INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2011

Interim condensed consolidated financial statements
As at and for three months ended 31 March 2011

CONTENTS

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Independent auditors' report on review of interim condensed consolidated financial statements

To
The Board of Directors
Qatar Telecom (Qtel) Q.S.C.
Doha
State of Qatar

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Telecom (Qtel) Q.S.C. ("the Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2011 and the interim condensed consolidated income statement, interim condensed consolidated statements of comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes (together referred to as "interim condensed consolidated financial statements").

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review
Except as explained in the following paragraph, we conducted our review in accordance with the 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.

Limitation of scope
We did not review the interim condensed consolidated financial statements of PT Indosat Tbk, one of the Group's subsidiaries, which is included in these interim condensed consolidated financial statements based on the returns certified by the management. The total assets, total revenues and net profit for the period of PT Indosat Tbk included in the accompanying interim condensed consolidated financial statements amounted to QR 23,173,286 thousand, QR 1,996,774 thousand and QR 192,627 thousand respectively.

Conclusion
Based on our review, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding the matter referred to in the "Limitation of Scope" paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 *"Interim Financial Reporting"*

KPMG

Other matter

The interim condensed consolidated financial statements as at and for the three month period ended 31 March 2010 and for the year ended 31 December 2010 were reviewed / audited by another auditor who had issued their review report / audit report on 13 May 2010 and 1 March 2011 respectively. Their review report dated 13 May 2010 expressed a qualified conclusion for limitation of scope due to unavailability of reviewed interim condensed consolidated financial statements of PT Indosat Tbk and their audit report dated 1 March 2011 expressed an unqualified opinion on those consolidated financial statements.

28 April 2011
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2011

		For the three months ended 31 March	
		2011	2010
		(Reviewed)	
	Notes	**QR'000**	QR'000
Revenue		**7,477,832**	6,416,819
Operating expenses		**(2,341,234)**	(1,934,603)
Selling, general and administrative expenses		**(1,585,531)**	(1,436,882)
Depreciation and amortisation		**(1,745,835)**	(1,557,552)
Finance costs (net)		**(468,268)**	(443,059)
Impairment losses on intangibles and investments		**(13,905)**	-
Gain on previously held interest in an acquired subsidiary	4	**1,442,831**	-
Other income (net)		**265,961**	722,537
Share of results of associates	9	**(1,558)**	(11,027)
Royalties and fees	5	**(95,930)**	(76,204)
Net profit before income taxes		**2,934,363**	1,680,029
Income tax	11	**(262,302)**	(154,652)
Net profit for the period		**2,672,061**	1,525,377
Attributable to:			
Shareholders of the Parent		**762,202**	1,212,814
Non-controlling interests		**1,909,859**	312,563
		2,672,061	1,525,377
Basic and diluted earnings per share	6	**4.33**	6.89
(Attributable to shareholders of the Parent)			
(Expressed in QR per share)			

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2011

	Notes	***For the three months ended 31 March*** ***2011*** *(Reviewed)* ***QR'000***	*2010* *QR'000*
Net profit for the period		**2,672,061**	1,525,377
Other comprehensive income			
Net gain on available-for-sale financial assets	14	**4,887**	47,064
Net gains / (losses) on cash flow hedges	14	**85,511**	(62,737)
Exchange differences on translation of foreign operations	14	**853,669**	251,023
Share of other comprehensive income / (loss) of associates	14	**2,160**	(648)
Other comprehensive income for the period		**946,227**	234,702
Total comprehensive income for the period		**3,618,288**	1,760,079
Attributable to:			
Shareholders of the Parent		**1,458,344**	1,407,878
Non-controlling interests		**2,159,944**	352,201
Total comprehensive income for the period		**3,618,288**	1,760,079

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2011

	Notes	***31 March 2011 (Reviewed) QR'000***	*31 December 2010 (Audited) QR'000*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**33,270,921**	32,172,984
Intangible assets	8	**37,478,839**	33,279,183
Investment in associates	9	**2,169,931**	2,126,315
Available-for-sale financial assets		**1,847,009**	1,862,006
Other non-current assets		**1,092,289**	967,889
Deferred tax asset		**347,346**	357,998
		76,206,335	70,766,375
Current assets			
Inventories		**315,806**	316,584
Accounts receivable and prepayments		**5,366,705**	4,739,950
Bank balances and cash		**23,591,711**	25,575,667
		29,274,222	30,632,201
TOTAL ASSETS		**105,480,557**	101,398,576
EQUITY AND LIABILITIES			
Attributable to shareholders of the Parent			
Share capital		**1,760,000**	1,466,667
Legal reserve		**6,494,137**	6,494,137
Fair value reserve		**141,639**	49,996
Translation reserve		**2,384,972**	1,780,473
Retained earnings		**8,974,323**	9,238,787
		19,755,071	19,030,060
Non-controlling interests		**17,499,296**	15,196,832
Total equity		**37,254,367**	34,226,892

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2011

	Notes	*31 March 2011 (Reviewed) QR'000*	*31 December 2010 (Audited) QR'000*
Non-current liabilities			
Interest bearing loans and borrowings	13	**43,691,009**	43,742,821
Employees benefits		**724,225**	690,982
Deferred tax liability		**1,738,797**	1,631,787
Other non-current liabilities		**2,708,850**	3,407,742
		48,862,881	49,473,332
Current liabilities			
Interest bearing loans and borrowings	13	**2,610,910**	2,518,853
Accounts payable and accruals		**11,616,409**	10,475,638
Current account with State of Qatar		**3,292,676**	2,891,194
Deferred income		**1,374,690**	1,351,216
Income tax payable		**468,624**	461,451
		19,363,309	17,698,352
Total liabilities		**68,226,190**	67,171,684
TOTAL EQUITY AND LIABILITIES		**105,480,557**	101,398,576

Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman

Ali Shareef Al-Emadi
Deputy Chairman

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2011

	Notes	*For the three months ended 31 March* **2011** (Reviewed) **QR'000**	*2010* *QR'000*
OPERATING ACTIVITIES			
Profit before tax		**2,934,363**	1,680,029
Adjustments for:			
Depreciation and amortisation	7,8	**1,745,835**	1,557,552
Dividend and interest income		**(466,724)**	(153,895)
Impairment losses on intangibles and investments		**13,905**	-
Loss / (profit) on disposal of available-for-sale financial assets		**289**	(37,484)
Loss on disposal of property, plant and equipment		**1,610**	2,251
Gain on previously held interest in a joint venture	4	**(1,442,831)**	
Finance costs		**651,513**	579,349
Provision for employees' end of service benefits		**75,082**	42,534
Share of results of associates		**1,558**	11,027
Operating profit before working capital changes		**3,514,600**	3,681,363
Working capital changes:			
Changes in inventories		**4,485**	(14,423)
Changes in accounts receivables and prepayments		**(409,252)**	293,701
Changes in accounts payables and accruals		**602,984**	(945,038)
Cash from operations		**3,712,817**	3,015,603
Finance costs paid		**(548,336)**	(479,531)
Employees' end of service benefits paid		**(54,267)**	(5,085)
Income tax paid		**(158,680)**	(101,959)
Net cash from operating activities		**2,951,534**	2,429,028
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(1,077,349)**	(1,346,339)
Purchase of intangible assets	8	**(6,271)**	(17,615)
Net cash outflows from acquisition of a subsidiary	4	**(2,290,286)**	-
Additional investment in associates		**-**	(63,532)
Purchase of available-for-sale financial assets		**(21,723)**	(1,914)
Proceeds from disposal of property, plant and equipment		**62,667**	5,435
Proceeds from disposal of available-for-sale financial assets		**28,997**	104,115
Movement in restricted deposits		**(957)**	(3,679)
Movement in other non-current assets		**(124,400)**	76,415
Dividend and interest received		**466,724**	153,895
Net cash used in investing activities		**(2,962,598)**	(1,093,219)

Continued…………

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the three months ended 31 March 2011

	Notes	*For the three months ended 31 March* **2011** Reviewed **QR'000**	*2010* *QR'000*
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**248,645**	132,701
Repayment of interest bearing loans and borrowings		**(547,476)**	(210,068)
Dividends paid to shareholders of the Parent		**(330,000)**	-
Dividends paid to non-controlling interests		**(261,362)**	-
Movement in non-controlling interests		**15,187**	5,063
Movement in other non-current liabilities		**(712,644)**	6,860
Net cash used in financing activities		**(1,587,650)**	(65,444)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(1,598,714)**	1,270,365
Net foreign exchange differences		**(384,489)**	(255,755)
Cash and cash equivalents at 1 January		**25,557,920**	11,486,323
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	**23,574,717**	12,500,933

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2011

	Attributable to shareholders of the parent							
	Share capital	*Legal reserve*	*Fair value reserve*	*Translation reserve*	*Retained earnings*	*Total*	*Non – controlling interests*	*Total Equity*
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*
At 1 January 2011	1,466,667	6,494,137	49,996	1,780,473	9,238,787	19,030,060	15,196,832	34,226,892
Profit for the period	-	-	-	-	762,202	762,202	1,909,859	2,672,061
Other comprehensive income	-	-	91,643	604,499	-	696,142	250,085	946,227
Total comprehensive income for the period	-	-	91,643	604,499	762,202	1,458,344	2,159,944	3,618,288
Contributions by and distributions to owners of the Group								
Dividends for 2010 (Note 12)	-	-	-	-	(733,333)	(733,333)	-	(733,333)
Bonus shares issued	293,333	-	-	-	(293,333)	-	-	-
Change in ownership interest in subsidiaries								
Recognition of non-controlling interests (Note 4)	-	-	-	-	-	-	388,695	388,695
Transactions with non-owners of the Group								
Dividends from subsidiaries to non-controlling interests	-	-	-	-	-	-	(261,362)	(261,362)
Other movements in non-controlling interests	-	-	-	-	-	-	15,187	15,187
At 31 March 2011 (Reviewed)	**1,760,000**	**6,494,137**	**141,639**	**2,384,972**	**8,974,323**	**19,755,071**	**17,499,296**	**37,254,367**

Continued….

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2011

	Attributable to shareholders of the parent							
	Share Capital	*Legal reserve*	*Fair value reserve*	*Translation reserve*	*Retained earnings*	*Total*	*Non – controlling interests*	*Total Equity*
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*
At 1 January 2010	1,466,667	6,494,137	(185,501)	955,055	6,875,150	15,605,508	13,826,899	29,432,407
Profit for the period	-	-	-	-	1,212,814	1,212,814	312,563	1,525,377
Other comprehensive income	-	-	(26,802)	221,866	-	195,064	39,638	234,702
Total comprehensive income for the period	-	-	(26,802)	221,866	1,212,814	1,407,878	352,201	1,760,079
Transactions with non-owners of the Group								
Other movements in non-controlling interests	-	-	-	-	-	-	5,063	5,063
At 31 March 2010 (Reviewed)	1,466,667	6,494,137	(212,303)	1,176,921	8,087,964	17,013,386	14,184,163	31,197,549

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

1 AROPROCTE INFORMATION AND PRINCIPAL ACTIVITIES

Qatar Public Telecommunications Corporation ("the Corporation") was formed on 29 June 1987 domiciled in the State of Qatar by Law No. 13 of 1987 to provide domestic and international telecommunication services within the State of Qatar.

The Corporation was transformed into a Qatari Shareholding Company under the name of Qatar Telecom (Qtel) Q.S.C. (the "Company") on 25 November 1998, pursuant to Law No. 21 of 1998. Under that Law, Qatar Telecom (Qtel) Q.S.C. was exclusively entitled to provide domestic and international telecommunication services in Qatar for a period of 15 years and has the right to own, operate, maintain and develop telecommunications network within and outside Qatar.

The privileges granted to Qatar Telecom (Qtel) Q.S.C. under Law No. 21 of 1998 was cancelled from the effective date of Law No. 34 of 2006 issued on 6 November 2006. In accordance with this Law, the powers and competencies previously vested on Qatar Telecom (Qtel) Q.S.C. in connection with the organisation of telecommunications shall pass to the Supreme Council of Information and Communication Technology ("ictQATAR") and also the payment of the annual fee (royalty) prescribed under Article 4 of Law No. 6 of 2002 shall be discontinued from the date another operator licensed under the Law commences telecommunications activities.

The Company's registered office is located at 100 Westbay Tower, Doha, State of Qatar.

The Company and its subsidiaries (together referred to as the "Group") provide domestic and international telecommunication services in Qatar and elsewhere in the Asia and MENA region.

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2011 were authorised for issue by the Chairman and the Deputy Chairman of the Board on 28 April 2011.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 31 March 2011 have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). The interim condensed consolidated financial statements for the three months ended 31 March 2011 incorporates the results of the Company and its subsidiary undertakings for the period then ended.

The interim condensed consolidated financial statements are prepared in Qatar Riyals, which is the Group's presentation currency and all values are rounded to the nearest thousands (QR'000) except when otherwise indicated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2010. In addition, results for the three months ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 with the addition of new standards that have come into effect during the period under review. During the period, the Group has adopted the revised IAS 24 - Related Party Transactions, which clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose all of the transactions with the government and other government related entities.

In addition, a number of new standards, amendment to standards and interpretations have been issued that are not yet effective for the period ended 31 March 2011 and have not been applied in preparing this interim condensed consolidated financial statements:

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9, Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary categories for the financial assets: amortised cost and fair value. The basis of classifications depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2013, however the standard can be adopted early prospectively, and prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. The group is currently assessing the impact of this standard for future periods.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

4 BUSINESS COMBINATIONS

Step acquisition of Orascom Telecom Tunisie S.A. (Tunisiana)

On 4 January 2011, the Group acquired additional 25% shareholding interest in Orascom Telecom Tunisie S.A. (Tunisiana) As a result of the above, the Group's ownership and voting interests in Tunisiana, previously treated as a joint venture and accounted for under proportionate consolidation method, increased from 50% to 75%. Consequently, Tunisiana is fully consolidated within the Group's interim condensed consolidated financial information for the period ended 31 March 2011 starting from the date control has been obtained.

Moreover, the Group re-measured its previously held interests in Tunisiana at fair value and recognised a revaluation gain of QR 1,442,831 thousand in the profit or loss for the period. The revaluation of previously held interests was based on the same price that was paid for the additional controlling interests acquired during the period, adjusted for control premium.

The initial accounting for the above acquisition is only provisional at the reporting date, as the fair value to be assigned to the acquiree's identifiable assets and liabilities could be determined only provisionally. The Group will recognise any adjustments to those provisional values as a result of completing the initial accounting within one year of the acquisition date, and with effect from acquisition date.

Since the date of acquisition and up to 31 March 2011, Tunisiana contributed a net profit of QR 117.8 million. The management expects that taking control by the Group of Tunisiana will enable the Group in expanding its telecommunication activities and operations in the Tunisian market.

4 BUSINESS COMBINATIONS (CONTINUED)

Step acquisition of Orascom Telecom Tunisie S.A. (Tunisiana) (continued)

(a) Identifiable assets acquired and liabilities assumed, and resulting gain on previously held interest

The provisional fair values of the identifiable assets and liabilities of Tunisiana recognised as a result of the step acquisition were as follows:

	QR'000
Cash and bank balances	313,607
Trade and other receivables	435,744
Inventories	7,414
Property and equipment	1,281,592
Intangible assets	4,014,812
Deferred tax assets	46,112
Total provisional fair value of acquired identifiable assets	6,099,281
Trade and other payables	959,538
Borrowings	279,987
Other non-current liabilities	27,508
Total provisional fair value of assumed liabilities	1,267,033
Provisional fair value of net identifiable assets at date of acquisition	**4,832,248**
Fair value of previously held interest in Tunisiana	4,369,802
Less: Carrying amount of previous interest in joint venture at date of acquisition	(2,926,971)
Gain on previously held interest in Tunisiana	**1,442,831**

(b) Goodwill resulting on the step acquisition

Goodwill has been recognised as a result of the acquisition as follows:

	QR'000
Acquisition cost	2,447,091
Non-controlling interest	388,695
Fair value of previously held interest	4,369,802
Sub-total	7,205,588
Less: provisional fair value of net identifiable assets at date of acquisition	(4,832,248)
Goodwill recognised at acquisition	**2,373,340**

(c) Cash outflow from the acquisition

	QR'000
Consideration paid	2,447,091
Less: Cash acquired with the subsidiary	(313,607)
Add: Derecognition of previously recorded cash under proportionate consolidation method	156,802
Net cash outflow from the acquisition	**(2,290,286)**

5 ROYALTIES AND FEES

	For the three months ended 31 March	
	2011	*2010*
	(Reviewed)	
	QR'000	*QR'000*
Royalty to the Government of Sultanate of Oman	**28,814**	24,775
Industry fees	**47,738**	40,595
Other statutory fees	**19,378**	10,834
	95,930	76,204

Royalties:
In accordance with the terms of a license granted to Omani Qatari Telecommunications Company S.A.O.G. to operate wireless telecommunication services in the Sultanate of Oman, royalty is payable to the Government of the Sultanate of Oman, effective from March 2005. The royalty payable is calculated based on 7% of the net of predefined sources of revenue and operating expenses.

Industry fees:
In accordance with the Minister of Economy and Finance of the State of Qatar Decree in 2010, effective from 7 October 2007, the Group provides for a 12.5% Industry fee on profits generated from the Group's operations in Qatar.

Other Statutory Fees:
Contributions by National Mobile Telecommunications Company K.S.C to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat are included under other statutory fees.

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to shareholders of the parent by the weighted average number of shares outstanding during the period.

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

	For the three months ended 31 March	
	2011	*2010*
	(Reviewed)	
	QR'000	*QR'000 (Restated)*
Net profit for the period attributable to shareholders of the parent (QR'000)	**762,202**	1,212,814
Weighted average number of shares (in thousands)	**176,000**	176,000
Basic and diluted earnings per share (QR)	**4.33**	6.89

The weighted average number of shares has been calculated as follows:

Qualifying shares at 1 January (in thousands)	**146,667**	146,667
Effect of bonus share issue (in thousands)	**29,333**	29,333
Total outstanding number of shares (in thousands)	**176,000**	176,000

During the current period, the Group issued bonus shares and accordingly, the previously reported earnings per share has been restated. If the effect of the bonus shares issues during the period was not considered on the earnings per share of the previous period, the basic earnings per share for the period ended 31 March 2010 would have been QR 8.27 per share.

7 PROPERTY, PLANT AND EQUIPMENT

	3 months ended 31 March 2011 (Reviewed) QR'000	*12 months ended 31 December 2010 (Audited) QR'000*
Net book value at beginning of the period/year	**32,172,984**	29,766,515
Acquired through acquisition of a subsidiary	**1,281,592**	-
Derecognition of previously held interest in joint venture	**(640,797)**	-
Additions	**1,077,349**	6,941,775
Disposals (net)	**(64,277)**	(538,520)
Reclassifications from intangibles	**6,128**	14,162
Depreciation for the period/year	**(1,276,875)**	(4,696,409)
Exchange adjustment	**714,817**	685,461
Net book value at the end of the period/year	**33,270,921**	32,172,984

8 INTANGIBLE ASSETS

	3 months ended 31 March 2011 (Reviewed) QR'000	*12 months ended 31 December 2010 (Audited) QR'000*
Net book value at beginning of the period/year	**33,279,183**	34,104,052
Arising from step acquisition of a subsidiary	**6,388,152**	-
Derecognition of previously held interest in joint venture	**(2,420,808)**	-
Additions	**6,271**	193,843
Amortisation for the period/year	**(468,960)**	(1,621,007)
Impairment during the period/year	**-**	(36,251)
Reclassification to property, plant and equipment	**(6,128)**	(14,162)
Exchange adjustment	**701,129**	652,708
Net book value at the end of the period/year	**37,478,839**	33,279,183

9 INVESTMENT IN ASSOCIATES

The following table presents the summarised financial information of the Group's investments in the associates.

	31 March 2011 (Reviewed) QR'000	*31 December 2010 (Audited) QR'000*
Share of associates' statement of financial position:		
Current assets	**1,537,995**	1,478,339
Non-current assets	**1,876,281**	1,821,929
Current liabilities	**(868,461)**	(859,130)
Non-current liabilities	**(1,664,964)**	(1,567,500)
Net assets	**880,851**	873,638
Goodwill on acquisition	**1,335,417**	1,299,014
Less: impairment on investment in associate	**(46,337)**	(46,337)
Carrying amount of the investment	**2,169,931**	2,126,315

	For the three months ended 31 March	
	2011	*2010*
	(Reviewed)	
	QR'000	*QR'000*
Share of associates' revenues and results:		
Revenue	**414,393**	366,069
Results	**(1,558)**	(11,027)

10 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise of the following amounts:

	31 March 2011 (Reviewed) QR'000	*31 March 2010 (Reviewed) QR'000*
Bank balances and cash	**23,591,711**	12,525,033
Less: Bank overdrafts	**-**	(116)
	23,591,711	12,524,917
Less: Restricted deposits	**(16,994)**	(23,984)
Cash and cash equivalents at 31 March	**23,574,717**	12,500,933

11 INCOME TAX

The income tax represents amounts recognised by subsidiary companies.

The major components of income tax for the period included in the interim condensed consolidated income statement are as follows:

	For the three months ended 31 March	
	2011	*2010*
	(Reviewed)	
	QR'000	*QR'000*
Current income tax:		
Current income tax charge	**(165,853)**	(149,983)
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(96,449)**	(4,669)
Income tax	**(262,302)**	(154,652)

12 DIVIDENDS AND BONUS SHARES

Dividends:

	For the three months ended 31 March	
	2011	*2010*
	(Reviewed)	
	QR'000	*QR'000*
Declared and approved at the Annual General Meeting:		
Final cash dividend for 2010, QR 5 per share	**733,333**	-

Bonus shares:
The Group issued bonus shares of 20% of the share capital as at 31 December 2010 amounting to QR 293,333 thousand (2010: Nil).

13 INTEREST BEARING LOANS AND BORROWINGS

	31 March 2011 (Reviewed) QR'000	*31 December 2010 (Audited) QR'000*
Interest bearing loans and borrowings	**46,868,381**	46,852,196
Less: Deferred financing costs	**(566,462)**	(590,522)
	46,301,919	46,261,674
Presented in the statement of financial position as follows:		
Current portion	**2,610,910**	2,518,853
Non-current portion	**43,691,009**	43,742,821
	46,301,919	46,261,674

The deferred financing costs consist of arrangement and commitment fees. The movement in deferred financing costs was as follows:

	3 months ended 31 March 2011 (Reviewed) QR'000	*12 months ended 31 December 2010 (Audited) QR'000*
Balance at 1 January	**590,522**	402,826
Additions during the year	**5,012**	335,870
Amortised during the year	**(34,579)**	(152,632)
Exchange adjustment	**5,507**	4,458
	566,462	590,522

14 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2011	*2010*
	(Reviewed)	
	QR'000	*QR'000*
Available-for-sale financial assets:		
(Loss) / gain arising during the period	**(9,307)**	84,572
Reclassification adjustments for profit or loss included in the income statement	**289**	(37,508)
Transfer to income statement on impairment	**13,905**	-
	4,887	47,064
Cash flow hedges :		
Gain / (loss) arising during the period	**87,048**	(68,371)
Impact due to income tax	**(521)**	-
Ineffective portion of cash flow hedges transferred to income statement	**(1,016)**	5,634
	85,511	(62,737)
Associates :		
Share of net gain / (loss) on cash flow hedges	**2,160**	(648)
Translation reserve:		
Exchange differences on translation of foreign operations	**853,669**	251,023

15 COMMITMENTS

Capital expenditure commitments

	31 March 2011 (Reviewed) QR'000	*31 December 2010 (Audited) QR'000*
Property, plant and equipment		
Estimated capital expenditure contracted for as at reporting date but not provided for:	**1,945,664**	2,832,404
Intangible assets		
For the acquisition of Palestine Mobile license	**515,641**	515,641

16 CONTINGENT LIABILITIES

	31 March 2011 (Reviewed) QR'000	*31 December 2010 (Audited) QR'000*
Letters of guarantee	**513,590**	493,341
Letters of credit	**18,816**	19,341
Claims against the Group not acknowledged as debts	**12,874**	4,678

17 RELATED PARTY DISCLOSURES

Related party transactions and balances
Related parties represent associated companies including Government and semi Government agencies, associates, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. In the ordinary course of business the Group enters into transactions with related parties. Pricing policies and terms of transactions are approved by the Group's management.

The Group has a current account payable to the Government of Qatar amounting to QR 3,292,676 thousand as at 31 March 2011 (31 December 2010: QR 2,891,194 thousand). Further, the Group enters into commercial transactions with other Government related entities in the ordinary course of business in terms of providing telecommunication services, placement of deposits and obtaining credit facilities etc.

Amounts due from Directors for services provided under ordinary course of business amounting to QR 125 thousand (31 December 2010: QR 178 thousand) is included under "Accounts receivable and prepayments".

Compensation of key management personnel
Key management personnel comprise the Board of Directors and key members of management having authority and responsibility of planning, directing and controlling the activities of the Group.

The compensation and benefits related to Board of Directors and key management personnel amounted to QR 37,870 thousand (For the period ended 31 March 2010: QR 29,613 thousand) and end of service benefits amounted to QR 20,590 thousand (For the period ended 31 March 2010: QR 8,744 thousand). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administrative expenses".

18 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into business units based on their geographical area covered, and has five reportable operating segments as follows:

1. Qtel is a provider of domestic and international telecommunication services within the State of Qatar.
2. ACL, Iraq is a provider of mobile telecommunication services in Iraq.
3. Wataniya is a provider of mobile telephone and pager systems and services in Kuwait and elsewhere in the Middle East and North African (MENA) region.
4. Indosat is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia.
5. Nawras is provider of mobile telecommunication services in Oman and has been recently awarded a license to operate fixed telecommunication services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of these segments. Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

18 SEGMENT INFORMATION (CONTINUED)

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the period ended 31 March 2011 and 2010:

For the three months ended 31 March 2011 (Reviewed)

	Qtel QR'000	*ACL, Iraq QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Revenue								
Third party	**1,400,771**	**1,354,984**	**2,194,926**	**1,992,421**	**471,914**	**62,816**	**-**	**7,477,832**
Inter-segment	**27,174**	**18,590**	**32,030**	**4,353**	**1,149**	**54,170**	**(137,466)** (i)	**-**
Total revenue	**1,427,945**	**1,373,574**	**2,226,956**	**1,996,774**	**473,063**	**116,986**	**(137,466)**	**7,477,832**
Results								
Segment profit before tax	**435,530**	**476,694**	**1,995,270**	**268,323**	**145,136**	**(141,703)**	**(244,887)** (ii)	**2,934,363**
Depreciation and amortisation	**150,408**	**199,401**	**391,301**	**678,844**	**61,160**	**19,834**	**244,887** (iii)	**1,745,835**

18 SEGMENT INFORMATION (CONTINUED)

For the three months ended 31 March 2010 (Reviewed)

	Qtel QR'000	*ACL, Iraq QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Revenue								
Third party	1,345,954	1,154,365	1,592,326	1,858,496	431,874	33,804	-	6,416,819
Inter-segment	19,153	20,041	6,989	2,285	261	41,202	(89,931) (i)	-
Total revenue	1,365,107	1,174,406	1,599,315	1,860,781	432,135	75,006	(89,931)	6,416,819
Results								
Segment profit before tax	1,007,886	417,870	264,744	182,366	159,680	(113,052)	(239,465) (ii)	1,680,029
Depreciation and amortisation	149,908	162,127	310,423	621,990	56,314	17,325	239,465 (iii)	1,557,552

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Segment profit before tax does not include the following:

	For the three months ended 31 March	
	2011	*2010*
	(Reviewed)	
	QR'000	*QR'000*
Amortisation of identifiable intangibles acquired though business combinations	**(244,887)**	(239,465)
	(244,887)	(239,465)

(iii) Amortisation relating to intangibles identified from business combinations was not considered as part of segment expense.

18 SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 31 March 2011 and 31 December 2010.

	Qtel QR'000	*ACL, Iraq QR'000*	*Wataniya QR'000*	*Indosat QR'000*	*Nawras QR'000*	*Others QR'000*	*Adjustments and eliminations QR'000*	*Total QR'000*
Segment assets (i)								
At 31 March 2011 (Reviewed)	**28,525,508**	**8,014,171**	**28,158,855**	**25,253,662**	**2,595,188**	**1,471,483**	**11,461,690**	**105,480,557**
At 31 December 2010 (Audited)	29,312,421	7,838,815	25,126,862	24,634,552	2,754,167	1,311,131	10,420,628	101,398,576
Capital expenditure (ii)								
At 31 March 2011 (Reviewed)	**97,528**	**288,706**	**272,829**	**359,515**	**49,064**	**15,978**	**-**	**1,083,620**
At 31 December 2010 (Audited)	1,323,468	1,351,582	1,366,259	2,216,969	701,264	176,076	-	7,135,618

Notes:

(i) Goodwill amounting to QR 11,461,690 thousand (31 December 2010: QR 10,420,628 thousand) was not considered as part of segment assets as goodwill is managed on a group basis.

(ii) Capital expenditure consists of additions to property, plant and equipment and intangibles excluding goodwill and assets from business combinations.

19 COMPARATIVE INFORMATION

In addition, certain previously reported income and expenses in the interim condensed consolidated income statement have been reclassified to improve the quality of information presented.