QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 MARCH 2013

QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three months ended 31 March 2013

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Independent auditors' report on review of condensed consolidated interim financial statements to the Board of Directors of the Qatar Telecom (Qtel) Q.S.C.

Introduction

We have reviewed the accompanying 31 March 2013 condensed consolidated interim financial statements of Qatar Telecom (Qtel) Q.S.C. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the condensed consolidated income statement for the three months period ended 31 March 2013;
- the condensed consolidated statement of comprehensive income for the three months period ended 31 March 2013;
- the condensed consolidated statement of financial position as at 31 March 2013;
- the condensed consolidated statement of changes in equity for the three months period ended 31 March 2013;
- the condensed consolidated statement of cash flows for the three months period ended 31 March 2013; and
- notes to the condensed consolidated interim financial statements

The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements 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 Auditor of the Entity*". A review of interim financial statements 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 31 March 2013 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'

30 April 2013
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2013

	Note	***For the three months ended 31 March 2013***	*For the three months ended 31 March 2012*
		(Reviewed)	
		QR'000	*QR'000*
Continuing operations			
Revenue		**8 ,441,612**	8,025,586
Operating expenses		**(2,740,769)**	(2,425,398)
Selling, general and administrative expenses		**(2,001,694)**	(1,775,066)
Depreciation and amortisation		**(1,955,881)**	(1,789,706)
Finance costs – net		**(483,439)**	(473,569)
Impairment of financial assets		**(39,913)**	(179)
Other income / (expense) – net		**97,845**	21,871
Share of results of associates – net of tax	9	**16,436**	7,588
Royalties and fees	5	**(85,047)**	(91,259)
Profit before income taxes		**1,249,150**	1,499,868
Income tax	11	**(177,243)**	(232,100)
Profit from continuing operations		**1,071,907**	1,267,768
Discontinued operation			
Profit / (loss) from discontinued operation – net of tax	20	**528**	(10,844)
Profit for the period		**1,072,435**	1,256,924
Attributable to:			
Shareholders of the parent		**808,430**	711,429
Non-controlling interests		**264,005**	545,495
		1,072,435	1,256,924
Basic and diluted earnings per share	6	**2.52**	2.70
(Attributable to shareholders of the parent) (Expressed in QR per share)			

QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2013

	Note	***For the three months ended 31 March*** ***2013*** *(Reviewed)* ***QR'000***	*2012* *QR'000*
Profit for the period		**1,072,435**	1,256,924
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale investments	14	**54,857**	34,381
Effective portion of changes in fair value of cash flow hedges	14	**70**	86,772
Share of other comprehensive income of associates	14	**-**	1,443
Foreign currency translation differences	14	**(600,392)**	(62,284)
Other comprehensive (expense) / income – net of tax		**(545,465)**	60,312
Total comprehensive income for the period		**526,970**	1,317,236
Attributable to:			
Shareholders of the parent		**316,849**	785,499
Non-controlling interests		**210,121**	531,737
		526,970	1,317,236

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements

QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2013

	Note	***31 March 2013 (Reviewed) QR'000***	*31 December 2012 (Audited) (Restated) QR'000*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**32,064,491**	32,502,573
Intangible assets and goodwill	8	**33,895,147**	34,746,171
Investment in associates	9	**1,865,532**	1,873,384
Available-for-sale investments		**2,637,942**	2,633,650
Other non-current assets		**940,406**	908,160
Deferred tax assets		**73,406**	74,581
Total non-current assets		**71,476,924**	72,738,519
Current assets			
Inventories		**374,507**	358,767
Trade and other receivables		**6,534,940**	6,095,508
Bank balances and cash		**15,243,194**	15,006,026
Assets held for distribution		**3,778**	6,504
Total current assets		**22,156,419**	21,466,805
TOTAL ASSETS		**93,633,343**	94,205,324
EQUITY			
Share capital		**3,203,200**	3,203,200
Legal reserve		**12,434,282**	12,434,282
Fair value reserve		**1,128,046**	1,084,494
Employment benefit reserve		**(110,958)**	(110,958)
Translation reserve		**221,963**	757,096
Other statutory reserves		**825,245**	825,245
Retained earnings		**7,209,477**	9,596,491
Equity attributable to shareholders of the parent		**24,911,255**	27,789,850
Non-controlling interests		**8,390,839**	8,941,786
Total equity		**33,302,094**	36,731,636

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QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 March 2013

	Note	***31 March 2013 (Reviewed)*** ***QR'000***	*31 December 2012 (Audited) (Restated)* *QR'000*
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	13	**35,132,295**	32,018,641
Employees benefits		**998,263**	928,385
Deferred tax liabilities		**1,331,741**	1,370,136
Other non-current liabilities		**2,554,598**	2,676,470
Total non-current liabilities		**40,016,897**	36,993,632
Current liabilities			
Interest bearing loans and borrowings	13	**6,993,380**	7,307,914
Trade and other payables		**11,030,549**	10,971,994
Deferred income		**1,715,581**	1,658,471
Income tax payable		**571,713**	505,019
Liabilities held for distribution		**3,129**	36,658
Total current liabilities		**20,314,352**	20,480,056
Total liabilities		**60,331,249**	57,473,688
TOTAL EQUITY AND LIABILITIES		**93,633,343**	94,205,324

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Abdullah Bin Mohamed Bin Saud Al-Thani — Chairman

Ali Shareef Al-Emadi — Deputy Chairman

QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2013

	Note	*For the three months ended 31 March* 2013	2012
		(Reviewed)	
		QR'000	*QR'000*
OPERATING ACTIVITIES			
Profit before income taxes		**1,249,150**	1,499,868
Profit / (loss) – discontinued operation	20	**528**	(10,844)
Adjustments for:			
Depreciation and amortization	7,8	**1,955,881**	1,794,992
Dividend income		**(27,235)**	(23,558)
Impairment of financial assets		**39,913**	179
(Gain) / loss on disposal of available-for-sale investments		**(57,231)**	223
(Gain) / loss on disposal of property, plant and equipment		**(27,081)**	371
Finance costs – net		**483,439**	478,104
Provision for employees' benefits		**86,333**	59,257
Provision for trade receivables		**58,457**	57,687
Share of results of associates – net of tax		**(16,436)**	(7,588)
Operating profit before working capital changes		**3,745,718**	3,848,691
Working capital changes:			
Change in inventories		**(15,740)**	29,204
Change in trade and other receivables		**(497,889)**	(262,686)
Change in trade and other payables		**(45,959)**	(380,324)
Cash from operations		**3,186,130**	3,234,885
Finance costs paid		**(417,296)**	(493,343)
Employees' benefits paid		**(6,256)**	(11,557)
Income tax paid		**(142,558)**	(134,652)
Net cash from operating activities		**2,620,020**	2,595,333
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(1,341,604)**	(1,307,285)
Acquisition of intangible assets	8	**(52,007)**	(17,690)
Net cash outflows from acquisition of a subsidiary	4.3	**-**	(111,932)
Acquisition of available-for-sale investments		**(13,696)**	(92,340)
Proceeds from disposal of property, plant and equipment		**114,448**	29,256
Proceeds from disposal of available-for-sale investments		**114,407**	96,059
Movement in restricted deposits		**(45,057)**	(5,840)
Movement in other non-current assets		**(68,949)**	99,651
Dividend received		**27,235**	23,558
Interest received		**93,609**	133,925
Net cash used in investing activities		**(1,171,614)**	(1,152,638)

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QATAR TELECOM (QTEL) Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the three months ended 31 March 2013

	Note	*For the three months ended 31 March* **2013** *Reviewed* **QR'000**	*2012* *QR'000*
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**3,837,402**	1,038,960
Repayment of interest bearing loans and borrowings		**(946,042)**	(1,519,316)
Acquisition of non-controlling interest		**(2,185,257)**	-
Additions to deferred financing costs		**(90,816)**	(10,088)
Dividend paid to shareholders of the parent		**(1,601,600)**	(528,000)
Dividend paid to non-controlling interests		**(168,408)**	(260,973)
Movement in other non-current liabilities		**(121,872)**	(143,421)
Net cash used in financing activities		**(1,276,593)**	(1,422,838)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**171,813**	19,857
Effect of exchange rate fluctuations		**20,951**	6,319
Cash and cash equivalents at 1 January		**14,796,239**	21,050,888
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	**14,989,003**	21,077,064

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2013

	Note	***Attributable to shareholders of the parent***									
		Share Capital	***Legal Reserve***	***Fair value reserve***	***Employee benefit reserve***	***Translation reserve***	***Other statutory reserves***	***Retained Earnings***	***Total***	***Non – controlling interests***	***Total equity***
		QR'000	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***
At 1 January 2013 (Restated)	21	3,203,200	12,434,282	1,084,494	(110,958)	757,096	825,245	9,596,491	27,789,850	8,941,786	36,731,636
Profit for the period		-	-	-	-	-	-	808,430	808,430	264,005	1,072,435
Other comprehensive income		-	-	43,552	-	(535,133)	-	-	(491,581)	(53,884)	(545,465)
Total comprehensive income for the period		-	-	43,552	-	(535,133)	-	808,430	316,849	210,121	526,970
Transactions with shareholders of the parent, recognised directly in equity											
Dividend for 2012	12	-	-	-	-	-	-	(1,601,600)	(1,601,600)	-	(1,601,600)
Transactions with non-controlling interest, recognised directly in equity											
Acquisition of non-controlling interests	4.1	-	-	-	-	-	-	(1,590,459)	(1,590,459)	(592,669)	(2,183,128)
Acquisition of non-controlling interests		-	-	-	-	-	-	(3,385)	(3,385)	1,256	(2,129)
Dividend paid		-	-	-	-	-	-	-	-	(168,408)	(168,408)
Other movements		-	-	-	-	-	-	-	-	(1,247)	(1,247)
At 31 March 2013 (Reviewed)		**3,203,200**	**12,434,282**	**1,128,046**	**(110,958)**	**221,963**	**825,245**	**7,209,477**	**24,911,255**	**8,390,839**	**33,302,094**

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the three months ended 31 March 2013

		Attributable to shareholders of the parent									
	Note	*Share Capital QR'000*	*Legal Reserve QR'000*	*Fair value reserve QR'000*	*Employee benefit reserve QR'000*	*Translation reserve QR'000*	*Other statutory reserves QR'000*	*Retained Earnings QR'000*	*Total QR'000*	*Non – controlling interests QR'000*	*Total Equity QR'000*
At 1 January 2012 (Restated)	21	1,760,000	6,494,137	672,843	(52,359)	1,586,124	706,036	9,844,610	21,011,391	18,311,175	39,322,566
Profit for the period		-	-	-	-	-	-	711,429	711,429	545,495	1,256,924
Other comprehensive income		-	-	120,062	-	(45,992)	-	-	74,070	(13,758)	60,312
Total comprehensive income for the period		-	-	120,062	-	(45,992)	-	711,429	785,499	531,737	1,317,236
Transactions with shareholders of the parent, recognised directly in equity											
Dividend for 2011	12	-	-	-	-	-	-	(528,000)	(528,000)	-	(528,000)
Bonus shares issued	12	528,000	-	-	-	-	-	(528,000)	-	-	-
Transactions with non-controlling interest, recognised directly in equity											
Recognition of non-controlling interests		-	-	-	-	-	-	-	-	3,046	3,046
Acquisition of non-controlling interests	4.2	-	-	-	-	-	-	(118,755)	(118,755)	118,755	-
Dividend paid		-	-	-	-	-	-	-	-	(260,973)	(260,973)
Other movements		-	-	-	-	-	-	-	-	5,836	5,836
At 31 March 2012 (Restated)		2,288,000	6,494,137	792,905	(52,359)	1,540,132	706,036	9,381,284	21,150,135	18,709,576	39,859,711

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements

1 REPORTING ENTITY

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 Company's registered office is located at 100 Westbay Tower, Doha, 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.

Qatar Telecom (Qtel) is the telecommunications service provider licensed by the Supreme Council of Information and Communication Technology (ictQATAR) to provide both fixed and mobile telecommunications services in the state of Qatar. As a licensed service provider, the conduct and activities of Qtel are regulated by ictQATAR pursuant to Law No. 34 of 2006 (Telecommunications Law) and the Applicable Regulatory Framework.

The Company and its subsidiaries (together referred to as the "Group") provides domestic and international telecommunication services in Qatar and elsewhere in the Asia and MENA region. Qatar Holding L.L.C is the ultimate Parent Company of the Group.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the three months ended 31 March 2013 have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34").

The condensed consolidated interim financial statements of the Group for the three months ended 31 March 2013 were authorised for issue by the Chairman and the Deputy Chairman of the Company on 30 April 2013.

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

The condensed consolidated interim 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 consolidated financial statements as at 31 December 2012. In addition, results for the three months ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

Risk management, judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2012.

Group's financial risk management objectives and policies are consistent with those disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except as noted below.

During the period, the Group has adopted the following standards and amendments effective for the annual period beginning on 1 January 2013. The standards and amendments do not have any material impact to the Group.

- IAS 1 – Presentation of items of other comprehensive income (amendment)
- IAS 28 (2011) – Investment in Associates and Joint ventures
- IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011) (amendment)
- IAS 34 – interim financial reporting and segment information for total assets and liabilities (amendment)
- IFRS 10 – Consolidated financial statements and IAS 27 Separate Financial Statements (2011)
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of interests in other entities

During the period, the Group has adopted the following standard and amendment effective for the annual period beginning on 1 January 2013 which has material impact to the Group including extensive additional disclosures:

IAS 19 – Employee benefits (2011) (amendment)
The Group has retrospectively adopted IAS 19 (2011) with effect from 1 January 2013, the adoption requires all remeasurements to be recognised directly in other comprehensive income. Previously, the Group used to recognise actuarial gains and losses on a deferred basis under the corridor method on their defined benefit plans. Due to this change, the Group has restated its previously reported numbers wherever applicable (please refer note 21).

IFRS 13 Fair Value Measurement
The Group has prospectively adopted IFRS 13 with effect from 1 January 2013, it establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group, however, requires specific disclosures on fair values which has been disclosed by the Group in note 19.

4 BUSINESS COMBINATIONS AND CHANGES IN NON-CONTROLLING INTERESTS

4.1 Acquisition of non-controlling interests up to 31 March 2013

In February 2013, on conclusion of an Initial Public Offer (IPO) made by one of Group subsidiaries Asiacell, the Group acquired an additional stake of 10.16%, with this, the Group's effective interest has increased from 53.90% to 64.06%.

As a result of this change in ownership interest, the Group recognised a decrease in non controlling interest amounting to QR 592,669 thousands and a decrease in retained earnings amounting to QR 1,590,459 thousands.

The consideration paid and effects of change in ownership interest were as follows:

	QR'000
Consideration paid for additional 10.16% interest	2,183,128
Less: Share of net assets acquired	(592,669)
Consideration paid in excess of additional interest in carrying value	**1,590,459**

4.2 Acquisition of non-controlling interests up to 31 March 2012

In January 2012, the Group acquired the remaining 44.39% stake in Public Telecommunication Company Limited ("PTC") for a nominal consideration of QR 1 thereby increasing its ownership from 55.61% to 100%. The carrying amount of PTC's net assets on the date of acquisition was QR 226,200 thousands. The Group recognised an increase in non-controlling interests and a decrease in retained earnings of QR 118,755 thousands respectively, on account of this acquisition.

4.3 Acquisition of a subsidiary up to 31 March 2012

On 1st January 2012, the Group acquired through Raywood Inc., 49% of the voting shares of Midya Telecom Company Limited ("MTCL"), a limited liability company incorporated in Iraq with the licence to provide telecommunication services. The acquisition was accounted for using the purchase method of accounting.

The cost of business combination amounted to QR 121,335 thousands with a resultant goodwill of QR 114,635 thousands. The net cash out flow on acquisition, net of cash acquired with the subsidiary of QR 9,403 thousands, amounted to QR 111,932 thousands.

The Group has the power to govern the financial and operating policies of MTCL by virtue of the shareholders agreement entered into between Raywood Inc., M-Tel for General Trading Limited and MTCL to appoint a majority of (4 out of 7) of Board of Directors through Raywood Inc. and accordingly MTCL is considered as a subsidiary of the Group.

In the first quarter of 2012, MTCL contributed revenue of QR 28,477 thousands and loss of QR 9,416 thousands to the Group's results.

5 ROYALTIES AND FEES

	Note	*For the three months ended 31 March*	
		2013	*2012*
		(Reviewed)	
		QR'000	*QR'000*
Royalty to the Government of Sultanate of Oman	(i)	**30,857**	28,455
Industry fees	(ii)	**42,421**	51,246
Other statutory fees	(iii)	**11,769**	11,558
		85,047	91,259

i. 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.

ii. 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.

iii. 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 profit for the period attributable to the 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	
	2013	*2012*
	(Reviewed)	
	QR'000	*QR'000 (Restated)*
Profit for the period attributable to shareholders of the parent (QR'000)	**808,430**	711,429
Weighted average number of shares (in thousands)	**320,320**	263,120
Basic and diluted earnings per share (QR)	**2.52**	2.70

6 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

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

	For the three months ended 31 March	
	2013	*2012*
	(Reviewed)	
	No. of shares 000	*No. of shares 000 (Restated)*
Qualifying shares at 1 January	**320,320**	176,000
Effect of bonus share issue	**-**	52,800
Effect of right share issue	**-**	34,320
Weighted average number of shares	**320,320**	263,120

In 2012, the Group made a rights issue of shares. Accordingly, the previously reported earnings per share have been restated. If the effect of the rights issue was not considered on the earnings per share, the basic earnings per share for the period ended 31 March 2012 would have been QR 3.11 per share.

7 PROPERTY, PLANT AND EQUIPMENT

	31 March 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Net book value at beginning of the period/year	**32,502,573**	33,065,098
Acquisition of subsidiary	**-**	111,998
Additions	**1,341,604**	7,315,716
Disposals	**(83,120)**	(751,639)
Reclassification	**6,267**	17,753
Related to discontinued operation	**-**	(513)
Depreciation for the period / year	**(1,518,576)**	(5,986,773)
Impairment losses	**-**	(102,144)
Exchange adjustment	**(184,257)**	(1,166,923)
Carrying value at the end of the period/year	**32,064,491**	32,502,573

8 INTANGIBLE ASSETS AND GOODWILL

	31 March 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Net book value at beginning of the period/year	**34,746,171**	36,741,077
Acquisition of a subsidiary	**-**	133,864
Additions	**52,007**	941,395
Amortisation for the period/year	**(437,305)**	(1,797,462)
Impairment losses	**-**	(282,976)
Disposals	**(4,247)**	(393)
Reclassification	**(6,267)**	(17,753)
Exchange adjustment	**(455,212)**	(971,581)
Carrying value at the end of the period/year	**33,895,147**	34,746,171

9 INVESTMENT IN ASSOCIATES

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

	31 March 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Group's share of associates' statement of financial position:		
Current assets	**954,206**	920,834
Non-current assets	**2,433,645**	2,495,777
Current liabilities	**(869,376)**	(905,549)
Non-current liabilities	**(1,949,255)**	(1,970,060)
Net assets	**569,220**	541,002
Goodwill	**1,296,312**	1,332,382
Carrying amount of the investment	**1,865,532**	1,873,384

	For the three months ended 31 March	
	2013	*2012*
	(Reviewed)	
	QR'000	*QR'000*
Group's share of associates' revenue and results:		
Revenues	**472,444**	445,080
Results – net of tax	**16,436**	7,588

10 CASH AND CASH EQUIVALENTS

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

	31 March 2013 (Reviewed) QR'000	*31 March 2012 (Reviewed) QR'000*
Bank balances and cash	**15,243,194**	21,281,848
Less: restricted deposits	**(254,844)**	(204,784)
Cash and cash equivalents of continuing operation	**14,988,350**	21,077,064
Cash and cash equivalents of discontinued operation	**653**	-
Cash and cash equivalents	**14,989,003**	21,077,064

11 INCOME TAX

The income tax represents amounts recognised by subsidiary companies. The major components of the income tax expense for the period included in the condensed consolidated income statement are as follows:

	For the three months ended 31 March	
	2013	*2012*
	(Reviewed)	
	QR'000	*QR'000*
Current income tax:		
Current income tax charge	**209,252**	213,713
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(32,009)**	18,387
Income tax included in condensed consolidated income statement	**177,243**	232,100

12 DIVIDEND AND BONUS SHARES

Dividend paid and proposed:

	For the three months ended 31 March	
	2013	*2012*
	(Reviewed)	
	QR'000	*QR'000*
Declared and approved at the Annual General Meeting :		
Final Dividend for 2012, QR 5 per share (2011: QR 3 per share)	**1,601,600**	528,000

Bonus shares:
During 2012, the Group issued bonus shares of 30% of the share capital as at 31 December 2011 amounting to QR 528,000 thousands.

13 INTEREST BEARING LOANS AND BORROWINGS

	31 March 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Interest bearing loans and borrowings	**42,620,096**	39,765,230
Less: deferred financing costs	**(494,421)**	(438,675)
	42,125,675	39,326,555
Presented in the condensed consolidated statement of financial position as follows:		
Non-current portion	**35,132,295**	32,018,641
Current portion	**6,993,380**	7,307,914
	42,125,675	39,326,555

In January 2013, the Group issued a further QR 3.64 billion (USD 1 billion) under its GMTN programme established in December 2012 which is listed on the Irish Stock Exchange. The notes were issued in 2 tranches of QR 1,821 million (USD 500 million) at an interest rate of 3.875% and 4.5% respectively.

During the quarter, the Group also signed new loan facilities worth QR 1.7 billion (USD 468 million), through its subsidiaries. As at 31 March 2013, the Group has availed QR 69 million out of this new facility and QR 855 million was drawn down subsequent to the reporting date. The facilities are secured.

14 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2013	*2012*
	(Reviewed)	
	QR'000	*QR'000*
Available-for-sale investments:		
Gain arising during the period	**108,878**	33,979
Reclassification adjustments for (profit) / loss included in the consolidated income statement	**(57,231)**	223
Transfer to consolidated income statement on impairment	**3,210**	179
	54,857	34,381
Cash flow hedges :		
Gain arising during the period	**79**	85,697
Deferred tax effect	**(9)**	(379)
Ineffective portion of cash flow hedges transferred to consolidated income statement	**-**	1,454
	70	86,772
Associates :		
Share of changes in fair value of cash flow hedges	**-**	1,443
Translation reserve:		
Foreign exchange translation differences	**(600,392)**	(62,284)
Other comprehensive (expense) / income for the period – net of tax	**(545,465)**	60,312

15 COMMITMENTS

Capital expenditure commitments	***31 March 2013 (Reviewed) QR'000***	*31 December 2012 (Audited) QR'000*
Property, plant and equipment		
Estimated capital expenditure contracted for at reporting date but not provided for:	**4,735,315**	4,027,236
Intangible assets		
For the acquisition of Palestine mobile license	**581,379**	581,383
Operating lease commitments		
Future minimum lease payments:		
Not later than one year	**172,998**	175,771
Later than one year and not later than five years	**498,230**	511,778
Later than five years	**285,574**	222,572
Total operating lease expenditure contracted for at the reporting date	**956,802**	910,121

15 COMMITMENTS (CONTINUED)

Finance lease commitments	***31 March 2013 (Reviewed) QR'000***	*31 December 2012 (Audited) QR'000*
Amounts under finance leases:		
Minimum lease payments:		
Not later than one year	**258,628**	252,976
Later than one year and not later than five years	**945,359**	953,073
Later than five years	**834,010**	835,920
	2,037,997	2,041,969
Less: unearned finance income	**(727,748)**	(736,298)
Present value of minimum lease payments	**1,310,249**	1,305,671
Present value of minimum lease payments:		
Current potion	**114,257**	110,322
Non-current portion	**1,195,992**	1,195,349
	1,310,249	1,305,671

16 CONTINGENT LIABILITIES

	31 March 2013 (Reviewed) QR'000	*31 December 2012 (Audited) QR'000*
Letters of guarantees	**255,584**	308,557
Letters of credit	**150,420**	113,911
Claims against the Group not acknowledged as debts	**2,767**	2,675

Litigations
The litigations position reported at 31 December 2012 have not been materially changed as at 31 March 2013.

17 RELATED PARTY DISCLOSURES

Related party transactions and balances
Related parties include 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 enters into commercial transactions with Government related entities in the ordinary course of business in terms of providing telecommunication services, placement of deposits and obtaining credit facilities etc.

Transactions with directors and other key management personnel
Key management personnel comprise the Board of Directors and the 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 43,987 thousands (for the period ended 31 March 2012: QR 32,897 thousands) and end of service benefits amounted to QR 7,683 thousands (For the period ended 31 March 2012: QR 7,844 thousands). 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

Information regarding the Group's reportable segments is set out below in accordance with "IFRS 8 Operating Segments". IFRS 8 requires reportable segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker ("CODM") and used to allocate resources to the segments and to assess their performance.

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the MENA. Outside of Qatar, the Group operates through its subsidiaries and associates in 17 countries and major operations that are reported to the Group's CODM are considered by the Group to be reportable segment. Revenue is attributed to reportable segments based on the location of the Group companies. Inter-segment sales are charged at arms' length prices.

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

1. *Qtel* is a provider of domestic and international telecommunication services within the State of Qatar;

2. *Asiacell* 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 a provider of mobile telecommunication services in Oman and has been awarded a license to operate fixed telecommunication services; and

6. Others include some of the Group's subsidiaries which are providers of wireless and telecommunication services.

Management monitors the operating results of its operating subsidiaries 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 reportable segments. Transfer pricing between reportable 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 2013 and 2012:

For the three months ended 31 March 2013 (Reviewed)

	Qtel QR'000	*Asiacell 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	**1,556,615**	**1,715,456**	**2,360,101**	**2,166,895**	**472,660**	**169,885**	**-**	**8,441,612**
Inter-segment	**18,617**	**14,276**	**31,835**	**7,948**	**2,047**	**30,143**	**(104,866)**	**-**
Total revenue	**1,575,232**	**1,729,732**	**2,391,936**	**2,174,843**	**474,707**	**200,028**	**(104,866)**	**8,441,612**
Results								
Segment profit before tax	**421,033**	**601,320**	**490,926**	**9,494**	**96,030**	**(207,880)**	**(161,773)**	**1,249,150**
Depreciation and amortisation	**176,392**	**248,769**	**420,264**	**833,718**	**89,728**	**25,237**	**161,773**	**1,955,881**
Finance costs (net)	**792**	**1,724**	**10,897**	**199,934**	**3,733**	**266,359**	**-**	**483,439**

18 SEGMENT INFORMATION (CONTINUED)

For the three months ended 31 March 2012 (Reviewed)

	Qtel QR'000	*Asiacell 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	1,475,729	1,624,525	2,340,851	1,992,300	459,360	132,821	-	8,025,586
Inter-segment	26,177	13,416	28,898	6,101	2,060	27,131	(103,783) (i)	-
Total revenue	1,501,906	1,637,941	2,369,749	1,998,401	461,420	159,952	(103,783)	8,025,586
Results								
Segment profit before tax	421,881	606,038	622,582	29,065	120,703	(127,961)	(172,440) (ii)	1,499,868
Depreciation and amortisation	166,173	223,129	409,562	713,053	73,666	31,683	172,440 (iii)	1,789,706
Finance costs (net)	39,363	21,788	14,182	181,749	6,244	210,243	-	473,569

(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	
	(Reviewed)	
	2013	*2012*
	QR'000	*QR'000*
Amortization of intangibles	**(161,773)**	(172,440)

(iii) Amortisation relating to additional intangibles identified from business combination 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 2013 and 31 December 2012.

	Qtel QR'000	*Asiacell 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 2013 (Reviewed)	**18,469,361**	**8,832,649**	**25,651,163**	**22,629,731**	**2,754,868**	**3,158,090**	**12,137,481**	**93,633,343**
At 31 December 2012 (Restated)	18,192,813	8,432,088	25,917,717	23,278,311	2,924,356	3,127,418	12,332,621	94,205,324

Note:

(i) Goodwill amounting to QR 12,137,481 thousands (31 December 2012: QR 12,332,621 thousands) was not considered as part of segment assets as goodwill is managed on a group basis.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets

	31 March 2013 (Reviewed) QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Available-for-sale investments	**2,503,747**	**1,166,160**	**1,263,259**	**74,328**
Derivative financial instruments	**8,988**	**-**	**8,988**	**-**
	2,512,735	**1,166,160**	**1,272,247**	**74,328**

	31 December 2012 (Audited) QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Available-for-sale investments	2,487,224	1,180,177	1,237,923	69,124
Derivative financial instruments	26,397	-	26,397	-
	2,513,621	1,180,177	1,264,320	69,124

Financial liabilities

	31 March 2013 (Reviewed) QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Derivative financial instruments	**32,230**	**-**	**32,230**	**-**

	31 December 2012 (Audited) QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Derivative financial instruments	30,696	-	30,696	-

20 DISCONTINUED OPERATION

In December 2012, one of the Group's subsidiaries wi-tribe Limited - Jordan P.S.C. ceased its operations and accordingly this has been classified as a discontinued operation in accordance with IFRS 5. The consolidated income statements and statement of cash flow for the comparative period have been represented to disclose the discontinued operation separately from continuing operations.

Results of discontinued operations	***For the three months ended 31 March***	
	2013	*2012*
	(Reviewed)	
	QR'000	*QR'000*
Revenue	**-**	4,597
Operating expenses	**865**	(2,353)
Selling, general and administrative expenses	**(759)**	(3,267)
Depreciation and amortization	**(46)**	(5,286)
Finance costs – net	**(203)**	(4,535)
Other income / (expense) – net	**671**	-
Profit / (loss) for the period	**528**	(10,844)

21 COMPARATIVE INFORMATION

(i) Restatement of comparative information

The Group has adopted the amendments to "IAS 19 - Employee Benefits" retrospectively with effect from 1st January, 2013. Previously, the Group used to recognise actuarial gains and losses on a deferred basis under the corridor method on their defined benefit plans (allowed under IAS 19 before amendments).

As a result of new amendment, previously deferred actuarial gains and losses pertaining to defined benefit plans of one of the Group's subsidiaries PT Indosat Tbk have been recognized through other comprehensive income. Accordingly, the previously reported numbers for 2012 have been restated as follows:

	Note	***As reported QR'000***	***Restatement impact QR'000***	***As restated QR'000***
Condensed consolidated financial statements				
Other non-current assets		936,991	(28,831)	908,160
Deferred tax assets		69,455	5,126	74,581
Employee benefit reserve	(a)	-	(110,958)	(110,958)
Retained earnings	(a)	9,585,735	10,756	9,596,491
Non-controlling interests	(a)	8,999,618	(57,832)	8,941,786
Employees benefits		746,503	181,882	928,385
Deferred tax liabilities		1,417,689	(47,553)	1,370,136

(a) These numbers have been retrospectively restated for all prior periods.

(ii) Reclassification of comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period's condensed consolidated interim financial statements. However, such reclassifications did not have any effect on the profit, total assets and equity of the comparative period.