

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2012

**Interim condensed consolidated financial statements
As at and for six months ended 30 June 2012**

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Telecom (Qtel) Q.S.C. ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2012 and the interim condensed consolidated income statement, interim condensed consolidated statements of comprehensive income, cash flows and changes in equity for the six month period then ended and explanatory notes (together referred to as "interim condensed consolidated financial statements"). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

30 July 2012
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	Note	<i>For the three months ended</i>		<i>For the six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
		<i>(Reviewed)</i>		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
			<i>(Restated)</i>		<i>(Restated)</i>
Revenue		8,356,378	7,985,100	16,386,561	15,446,037
Operating expenses		(2,491,373)	(2,325,581)	(4,919,124)	(4,518,539)
Selling, general and administrative expenses		(1,905,573)	(1,974,426)	(3,683,906)	(3,691,338)
Depreciation and amortisation	7,8	(1,781,510)	(1,726,680)	(3,576,502)	(3,383,976)
Finance costs – net		(527,299)	(467,664)	(1,005,403)	(935,932)
Impairment of available-for-sale investments	15	(1,914)	(804)	(2,093)	(14,709)
Gain on previously held interest in an acquired subsidiary	4.4	-	-	-	1,442,831
Other income – net		(169,248)	94,765	(147,377)	360,726
Share of results from associates	9	4,919	(31,006)	12,507	(32,564)
Royalties and fees	5	(83,576)	(92,600)	(174,835)	(188,530)
Net profit before income taxes		1,400,804	1,461,104	2,889,828	4,484,006
Income taxes	11	(283,672)	(245,804)	(515,772)	(508,106)
Net profit for the period		1,117,132	1,215,300	2,374,056	3,975,900
Attributable to:					
Shareholders of the Parent		640,689	722,345	1,352,118	1,533,110
Non-controlling interests		476,443	492,955	1,021,938	2,442,790
		1,117,132	1,215,300	2,374,056	3,975,900
Basic and diluted earnings per share					
(Attributable to shareholders of the Parent)	6	2.23	2.75	4.92	5.83
(Expressed in QR per share)					

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>		
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	
	<i>(Reviewed)</i>		<i>(Reviewed)</i>		
<i>Note</i>	<i>QR'000</i>	<i>QR'000</i> <i>(Restated)</i>	<i>QR'000</i>	<i>QR'000</i> <i>(Restated)</i>	
Net profit for the period	<u>1,117,132</u>	<u>1,215,300</u>	<u>2,374,056</u>	<u>3,975,900</u>	
Other comprehensive income					
Net changes in fair value of available-for-sale investments	15	(86,726)	(21,488)	(52,345)	(16,601)
Effective portion of changes in fair value of cash flow hedges	15	90,051	70,068	176,823	155,579
Share of other comprehensive income from associates	15	-	(1,478)	1,443	682
Exchange differences on translation of foreign operations	15	(1,167,530)	502,639	(1,229,814)	1,428,077
Other comprehensive income for the period		<u>(1,164,205)</u>	<u>549,741</u>	<u>(1,103,893)</u>	<u>1,567,737</u>
Total comprehensive income for the period		<u>(47,073)</u>	<u>1,765,041</u>	<u>1,270,163</u>	<u>5,543,637</u>
Attributable to:					
Shareholders of the parent		(48,400)	1,109,146	737,099	2,644,115
Non-controlling interests		1,327	655,895	533,064	2,899,522
Total comprehensive income for the period		<u>(47,073)</u>	<u>1,765,041</u>	<u>1,270,163</u>	<u>5,543,637</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2012

	<i>Note</i>	30 June 2012 (Reviewed) QR'000	31 December 2011 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	32,387,489	33,065,098
Intangible assets	8	35,342,287	36,741,077
Investment in associates	9	1,635,613	1,591,341
Available-for-sale investments		2,133,193	2,189,939
Other non-current assets		835,732	910,238
Deferred tax asset		215,445	286,776
Total non-current assets		<u>72,549,759</u>	<u>74,784,469</u>
Current assets			
Inventories		318,246	342,550
Accounts receivable and prepayments		5,673,382	5,817,075
Bank balances and cash		26,597,668	21,249,832
Total current assets		<u>32,589,296</u>	<u>27,409,457</u>
TOTAL ASSETS		<u>105,139,055</u>	<u>102,193,926</u>
EQUITY			
Share capital	13	3,203,200	1,760,000
Legal reserve		12,435,552	6,494,137
Fair value reserve		797,813	672,843
Translation reserve		846,135	1,586,124
Other statutory reserves		706,036	706,036
Retained earnings		7,387,777	9,836,707
Attributable to shareholders of the Parent		25,376,513	21,055,847
Non-controlling interests		17,158,550	18,336,947
Total equity		<u>42,535,063</u>	<u>39,392,794</u>

Continued.....

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

At 30 June 2012

		<i>30 June 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	14	27,562,266	31,932,297
Employees benefits		792,361	801,162
Deferred tax liability		1,567,064	1,637,849
Other non-current liabilities		<u>1,547,693</u>	<u>1,325,285</u>
Total non-current liabilities		<u>31,469,384</u>	<u>35,696,593</u>
Current liabilities			
Interest bearing loans and borrowings	14	18,875,497	13,850,738
Accounts payable and accruals		10,384,528	11,217,810
Deferred income		1,545,378	1,610,770
Income tax payable		<u>329,205</u>	<u>425,221</u>
Total current liabilities		<u>31,134,608</u>	<u>27,104,539</u>
Total liabilities		<u>62,603,992</u>	<u>62,801,132</u>
TOTAL EQUITY AND LIABILITIES		<u>105,139,055</u>	<u>102,193,926</u>

.....
Abdullah Bin Mohamed Bin Saud Al-Thani
Chairman

.....
Ali Shareef Al-Emadi
Deputy Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Note	<i>For the six months ended</i>	
		<i>30 June</i>	
		<i>2012</i>	<i>2011</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
			<i>(Restated)</i>
OPERATING ACTIVITIES			
Net profit before income taxes		2,889,828	4,484,006
Adjustments for:			
Depreciation and amortization	7,8	3,576,502	3,383,976
Dividend and interest income		(71,001)	(22,683)
Impairment of available-for-sale investments	15	2,093	14,709
Loss / (gain) on disposal of available-for-sale investments		847	(3,664)
(Gain) / loss on disposal of property, plant and equipment		(60,250)	8,103
Gain on previously held interest in an acquired subsidiary	4.4	-	(1,442,831)
Finance costs (net)		1,005,403	935,932
Provision / (reversal) for employees' benefits		119,731	(31,699)
Share of results from associates		(12,507)	32,564
Operating profit before working capital changes		7,450,646	7,358,413
Working capital changes:			
Changes in inventories		34,816	35,729
Changes in accounts receivables and prepayments		145,350	(680,731)
Changes in accounts payables and accruals		(811,537)	332,676
Cash from operations		6,819,275	7,046,087
Finance costs paid		(1,200,200)	(1,053,600)
Employees' benefits paid		(122,345)	(24,850)
Income tax paid		(552,026)	(374,095)
Net cash from operating activities		4,944,704	5,593,542
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(3,019,050)	(2,700,092)
Purchase of intangible assets	8	(72,159)	(3,720)
Net cash outflows from acquisition of a subsidiary	4.1	(111,932)	(2,289,568)
Additional investment in associates		(192)	-
Purchase of available-for-sale investments		(109,324)	(119,291)
Proceeds from disposal of property, plant and equipment		112,805	201,214
Proceeds from disposal of available-for-sale investments		110,030	53,409
Movement in restricted deposits		(6,135)	(161,880)
Movement in other non-current assets		74,506	(151,601)
Dividend and interest received		354,264	363,819
Net cash used in investing activities		(2,667,187)	(4,807,710)

Continued.....

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)

For the six months ended 30 June 2012

	<i>Note</i>	<i>For the six months ended</i>	
		<i>30 June</i>	
		<i>2012</i>	<i>2011</i>
		<i>Reviewed</i>	
		<i>QR'000</i>	<i>QR'000</i>
			<i>(Restated)</i>
FINANCING ACTIVITIES			
Proceeds from rights shares issued		6,856,615	-
Proceeds from interest bearing loans and borrowings		3,142,414	516,693
Repayment of interest bearing loans and borrowings		(2,359,995)	(1,584,985)
Acquisition of non-controlling interest	4.3	(3,701,385)	(1,063)
Additions to deferred financing costs	14	(30,740)	(4,930)
Dividends paid to shareholders of the Parent		(528,000)	(330,000)
Dividends paid to non-controlling interests		(738,335)	(321,881)
Movement in non-controlling interests		(19,835)	16,642
Movement in other non-current liabilities		222,408	(846,578)
Net cash from / (used in) financing activities		2,843,147	(2,556,102)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		5,120,664	(1,770,270)
Net foreign exchange differences		221,037	(473,268)
Cash and cash equivalents at 1 January		21,050,888	25,557,920
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	26,392,589	23,314,382

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2012

	<i>Attributable to shareholders of the parent</i>						<i>Total</i>	<i>Non – controlling interests</i>	<i>Total equity</i>
	<i>Share Capital</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Translation reserve</i>	<i>Other statutory reserves</i>	<i>Retained earnings</i>			
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>			
At 1 January 2012 (Audited)	1,760,000	6,494,137	672,843	1,586,124	706,036	9,836,707	21,055,847	18,336,947	39,392,794
Profit for the period	-	-	-	-	-	1,352,118	1,352,118	1,021,938	2,374,056
Other comprehensive income	-	-	124,970	(739,989)	-	-	(615,019)	(488,874)	(1,103,893)
Total comprehensive income for the period	-	-	124,970	(739,989)	-	1,352,118	737,099	533,064	1,270,163
<i>Transactions with shareholders of the Parent, recognised directly in equity</i>									
Dividends for 2011 (note 12)	-	-	-	-	-	(528,000)	(528,000)	-	(528,000)
Rights shares issued (note 13)	915,200	5,941,415	-	-	-	-	6,856,615	-	6,856,615
Bonus shares issued (note 13)	528,000	-	-	-	-	(528,000)	-	-	-
<i>Transactions with non-controlling interest, recognised directly in equity</i>									
Recognition of non-controlling interests (note 4.1)	-	-	-	-	-	-	-	3,046	3,046
Acquisition of non-controlling interests (Note 4.1)	-	-	-	-	-	(2,614)	(2,614)	2,614	-
Acquisition of non-controlling interests (note 4.2)	-	-	-	-	-	(118,755)	(118,755)	118,755	-
Acquisition of non-controlling interests (Note 4.3)	-	-	-	-	-	(2,623,679)	(2,623,679)	(1,077,706)	(3,701,385)
Dividends paid	-	-	-	-	-	-	-	(738,335)	(738,335)
Other movements	-	-	-	-	-	-	-	(19,835)	(19,835)
At 30 June 2012 (Reviewed)	3,203,200	12,435,552	797,813	846,135	706,036	7,387,777	25,376,513	17,158,550	42,535,063

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2012

	Attributable to shareholders of the parent						Non – controlling interests	Total Equity	
	Share capital	Legal reserve	Fair value reserve	Translation reserve	Other statutory reserves	Retained earnings			Total
	QR'000	QR'000	QR'000	QR'000 (Restated)	QR'000	QR'000 (Restated)	QR'000 (Restated)	QR'000 (Restated)	
At 1 January 2011 (Audited)	1,466,667	6,494,137	49,996	1,780,473	404,580	8,834,207	19,030,060	15,196,832	34,226,892
Profit for the period (Restated- note 20.1)	-	-	-	-	-	1,533,110	1,533,110	2,442,790	3,975,900
Other comprehensive income	-	-	137,717	973,288	-	-	1,111,005	456,732	1,567,737
Total comprehensive income for the period	-	-	137,717	973,288	-	1,533,110	2,644,115	2,899,522	5,543,637
<i>Transactions with shareholders of the Parent, recognised directly in equity</i>									
Dividends for 2010 (note 12)	-	-	-	-	-	(733,333)	(733,333)	-	(733,333)
Bonus shares issued	293,333	-	-	-	-	(293,333)	-	-	-
<i>Transactions with non-controlling interest, recognised directly in equity</i>									
Recognition of non-controlling interests (Note 4.4)	-	-	-	-	-	-	-	388,695	388,695
Recognition of non-controlling interests share of PPA (Note 4.4)	-	-	-	-	-	-	-	518,631	518,631
Net dilution of Qtel holding in subsidiaries	-	-	-	-	-	9,535	9,535	(2,427)	7,108
Dividends paid	-	-	-	-	-	-	-	(321,881)	(321,881)
Other movements	-	-	-	-	-	-	-	16,642	16,642
At 30 June 2011 (Restated -reviewed)	1,760,000	6,494,137	187,713	2,753,761	404,580	9,350,186	20,950,377	18,696,014	39,646,391

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2012

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.

The Company 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.

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2012 were authorised for issue by the Chairman and the Deputy Chairman of the Company on 30 July 2012.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). The interim condensed consolidated financial statements for the six months ended 30 June 2012 incorporates the results of the Company and its subsidiaries for the period then ended.

The interim condensed consolidated 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 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 2011. In addition, results for the six months ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

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 2011.

The preparation of the condensed consolidated interim financial information 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 consolidated financial statements for the year ended 31 December 2011.

Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

4 BUSINESS COMBINATIONS

Acquisition of subsidiaries and non-controlling interests in 2012

4.1 Acquisition of a subsidiary

On 1st January 2012, the Group acquired through Raywood Inc. (“Raywood”), an effective 30% 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 has been 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 118,409 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, M-Tel for General Trading Limited and MTCL to appoint a majority of (4 out of 7) of Board of Directors through Raywood and accordingly MTCL is considered as a subsidiary of the Group.

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

Subsequent to the acquisition, in June 2012, the Group acquired the remaining shares in Raywood and as a result, Raywood has become a 100% subsidiary and the Group's effective interest in MTCL has increased from 30% to 49%. As a result of this change in ownership interest, the Group has recognised a decrease of QR 2,614 thousands in retained earnings. The consideration paid and effects of change in ownership interest were as follows:

	<i>QR'000</i>
Consideration paid for additional 19% interest	47,048
Less: Payable to non controlling interest at Raywood	<u>(47,048)</u>
Net cash out flow for additional 19% interest	-
Less: Share of net assets acquired	<u>(2,614)</u>
Consideration paid in excess of additional interest in carrying value of net assets	<u>2,614</u>

For the six month period ended 30 June 2012, MTCL contributed revenue of QR 59,742 thousands and loss of QR 16,121 thousands to the Group's results.

4.2 Acquisition of non-controlling interests

In March 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. As a result of this change in ownership interest, the Group recognised an increase in non-controlling interests and a decrease in retained earnings of QR 118,755 thousands respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

4 BUSINESS COMBINATIONS (CONTINUED)

Acquisition of subsidiaries and non-controlling interests in 2012 (continued)

4.3 Acquisition of non-controlling interests

In June 2012, the Group acquired remaining shares in Raywood and as a result, Raywood has become 100% subsidiary. Further, the Group acquired additional interest in Asiacell through its subsidiary, Al-Rowad General Services Limited, with this, the Group's effective interest has increased from 30% to 53.9%. The carrying amount of Asiacell's net assets in the Group's financial statements on the date of change in ownership interest was QR 1,352,889 thousands. As a result of this change in ownership interest, the Group recognised a decrease in non-controlling interest amounting to QR 1,077,706 thousands and a decrease in retained earnings amounting to QR 2,623,679 thousands.

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

	<i>QR'000</i>
Consideration paid for additional 23.9% interest	3,925,118
Less: Receivable from acquired additional interest	<u>(223,733)</u>
Net cash out flow for additional 23.9% interest	3,701,385
Less: Share of net assets acquired	<u>(1,077,706)</u>
Consideration paid in excess of additional interest in carrying value of net assets	<u>2,623,679</u>

The Group is in the process of completing share transfer and the legal formalities in relation with additional shares acquired.

Acquisition of subsidiaries and non-controlling interests in 2011

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

On 4 January 2011 ("the acquisition date"), the Group acquired 25% additional shareholding interest in Tunisiana. As a result of the above, the Group's ownership and voting interests in Tunisiana, previously treated as a joint venture and accounted for under proportionate consolidation method, increased from 50% to 75%. Consequently, Tunisiana is fully consolidated within the Group's consolidated financial statements starting from the date control has been obtained.

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

The management expects that taking control of Tunisiana will enable the Group in expanding its telecommunication activities and operations in the Tunisian market.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

4 BUSINESS COMBINATIONS (CONTINUED)

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

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

	<i>Carrying amounts immediately prior to acquisition QR'000</i>	<i>Fair value adjustment QR'000</i>	<i>Fair values at the acquisition date QR'000</i>
Cash and bank balances	314,809	-	314,809
Trade and other receivables	387,846	-	387,846
Inventories	7,437	-	7,437
Property, plant and equipment	1,285,571	-	1,285,571
License costs	735,973	1,708,927	2,444,900
Customer contracts and related customer relationship	-	156,148	156,148
Trade names	-	203,884	203,884
Other intangibles	3,659	-	3,659
Deferred tax assets	46,255	-	46,255
Other non-current assets	49,992	-	49,992
Total fair value of acquired identifiable assets at the date of acquisition	<u>2,831,542</u>	<u>2,068,959</u>	<u>4,900,501</u>
Trade and other payables	967,295	-	967,295
Borrowings	280,856	-	280,856
Other non-current liabilities	24,455	-	24,455
Total fair value of assumed liabilities at the date of acquisition	<u>1,272,606</u>	<u>-</u>	<u>1,272,606</u>
Fair value of net identifiable assets at the date of acquisition	<u>1,558,936</u>	<u>2,068,959</u>	<u>3,627,895</u>
Fair value of previously held interest in an acquired subsidiary			4,369,802
Less: Carrying value of previously held interest in an acquired subsidiary			<u>(2,926,971)</u>
Gain recognised on previously held interest in an acquired subsidiary			<u>1,442,831</u>

(b) Goodwill resulting on the step acquisition

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

	<i>QR'000</i>
Acquisition cost	2,405,957
Non-controlling interest	907,326
Fair value of previously held interest in an acquired subsidiary	<u>4,369,802</u>
Sub-total	7,683,085
Less: Provisional fair value of net identifiable assets at date of acquisition	<u>(3,627,895)</u>
Goodwill recognised at acquisition	<u>4,055,190</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

4 BUSINESS COMBINATIONS (CONTINUED)

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

(c) Cash outflow from the acquisition

	<i>QR'000</i>
Acquisition cost	(2,405,957)
Add: Receivable from acquired subsidiary	<u>(41,130)</u>
Consideration paid	(2,447,087)
Less: Cash acquired with the subsidiary	314,809
Add: Derecognition of previously recorded cash under proportionate consolidation method	<u>(157,290)</u>
Net cash outflow from the acquisition	<u>(2,289,568)</u>

5 ROYALTIES AND FEES

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Royalty to the Govt. of Sultanate of Oman	30,159	29,459	58,614	58,273
Industry fees	43,434	43,100	94,680	90,838
Other statutory fees	9,983	20,041	21,541	39,419
	<u>83,576</u>	<u>92,600</u>	<u>174,835</u>	<u>188,530</u>

Royalties:

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

Industry fees:

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

Other statutory fees:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net 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.

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Net profit for the period attributable to shareholders of the parent (QR'000)	640,689	722,345	1,352,118	1,533,110
Weighted average number of shares (000's)	287,006	263,120	275,063	263,120
Basic and diluted earnings per share (QR)	2.23	2.75	4.92	5.83

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

Qualifying shares at 1 January (000's)	176,000	176,000	176,000	176,000
Effect of bonus share issue (000's)	52,800	52,800	52,800	52,800
Effect of right issue (000's)	58,206	34,320	46,263	34,320
Weighted average number of shares (000's)	287,006	263,120	275,063	263,120

During the current period, the Group issued bonus shares and had rights issue of shares. Accordingly, the previously reported earnings per share have been restated. If the effect of the bonus shares and right issue during the period was not considered on the earnings per share of the previous period, the basic earnings per share for the six months and three months period ended 30 June 2011 would have been QR 8.71 and QR 4.10 per share respectively.

7 PROPERTY, PLANT AND EQUIPMENT

	<i>30 June</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net book value at beginning of the period/year	33,065,098	32,172,984
Acquired through acquisition of a subsidiary	111,998	1,285,571
Derecognition of previously held interest in joint venture	-	(642,786)
Additions	3,019,050	6,574,857
Disposals (net)	(52,555)	(327,258)
Reclassifications to intangibles	(156,321)	(647,671)
Depreciation for the period/year	(2,697,456)	(5,224,678)
Exchange adjustment	(902,325)	(125,921)
Net book value at the end of the period/year	32,387,489	33,065,098

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

8 INTANGIBLE ASSETS

	<i>30 June 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
Net book value at beginning of the period/year	36,741,077	33,279,183
Acquired through acquisition of a subsidiary	137,638	6,863,781
Derecognition of previously held interest in joint venture	-	(2,421,953)
Additions	72,159	302,713
Amortisation for the period/year	(879,046)	(1,790,026)
Reclassification from property, plant and equipment	156,321	647,671
Exchange adjustment	(885,862)	(140,292)
Net book value at the end of the period/year	<u>35,342,287</u>	<u>36,741,077</u>

9 INVESTMENT IN ASSOCIATES

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

	<i>30 June 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
Group's share in statement of financial position of associates:		
Current assets	647,045	537,805
Non-current assets	2,389,167	2,497,178
Current liabilities	(957,148)	(810,960)
Non-current liabilities	(1,720,406)	(1,859,649)
Net assets	358,658	364,374
Goodwill	1,276,955	1,226,967
Carrying amount of the investment	<u>1,635,613</u>	<u>1,591,341</u>

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2012 (Reviewed) QR'000</i>	<i>2011 QR'000</i>	<i>2012 (Reviewed) QR'000</i>	<i>2011 (Reviewed) QR'000</i>
Group's share in revenues and results of associates:				
Revenue	<u>441,845</u>	437,129	<u>886,925</u>	851,522
Results	<u>4,919</u>	(31,006)	<u>12,507</u>	(32,564)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

10 CASH AND CASH EQUIVALENTS

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

	<i>30 June 2012 (Reviewed) QR'000</i>	<i>30 June 2011 (Reviewed) QR'000</i>
Bank balances and cash	26,597,668	23,492,299
Less: restricted deposits	(205,079)	(177,917)
Cash and cash equivalents as per statement of cash flows	<u>26,392,589</u>	<u>23,314,382</u>

11 INCOME TAXES

The income taxes represent amounts recognised by subsidiary companies.

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

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2012 (Reviewed) QR'000</i>	<i>2011 (Reviewed) QR'000</i>	<i>2012 (Reviewed) QR'000</i>	<i>2011 (Reviewed) QR'000</i>
Current income tax:				
Current income tax charge	242,297	196,162	456,010	362,015
Deferred income tax:				
Relating to origination and reversal of temporary differences	41,375	49,642	59,762	146,091
Income tax	<u>283,672</u>	<u>245,804</u>	<u>515,772</u>	<u>508,106</u>

12 DIVIDENDS

Dividends:

	<i>For the six months ended 30 June</i>	
	<i>2012 (Reviewed) QR'000</i>	<i>2011 (Reviewed) QR'000</i>
Declared and approved at the Annual General Meeting : Final dividend for 2011- QR 3 per share (2010: QR 5 per share)	<u>528,000</u>	<u>733,333</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

13 SHARE CAPITAL

	<i>30 June 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
Authorised		
<i>Ordinary shares of QR 10 each</i>		
At 1 January	2,000,000	2,000,000
Increase in authorised share capital	<u>3,000,000</u>	<u>-</u>
At 30 June 2012	<u>5,000,000</u>	<u>2,000,000</u>
Issued and fully paid up		
<i>Ordinary shares of QR 10 each</i>		
At 1 January	1,760,000	1,466,667
Bonus shares issued	528,000	293,333
Right shares issued	<u>915,200</u>	<u>-</u>
At 30 June 2012	<u>3,203,200</u>	<u>1,760,000</u>

Authorised share capital:

The shareholders resolved at the Annual General Meeting held on 25 March 2012 to increase the authorised share capital by QR 3,000,000 thousands by the creation of 300,000,000 ordinary shares of QR 10 each.

Bonus shares:

The Group issued bonus shares of 30% (2010: 20%) of the share capital as at 31 December 2011 amounting to QR 528,000 thousands (2010: QR 293,333 thousands).

Right shares:

Subsequent to the Annual General Meeting, the Board of Directors of the Company called for a rights issue of 91,520 thousand shares in the ratio of two shares for every five shares held. The shares were offered at a premium of QR 65 per share on 13 May 2012 and the allotment was made on 24 June 2012. The share premium arising out of the rights issue, net of rights issue expenses amounting to QR 5,941,415 is included in legal reserve as required by Article 154 of Qatar Commercial Companies Law No: 5 of 2002.

14 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 June 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
Interest bearing loans and borrowings	46,843,276	46,246,399
Less: deferred financing costs	<u>(405,513)</u>	<u>(463,364)</u>
	<u>46,437,763</u>	<u>45,783,035</u>
Presented in the consolidated statement of financial position as follows:		
Non-current portion	27,562,266	31,932,297
Current portion	<u>18,875,497</u>	<u>13,850,738</u>
	<u>46,437,763</u>	<u>45,783,035</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

14 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

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

	<i>30 June 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
At 1 January	463,364	590,522
Additions during the period / year	30,740	24,096
Amortised during the period / year	(83,013)	(150,761)
Exchange adjustment	(5,578)	(493)
	<u>405,513</u>	<u>463,364</u>

The following are major new loan facilities entered into during the period:

Facility/ net drawn amount	Maturity	Interest rate	Description of the facility
<i>National Mobile Telecommunications Company K.S.C. (Wataniya)</i>			
QR 326 million	June 2019	LIBOR plus 5% p.a.	Repayment of the existing syndicated loan and to finance the build out of its mobile network and the expansion of its existing network.
<i>PT Indosat Tbk and its subsidiaries (Indosat)</i>			
QR 461 million	June 2019	Fixed rate of 8.625% p.a.	Series A Notes (fixed rate bonds) of USD 126.58 million issued for general corporate purposes.
QR 576 million	June 2022	Fixed rate of 8.875% p.a.	Series B Notes (fixed rate bonds) of USD 158.23 million issued for general corporate purposes.
QR 116 million	June 2019	Annual Ijarah payment of QR 9.94 million	Indosat V 2012 Sukuk Ijarah of USD 31.86 million for general corporate purposes.
<i>Asiacell Communication PJSC (Asiacell)</i>			
QR 728 million	June 2015	LIBOR plus 1.75% p.a.	The USD 200 million facility was used for repayment of loan, outstanding dues and general corporate purposes.

The Group has a commercial loan amounting to QR 10,924,500 thousands (USD 3,000,000 thousands) and related interest rate swaps with a fair value as at 30 June 2012 amounting to QR 149,766 thousands maturing as on 29 August 2012, the Group expects to settle these liabilities on maturity using existing cash resource.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

15 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
		<i>Restated</i>		<i>Restated</i>
<i>Fair value reserve - available-for-sale investments :</i>				
Net change in fair value	(89,264)	(18,339)	(55,285)	(27,646)
Net change in fair value reclassified to profit or loss	624	(3,953)	847	(3,664)
Impairment loss transferred to profit or loss	1,914	804	2,093	14,709
	(86,726)	(21,488)	(52,345)	(16,601)
<i>Fair value reserve - cash flow hedges :</i>				
Effective portion of changes in fair value	91,204	70,555	176,901	157,603
Income tax effect	-	(442)	(379)	(963)
Net change in fair value reclassified to profit or loss	(1,153)	(45)	301	(1,061)
	90,051	70,068	176,823	155,579
<i>Associates :</i>				
Share of changes in fair value of cash flow hedges	-	(1,478)	1,443	682
<i>Translation reserve:</i>				
Foreign currency translation differences - foreign operations	(1,167,530)	502,639	(1,229,814)	1,428,077

16 COMMITMENTS

Capital expenditure commitments

	<i>30 June</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Property, plant and equipment		
Estimated capital expenditure contracted for at reporting date but not provided for:	1,842,354	2,332,682
Intangible assets		
For the acquisition of Palestine Mobile license	581,376	575,558
Operating lease commitments		
Future minimum lease payments:		
Not later than one year	192,798	208,731
Later than one year and not later than five years	550,335	489,708
Later than five years	218,432	248,370
	961,565	946,809

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

17 CONTINGENT LIABILITIES

	<i>30 June 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
Letters of guarantee	<u>844,794</u>	<u>532,770</u>
Letters of credit	<u>98,833</u>	<u>17,213</u>
Claims against the Group not acknowledged as debts	<u>2,975</u>	<u>43,386</u>

Tax demand notice for additional tax liability

In April 2012, one of the Group's subsidiaries, Asiacell Communication PJSC ("ACL") was issued a tax demand notice amounting to QR 239,104 thousands (equivalent to US\$ 65.7 million) by the General Commission for Taxes, Iraq for the years 2004, 2005, 2006 and 2007. In accordance with tax regulations in Iraq, ACL had paid 25% of the tax demand amount which is recorded in the interim condensed consolidated financial statements as income tax paid in advance.

ACL is currently in the process of discussing the tax demand notice with the tax authorities in Iraq and the management is of the view that the company has strong grounds to challenge the tax demand claim and accordingly no provision has been made for the liability in these interim condensed consolidated financial statements.

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 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.

Compensation of 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 47,847 thousands for the three months ended 30 June 2012 (For the three months ended 30 June 2011: QR 26,559 thousands) and QR 80,744 thousands for the six months ended 30 June 2012 (For the six months ended 30 June 2011: QR 64,428 thousands) and end of service benefits amounted to QR 2,179 thousands for the three months ended 30 June 2012 (For the three months ended 30 June 2011: QR 10,223 thousand) and QR 10,023 thousands for the six months ended 30 June 2012 (For the six months ended 30 June 2011: QR 30,813 thousands). The remuneration to the Board of Directors and key management personnel has been included under the caption "Selling, general and administrative expenses".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

19 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into business units based on their geographical area covered, and has five 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 cellular mobile telecommunication services in Kuwait and elsewhere in the Middle East and North African (MENA) region.
4. Indosat is a provider of telecommunication services such as cellular services, fixed telecommunications, multimedia, data communication and internet services in Indonesia.
5. Nawras is provider of mobile telecommunication services in Oman and has been awarded a license to operate fixed telecommunication services.
6. Others include some of the Group's subsidiaries which are providers of wireless and 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 reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2012

19 SEGMENT INFORMATION (CONTINUED)

Reportable segments

The following tables present revenue and profit information regarding the Group's reportable segments for the period ended 30 June 2012 and 2011:

For the three months ended 30 June 2012 (Reviewed)

	<i>Qtel</i> <i>QR'000</i>	<i>Asiacell</i> <i>QR'000</i>	<i>Wataniya</i> <i>QR'000</i>	<i>Indosat</i> <i>QR'000</i>	<i>Nawras</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Adjustments and</i> <i>Eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenue								
Third party	1,542,463	1,675,526	2,431,419	2,089,783	475,730	141,457	-	8,356,378
Inter-segment	24,393	13,944	30,428	7,775	1,697	30,999	(109,236) ⁽ⁱ⁾	-
Total revenue	1,566,856	1,689,470	2,461,847	2,097,558	477,427	172,456	(109,236)	8,356,378
Results								
Segment profit before tax	433,917	608,405	479,523	61,991	118,652	(128,764)	(172,920) ⁽ⁱⁱ⁾	1,400,804
Depreciation and amortisation	169,841	233,902	399,821	691,276	76,913	36,837	172,920 ⁽ⁱⁱⁱ⁾	1,781,510
Finance costs (net)	35,277	13,206	13,072	254,699	292	210,753	-	527,299

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2012

19 SEGMENT INFORMATION (CONTINUED)*For the three months ended 30 June 2011 (Reviewed)*

	<i>Qtel</i> <i>QR'000</i>	<i>Asiacell</i> <i>QR'000</i>	<i>Wataniya</i> <i>QR'000</i>	<i>Indosat</i> <i>QR'000</i>	<i>Nawras</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Adjustments and</i> <i>Eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenue								
Third party	1,425,244	1,438,780	2,385,930	2,184,214	479,072	71,860	-	7,985,100
Inter-segment	25,985	18,505	33,698	6,695	1,629	55,295	(141,807) ⁽ⁱ⁾	-
Total revenue	1,451,229	1,457,285	2,419,628	2,190,909	480,701	127,155	(141,807)	7,985,100
Results								
Segment profit before tax	436,292	457,896	642,901	147,045	121,558	(183,375)	(161,213) ⁽ⁱⁱ⁾	1,461,104
Depreciation and amortisation	154,069	195,982	403,386	725,603	64,922	21,505	161,213 ⁽ⁱⁱⁱ⁾	1,726,680
Finance costs (net)	1,601	22,434	25,022	187,447	7,910	223,250	-	467,664

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2012

19 SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2012 (Reviewed)

	<i>Qtel</i> <i>QR'000</i>	<i>Asiacell</i> <i>QR'000</i>	<i>Wataniya</i> <i>QR'000</i>	<i>Indosat</i> <i>QR'000</i>	<i>Nawras</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Adjustments and</i> <i>Eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenue								
Third party	3,018,192	3,300,051	4,772,270	4,082,083	935,090	278,875	-	16,386,561
Inter-segment	<u>50,570</u>	<u>27,360</u>	<u>59,326</u>	<u>13,876</u>	<u>3,757</u>	<u>58,130</u>	<u>(213,019) (i)</u>	<u>-</u>
Total revenue	<u>3,068,762</u>	<u>3,327,411</u>	<u>4,831,596</u>	<u>4,095,959</u>	<u>938,847</u>	<u>337,005</u>	<u>(213,019)</u>	<u>16,386,561</u>
Results								
Segment profit before tax	<u>855,798</u>	<u>1,214,443</u>	<u>1,102,105</u>	<u>91,056</u>	<u>239,355</u>	<u>(267,569)</u>	<u>(345,360) (ii)</u>	<u>2,889,828</u>
Depreciation and amortisation	<u>336,014</u>	<u>457,031</u>	<u>809,383</u>	<u>1,404,329</u>	<u>150,579</u>	<u>73,806</u>	<u>345,360 (iii)</u>	<u>3,576,502</u>
Finance costs (net)	<u>74,640</u>	<u>34,994</u>	<u>27,254</u>	<u>436,448</u>	<u>6,536</u>	<u>425,531</u>	<u>-</u>	<u>1,005,403</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2012

19 SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2011 (Reviewed)

	<i>Qtel</i> <i>QR'000</i>	<i>Asiacell</i> <i>QR'000</i>	<i>Wataniya</i> <i>QR'000</i>	<i>Indosat</i> <i>QR'000</i>	<i>Nawras</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Adjustments and eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenue								
Third party	2,809,120	2,793,764	4,580,856	4,176,635	950,986	134,676	-	15,446,037
Inter-segment	<u>53,159</u>	<u>37,095</u>	<u>65,728</u>	<u>11,048</u>	<u>2,778</u>	<u>109,465</u>	<u>(279,273)</u>	<u>-</u>
Total revenue	<u>2,862,279</u>	<u>2,830,859</u>	<u>4,646,584</u>	<u>4,187,683</u>	<u>953,764</u>	<u>244,141</u>	<u>(279,273)</u>	<u>15,446,037</u>
Results								
Segment profit before tax (restated)	<u>860,680</u>	<u>934,590</u>	<u>2,638,171</u>	<u>415,368</u>	<u>266,694</u>	<u>(313,936)</u>	<u>(317,561)</u>	<u>4,484,006</u>
Depreciation and amortisation(restated)	<u>304,477</u>	<u>395,383</u>	<u>794,687</u>	<u>1,404,447</u>	<u>126,082</u>	<u>41,339</u>	<u>317,561</u>	<u>3,383,976</u>
Finance costs (net)	<u>5,845</u>	<u>48,999</u>	<u>60,337</u>	<u>369,829</u>	<u>16,388</u>	<u>434,534</u>	<u>-</u>	<u>935,932</u>

Notes:

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Segment profit before tax does not include the following::

	<i>For the three months ended</i> <i>30 June</i>		<i>For the six months ended</i> <i>30 June</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Amortization of intangibles	<u>(172,920)</u>	<u>(161,213)</u>	<u>(345,360)</u>	<u>(317,561)</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2012

19 SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 30 June 2012 and 31 December 2011.

	<i>Qtel</i> <i>QR'000</i>	<i>Asiacell</i> <i>QR'000</i>	<i>Wataniya</i> <i>QR'000</i>	<i>Indosat</i> <i>QR'000</i>	<i>Nawras</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Adjustments and eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Segment assets (i)								
At 30 June 2012 (Reviewed)	<u>29,879,346</u>	<u>8,189,773</u>	<u>25,748,034</u>	<u>23,644,270</u>	<u>2,450,925</u>	<u>2,854,329</u>	<u>12,372,378</u>	<u>105,139,055</u>
At 31 December 2011 (Audited)	<u>27,427,866</u>	<u>8,004,974</u>	<u>26,002,367</u>	<u>23,937,514</u>	<u>2,832,775</u>	<u>1,264,948</u>	<u>12,723,482</u>	<u>102,193,926</u>
Capital expenditure (ii)								
At 30 June 2012 (Reviewed)	<u>232,557</u>	<u>401,416</u>	<u>1,024,887</u>	<u>1,301,485</u>	<u>96,016</u>	<u>34,848</u>	<u>-</u>	<u>3,091,209</u>
At 31 December 2011 (Audited)	<u>1,129,661</u>	<u>989,096</u>	<u>1,847,196</u>	<u>2,451,670</u>	<u>386,877</u>	<u>73,070</u>	<u>-</u>	<u>6,877,570</u>

Notes:

- (i) Goodwill amounting to QR 12,372,378 thousands (31 December 2011: QR 12,723,482 thousands) 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2012

20 COMPARATIVE INFORMATION

(i) Restatement of comparative information

In relation to the acquisition of Tunisiana S.A. by National Mobile Telecommunication Company K.S.C (“Wataniya”), the Group finalized its purchase price allocation in December 2011. Consequently the provisional amortisation of PPA intangibles and related net profit for the six months period ended 30 June 2011 has been restated as follows:

	<i>As reported</i>	<i>Restatement impact</i>	<i>As restated</i>
	QR'000	QR'000	QR'000
<i>Interim condensed consolidated income statement</i>			
Depreciation and amortisation	3,631,751	(247,775)	3,383,976
Net profit for the period	3,728,125	247,775	3,975,900
Net profit attributable to:			
Shareholders of the Parent	1,435,540	97,570	1,533,110
Non-controlling interests	2,292,585	150,205	2,442,790

(ii) Reclassification of comparative information

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