Qatar Telecom (Qtel) Q.S.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2010

ERNST & YOUNG

P.O. Box 164
3rd Floor, Al-Abdulghani Tower
Airport Road
Doha, State of Qatar
Tel: +974 441 4599
Fax: +974 441 4649
www.ey.com/me

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR TELECOM (QTEL) Q.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Telecom (Qtel) Q.S.C. (the "Company") and its subsidiaries (the "Group") as at 30 June 2010, comprising of the interim consolidated statement of financial position as at 30 June 2010 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). 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

The total assets, revenues and profits of the Group's subsidiary Wataniya Telecom Algerie S.P.A. ("WTA") and Orascom Telecom Tunisie ("Tunisiana"), a joint venture accounted for under the proportionate consolidation method of accounting, included in the accompanying interim condensed consolidated financial statements aggregate to QR 5,650,842,000 (30 June 2009: QR 6,000,261,000), QR 1,683,785,000 (30 June 2009: QR 1,477,223,000) and QR 136,976,000 (30 June 2009: QR 44,984,000), respectively. The financial information for these entities was reviewed by other independent auditors whose reports furnished to us express unqualified conclusion. We were unable to carry out any review procedures and therefore are not in a position to provide any conclusion with regards to the amounts included in the financial information relating to these entities, and consequently we are unable to determine whether any of these adjustments to these amounts were necessary.

Ernst & Young

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR TELECOM (QTEL) Q.S.C. (CONTINUED)

Conclusion

Based on our review, except for the effects of such adjustments, if any, as might have been discussed 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 information is not prepared, in all material respects, in accordance with IAS 34.

Firas Quossous
of Ernst & Young
Auditor's Registration No. 236

ERNST & YOUNG
Doha
محاسبون قانونيون
الدوحة
ارنست ويونغ

Date: 15 August 2010
Doha

INTERIM CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2010

	Notes	For the three months ended 30 June 2010	2009	For the six months ended 30 June 2010	2009
		(Unaudited)		(Unaudited)	
		QR'000	QR'000	**QR'000**	QR'000
Revenue		**6,704,795**	5,926,735	**13,121,614**	11,543,357
Operating expenses		**(2,010,971)**	(1,736,071)	**(4,014,174)**	(3,590,642)
Selling, general and administrative expenses		**(1,446,414)**	(1,333,703)	**(2,814,696)**	(2,494,067)
Depreciation and amortisation		**(1,567,722)**	(1,349,509)	**(3,125,274)**	(2,514,603)
Finance costs - Net		**(405,020)**	(370,429)	**(848,079)**	(679,450)
Impairment losses on intangibles and investments		**(22,991)**	(170,564)	**(22,991)**	(338,221)
Other income (expense) – Net		**(109,941)**	1,005,315	**612,596**	955,454
Share of results of associates	10	**(7,472)**	(3,986)	**(18,499)**	10,382
Royalties and fees	6	**(95,318)**	(124,052)	**(171,522)**	(296,096)
PROFIT BEFORE TAX		**1,038,946**	1,843,736	**2,718,975**	2,596,114
Income tax	12	**(145,325)**	(292,912)	**(299,977)**	(279,830)
PROFIT FOR THE PERIOD		**893,621**	1,550,824	**2,418,998**	2,316,284
Attributable to:					
Shareholders of the parent		**571,183**	1,044,182	**1,783,997**	1,637,897
Non-controlling interests		**322,438**	506,642	**635,001**	678,387
		893,621	1,550,824	**2,418,998**	2,316,284
BASIC AND DILUTED EARNINGS PER SHARE (attributable to shareholders of the parent) (expressed in QR per share)	7	**3.89**	7.12	**12.16**	11.17

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2010

		For the three months ended 30 June		*For the six months ended 30 June*	
		2010	*2009*	***2010***	*2009*
		(Unaudited)		*(Unaudited)*	
	Notes	***QR'000***	*QR'000*	***QR'000***	*QR'000*
Profit for the period		**893,621**	1,550,824	**2,418,998**	2,316,284
Other comprehensive income (expense)					
Net (loss) gain on available-for-sale investments	15	**(67,700)**	224,359	**(20,636)**	148,830
Net (loss) gain on cash flow hedges	15	**(31,085)**	208,424	**(93,822)**	115,455
Exchange differences on translation of foreign operations		**(190,569)**	4,026,202	**60,454**	918,834
Share of other comprehensive income (expense) of associates	15	**-**	2,380	**(648)**	6,265
Other comprehensive (expense) income for the period		**(289,354)**	4,461,365	**(54,652)**	1,189,384
Total comprehensive income for the period		**604,267**	6,012,189	**2,364,346**	3,505,668
Attributable to:					
Shareholders of the parent		**388,437**	3,822,498	**1,796,315**	2,525,348
Non-controlling interests		**215,830**	2,189,691	**568,031**	980,320
		604,267	6,012,189	**2,364,346**	3,505,668

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2010

	Notes	***30 June 2010 (Unaudited) QR'000***	*31 December 2009 (Audited) QR'000*
ASSETS			
Non-current assets			
Property, plant and equipment	8	**30,339,727**	29,597,692
Intangible assets	9	**33,244,337**	34,104,052
Investment in associates	10	**2,012,425**	1,944,635
Available-for-sale investments		**1,612,848**	1,698,758
Other non-current assets		**1,326,036**	1,274,514
Deferred tax asset		**330,357**	353,202
		68,865,730	68,972,853
Current assets			
Inventories		**299,798**	254,531
Accounts receivable and prepayments		**4,094,917**	4,199,699
Bank balances and cash		**12,350,489**	11,511,570
		16,745,204	15,965,800
TOTAL ASSETS		**85,610,934**	84,938,653
EQUITY AND LIABILITIES			
Attributable to shareholders of the parent			
Share capital		**1,466,667**	1,466,667
Legal reserve		**6,494,137**	6,494,137
Fair value reserve		**(302,850)**	(185,501)
Translation reserve		**1,084,722**	955,055
Retained earnings		**7,626,880**	6,875,150
		16,369,556	15,605,508
Non-controlling interests		**14,130,223**	13,826,899
Total equity		**30,499,779**	29,432,407

Continue…………

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2010

	Note	*30 June 2010 (Unaudited) QR'000*	*31 December 2009 (Audited) QR'000*
Non-current liabilities			
Interest bearing loans and borrowings	14	**32,710,461**	33,798,433
Employees benefits		**678,956**	605,490
Deferred tax liability		**1,570,883**	1,530,687
Other non-current liabilities		**3,216,703**	3,520,481
		38,177,003	39,455,091
Current liabilities			
Accounts payable and accruals		**9,643,859**	9,959,801
Current account with State of Qatar		**2,896,459**	2,803,015
Deferred income		**964,169**	1,012,438
Interest bearing loans and borrowings	14	**2,932,209**	1,884,409
Income tax payable		**497,456**	391,492
		16,934,152	16,051,155
Total liabilities		**55,111,155**	55,506,246
TOTAL EQUITY AND LIABILITIES		**85,610,934**	84,938,653

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Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman

....
Ali Shareef Al-Emadi
Member of the Board

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	
	QR'000	QR'000
OPERATING ACTIVITIES		
Profit before tax	**2,718,975**	2,596,114
Adjustments for:		
Depreciation and amortisation	**3,125,274**	2,514,603
Dividend and interest income	**(281,890)**	(197,357)
Impairment loss on intangibles, investment in associates and available-for-sale investments	**22,991**	338,221
Profit on disposal of available-for-sale investments	**(38,207)**	(10,601)
Loss (profit) on disposal of property, plant and equipment	**2,080**	(614)
Finance costs	**848,079**	854,529
Negative goodwill released to the income statement	**-**	(78,224)
Provision for employees' end of service benefits	**71,378**	65,195
Ineffective portion of cash flow hedges	**9,960**	801
Share of results of associates	**18,499**	(10,382)
	6,497,139	6,072,285
Working capital changes:		
Inventories	**(45,267)**	(16,203)
Receivables	**104,782**	(661,813)
Payables	**(600,105)**	2,157,031
Cash from operations	**5,956,549**	7,551,300
Finance costs paid	**(1,117,271)**	(832,814)
Employees' end of service benefits paid	**(9,325)**	(42,577)
Income tax paid	**(192,138)**	(302,182)
Net cash from operating activities	**4,637,815**	6,373,727
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(2,549,526)**	(4,172,098)
Additions to intangible assets	**(16,213)**	(232,632)
Acquisition of subsidiaries, net of cash acquired	**-**	(20,733)
Acquisition of non-controlling interests	**(6,597)**	(3,009,888)
Additional investment in associates	**(85,993)**	-
Purchase of available-for-sale investments	**(1,912)**	(16,639)
Proceeds from disposal of property, plant and equipment	**10,644**	9,521
Proceeds from disposal of available-for-sale investments	**98,873**	160,231
Movement in restricted deposit	**4,329**	194,094
Movement in other non-current assets	**(51,522)**	(318,598)
Dividend and interest received	**281,890**	197,357
Net cash used in investing activities	**(2,316,027)**	(7,209,385)

Continue……….

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six months ended 30 June 2010

		For the six months ended 30 June	
		2010	*2009*
		Unaudited	
	Note	***QR'000***	*QR'000*
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**7,428,434**	9,228,131
Repayment of interest bearing loans and borrowings		**(7,510,174)**	(271,052)
Additions to deferred financing costs		**(79,430)**	(131,092)
Dividends paid to shareholders of the parent		**(462,000)**	(660,000)
Dividends paid to non-controlling interests		**(253,930)**	(326,230)
Movement in non-controlling interests		**(9,780)**	(26,871)
Movement in other non-current liabilities		**(303,778)**	(2,063,316)
Net cash (used in) from financing activities		**(1,190,658)**	5,749,570
INCREASE IN CASH AND CASH EQUIVALENTS		**1,131,130**	4,913,912
Net foreign exchange differences		**(282,940)**	(174,987)
Cash and cash equivalents at 1 January		**11,486,323**	7,650,651
CASH AND CASH EQUIVALENTS AT 30 JUNE	11	**12,334,513**	12,389,576

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	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	-	-	-	-	1,783,997	1,783,997	635,001	2,418,998
Other comprehensive (expense) income for the period	-	-	(117,349)	129,667	-	12,318	(66,970)	(54,652)
Total comprehensive (expense) income for the period	-	-	(117,349)	129,667	1,783,997	1,796,315	568,031	2,364,346
Final dividend paid for 2009	-	-	-	-	(1,026,667)	(1,026,667)	-	(1,026,667)
Dividends for subsidiaries	-	-	-	-	-	-	(253,930)	(253,930)
Acquisition of non-controlling interest (Note 4.1)	-	-	-	-	(5,600)	(5,600)	(997)	(6,597)
Movement in non-controlling interests	-	-	-	-	-	-	(9,780)	(9,780)
At 30 June 2010 (Unaudited)	**1,466,667**	**6,494,137**	**(302,850)**	**1,084,722**	**7,626,880**	**16,369,556**	**14,130,223**	**30,499,779**

Continue….

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	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 2009 as previously reported (Audited)	1,466,667	6,494,137	(458,678)	248,907	5,532,674	13,283,707	15,677,925	28,961,632
Adjusted as a result of PPA exercised carried out during the period for subsidiary acquired in 2008	-	-	-	(612,626)	29,234	(583,392)	(1,439,997)	(2,023,389)
At 1 January 2009 (Restated)	1,466,667	6,494,137	(458,678)	(363,719)	5,561,908	12,700,315	14,237,928	26,938,243
Profit for the period	-	-	-	-	1,637,897	1,637,897	678,387	2,316,284
Other comprehensive income for the period	-	-	250,377	637,074	-	887,451	301,933	1,189,384
Total comprehensive income for the period	-	-	250,377	637,074	1,637,897	2,525,348	980,320	3,505,668
Final dividend paid for 2008	-	-	-	-	(1,466,667)	(1,466,667)	-	(1,466,667)
Dividends of subsidiaries	-	-	-	-	-	-	(326,230)	(326,230)
Acquisitions of non-controlling interests (Note 4.3)	-	-	-	-	-	-	(1,568,740)	(1,568,740)
Movement in non-controlling interests	-	-	-	-	-	-	(26,871)	(26,871)
At 30 June 2009 (Unaudited)	1,466,667	6,494,137	(208,301)	273,355	5,733,138	13,758,996	13,296,407	27,055,403

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

1 CORPORATE 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 organization 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") provides 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 six months ended 30 June 2010 were authorised for issue by a Board Member and the Chairman on 15 August 2010.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34").

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 2009. In addition, results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

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 2009, except for the adoption of new standards and interpretations as of 1 January 2010 as noted below:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

The Group applies the revised standards from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had an immaterial impact on the financial position of the Group.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position or performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position or performance of the Group.

Improvements to IFRSs (issued April 2009)

In April 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IFRS 8 *Operating Segment Information*: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 19.

IAS 36 *Impairment of Assets*: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 2 *Share-based Payment*
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
IAS 1 *Presentation of Financial Statements*
IAS 17 *Leases*
IAS 38 *Intangible Assets*
IAS 39 *Financial Instruments: Recognition and Measurement*
IFRIC 9 *Reassessment of Embedded Derivatives*
IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

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

4 BUSINESS COMBINATIONS

Acquisitions in 2010

4.1 Acquisition of non-controlling interest in Starlink WLL

On 29 April 2010, the Group acquired an additional stake of 12% of voting rights increasing its ownership to 63% in Starlink W.L.L. A cash consideration of QR 6,597,000 was paid to the non-controlling interests shareholders. The carrying value of the net assets immediately prior to the additional acquisition of Starlink W.L.L., was QR 8,307,000 and the share of carrying value of the additional interest acquired was QR 997,000. The excess of the cash consideration over the carrying values of net assets acquired amounting to QR 5,600,000 has been recognised in retained earnings within equity.

Acquisitions in 2009

4.2 Acquisition of Al-Bahar United Company W.L.L. (trading as "FONO")

On 22 January 2009, the Group acquired 100 % of the voting shares of Al-Bahar United Company W.L.L. (trading as "FONO") a company domiciled and registered in the State of Kuwait. Al-Bahar United Company W.L.L. (trading as "FONO") is engaged in the retail sales of mobile handsets. The acquisition has been accounted for using the purchase method of accounting.

The net assets of Al-Bahar United Company W.L.L. (trading as "FONO") acquired amounted to QR 7,552,000 based on the carrying amounts of assets and liabilities immediately prior to the acquisition. The cost of the business combination amounted to QR 21,188,000 with a resultant goodwill of QR 13,636,000. The net cash out flow on acquisition net of cash acquired with the subsidiary of QR455, 000 amounted to QR 20,733,000.

4.3 Acquisition of non-controlling interest in PT INDOSAT TBK

At 31 December 2008, the Group held 40.8 % of the voting shares of Indosat. Indosat and its subsidiaries were considered subsidiaries of the Group as the Group had the power to govern the financial and operating policies of Indosat by virtue of de facto control arising through the ability to appoint a majority (6 out of 10) of the Board of Commissioners of Indosat.

On 5 March 2009, on conclusion of a mandatory tender offer, the Group acquired an additional 24.19% of the voting shares of Indosat, increasing its ownership in Indosat to 65%. Total cash consideration of QR 3,009,888,000 was paid. The carrying value of the net assets immediately prior to the additional acquisition of PT Indosat Tbk, was QR 6,485,076,000 and the share of carrying value of the additional interest acquired was QR 1,568,740,000. The excess of the cash consideration over the carrying values of net assets acquired amounting to QR 1,441,148,000 has been recognised as goodwill.

5 INTEREST IN A JOINT VENTURE

The Group's subsidiary Wataniya Telecom has a 50% equity shareholding with equivalent voting power in Tunisiana, a joint venture established in Tunisia.

The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of Tunisiana:

	30 June 2010 (Unaudited) QR'000	*31 December 2009 (Audited) QR'000*
Share of joint venture's statement of financial position:		
Current assets	**351,094**	447,702
Non-current assets	**980,824**	1,158,538
Current liabilities	**(716,405)**	(670,816)
Non-current liabilities	**(12,151)**	(148,617)
Carrying amount of the net assets	**603,362**	786,807

	For the three months ended 30 June		***For the six months ended 30 June***	
	2010	*2009*	***2010***	*2009*
	(Unaudited)		*(Unaudited)*	
	QR'000	*QR'000*	***QR'000***	*QR'000*
Share of joint venture's income statement:				
Revenue	**331,837**	320,837	**662,290**	600,431
Other income	**3,203**	(1,750)	**6,083**	-
General and administrative expenses	**(213,741)**	(202,037)	**(424,129)**	(378,693)
Finance costs	**(983)**	(3,092)	**(1,644)**	(7,460)
Income tax	**(43,730)**	(44,476)	**(88,116)**	(79,293)
Profit for the period	**76,586**	69,482	**154,484**	134,985

6 ROYALTIES AND FEES

	For the three months ended 30 June		*For the six months ended 30 June*	
	2010	*2009*	***2010***	*2009*
	(Unaudited)		*(Unaudited)*	
	QR'000	*QR'000*	***QR'000***	*QR'000*
Royalty to the Government of State of Qatar	-	-	**-**	116,865
Royalty to the Government of Sultanate of Oman	**26,752**	22,430	**51,527**	41,443
Industry fees	**54,609**	63,162	**95,204**	89,594
Other statutory fees	**13,957**	38,460	**24,791**	48,194
	95,318	124,052	**171,522**	296,096

Royalties:
In accordance with Law No. 6 of 2002, effective 1 January 2005, Qtel was liable to pay royalty to the Government of the State of Qatar for the exclusive right to provide telecommunication services in the State of Qatar. The royalty payable is calculated based on 25% of the profits attributable to the shareholders of the parent. In accordance with Law No. 34 of 2006 issued on 6 November 2006, the payment of royalty to the Government of the State of Qatar shall be discontinued from the date another operator licensed under the Law commences telecommunication services in Qatar.

The Group deemed that another operator licensed under the Law commenced commercial operations on 1 March 2009, when the second operator switched on its network for two way communication, broadly consistent with the requirements prescribed by the provisions of license granted to Qtel by ictQATAR and had discontinued payment of royalties from such date. However, as per the Decree issued by the Government of Qatar, the payment of royalties had to be discontinued with effect from 7 October 2007 and replaced with 12.5% industry fees on the profits and 1% of license fees on the regulated revenues generated from the Group's operations in Qatar. This has resulted in a write back of accruals amounting to QR 554 Mn, which has been included under other income during the six months ended 30 June 2010.

In accordance with the terms of a license granted to Omani Qatari Telecommunications Company S.A.O.C. 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 payable to ictQATAR on profits generated from the Group's operations in Qatar.

Other Statutory Fees:
Contributions by Wataniya Mobile Telecommunications Company K.S.C to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat. The Wataniya Group's contributions to KFAS, NLST and Zakat are recognized as expenses in the period during which the Group's contribution is legally required.

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the 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 30 June		***For the six months ended 30 June***	
	2010	*2009*	***2010***	*2009*
	(Unaudited)		*(Unaudited)*	
	QR'000	*QR'000*	***QR'000***	*QR'000*
Profit for the period attributable to shareholders of the parent (QR'000)	**571,183**	1,044,182	**1,783,997**	1,637,897
Weighted average number of shares (000's)	**146,667**	146,667	**146,667**	146,667
Basic and diluted earnings per share (QR)	**3.89**	7.12	**12.16**	11.17

8 PROPERTY, PLANT AND EQUIPMENT

	30 June 2010 (Unaudited) QR'000	*31 December 2009 (Audited) QR'000*
Net book value at beginning of the period/year	**29,597,692**	23,351,567
Acquired through acquisition of subsidiaries	**-**	1,935
Additions	**2,549,526**	8,454,995
Disposals (net)	**(12,724)**	(12,440)
Depreciation for the period/year	**(2,255,170)**	(3,797,076)
Exchange adjustment	**460,403**	1,598,711
Net book value at the end of the period/year	**30,339,727**	29,597,692

9 INTANGIBLE ASSETS

	30 June 2010 (Unaudited) QR'000	*31 December 2009 (Audited) QR'000*
Net book value at beginning of the period/year	**34,104,052**	32,671,282
Acquisition of subsidiaries	**-**	22,364
Acquisition of non-controlling interests	**-**	1,441,148
Additions	**16,213**	1,123,600
Amortisation for the period/year	**(870,104)**	(1,692,686)
Impairment during the period/year	**(18,587)**	(68,861)
Reversal of license costs	**-**	(393,469)
Negative goodwill released to the income statement	**-**	78,224
Exchange adjustment	**12,763**	922,450
Net book value at the end of the period/year	**33,244,337**	34,104,052

10 INVESTMENT IN ASSOCIATES

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

	30 June 2010 (Unaudited) QR'000	*31 December 2009 (Audited) QR'000*
Share of associates' statement of financial position:		
Current assets	**1,347,039**	1,250,749
Non-current assets	**1,783,625**	1,841,579
Current liabilities	**(608,694)**	(685,739)
Non-current liabilities	**(1,670,682)**	(1,584,532)
Net assets	**851,288**	822,057
Goodwill on acquisition	**1,207,474**	1,168,915
Less: impairment on investment in associate	**(46,337)**	(46,337)
Carrying amount of the investment	**2,012,425**	1,944,635

	For the three months ended 30 June		***For the six months ended 30 June***	
	2010	*2009*	***2010***	*2009*
	(Unaudited)		*(Unaudited)*	
	QR'000	*QR'000*	***QR'000***	*QR'000*
Share of associates' revenues and results:				
Revenue	**382,800**	346,447	**748,869**	670,953
Results	**(7,472)**	(3,986)	**(18,499)**	10,382

11 CASH AND CASH EQUIVALENTS

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

	For the six months ended 30 June	
	2010	*2009*
	(Unaudited)	
	QR'000	*QR'000*
Bank balances and cash	**12,350,489**	12,391,199
Bank overdrafts	**-**	(1,623)
	12,350,489	12,389,576
Restricted deposits	**(15,976)**	-
Cash and cash equivalents at 30 June	**12,334,513**	12,389,576

12 INCOME TAX

The income tax represents amounts recognised by subsidiary companies.

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

	For the three months ended 30 June		*For the six months ended 30 June*	
	2010	*2009*	***2010***	*2009*
	(Unaudited)		*(Unaudited)*	
	QR'000	*QR'000*	***QR'000***	*QR'000*
Current income tax:				
Current income tax charge	**(148,119)**	(247,501)	**(298,102)**	(292,917)
Deferred income tax:				
Relating to origination and reversal of temporary differences	**2,794**	(45,411)	**(1,875)**	13,087
Income tax	**(145,325)**	(292,912)	**(299,977)**	(279,830)

13 DIVIDENDS

	For the six months ended 30 June	
	2010	*2009*
	(Unaudited)	
	QR'000	*QR'000*
Declared and approved at the Annual General Meeting:		
Final dividend for 2009, QR 7 per share (2008 : QR 10 per share)	**1,026,667**	1,466,667

14 INTEREST BEARING LOANS AND BORROWINGS

	30 June 2010 (Unaudited) QR'000	*31 December 2009 (Audited) QR'000*
Interest bearing loans and borrowings	**36,059,358**	36,085,668
Less: Deferred financing costs	**(416,688)**	(402,826)
	35,642,670	35,682,842

Presented in the statement of financial position as follows:

Current portion	**2,932,209**	1,884,409
Non-current portion	**32,710,461**	33,798,433
	35,642,670	35,682,842

15 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the three months ended 30 June		***For the six months ended 30 June***	
	2010	*2009*	***2010***	*2009*
	(Unaudited)		*(Unaudited)*	
	QR'000	*QR'000*	***QR'000***	*QR'000*
Available-for-sale investments:				
(Loss) gain arising during the period	**(60,694)**	171,409	**23,878**	(65,969)
Reclassification adjustments for profit included in the income statement	**(2,602)**	(2,416)	**(40,110)**	(8,224)
Transfer to income statement on impairment	**(4,404)**	55,366	**(4,404)**	223,023
	(67,700)	224,359	**(20,636)**	148,830
Cash flow hedges :				
(Loss) gain arising during the period	**(35,411)**	207,842	**(103,782)**	114,654
Ineffective portion of cash flow hedges transferred to income statement	**4,326**	582	**9,960**	801
	(31,085)	208,424	**(93,822)**	115,455
Associates :				
Share of net gain (loss) on cash flow hedges	**-**	2,380	**(648)**	6,265

16 COMMITMENTS

Capital expenditure commitments

	30 June 2010 (Unaudited) QR'000	*31 December 2009 (Audited) QR'000*
Property, plant and equipment		
Estimated capital expenditure contracted for at statement of financial position date but not provided for:	**1,880,614**	3,433,270
Intangible assets		
For the acquisition of Palestine Mobile license	**515,640**	515,637

17 CONTINGENT LIABILITIES

	30 June 2010 (Unaudited) QR'000	*31 December 2009 (Audited) QR'000*
Letters of guarantee	**374,924**	579,133
Letters of credit	**14,871**	14,743
Claims against the Group not acknowledged as debts	**12,459**	11,518

17 CONTINGENT LIABILITIES (continued)

Legal action

On 6 June 2008, Qtel entered into a Share Purchase Agreement ("SPA") with STT Communications Ltd. ("STTC"), a subsidiary of Singapore Technologies Telemedia Pte. Ltd. ("STT"), pursuant to which Qtel, through its subsidiary, Qatar South East Asia Holding S.P.C. ("QSEA"), acquired 100% of both Indonesia Communications Limited ("ICLM") and Qatar Telecom (Qtel Asia) Pte Ltd. (formerly known as Indonesia Communications Pte Ltd) ("QA") from Asia Mobile Holdings Pte. Ltd ("AMH"), which is 75% indirectly owned by STT and 25% indirectly owned by Qtel. ICLM and QA together had owned 40.8% of the voting shares of PT Indosat Tbk. Under the SPA, Qtel was responsible for the seller's liabilities and associated costs which have arisen or may arise in relation to or in connection with the proceedings and class action suits mentioned below:

KPPU proceeding:

In June 2007, each of STT, STTC, Asia Mobile Holding Company Pte. Ltd. ("AMHC"), AMH, ICLM and QA were summoned to appear before the Business Competition Supervisory Commission of the Republic of Indonesia (the "KPPU") in response to allegations that each of them as well as Temasek Holdings (Private) Limited ("Temasek"), Singapore Telecommunications Ltd. ("SingTel") and Singapore Telecom Mobile Pte. Ltd. ("SingTel Mobile") (together, the "Reported Parties") are part of an alleged Temasek Business Group which has breached Article 27(a) of the Indonesian Law No. 5/1999 (the "Anti-Monopoly Law"). Article 27(a) of the Anti-Monopoly Law prohibits a business actor or a group of business actors from owning majority shares in more than one similar company conducting business activities in the same market concerned if the said ownership results in such business actors controlling over 50% of the market share of the goods or services in question. Temasek, STT, STTC, AMHC and AMH have an indirect shareholding interest in shares in Indosat with ICLM and QA directly holding 40.8% of the shares in PT Indosat Tbk ("Indosat") in June 2007, whilst Temasek and SingTel have an indirect shareholding interest in shares in PT Telkomsel ("Telkomsel") with SingTel Mobile directly holding 35% of the shares in Telkomsel.

In its decision of 19 November 2007, the Commission Panel of the KPPU ruled, amongst other things, that the Reported Parties had violated Article 27(a) of the Anti-Monopoly Law, and ordered:-

(a) the Reported Parties to divest the ownership in all of their shares in either Telkomsel or Indosat within two years as of the decision of KPPU becoming final, binding and enforceable;

(b) the Reported Parties to decide to divest either all of their shares in Telkomsel or Indosat, and to relinquish all voting rights and rights to appoint Directors and Commissioners in either Telkomsel or Indosat until all the shares have been divested as ordered in the paragraph above; and

(c) each of the Reported Parties to pay a fine in the amount of Rp. 25 billion (QR10 million).

STT, STTC, AMHC, AMH, ICLM and QA appealed against the KPPU's ruling by submitting an objection to the District Court, which issued its ruling on 9 May 2008, upholding the Panel's finding regarding cross-ownership and anticompetitive conduct. The District Court also upheld the divestment and corporate governance orders, reducing the timescale for divestment to 12 months from 2 years. However, the District Court increased the share parcel limitation to 10%, though still limited to buyers unassociated with the group. Each group member was fined Rp 15 billion (QR 6 million), as was Telkomsel. The tariff reduction order against Telkomsel was eliminated.

The decision was then appealed to the Supreme Court, and a further round of cassation briefs were lodged. The Supreme Court announced its decision on 10 September 2008, approving the District Court's decision in part, with the notable exception of the share parcel limitation, the removal of which had the effect of extinguishing the potential for any challenge to the validity of the purchase by ICLM and QA of the Indosat shares. A number of parties lodged a Motion to Reconsider the Supreme Court ruling prior to the end of May 2009. The Motions to Reconsider were provided to the Supreme Court by the District Court in December 2009. The KPPU has filed a response to the Motions to Reconsider and that was also provided to the Supreme Court in December 2009.

17 CONTINGENT LIABILITIES (continued)

Legal action (continued)

Class actions:
Temasek, STT, STTC, AMHC, AMH, ICLM, QA, SingTel, SingTel Mobile, Indosat, Telkomsel and PT Telekomunikasi Indonesia Tbk cq., the Regional Telecommunication Branch of Tangerang as the defendants, along with the Government of Republic of Indonesia, and also the Government of Republic of Indonesia cq., the State Ministry of State-Owned Enterprise as co-defendants (collectively, the "Defendants") are currently parties to one class action at the Tangerang District Court (Class Action Lawsuit 1).

A second class action lawsuit with the Central Jakarta District Court ("Class Action Lawsuit 2") was terminated in favour of the Defendants in February 2010.

Class Action Lawsuit 1 alleges violations of Indonesian consumer protection laws, including, among others, Article 4 point (b), point (e) and point (h) and Article 7 point (a) of Law 8 of 1999 on the Consumer Protection and Article 15 Paragraph (1) of Law 36 of 1999 on Telecommunication JO. Article 68 of the Government Regulation Lawsuit 52 of 2000 on the Telecommunication Operation and Article 1365 of the Indonesian Civil Code.

The action is based on the findings of the KPPU, and are brought on behalf of various classes of cellular telephone consumers in Tangerang (the "Plaintiffs"). The action alleges anti-competitive behavior, including excessive pricing, resulting from cross-ownership of Indosat and Telkomsel by the Defendants.

QA has submitted a Motion to Consolidate Class Action Lawsuit 1 and Class Action lawsuit 2. This Motion to Consolidate is currently being considered by the Supreme Court.

There was a Class Action Lawsuit 1 hearing on 22 March 2010 in which the Plaintiff's failed to show.

On the advice of outside counsel, Qtel is of the view that the class action (a) should not be permitted to proceed as a class action, and (b) are, in substance, meritless.

18 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 also has significant commercial transactions with the Government of Qatar which mainly represents royalty payments (Note 6) and current account payable amounting to QR 2,896,459,000 (31 December 2009: QR 2,803,015,000). 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 137,000 (31 December 2009: QR 126,000) 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 37,417,000 for the three months ended 30 June 2010 (30 June 2009: QR 40,346,000) and QR 67,030,000 for the six months ended 30 June 2010 (30 June 2009: QR 69,991,000) and end of service benefits amounted to QR 3,510,000 for the three months ended 30 June 2010 (30 June 2009: QR 4,891,000) and QR 12,253,000 for the six months ended 30 June 2010 (30 June 2009: QR 10,719,000). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administration expenses".

19 SEGMENT INFORMATION

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

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

ACL, Iraq is a provider of mobile telecommunication services in Iraq.

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.

Indosat is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia.

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.

19 SEGMENT INFORMATION (continued)

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the three months and six months ended 30 June 2010 and 2009:

For the three months ended 30 June 2010 (Unaudited)

	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	**1,364,038**	**1,213,127**	**1,687,208**	**1,966,676**	**427,739**	**46,007**	**-**	**6,704,795**
Inter-segment	**23,964**	**16,056**	**16,737**	**2,976**	**3,884**	**56,980**	**(120,597)** *(i)*	**-**
Total revenue	**1,388,002**	**1,229,183**	**1,703,945**	**1,969,652**	**431,623**	**102,987**	**(120,597)**	**6,704,795**
Results								
Segment profit before tax	**441,394**	**467,238**	**301,763**	**48,152**	**141,192**	**(140,412)**	**(220,381)** *(ii)*	**1,038,946**
Depreciation and amortisation	**157,118**	**167,571**	**309,944**	**643,626**	**55,684**	**13,398**	**220,381** *(iii)*	**1,567,722**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2010

19 SEGMENT INFORMATION (continued)

For the three months ended 30 June 2009 (Unaudited)

	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	1,435,183	948,693	1,538,542	1,543,766	389,003	71,548	-	5,926,735
Inter-segment	8,806	1,378	283	797	-	1,769	(13,033) [(i)]	-
Total revenue	1,443,989	950,071	1,538,825	1,544,563	389,003	73,317	(13,033)	5,926,735
Results								
Segment profit before tax	505,387	233,688	899,367	476,402	96,877	(18,253)	(349,732) [(ii)]	1,843,736
Depreciation and amortisation	142,640	145,457	264,791	464,591	45,911	5,248	280,871 [(iii)]	1,349,509

19 SEGMENT INFORMATION (continued)

For the six months ended 30 June 2010 (Unaudited)

	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	**2,709,992**	**2,367,492**	**3,279,534**	**3,825,172**	**859,613**	**79,811**	**-**	**13,121,614**
Inter-segment	**43,117**	**36,097**	**23,726**	**5,261**	**4,145**	**98,182**	**(210,528)** *(i)*	**-**
Total revenue	**2,753,109**	**2,403,589**	**3,303,260**	**3,830,433**	**863,758**	**177,993**	**(210,528)**	**13,121,614**
Results								
Segment profit before tax	**1,449,280**	**885,108**	**566,507**	**230,518**	**300,872**	**(253,464)**	**(459,846)** *(ii)*	**2,718,975**
Depreciation and amortisation	**307,026**	**329,698**	**620,367**	**1,265,616**	**111,998**	**30,723**	**459,846** *(iii)*	**3,125,274**

19 SEGMENT INFORMATION (continued)

For the six months ended 30 June 2009 (Unaudited)

	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	2,884,985	1,827,082	2,952,352	2,975,699	751,758	151,481	-	11,543,357
Inter-segment	16,773	1,481	478	1,617	-	2,679	(23,028) (i)	-
Total revenue	2,901,758	1,828,563	2,952,830	2,977,316	751,758	154,160	(23,028)	11,543,357
Results								
Segment profit before tax	924,006	446,875	1,054,173	552,718	168,140	(48,933)	(500,865) (ii)	2,596,114
Depreciation and amortisation	283,132	281,730	508,797	831,905	89,056	9,755	510,228 (iii)	2,514,603

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

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

	For the three months ended 30 June		***For the six months ended 30 June***	
	2010	*2009*	***2010***	*2009*
	(Unaudited)		*(Unaudited)*	
	QR'000	*QR'000*	***QR'000***	*QR'000*
Amortisation of additional intangibles identified in PPA	**(220,381)**	(280,871)	**(459,846)**	(510,228)
Impairment of goodwill	**-**	(68,861)	**-**	(68,861)
Write back of negative goodwill	**-**	-	**-**	78,224
	(220,381)	(349,732)	**(459,846)**	(500,865)

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

19 SEGMENT INFORMATION (continued)

The following table presents segment assets of the Group's operating segments as at 30 June 2010 and 31 December 2009.

	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 30 June 2010 (Unaudited)	**16,394,854**	**7,392,566**	**23,156,249**	**24,675,768**	**2,302,063**	**1,472,623**	**10,216,811**	**85,610,934**
At 31 December 2009 (Audited)	15,968,079	7,225,192	23,773,916	24,693,962	1,965,171	1,193,009	10,119,324	84,938,653
Capital expenditure (ii)								
At 30 June 2010 (Unaudited)	**204,048**	**640,350**	**415,770**	**789,450**	**412,487**	**103,634**	**-**	**2,565,739**
At 31 December 2009 (Audited)	938,526	1,229,057	1,426,738	5,303,339	492,947	187,988	-	9,578,595

Notes:

(i) Goodwill amounting to QR 10,216,811,000 (31 December 2009: QR 10,119,324,000) 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.

20 COMPARATIVE INFORMATION

The previously reported income and expenses in the interim consolidated income statement have been reclassified to improve the quality of information presented.