Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated interim financial statements

for the nine month period ended 30 September 2011

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated interim financial statements
for the nine month period ended 30 September 2011

Contents **Page**

P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

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

The Shareholders
Emirates Integrated Telecommunications Company PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Emirates Integrated Telecommunications Company PJSC and its Subsidiary ("the Group") as at 30 September 2011, and the related condensed consolidated statements of comprehensive income, changes in equity and the cash flows for the nine month period then ended ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 financial information as at and for the nine month period ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

Vijendra Nath Malhotra
Registration No. 48B

30 OCT 2011

Condensed consolidated statement of financial position
as at 30 September 2011

	Note	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Non-current assets			
Property, plant and equipment	*4*	6,984,763	6,689,267
IT software	*5.1*	390,589	423,846
Telecommunications licence fee	*5.2*	89,572	94,226
Indefeasible right of use	*5.3*	85,097	91,510
Goodwill		549,050	549,050
Total non-current assets		8,099,071	7,847,899
Current assets			
Deferred fees	*5.4*	30,451	4,387
Inventories		61,833	47,300
Accounts receivable	*7*	851,221	1,122,401
Other receivables	*8*	347,061	418,369
Due from related parties	*6.1*	119,469	94,336
Prepayments		173,960	199,508
Cash and cash equivalents	*9*	1,637,184	2,785,478
Total current assets		3,221,179	4,671,779
Current liabilities			
Accounts payable and accruals	*11*	3,237,623	3,209,773
Due to a related party	*6.1*	62,616	78,109
Current portion of long term bank borrowings	*10*	668,648	3,153,580
Total current liabilities		3,968,887	6,441,462
Net current liabilities		747,708	1,769,683
Non-current liabilities			
Employee benefits	*12*	97,239	77,714
Long term bank borrowings	*10*	1,481,030	904,735
Total non-current liabilities		1,578,269	982,449
Net assets		5,773,094	5,095,767
Represented by:			
Share capital	*13*	4,571,429	4,571,429
Share premium	*14*	393,504	393,504
Share based payment reserve	*15*	66,278	46,345
Statutory reserve	*16*	223,607	157,868
Accumulated profit / (losses)		518,276	(73,379)
Shareholders' equity		5,773,094	5,095,767

The condensed consolidated interim financial statements were approved on 30 October 2011 by:

Ahmad bin Byat
Chairman

Osman Sultan
Chief Executive Officer

The notes set out on pages 6 -17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page1.

Condensed consolidated statement of comprehensive income

for the nine month period ended 30 September 2011

	Note	Reviewed nine month period ended 30 September 2011 AED 000	Reviewed nine month period ended 30 September 2010 AED 000	Reviewed three month period ended 30 September 2011 AED 000	Reviewed three month period ended 30 September 2010 AED 000
Revenue	*24*	6,443,204	5,028,119	2,233,493	1,744,712
Cost of sales		(2,204,018)	(1,733,801)	(763,183)	(619,249)
Gross profit		4,239,186	3,294,318	1,470,310	1,125,463
General and administrative expenses	*17*	(2,899,762)	(2,463,308)	(969,571)	(785,966)
Finance income	*18*	48,586	24,457	4,343	21,948
Finance expense	*18*	(96,540)	(60,946)	(20,315)	(35,888)
Other income	*19*	23,318	633	3,913	655
Profit before Royalty		1,314,788	795,154	488,680	326,212
Royalty	*20*	(657,394)	(397,577)	(244,340)	(163,106)
Profit for the period		657,394	397,577	244,340	163,106
Profit and comprehensive income attributable to shareholders of the Company		657,394	397,577	244,340	163,106
Earnings per share (AED)	*21*	0.14	0.09	0.05	0.03

The notes set out on pages 6 -17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page1.

Condensed consolidated statement of cash flows
for the nine month period ended 30 September 2011

	Note	Reviewed nine month period ended 30 September 2011 AED 000	Reviewed nine month period ended 30 September 2010 AED 000
Cash flows from operating activities			
Net cash flows before changes in working capital	22	1,457,702	997,418
Change in inventories		(14,533)	(22,716)
Change in accounts receivable		271,180	(67,414)
Change in prepayments		25,548	(24,083)
Change in other receivables		71,308	(29,872)
Change in accounts payable and accruals		204,405	315,349
Change in amounts due from related parties		(25,133)	54,813
Change in amounts due to a related party		(15,493)	(5,235)
Change in deferred fees		(26,064)	(25,980)
Payment of employee benefits		(7,433)	(4,049)
Net cash generated from operating activities		1,941,487	1,188,231
Cash flows used in investing activities			
Purchase of property, plant and equipment		(1,046,764)	(1,024,531)
Purchase of IT software		(109,744)	(87,935)
Proceeds from disposal of property plant and equipment		-	1,193
Finance income		48,586	24,457
Finance expense		(96,540)	(60,946)
Other income		23,318	393
Net cash used in investing activities		(1,181,144)	(1,147,369)
Cash flows from financing activities			
Notes payable		-	(108,056)
Issue of share capital		-	571,429
Share premium		-	391,562
Long term borrowings		1,269,175	713,017
Repayment of borrowings		(3,177,812)	-
Net cash (used in) / generated from financing activities		(1,908,637)	1,567,952
Net (decrease) / increase in cash and cash equivalents		(1,148,294)	1,608,814
Cash and cash equivalents at beginning of the period		2,785,478	869,264
Cash and cash equivalents at end of the period	9	1,637,184	2,478,078

The notes set out on pages 6 -17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page1.

Condensed consolidated statement of changes in equity
for the nine month period ended 30 September 2011

	Share capital (Note 13)	Share premium (Note 14)	Share based payment reserve (Note 15)	Statutory reserve (Note 16)	Accumulated (losses) / profit	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
At 1 January 2010	4,000,000	-	17,482	26,825	(1,252,767)	2,791,540
Issue of common share capital	571,429	-	-	-	-	571,429
Share premium	-	391,562	-	-	-	391,562
Profit for the period	-	-	-	-	397,577	397,577
Transfer to share based payment reserve	-	-	25,052	-	-	25,052
Transfer to statutory reserve	-	-	-	39,760	(39,760)	-
At 30 September 2010	4,571,429	391,562	42,534	66,585	(894,950)	4,177,160
At 1 January 2011	4,571,429	393,504	46,345	157,868	(73,379)	5,095,767
Profit for the period	-	-	-	-	657,394	657,394
Transfer to share based payment reserve	-	-	19,933	-	-	19,933
Transfer to statutory reserve	-	-	-	65,739	(65,739)	-
At 30 September 2011	4,571,429	393,504	66,278	223,607	518,276	5,773,094

The notes set out on pages 6 -17 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page1.

Notes to the condensed consolidated interim financial statements

1 Legal status and principal activities

Emirates Integrated Telecommunications Company PJSC ("the Company") is a public joint stock company with limited liability. The Company was incorporated according to Ministerial resolution No. 479 of 2005 issued on 28 December 2005. The Company was registered in the commercial register under No. 77967. The principal address of the Company is P.O Box 502666 Dubai, United Arab Emirates. The condensed consolidated interim financial statements of the Company as at 30 September 2011 comprises the Company and its Subsidiary.

The Company's principal objective is to provide fixed, mobile, broadband, broadcasting and associated telecommunications services in the UAE. The commercial operations of the Company commenced on 11 February 2007.

The Company's wholly owned subsidiary, EITC Investment Holdings Limited ("the Subsidiary") was incorporated as an offshore company in accordance with the offshore companies regulations of Jebel Ali Free Zone of 2003 on 18 February 2010.

The principal objective of the Subsidiary is to hold investments for new non-core business activities in which the Company wishes to invest in the future, such as content, media, data and value added services for telecommunications. At 30 September 2011 there had been no material commercial activities within the Subsidiary.

2 Basis of preparation

i Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and the requirements of UAE Federal Law No. 8 of 1984 (as amended).

ii New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these condensed consolidated interim financial statements. None of these is expected to have a significant effect on the condensed consolidated interim financial statements of the Company, except for IFRS 9 Financial Instruments, which becomes mandatory for the Company's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

iii Basis of consolidation

A subsidiary is an entity controlled by the Group. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

iv Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention.

v Functional and presentation currency

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirham ("AED") rounded to the nearest thousand. This is the currency of the country in which the Company is domiciled.

vi Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary share holders of the Company by the weighted average number of ordinary shares outstanding during the period.

2 Basis of preparation *(continued)*

vii Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of IFRS that have significant effect on the condensed consolidated interim financial statements and estimates with a risk of material adjustment in the next year mainly comprise of residual value and useful lives of items of property, plant and equipment and intangible assets, provision for bad and doubtful debts and provision for slow moving inventories.

3 Significant accounting policies

The same accounting policies and methods of computation have been followed in these condensed consolidated interim financial statements as compared with the Company's recent 2010 annual audited financial statements.

4 Property, plant and equipment

	Buildings AED 000	Plant & equipment AED 000	Furniture & fixtures AED 000	Motor vehicles AED 000	Capital work in progress AED 000	Total AED 000
Cost						
At 1 January 2011	47,208	6,201,647	196,012	2,123	1,834,255	8,281,245
Additions/(transfers)	-	987,083	28,679	104	(145,517)	870,349
At 30 September 2011	47,208	7,188,730	224,691	2,227	1,688,738	9,151,594
Depreciation / impairment						
At 1 January 2011	10,806	1,447,096	109,867	2,015	22,194	1,591,978
Charge / (reversal) for the period	1,671	541,582	34,446	174	(3,020)	574,853
At 30 September 2011	12,477	1,988,678	144,313	2,189	19,174	2,166,831
Net book value At 1 January 2011	36,402	4,754,551	86,145	108	1,812,061	6,689,267
Net book value At 30 September 2011	34,731	5,200,052	80,378	38	1,669,564	6,984,763

The carrying amount of the Company's buildings includes a nominal amount of AED 1 *(2010:* AED 1*)* in relation to land granted by the Government to the Company.

5 Intangible assets and deferred fees

5.1 IT software

	Software in use AED 000	Capital work in progress AED 000	Total AED 000
Cost			
At 1 January 2011	690,187	145,940	836,127
Additions/(transfers)	109,357	(19,327)	90,030
At 30 September 2011	799,544	126,613	926,157
Amortisation			
At 1 January 2011	412,281	-	412,281
Charge for the period	123,287	-	123,287
At 30 September 2011	535,568	-	535,568
Net book value At 1 January 2011	277,906	145,940	423,846
Net book value **At 30 September 2011**	263,976	126,613	390,589

5.2 Telecommunications licence fee

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Opening balance	94,226	100,452
Amortisation for the period / year	(4,654)	(6,226)
Closing balance	89,572	94,226

Telecommunications licence fee represents the fee charged by the Telecommunications Regulatory Authority to the Company to grant the licence to operate as a telecommunications service provider in the UAE. The fees are being amortised on a straight-line basis over a period of 20 years which is the term of the licence, from the date of granting the licence.

5.3 Indefeasible right of use

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Opening balance	91,510	100,080
Amortisation for the period / year	(6,413)	(8,570)
Closing balance	85,097	91,510

Indefeasible right of use represents the fee charged by an operator of a fibre-optic cable system for the right to use its submarine fibre-optic circuits and cable system. The fees are amortised on a straight-line basis over a period of 15 years from the date of activation of the cable system.

5 Intangible assets and deferred fees *(continued)*

5.4 Deferred fees

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Deferred annual licence fee, numbering fees and spectrum fees	30,451	4,387

An annual licence fee is charged in respect of the telecommunications licence awarded. Numbering fees are charged for the allocation of the right of use of mobile and fixed number ranges. Spectrum fees are charged for the authorisation of various frequencies used by the Company.

6 Related party transactions

Related parties comprise the shareholders of the Company, its directors, key management personnel and entities over which they exercise significant influence. Transactions with related parties are on terms and conditions approved by the Company's management or by the Board of Directors.

6.1 Due from/to related parties

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Due from related parties		
Axiom Telecom LLC	113,681	94,336
Eros Electronics	5,788	-
	119,469	94,336
Due to a related party		
Tecom Investments FZ LLC	62,616	78,109

All transactions with related parties are carried out at commercial rates. Telecom services to related parties are provided at normal market value and are excluded from reportable related party transactions. The following table reflects the gross value of transactions with related parties.

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Tecom Investments FZ LLC :		
Office rent and services	49,691	58,567
Infrastructure cost	61,582	923
Axiom Telecom LLC – Authorised distributor – Net sales	1,249,735	1,142,633
Eros Electronics – Authorised distributor –Net sales	206,008	409,776
Injazat Data Systems LLC – Data centre rent and services	11,129	12,927

6 Related party transactions (*continued*)

6.2 Compensation to key management personnel

	Reviewed nine month period ended 30 September 2011 AED 000	Reviewed nine month period ended 30 September 2010 AED 000
Short term employee benefits	22,327	23,302
Termination benefits	950	1,215
Post employment benefits	553	295
Share based benefits*	5,763	18,838
Directors' remuneration	6,030	10,800
	35,623	54,450

* During the three month period ended 31 March 2010, the Company modified its Executive Share Option Plan in respect of the launch grant.

7 Accounts receivable

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Trade receivables	1,145,956	1,342,079
Less: Provision for doubtful debts (Refer note 7.1)	(294,735)	(219,678)
	851,221	1,122,401

7.1 Movement in provision for doubtful debts

The movement in the provision for doubtful debts in respect of trade receivables was as follows:

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Opening balance	219,678	82,799
Impairment loss recognised	79,921	154,070
Write off during the period / year	(4,864)	(17,191)
Closing balance	294,735	219,678

8 Other receivables

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Advances to suppliers	284,578	395,592
Interest receivable	2,351	9,856
Staff loans	3,552	3,010
Deposits	29,547	9,911
Others	27,033	-
	347,061	418,369

9 Cash and cash equivalents

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
At bank (on deposit and call accounts)	1,636,702	2,784,960
On hand	482	518
Net cash and cash equivalents	1,637,184	2,785,478

10 Long term bank borrowings

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Long term bank borrowings (i)	808,170	3,000,000
Buyer credit arrangements (ii)	1,341,508	1,058,315
	2,149,678	4,058,315
Less: Current portion of long term bank borrowings	-	(3,000,000)
Current portion of buyer credit arrangement	(668,648)	(153,580)
	1,481,030	904,735

(i) The Company repaid in full an existing loan of AED 3 billion in June 2011. A new facility for AED 808.2 million (USD 220 million) for partial financing of the repayment was arranged. The new facility is to be repaid in full on the final maturity date (30 June 2014) and carries an interest rate of LIBOR+ 1.45% per annum.The facility is unsecured and has the following primary financial covenents attached:

- Consolidated total net liabilities not to exceed 3 times the consolidated adjusted net worth of the Company for a period of 12 months ending on the relevant reporting date.

- The ratio of consolidated EBITDA to consolidated net finance costs not to be less than 3 to 1 for a period of 12 months ending on the relevant reporting date.

- The ratio of total bank debts less consolidated eligible cash and cash equivalents not to exceed 3 times the adjusted consolidated EBITDA for a period of 12 months ending on the relevant reporting date.

10 Long term bank borrowings *(continued)*

(ii) The Company has utilised the following buyer credit arrangements obtained from two suppliers:

(a) AED 459.2 million (USD 125.0 million) of an available AED 624.4 million (USD 170 million). The facility is to be repaid in full, three years from the date of the agreement (29 September 2009). The facility carries an interest rate of LIBOR + 2.6% per annum.

(b) AED 808.7 million (USD 220.1 million) in full and final draw down of an available AED 987.1 million (USD 268.7 million). The facility is to be repaid in ten equal bi-annual installments commencing January 2011. The facility carries an average interest rate of 2.85% per annum. AED 177.8 million (USD 48.4 million) has been repaid during the period.

(c) AED 73.5 million (USD 20.0 million) of an available AED 760.4 million (USD 207.0 million). The facility is to be repaid in ten equal bi-annual installments commencing September 2012. The facility carries an average interest rate of LIBOR + 1.2% per annum.

11 Accounts payable and accruals

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Trade payables & accruals	2,027,988	2,468,903
Payroll accruals	115,158	130,334
Customer deposits	70,220	52,391
Retention payable	22,344	19,651
Deferred revenue	320,193	330,572
Accrued royalties	657,394	183,915
Others	24,326	24,007
	3,237,623	3,209,773

12 Employee benefits

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
End of service benefits		
Opening balance	77,714	63,523
Charge for the period / year	26,958	20,389
Payments during the period / year	(7,433)	(6,198)
Closing balance	97,239	77,714

13 Share capital

	Reviewed 30 September 2011	Audited 31 December 2010
Authorised share capital (par value AED 1 each)	4,571,428,571	4,571,428,571

13 Share capital *(continued)*

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Issued and fully paid up - opening balance	4,571,429	4,000,000
Issued during the period / year	-	571,429
Issued and fully paid up – closing balance	4,571,429	4,571,429

On 11 May 2010, the shareholders in an Extraordinary General Meeting approved an increase in the Company's share capital by issuing 571,428,571 new ordinary shares at 75% premium amounting to AED 1.75 each (par value AED 1.00) to shareholders on a pro rata basis. The shares were issued on 27 June 2010.

14 Share premium

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Premium on issue of common share capital (Note 15)	393,504	428,571
Less: Expenses relating to issue of common share capital	-	(35,067)
	393,504	393,504

15 Share based payment reserve

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Share based payment reserve	66,278	46,345

The Company has in place an Executive Share Option Plan ("ESOP") for selected senior managers to receive equity settled share options of the Company. The ESOP consists of a launch grant scheme and an annual grant scheme.

Options in the ESOP vest upon completion of a defined service period and expire on the earlier of their expiry date or termination of the executives' employment. There are no voting or dividend rights attached to the options. The exercise price is determined by taking the average of the daily closing share price of the 30 calendar days preceding the share scheme service period commencement date.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of the options is calculated using the Black-Scholes option pricing model.

15 Share based payment reserve *(continued)*

Details of the ESOP schemes and the assumptions used to calculate the fair value of the options as at 30 September 2011 are shown in the table below:

Share scheme	Options granted (000)	Options forefeited (000) *	Options exercised (000)	Options outstanding (000)	Commencement date	Vesting date	Expiry Date
Launch grant scheme	16,269	250	14,046	1,973	22 Apr 2006	21 Apr 2009	21 Apr 2012
Annual grant scheme 2007	17,066	616	-	16,450	01 Jul 2007	30 Jun 2010	30 Jun 2013
Annual grant scheme 2008	25,275	1,337	-	23,938	01 Jul 2008	30 Jun 2011	30 Jun 2014
Annual grant scheme 2009	27,587	1,581	-	26,006	01 Jul 2009	30 Jun 2012	30 Jun 2015
Annual grant scheme 2010	27,554	635	-	26,919	01 Jul 2010	30 Jun 2013	30 Jun 2016
Annual grant scheme 2011	27,486	-	-	27,486	01 Jul 2011	30 Jun 2014	30 Jun 2017

*Forefeited due to executives leaving the Company

The fair value and assumptions used to calculate the fair value of the options are:

Share scheme	Fair value per option (AED)	Stock Price at Measurement date	Expected volatility	Risk-free interest rate	Employee retention rate
Launch grant scheme	1.55	2.51	50%	1.00%	100%
Annual grant scheme 2007	0.28	2.51	47%	1.75%	100%
Annual grant scheme 2008	0.28	2.51	42%	2.50%	100%
Annual grant scheme 2009	0.93	2.51	42%	2.50%	100%
Annual grant scheme 2010	0.63	1.91	42%	1.25%	90-100%
Annual grant scheme 2011	0.84	3.11	31%	1.00%	90-100%

16 Statutory reserve

In accordance with the UAE Federal Law No 8 of 1984 and the Company's Articles of Association, 10% of the net profit is required to be transferred annually to a non-distributable statutory reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid up share capital.

	Reviewed 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Opening balance	157,868	26,825
Transfer to statutory reserve during the period / year	65,739	131,043
Closing balance	223,607	157,868

17 General and administrative expenses

	Reviewed nine month period ended 30 September 2011 AED 000	Reviewed nine month period ended 30 September 2010 AED 000
Payroll and employee related expenses	672,714	608,292
Outsourcing and contracting	286,035	261,878
Consulting	29,669	35,418
Telecommunications licence and related fees	160,517	132,593
Sales and marketing expenses	235,913	259,081
Depreciation and amortisation expenses	712,227	509,031
Network operation and maintenance	538,470	433,641
Rent and utilities	107,487	100,854
Provision for receivables	79,921	69,520
Impairment of property, plant and equipment	16,554	2,235
Miscellaneous	60,255	50,765
	2,899,762	2,463,308

18 Finance income and expense

	Reviewed nine month period ended 30 September 2011 AED 000	Reviewed nine month period ended 30 September 2010 AED 000
Finance income		
Interest income	48,586	24,457
Finance expense		
Gross finance expense	99,361	104,953
Less: Capitalised finance expense	-	(53,709)
Net finance expense	99,361	51,244
Exchange (gain) / loss	(2,821)	9,702
	96,540	60,946

19 Other income

Other income during the current period includes the release of AED 12.0 million (*2010: Nil)* in provisions against legal disputes provided for during the year ended 31 December 2010 which were resolved or settled during the current period. In addition it also includes AED 10.3 million (*2010: Nil)* relating to sublease of capacity and facilities to certain operators.

20 Royalty

The Company received confirmation via a UAE Cabinet Decision dated 16 January 2011 for the Royalty payable for the year 2010 at a rate of 15%. No determination of the structure of the royalty fee for 2011 has been advised to the Company as at 30 September 2011 and the Company has provided at an estimated charge of 50% of the profit for the current period. The royalty charge for the nine month period ended 30 September 2010 was provided at 50% of net profit.

	Reviewed nine month period ended 30 September 2011 AED 000	Reviewed nine month period ended 30 September 2010 AED 000
Consolidated profit before royalty	1,314,788	795,154
Royalty at 50%	657,394	397,577

21 Earnings per share

	Reviewed nine month period ended 30 September 2011	Reviewed nine month period ended 30 September 2010
Profit for the period (AED 000)	657,394	397,577
Weighted average number of shares (number in 000)	4,571,429	4,254,202
Earnings per share AED	0.14	0.09

22 Cash flows from operating activities

	Reviewed nine month period ended 30 September 2011 AED 000	Reviewed nine month period ended 30 September 2010 AED 000
Profit for the period	657,394	397,577
Adjustment for:		
Depreciation of property, plant and equipment	577,873	399,090
Amortisation of IT software	123,287	98,874
Amortisation of intangible assets	11,067	11,067
Provision for end of service benefits	26,958	27,667
Impairment of property, plant and equipment	16,554	2,235
Finance income and expense	47,954	36,489
Equity-settled share based payment transactions	19,933	25,052
Other income	(23,318)	(633)
Net cash flows before changes in working capital	1,457,702	997,418

23 Contingent liabilities and commitments

The Company has outstanding capital commitments and outstanding bank guarantees amounting to AED 1,536,645 thousand and AED 31,618 thousand, respectively (*2010:* AED 1,624,246 thousand and AED 19,090 thousand respectively).

24 Segment analysis

30 September 2011

	Fixed	Mobile	Wholesale	Broadcasting	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Segment revenue	1,085,225	4,952,555	284,874	120,550	6,443,204
Segment contribution	817,877	3,264,499	112,137	44,673	4,239,186
Unallocated costs					(2,899,762)
Finance income and expense & other income					(24,636)
Profit before royalty					1,314,788
Royalty					(657,394)
Profit for the period					657,394

30 September 2010

	Fixed	Mobile	Wholesale	Broadcasting	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Segment revenue	851,108	3,735,506	323,619	117,886	5,028,119
Segment contribution	704,987	2,377,893	165,705	45,733	3,294,318
Unallocated costs					(2,463,308)
Finance income and expense & other income					(35,856)
Profit before royalty					795,154
Royalty					(397,577)
Profit for the period					397,577

The Company's assets and liabilities have not been identified to any of the reportable segments as the majority of the operating fixed assets are fully integrated between segments. The Company believes that it is not practical to provide segment disclosure relating to total assets and liabilities since a meaningful segregation of available data is not feasible.