before calculation, Contribution to Kuwait Foundation for the Advancement of Science, National Labor Support Tax and Zakat	(541,375)	(478,559)	(1,022,965)	(276,181)

16- Comparative figures

Certain comparative figures for the previous period have been reclassified to conform with the current period presentation.