



Press Release

**du Announces Revenues of AED908 Million
in Second Quarter - 200% Increase from Q2
2007**

32% increase in active subscribers from last quarter

Dubai: 25 July, 2008: Emirates Integrated Telecommunications Company PJSC (du) today announced its second quarter financial results, showing steady growth in revenues as well as subscribers.

The company reported revenues of AED 908 million for the period ended 30 June 2008, an increase of 20% from the previous quarter (AED 756 million) and a 200% increase from the comparable quarter in 2007 (AED 302 million).

Mobile revenue was reported at AED 670 million, an increase of 20% from the previous quarter (AED 560 million) and a 341% increase from the comparable quarter in 2007 (AED 152 million). This has been achieved through the increased usage levels of existing mobile customers, in addition to the high subscriber acquisition levels achieved by the business and the unique offers and services introduced during this quarter.

Exceeding market expectations, du's total number of mobile customers at 30 June 2008 crossed the 2.3 million mark, an addition of 0.5 million in the quarter. In line with its announcement last quarter where active subscribers, as defined by the TRA, were disclosed for the first time, du is pleased to announce that its active subscribers reached 1.85 million at 30 June 2008, a quarter on quarter increase of 32% (1.4 million at 31 March 2008).



Fixed line revenues also continued to show significant growth and were reported at AED 208 million, an increase of 23% from the previous quarter (AED 168 million) and a 69% increase from the comparable quarter in 2007 (AED123 million). This increase is a reflection of the continued expansion of the company's fixed line network, which has led to an 18% quarter on quarter increase in subscribers to 0.22 million (Quarter1 0.18 million).

Gross margin in the quarter was reported at AED 568 million (63%), an increase of 22% from the previous quarter (AED 464 million and 61%), and an increase of 252% on the comparable quarter of 2007 (AED161 million and 53%). Gross margin improvements continue to be made by the business as economies of scale continue to be realised.

Ahmed Bin Byat, Chairman of du, said: "I am confident that we will be able to surpass market expectations and deliver shareholder value earlier than anticipated. du has reported a steady financial growth over the first half of 2008 which we expect to continue for the remainder of the year."

As reported last quarter management has remained focused on ensuring that growth is not achieved at the expense of efficiency; this has been demonstrated in limiting quarter on quarter growth in overheads to 16% whilst growing revenues by over 20%.

Osman Sultan, CEO, du, said: "We are extremely pleased that we have been able to sustain this positive growth in both our revenues and EBITDA for this quarter, building on the success of the previous one. This guarantees we are firmly on track to achieve our forecasted results for the year earlier than anticipated".



The company announced Earnings before Interest Tax Depreciation and Amortisation (EBITDA) of AED 29 million (3%) compared to an EBITDA of AED 1.6 million for the first quarter and a negative AED 241 million in the comparable quarter of 2007. This result gives a sound platform for achieving net profits in the coming quarters as well.

The overall results of the company for the quarter was a loss of AED 44 million compared with a loss of AED 62 million incurred in Q1 2008, a reduction in losses of AED 18 million quarter on quarter, and a reduction in losses of AED 237 million from the comparable quarter of 2007 (AED 281 million).

du continued its extensive capital expenditure programme, expanding both its fixed and mobile networks and invested a total of AED 491 million in the quarter, bringing year to date investment to AED 888 million.

The company has made rapid inroads into an already saturated market, with a host of innovative first to market services and products like pay by the Second, mobile TV, WoW card which offers customer the choice between more credit or more time, e-shop, video mail and call select. du has signed over 550 international roaming agreements with world-class operators in a record span of 18 months from service launch.

Key business developments in the past quarter include du's participation in the US\$700 million Europe India Gateway (EIG), which will complement existing high bandwidth cable systems in the region, and provide much needed diversity for broadband traffic currently relying largely on traditional routes from Europe to India. This would allow the company to offer higher capacities at more affordable prices.

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About du

du, the integrated telecom service provider in the UAE, launched mobile telecommunication services on 11 February 2007 across the UAE in addition to internet and pay TV services in some of the free zones of Dubai. Call Select, the first of du's nationwide Fixed line services for voice telephony, was launched in July 2007.

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 and more time) and Self Care. du business offers include Closed Business User Group and preferred International Destinations.

du's retail network, currently numbering 16 du shops located in strategic locations across all emirates, was launched on 25 February 2007, supporting the delivery of du services to customers.

du is 40 percent owned by the UAE Federal Government, 20 percent by Mubadala Development Company, 20 percent by Emirates Communications & Technology Company LLC and 20 percent by public shareholders. It is listed on the Dubai Financial Market (DFM) and trades under the name du.

du was recognised as the 'Best Brand' for its innovative branding and outstanding success at the Telecom World Awards Middle East 2007.

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