

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2012

**Interim condensed consolidated financial statements
As at and for nine months ended 30 September 2012**

CONTENTS	Page (s)
Independent auditors' report on review of interim condensed consolidated financial statements	1
Interim condensed consolidated financial statements	
Interim condensed consolidated income statement	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4 - 5
Interim condensed consolidated statement of cash flows	6 - 7
Interim condensed consolidated statement of changes in equity	8 - 9
Notes to the interim condensed consolidated financial statements	10 - 28



KPMG
Audit
2nd Floor
Area 25, C Ring Road
PO Box 4473, Doha
State of Qatar

Telephone +974 4457 6444
Fax +974 4442 5626
Website www.kpmg.com.qa

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 September 2012, and the interim condensed consolidated income statement, interim condensed consolidated statements of comprehensive income, cash flows, changes in equity for the nine months period then ended, and explanatory notes (the "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*".

Emphasis of matter

Without qualifying our review conclusion above, we draw attention to Note 7 of the interim condensed consolidated financial statements regarding the transaction recognised for sale and lease back by one of the Group's subsidiaries PT Indosat TBK, which is subject to final assessment in accordance with International Accounting Standards 17, "Leases"

21 October 2012
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Qatar Auditors Registration No. 251

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2012

	Note	<i>For the three months ended</i>		<i>For the nine months ended</i>	
		<i>30 September</i>		<i>30 September</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		8,633,497	8,126,950	25,020,058	23,572,987
Operating expenses		(2,853,431)	(2,506,124)	(7,772,555)	(7,024,663)
Selling, general and administrative expenses		(1,933,348)	(1,880,356)	(5,617,254)	(5,571,694)
Depreciation and amortisation	7,8	(2,029,912)	(1,761,393)	(5,606,414)	(5,145,369)
Finance costs – net		(435,301)	(447,992)	(1,440,704)	(1,383,924)
Impairment of assets and available-for-sale investments		(248,505)	(1,102)	(250,598)	(15,811)
Gain on previously held interest in an acquired subsidiary	4.5	-	-	-	1,442,831
Other income / (expense) – net		758,951	(123,728)	611,574	236,998
Share of results from associates	9	18,570	(10,825)	31,077	(43,389)
Royalties and fees	5	(82,997)	(71,855)	(257,832)	(260,385)
Net profit before income taxes		1,827,524	1,323,575	4,717,352	5,807,581
Income taxes	11	(204,186)	(256,489)	(719,958)	(764,595)
Net profit for the period		1,623,338	1,067,086	3,997,394	5,042,986
Attributable to:					
Shareholders of the Parent		1,068,789	616,229	2,420,907	2,149,339
Non-controlling interests		554,549	450,857	1,576,487	2,893,647
		1,623,338	1,067,086	3,997,394	5,042,986
Basic and diluted earnings per share					
(Attributable to shareholders of the Parent)	6	3.34	2.34	8.34	8.17
(Expressed in QR per share)					

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 September 2012

	Note	<i>For the three months ended</i>		<i>For the nine months ended</i>	
		<i>30 September</i>		<i>30 September</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		1,623,338	1,067,086	3,997,394	5,042,986
Other comprehensive income					
Net changes in fair value of available-for-sale investments	15	137,993	(19,777)	85,648	(36,378)
Effective portion of changes in fair value of cash flow hedges	15	149,766	94,464	326,589	250,043
Share of other comprehensive income from associates	15	-	2,801	1,443	3,483
Exchange differences on translation of foreign operations	15	(147,480)	(863,832)	(1,377,294)	564,245
Other comprehensive income for the period		140,279	(786,344)	(963,614)	781,393
Total comprehensive income for the period		1,763,617	280,742	3,033,780	5,824,379
Attributable to:					
Shareholders of the parent		1,226,877	107,339	1,963,976	2,751,454
Non-controlling interests		536,740	173,403	1,069,804	3,072,925
Total comprehensive income for the period		1,763,617	280,742	3,033,780	5,824,379

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2012

	<i>Note</i>	30 September 2012 (Reviewed) QR'000	31 December 2011 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	31,202,116	33,065,098
Intangible assets	8	35,133,964	36,741,077
Investment in associates	9	1,716,997	1,591,341
Available-for-sale investments		2,573,372	2,189,939
Other non-current assets		1,075,789	910,238
Deferred tax asset		183,501	286,776
Total non-current assets		<u>71,885,739</u>	<u>74,784,469</u>
Current assets			
Inventories		382,170	342,550
Accounts receivable and prepayments		5,148,229	5,817,075
Bank balances and cash		16,383,116	21,249,832
Total current assets		<u>21,913,515</u>	<u>27,409,457</u>
TOTAL ASSETS		<u><u>93,799,254</u></u>	<u><u>102,193,926</u></u>
EQUITY			
Share capital	13	3,203,200	1,760,000
Legal reserve		12,434,282	6,494,137
Fair value reserve		1,053,693	672,843
Translation reserve		748,343	1,586,124
Other statutory reserves		706,036	706,036
Retained earnings		8,451,585	9,836,707
Attributable to shareholders of the Parent		26,597,139	21,055,847
Non-controlling interests		17,691,984	18,336,947
Total equity		<u>44,289,123</u>	<u>39,392,794</u>

Continued.....

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

At 30 September 2012

	<i>Note</i>	<i>30 September 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	14	26,563,487	31,932,297
Employees benefits		825,993	801,162
Deferred tax liability		1,555,084	1,637,849
Other non-current liabilities		<u>1,554,088</u>	<u>1,325,285</u>
Total non-current liabilities		<u>30,498,652</u>	<u>35,696,593</u>
Current liabilities			
Interest bearing loans and borrowings	14	6,815,421	13,850,738
Accounts payable and accruals		10,270,784	11,217,810
Deferred income		1,533,686	1,610,770
Income tax payable		<u>391,588</u>	<u>425,221</u>
Total current liabilities		<u>19,011,479</u>	<u>27,104,539</u>
Total liabilities		<u>49,510,131</u>	<u>62,801,132</u>
TOTAL EQUITY AND LIABILITIES		<u>93,799,254</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 nine months ended 30 September 2012

	Note	<i>For the nine months ended</i>	
		<i>30 September</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		4,717,352	5,807,581
Adjustments for:			
Depreciation and amortisation	7,8	5,606,414	5,145,369
Dividend income		(71,001)	(25,951)
Impairment of assets and available-for-sale investments		250,598	15,811
Loss / (gain) on disposal of available-for-sale investments		1,257	(2,516)
(Gain) / loss on disposal of property, plant and equipment		(909,507)	13,578
Gain on previously held interest in an acquired subsidiary	4.5	-	(1,442,831)
Finance costs - (net)		1,440,704	1,383,924
Provision / (reversal) for employees' benefits		182,455	(515)
Share of results from associates	9	(31,077)	43,389
Operating profit before working capital changes		11,187,195	10,937,839
Working capital changes:			
Changes in inventories		(29,108)	(5,602)
Changes in accounts receivables and prepayments		670,503	(773,808)
Changes in accounts payables and accruals		(814,211)	651,023
Cash from operations		11,014,379	10,809,452
Finance costs paid		(1,760,192)	(1,634,392)
Employees' benefits paid		(137,266)	(35,623)
Income tax paid		(688,037)	(707,965)
Net cash from operating activities		8,428,884	8,431,472
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(4,229,183)	(4,668,852)
Purchase of intangible assets	8	(584,653)	(16,138)
Net cash outflows from acquisition of a subsidiary	4.1	(111,932)	(2,289,568)
Additional investment in associates		(380)	-
Purchase of available-for-sale investments		(115,830)	(134,862)
Proceeds from disposal of property, plant and equipment		1,174,830	210,471
Proceeds from disposal of available-for-sale investments		129,224	70,569
Movement in restricted deposits		(3,364)	(165,098)
Movement in other non-current assets		(165,551)	(42,760)
Dividend and interest received		494,255	540,937
Net cash used in investing activities		(3,412,584)	(6,495,301)

Continued.....

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)

For the nine months ended 30 September 2012

	Note	<i>For the nine months ended</i>	
		<i>30 September</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		6,855,345	-
Proceeds from interest bearing loans and borrowings		3,393,510	1,595,125
Repayment of interest bearing loans and borrowings		(15,621,977)	(2,478,489)
Acquisition of non-controlling interests	4.3,4.4	(3,707,575)	(1,063)
Additions to deferred financing costs	14	(53,857)	(14,039)
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		(21,932)	(9,895)
Movement in other non-current liabilities		228,803	(2,000,521)
Net cash used in financing activities		(10,194,018)	(3,560,763)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,177,718)	(1,624,592)
Net foreign exchange differences		307,638	(249,768)
Cash and cash equivalents at 1 January		21,050,888	25,557,920
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	10	16,180,808	23,683,560

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2012

	<i>Attributable to shareholders of the Parent</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>Total</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>			<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	-	-	-	-	-	2,420,907	2,420,907	1,576,487	3,997,394
Other comprehensive income	-	-	380,850	(837,781)	-	-	(456,931)	(506,683)	(963,614)
Total comprehensive income for the period	-	-	380,850	(837,781)	-	2,420,907	1,963,976	1,069,804	3,033,780
<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	5,940,145	-	-	-	-	6,855,345	-	6,855,345
Bonus shares issued (note 13)	528,000	-	-	-	-	(528,000)	-	-	-
<i>Transactions with non-controlling interests, 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)
Acquisition of non-controlling interests (Note 4.4)	-	-	-	-	-	(4,981)	(4,981)	(1,209)	(6,190)
Dividends paid	-	-	-	-	-	-	-	(738,335)	(738,335)
Other movements	-	-	-	-	-	-	-	(21,932)	(21,932)
At 30 September 2012 (Reviewed)	3,203,200	12,434,282	1,053,693	748,343	706,036	8,451,585	26,597,139	17,691,984	44,289,123

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine months ended 30 September 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)
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)	-	-	-	-	-	2,149,339	2,149,339	2,893,647	5,042,986
Other comprehensive income	-	-	213,924	388,191	-	-	602,115	179,278	781,393
Total comprehensive income for the period	-	-	213,924	388,191	-	2,149,339	2,751,454	3,072,925	5,824,379
<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 4.5)	-	-	-	-	-	-	-	388,695	388,695
Recognition of non-controlling interests share of PPA (Note 4.5)	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	(9,895)	(9,895)
At 30 September 2011 (Restated -reviewed)	1,760,000	6,494,137	263,920	2,168,664	404,580	9,966,415	21,057,716	18,842,880	39,900,596

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months period ended 30 September 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 nine months ended 30 September 2012 were authorised for issue by the Chairman and the Deputy Chairman of the Company on 21 October 2012.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months period ended 30 September 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 nine months period ended 30 September 2012, MTCL contributed revenue of QR 95,377 thousands and loss of QR 18,100 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 nine months period ended 30 September 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><u>2,623,679</u></u>

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

4.4 Acquisition of non-controlling interests

In July 2012, the Group acquired additional shares in Starlink Company W.L.L, with this, the Group's effective interest has increased from 60% to 72.5%. The carrying amount of Starlink's net assets in the Group's financial statements on the date of change in ownership interest was QR 9,670 thousands. As a result of this change in ownership interest, the Group recognised a decrease in non-controlling interest amounting to QR 1,209 thousands and a decrease in retained earnings amounting to QR 4,981 thousands.

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

	<i>QR'000</i>
Consideration paid for additional 12.5% interest	6,190
Less: share of net assets acquired	<u>(1,209)</u>
Consideration paid in excess of additional interest in carrying value of net assets	<u><u>4,981</u></u>

Acquisition of subsidiaries and non-controlling interests in 2011

4.5 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months period ended 30 September 2012

4 BUSINESS COMBINATIONS (CONTINUED)

Acquisition of subsidiaries and non-controlling interests in 2011(continued)

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

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

(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 values 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>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months period ended 30 September 2012

4 BUSINESS COMBINATIONS (CONTINUED)

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

(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	4,369,802
Sub-total	<u>7,683,085</u>
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>

(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 nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	33,473	29,417	92,087	87,690
Industry fees	46,042	37,306	140,722	128,144
Other statutory fees	3,482	5,132	25,023	44,551
	<u>82,997</u>	<u>71,855</u>	<u>257,832</u>	<u>260,385</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 nine months period ended 30 September 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 nine months ended</i>	
	<i>30 September</i>		<i>30 September</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)	1,068,789	616,229	2,420,907	2,149,339
Weighted average number of shares (000's)	320,320	263,120	290,259	263,120
Basic and diluted earnings per share (QR)	3.34	2.34	8.34	8.17

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)	91,520	34,320	61,459	34,320
Weighted average number of shares (000's)	320,320	263,120	290,259	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 nine months and three months period ended 30 September 2011 would have been QR 12.21 and QR 3.5 per share respectively.

7 PROPERTY, PLANT AND EQUIPMENT

	<i>30 September</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	4,229,183	6,574,857
Disposals (net)	(581,881)	(327,258)
Reclassifications to intangibles	(179,899)	(647,671)
Impairment made during the period/year	(54,295)	-
Depreciation for the period/year	(4,284,475)	(5,224,678)
Exchange adjustment	(1,103,613)	(125,921)
Net book value at the end of the period/year	31,202,116	33,065,098

During the period, one of the Group's subsidiaries PT Indosat TBK completed sale and leaseback transaction for its 2,500 telecommunication towers with another company in Indonesia for a total consideration of QR 1,478,449 thousands and recognised an overall gain of QR 837,545 thousands. The subsidiary is in the process of assessing final impact of the transaction in accordance with International Accounting Standards 17, "Leases"

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months period ended 30 September 2012

8 INTANGIBLE ASSETS

	<i>30 September 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	584,653	302,713
Amortization for the period/year	(1,321,939)	(1,790,026)
Impairment during the period	(157,795)	-
Reclassification from property, plant and equipment	179,899	647,671
Exchange adjustment	(1,029,569)	(140,292)
Net book value at the end of the period/year	<u>35,133,964</u>	<u>36,741,077</u>

During the period, based on impairment testing, the Group has recorded an impairment in respect of certain assets in some of the subsidiaries.

9 INVESTMENT IN ASSOCIATES

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

	<i>30 September 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	910,540	537,805
Non-current assets	2,476,878	2,497,178
Current liabilities	(1,041,404)	(810,960)
Non-current liabilities	(1,957,209)	(1,859,649)
Net assets	388,805	364,374
Goodwill	1,328,192	1,226,967
Carrying amount of the investment	<u>1,716,997</u>	<u>1,591,341</u>

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</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 revenue and results of associates:				
Revenue	<u>444,332</u>	<u>437,403</u>	<u>1,331,257</u>	<u>1,288,925</u>
Results	<u>18,570</u>	<u>(10,825)</u>	<u>31,077</u>	<u>(43,389)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months period ended 30 September 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 September 2012 (Reviewed) QR'000</i>	<i>30 September 2011 (Reviewed) QR'000</i>
Bank balances and cash	16,383,116	23,864,695
Less: restricted deposits	(202,308)	(181,135)
Cash and cash equivalents as per statement of cash flows	<u>16,180,808</u>	<u>23,683,560</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 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2012 (Reviewed) QR'000</i>	<i>2011 QR'000</i>	<i>2012 (Reviewed) QR'000</i>	<i>2011 (Reviewed) QR'000</i>
Current income tax:				
Current income tax charge	198,394	207,603	654,404	569,618
Deferred income tax:				
Relating to origination and reversal of temporary differences	5,792	48,886	65,554	194,977
Income tax	<u>204,186</u>	<u>256,489</u>	<u>719,958</u>	<u>764,595</u>

12 DIVIDENDS

Dividends:

	<i>For the nine months ended 30 September</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 nine months period ended 30 September 2012

13 SHARE CAPITAL

	<i>30 September 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 September 2012	<u><u>5,000,000</u></u>	<u><u>2,000,000</u></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 September 2012	<u><u>3,203,200</u></u>	<u><u>1,760,000</u></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 5,940,145 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 September 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
Interest bearing loans and borrowings	33,771,450	46,246,399
Less: deferred financing costs	<u>(392,542)</u>	<u>(463,364)</u>
	<u><u>33,378,908</u></u>	<u><u>45,783,035</u></u>
Presented in the interim condensed consolidated statement of financial position as follows:		
Non-current liabilities	26,563,487	31,932,297
Current liabilities	<u>6,815,421</u>	<u>13,850,738</u>
	<u><u>33,378,908</u></u>	<u><u>45,783,035</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months period ended 30 September 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 September 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	53,857	24,096
Amortised during the period / year	(117,728)	(150,761)
Exchange adjustment	(6,951)	(493)
	<u>392,542</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.

During the period, the Group settled commercial loan and related interest rate swaps amounting to QR 10,924,500 thousands (USD 3,000,000 thousands) and QR 149,766 thousands respectively using existing cash resource.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months period ended 30 September 2012

15 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	137,583	(22,027)	82,298	(49,673)
Net change in fair value reclassified to profit or loss	410	1,148	1,257	(2,516)
Impairment loss transferred to profit or loss	-	1,102	2,093	15,811
	137,993	(19,777)	85,648	(36,378)
<i>Fair value reserve - cash flow hedges :</i>				
Effective portion of changes in fair value	149,785	94,607	326,686	252,210
Income tax effect	-	(490)	(379)	(1,453)
Net change in fair value reclassified to profit or loss	(19)	347	282	(714)
	149,766	94,464	326,589	250,043
<i>Associates :</i>				
Share of changes in fair value of cash flow hedges	-	2,801	1,443	3,483
<i>Translation reserve:</i>				
Foreign currency translation differences - foreign operations	(147,480)	(863,832)	(1,377,294)	564,245

16 COMMITMENTS

Capital expenditure commitments

	<i>30 September</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:	2,209,373	2,332,682
Intangible assets		
For the acquisition of Palestine Mobile license	581,381	575,558
Operating lease commitments		
Future minimum lease payments:		
Not later than one year	201,507	208,731
Later than one year and not later than five years	494,966	489,708
Later than five years	221,871	248,370
	918,344	946,809

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months period ended 30 September 2012

17 CONTINGENT LIABILITIES

	<i>30 September 2012 (Reviewed) QR'000</i>	<i>31 December 2011 (Audited) QR'000</i>
Letters of guarantee	<u>380,146</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>2,675</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.

Further, in May 2012, the General Commission for taxes also issued the tax demand notice to ACL for employees' income tax amounting to QR 52,092 thousands (equivalent USD 14.3 million) for the years 2003, 2004, 2005,2006 and 2007.

ACL is currently in the process of discussing the tax demand notices 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 36,955 thousands for the three months ended 30 September 2012 (For the three months ended 30 September 2011: QR 24,814 thousands) and QR 117,699 thousands for the nine months ended 30 September 2012 (For the nine months ended 30 September 2011: QR 89,242 thousands) and end of service benefits amounted to QR 8,396 thousands for the three months ended 30 September 2012 (For the three months ended 30 September 2011: QR 8,522 thousand) and QR 18,419 thousands for the nine months ended 30 September 2012 (For the nine months ended 30 September 2011: QR 39,335 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 nine months period ended 30 September 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 nine months period ended 30 September 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 September 2012 and 2011:

For the three months ended 30 September 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	1,552,293	1,702,647	2,437,828	2,341,451	460,378	138,900	-	8,633,497
Inter-segment	23,546	10,476	40,078	7,291	1,837	28,554	(111,782) ⁽ⁱ⁾	-
Total revenue	1,575,839	1,713,123	2,477,906	2,348,742	462,215	167,454	(111,782)	8,633,497
Results								
Segment profit before tax	427,631	592,268	573,450	686,313	89,511	(211,247)	(330,402) ⁽ⁱⁱ⁾	1,827,524
Depreciation and amortisation	170,958	239,426	402,911	934,197	74,376	35,437	172,607 ⁽ⁱⁱⁱ⁾	2,029,912
Finance costs (net)	5,106	10,856	14,915	190,630	3,175	210,619	-	435,301

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months period ended 30 September 2012

19 SEGMENT INFORMATION (CONTINUED)

For the three months ended 30 September 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	1,350,389	1,482,201	2,492,146	2,242,480	482,844	76,890	-	8,126,950
Inter-segment	31,447	17,894	25,251	7,472	2,021	49,916	(134,001) ⁽ⁱ⁾	-
Total revenue	<u>1,381,836</u>	<u>1,500,095</u>	<u>2,517,397</u>	<u>2,249,952</u>	<u>484,865</u>	<u>126,806</u>	<u>(134,001)</u>	<u>8,126,950</u>
Results								
Segment profit before tax	<u>307,481</u>	<u>431,390</u>	<u>538,421</u>	<u>191,976</u>	<u>158,691</u>	<u>(140,903)</u>	<u>(163,481)</u> ⁽ⁱⁱ⁾	<u>1,323,575</u>
Depreciation and amortisation	<u>158,091</u>	<u>204,693</u>	<u>389,738</u>	<u>754,396</u>	<u>65,140</u>	<u>25,854</u>	<u>163,481</u> ⁽ⁱⁱⁱ⁾	<u>1,761,393</u>
Finance costs (net)	<u>5,809</u>	<u>19,116</u>	<u>18,711</u>	<u>179,968</u>	<u>7,512</u>	<u>216,876</u>	<u>-</u>	<u>447,992</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months period ended 30 September 2012

19 SEGMENT INFORMATION (CONTINUED)

For the nine months ended 30 September 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	4,570,485	5,002,698	7,210,098	6,423,534	1,395,468	417,775	-	25,020,058
Inter-segment	74,116	37,836	99,404	21,167	5,594	86,684	(324,801) (i)	-
Total revenue	4,644,601	5,040,534	7,309,502	6,444,701	1,401,062	504,459	(324,801)	25,020,058
Results								
Segment profit before tax	1,283,429	1,806,711	1,675,555	777,369	328,866	(478,816)	(675,762) (ii)	4,717,352
Depreciation and amortisation	506,972	696,457	1,212,294	2,338,526	224,955	109,243	517,967 (iii)	5,606,414
Finance costs (net)	79,746	45,850	42,169	627,078	9,711	636,150	-	1,440,704

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months period ended 30 September 2012

19 SEGMENT INFORMATION (CONTINUED)

For the nine months ended 30 September 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	4,159,509	4,275,965	7,073,002	6,419,115	1,433,830	211,566	-	23,572,987
Inter-segment	84,606	54,989	90,979	18,520	4,799	159,381	(413,274)	-
Total revenue	<u>4,244,115</u>	<u>4,330,954</u>	<u>7,163,981</u>	<u>6,437,635</u>	<u>1,438,629</u>	<u>370,947</u>	<u>(413,274)</u>	<u>23,572,987</u>
Results								
Segment profit before tax (restated)	<u>1,168,161</u>	<u>1,365,980</u>	<u>3,176,592</u>	<u>607,344</u>	<u>425,385</u>	<u>(454,839)</u>	<u>(481,042)</u>	<u>5,807,581</u>
Depreciation and amortisation(restated)	<u>462,568</u>	<u>600,076</u>	<u>1,184,425</u>	<u>2,158,843</u>	<u>191,222</u>	<u>67,193</u>	<u>481,042</u>	<u>5,145,369</u>
Finance costs (net)	<u>11,654</u>	<u>68,115</u>	<u>79,048</u>	<u>549,797</u>	<u>23,900</u>	<u>651,410</u>	<u>-</u>	<u>1,383,924</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 September</i>		<i>For the nine months ended</i> <i>30 September</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>
Amortisation of intangibles	(172,607)	(163,481)	(517,967)	(481,042)
Impairment of intangibles	(157,795)	-	(157,795)	-
	<u>(330,402)</u>	<u>(163,481)</u>	<u>(675, 762)</u>	<u>(481,042)</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 nine months period ended 30 September 2012

19 SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 30 September 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 September 2012 (Reviewed)	<u>19,753,754</u>	<u>8,253,692</u>	<u>25,659,572</u>	<u>22,514,208</u>	<u>2,484,957</u>	<u>2,829,941</u>	<u>12,303,130</u>	<u>93,799,254</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 September 2012 (Reviewed)	<u>378,387</u>	<u>621,424</u>	<u>1,841,299</u>	<u>1,725,284</u>	<u>196,047</u>	<u>51,395</u>	<u>-</u>	<u>4,813,836</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 12,303,130 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 nine months period ended 30 September 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 nine months period ended 30 September 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	5,518,024	(372,655)	5,145,369
Net profit for the period	4,670,331	372,655	5,042,986
Net profit attributable to:			
Shareholders of the Parent	2,002,593	146,746	2,149,339
Non-controlling interests	2,667,738	225,909	2,893,647

(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.

21 EVENTS AFTER THE REPORTING DATE

Following the approval of the Kuwait Capital Markets Authority (the “Regulator” or “CMA”) in August 2012, the Group submitted a mandatory tender offer (the “Offer”) pursuant to Article 271 of the Executive Regulations to Law No. 7 of 2010 establishing the Capital Markets Authority and regulating the securities activities, to acquire the whole (47.5%) of non-controlling interests in one of its subsidiaries, National Mobile Telecommunications Company K.S.C. (“NMTC” or “Wataniya”). The Offer was open for acceptance from 4 September 2012 to 4 October 2012.

As of the reporting date, 33.07% of non-controlling shareholders have accepted the offer. On 4 October 2012 i.e. the closing date of the offer, total 39.61% of non-controlling shareholders accepted the offer. As per the timetable stated in the offer document, the share transfers, transfer of consideration and other legal formalities are in the process of being completed. The execution of the transaction on the Kuwait Stock Exchange is expected to be completed on 22 October 2012. With this, the Group will increase its shareholding interest in NMTC from 52.5% to 92.1%.