

Press Release

du Announces First Quarter 2010 Results

Record revenues of AED1.6bn, up 36% year on year

262,000 active mobile subscribers added in the quarter

Dubai, 11 May 2010 – Emirates Integrated Telecommunications Company PJSC (“du”) today announced its financial results for the first quarter of 2010, showing a robust start to the year achieving the company’s highest revenue for a quarter ever and sustained mobile subscriber additions.

Highlights for the first quarter:

- Total revenue for the quarter of AED 1,580 million, a 36% increase compared to Q1 09 (AED 1,166 million) and a 3% increase compared to Q4 09 (AED 1,530 million)
- Gross margin grew by 34% year on year to AED 1,042 million (Q1 2009: AED 775 million) and 5% quarter on quarter (Q4 2009: AED 993 million)
- Net profit before royalty more than quadrupled to AED 194 million versus AED 47 million in Q1 09. Underlying net profit before royalty increased 15% compared to Q4 09 (AED 169 million¹)
- 262,000 active² mobile subscribers added during the quarter taking the total at quarter end to 3,739,000
- Sustained momentum in post paid active mobile subscriber additions with a further 26,900 added during the quarter
- 47% growth in du’s fixed line subscriber base from 310,900 lines in Q1 2009 to 456,700 lines in Q1 2010, with 50,900 lines added during the quarter

Commenting on the results, Ahmad Bin Byat, Chairman of du, said, “This is an encouraging start to 2010 with record revenues for the quarter and sustained profitability, supported by some significant new initiatives, including our proposed rights issue that will provide even greater impetus and acceleration behind our ongoing growth strategy, transforming du into

¹ Reported Q4 2009 net profit before royalty of AED 209 million included a one time gain equal to AED 39.7m for a vendor liquidated damages claim. Adjusted net profit before royalty for Q4 2009 is AED 169 million.

² Defined by the Telecommunications Regulatory Authority as a customer that has sent or received a call, or sent an SMS or MMS within the last 90 days.

a mature company with access to efficient future funding requirements. We look forward to capitalising on the numerous possibilities we see before us in the years ahead.”

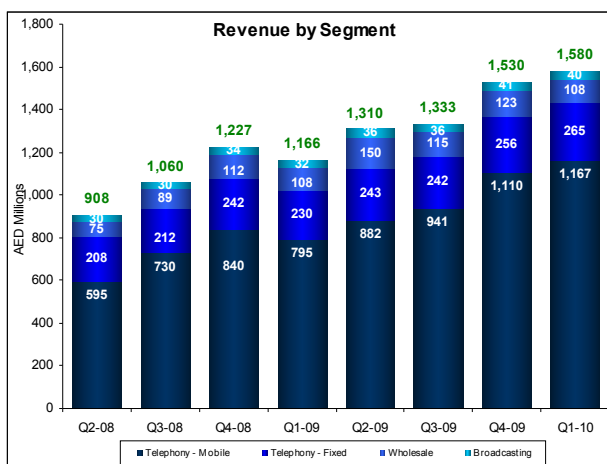
Osman Sultan, du’s Chief Executive Officer, said, “Again we have delivered strong results this quarter, with healthy margins, in line with our accelerated but efficient growth strategy. The new products and services introduced in the quarter to retail and business customers show our commitment to value, innovation and quality, all part of the du brand proposition.

“Our position in the UAE mobile market remains strong, with a further 262,000 subscribers choosing du this quarter, bringing our total active mobile subscriber base to 3.7 million, appoximatly a third of the market, in just three years. Outlook for our fixed line business, which is arguably the most developed, integrated and technically advanced in the Arab world, remains strong with the prospect of a nationwide infrastructure sharing agreement. We are also in the process of exploring opportunities in the fast growing universe of digital content and the Internet through joint ventures and partnerships.

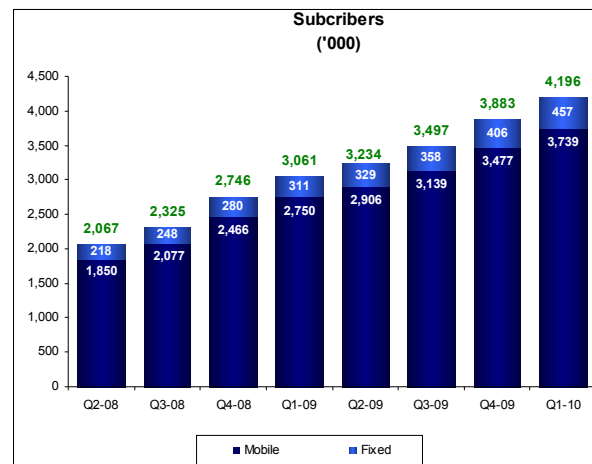
“We are now looking to the future and proactively planning the development of du into the preferred integrated telecommunications provider in the UAE.”

Q1 2010 results analysis

Revenue Growth



Subscriber Growth





Total combined revenues for Q1 2010 improved to AED 1,580 million compared to AED 1,166 million for Q1 2009, representing year-on-year growth of 36%, a reflection of the strong and sustained mobile subscriber growth over the past twelve months.

Based on the data published by the Telecommunications Regulatory Authority ('TRA'), du remains the provider of choice for the majority of new mobile subscribers in the UAE with 262,000 added during the quarter, reaching a total of approximately 3,739,000 active mobile subscribers at quarter end.

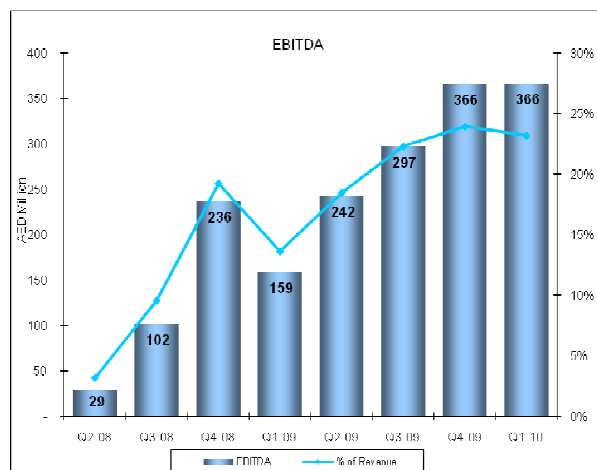
The subscriber growth was the main driver behind du's highest mobile revenues for a quarter ever, reaching AED 1,167 million, up 47% compared to Q1 09 (AED 795 million) and 5% versus Q4 09 (AED 1,110 million). du's continued strategy and investment to attract and retain high-end mobile users is seen to be working with a further 26,900 post-paid subscribers added during the quarter (27,500 added in Q4 09 and 25,900 in Q3 09), bringing the total to approximately 164,300, equal to 4% of the mobile subscriber base.

Revenues for du's fixed business, including fixed telephony, TV and Broadband, amounted to AED 265 million, a 15% year on year increase (Q1 2009: AED 230 million) and a 4% quarter on quarter increase (Q4 2009: AED 256 million), reflecting approximately 456,700 lines³.

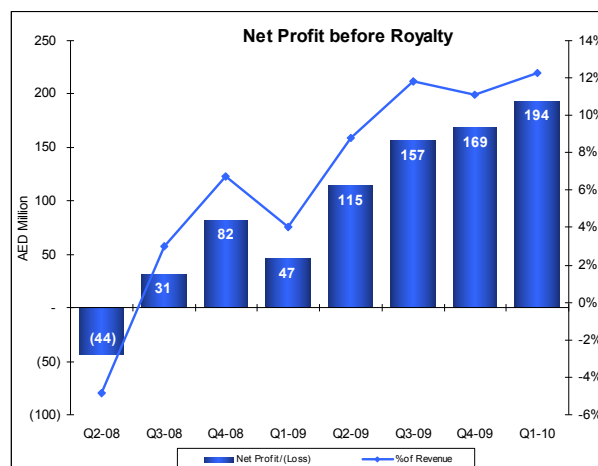
Product and service initiatives during the first quarter included the introduction of du's Business Super Blackberry® plan, an ultra-affordable, unlimited national BlackBerry® service, the new Business "Premier-Call Select DUO" plan, offering business customers significant calling benefits across fixed and mobile, and the launch of du's Homephone Recharge service, an innovative prepaid service offering competitive international call rates from fixed landlines. The company also launched its International Toll-Free Service enabling multi-national enterprise customers to receive toll-free calls from payphones, landlines and mobile phones in the UAE. In addition, du received the Best Content Delivery award for its revolutionary TV services at the Digital Studio Awards 2010.

³ These are the number of lines/contracts, not number of customer accounts. In case of multiple products on the same contract, a line is counted against each service.

EBITDA⁴



Net Profit before Royalty⁵



EBITDA remained strong in the first quarter, equal to the record EBITDA achieved in Q4 2009 of AED 366 million. Year on year EBITDA more than doubled from AED 159 million achieved in Q1 2009.

du's Q1 2010 net profit before royalty of AED 194 million was the company's second highest for a quarter after the AED 209 million reported for Q4 2009. The latter included a one-time gain of AED 39.7 million (US\$ 10.8 million) from a vendor liquidated damages claim. Adjusted net profit before royalty for Q4 2009 is AED 169 million, resulting in a 15% increase in underlying net profit before royalty compared to the AED 194 million achieved in Q1 2010. Compared to Q1 2009, net profit before royalty more than quadrupled from AED 47 million.

Total overheads increased to AED 676 million during the quarter, up from AED 626 million in Q4 09, primarily as a result of the new higher spectrum fees introduced by the TRA in 2010. As a percentage of costs to revenues, overheads remained stable at 43% in Q1 2010 versus 41% in Q4 2009 and 53% in Q1 2009 primarily due to management's consistent focus on efficient growth.

⁴ du calculates EBITDA as operating profits before interest, depreciation, amoratisation, impairment charges, non-operational income and expenses and royalty.

⁵ Reported Q4 2009 net profit before royalty of AED 209 million included a one time gain equal to AED 39.7m for a vendor liquidated damages claim. Adjusted net profit before royalty for Q4 2009 is AED 169 million.



du's capital expenditure programme is expected to exceed AED 2.2 billion in 2010, with AED 369 million accounted for during Q1 2010. As part of the programme, du signed a USD 268,750,000 credit agreement with Nordea Bank Finland Plc, in the first quarter, in order to finance or refinance its commitments under its agreements with Nokia Siemens Networks for the provision of equipment which will enhance and expand du's network infrastructure with new base station sites and associated technologies. Such arrangements are in line with du's ongoing efforts to meet the highest levels of user satisfaction, which are at the heart of du's recently announced accelerated growth strategy.

Additionally, during the first quarter, du announced the launch of a rights issue, which is intended to raise additional capital of AED 1 billion. The funds will be used to help drive the Company's accelerated growth strategy, by further enhancing the provider's industry-leading infrastructure, continuously improving the overall customer experience and targeting investment grade status that will help the the Company diversify its funding sources in the future. du's founding shareholders have already affirmed their belief in the strategy and have agreed to take up their rights in full and oversubscribe for any new shares remaining after all other shareholders have had the opportunity to take up their rights and oversubscribe for additional new shares.

- Ends -

About du

du, a leading integrated telecommunications service provider in the UAE, launched mobile telecommunication services in February 2007 across the UAE, in addition to internet and pay TV services that du provides in some of the free zones of Dubai. Call Select, du's nationwide fixed line services for voice telephony, was launched in July 2007. By the end of Q1 2010, du had approximately 3.74 million mobile customers.

Among du's many firsts is its historic Number Booking Campaign for both individuals and business, Pay by the Second billing system, Mobile TV, Mobile Payments, first of its kind 'WoW' recharge card (which offers customers the choice between more credit, more time and now 'more international' recharge option with additional credit on international calls) and Self Care.

For business customers, du business offers include Closed Business User Group and preferred International Destinations. du Broadcast Services division brings scalable media technology platforms and telecommunication solutions to the broadcast community through its world class teleport (Samacom) and Master Control Room (MCR) facilities.



du products and services for consumers and business are available through du's retail network, currently comprising over 30 du shops located in strategic locations across the UAE, more than 3000 authorized dealers or through du e-shop, accessible at <http://www.du.ae/en/where-to-buy/eshop.html>. du shops are a "one stop shop" for mobile service, carrier select and the payment of the service bills.

du is 39.5 percent owned by Emirates Investment Authority, 19.75 percent by Mubadala Development Company PJSC, 19.5 percent by Emirates Communications and Technology LLC and the remaining stake by public shareholders. It is listed on the Dubai Financial Market (DFM) and trades under the name du.

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The Company is not taking any action to permit an offering of the securities pursuant to the Rights Issue in any jurisdiction outside the United Arab Emirates. The Rights Issue securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, Shareholders as at 5.00pm on 17 May 2010 (the "**Record Date**").

This announcement may contain "forward-looking statements" concerning the Company. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those suggested by them. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as future market conditions and the behaviour of other market participants, and therefore undue reliance should not be placed on such statements. Neither the Company, nor any other entity involved in the Rights Issue or their respective advisers, assumes any obligation to, and does not intend to, update or revise publicly these forward-looking statements, except as required pursuant to applicable law.

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