

**Emirates Integrated
Telecommunications
Company PJSC and its
Subsidiary**

**Condensed consolidated
interim financial statements**

for the nine month period
ended 30 September 2010

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated interim financial statements

for the nine month period ended 30 September 2010

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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 2010, and the related condensed consolidated statement of comprehensive income, statement of 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 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

07 NOV 2010

Vijendra Nath Malhotra
Registration No. 48B

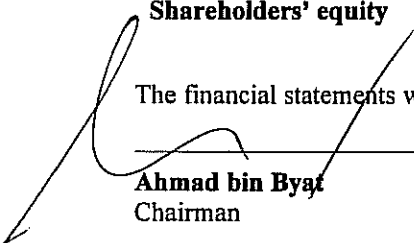
Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated statement of financial position

as at 30 September 2010

		Reviewed 30 September 2010	Audited 31 December 2009
	Note	AED 000	AED 000
Non-current assets			
Property, plant and equipment	4	6,522,771	6,107,216
IT software	5.1	405,517	450,220
Telecommunications licence fee	5.2	95,797	100,452
Indefeasible right of use	5.3	93,668	100,080
Goodwill		549,050	549,050
Total non-current assets		7,666,803	7,307,018
Current assets			
Deferred fees	5.4	31,903	5,923
Inventories		61,647	38,931
Accounts receivable	7	968,279	900,865
Other receivables	8	133,833	103,961
Due from a related party	6.1	109,034	163,847
Prepayments		166,179	142,096
Cash and cash equivalents	9	2,478,078	869,264
Total current assets		3,948,953	2,224,887
Current liabilities			
Notes payable	10.1	34,812	142,868
Accounts payable and accruals	11	3,554,574	3,479,687
Due to a related party	6.1	49,052	54,287
Current portion of long term borrowings	10.2	3,108,361	-
Total current liabilities		6,746,799	3,676,842
Net current liabilities		2,797,846	1,451,955
Non-current liabilities			
Employee benefits	12	87,141	63,523
Long term borrowings	10.2	604,656	3,000,000
Total non-current liabilities		691,797	3,063,523
Net assets		4,177,160	2,791,540
Represented by:			
Share capital	13	4,571,429	4,000,000
Share premium	14	391,562	-
Share based payment reserve	15	42,534	17,482
Statutory reserve	16	66,585	26,825
Accumulated losses		(894,950)	(1,252,767)
Shareholders' equity		4,177,160	2,791,540

The financial statements were approved on 07 November 2010 by:


Ahmad bin Byat
Chairman


Osman Sultan
Chief Executive Officer

The notes set out on pages 6-16 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 page 1.

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated statement of comprehensive income

for the nine month period ended 30 September 2010

		Reviewed nine month period ended 30 September 2010 AED 000	Reviewed nine month period ended 30 September 2009 AED 000	Reviewed three month period ended 30 September 2010 AED 000	Reviewed three month period ended 30 September 2009 AED 000
	Note				
Revenue		5,028,119	3,808,868	1,744,712	1,332,936
Cost of sales		(1,733,801)	(1,293,986)	(619,249)	(456,591)
Gross profit		3,294,318	2,514,882	1,125,463	876,345
General and administrative expenses	17	(2,463,308)	(2,229,715)	(785,966)	(725,309)
Finance income	18	24,457	3,872	21,948	1,076
Finance expense	18	(60,946)	(9,647)	(35,888)	(3,471)
Other income	19	633	39,736	655	8,457
Profit before Royalty		795,154	319,128	326,212	157,098
Royalty	20	(397,577)	(159,564)	(163,106)	(78,549)
Profit for the period		397,577	159,564	163,106	78,549
Profit and consolidated comprehensive income attributable to shareholders of the Company		397,577	159,564	163,106	78,549
Earnings per share AED	21	0.09	0.04	0.03	0.02

The notes set out on pages 6-16 form an integral part of these condensed consolidated interim financial statements.

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Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated statement of cash flows

for the nine month period ended 30 September 2010

	<i>Note</i>	Reviewed nine month period ended 30 September 2010 AED 000	Reviewed nine month period ended 30 September 2009 AED 000
Cash flows from operating activities			
Net cash flows before changes in working capital	22	997,418	573,233
Change in inventories		(22,716)	22,657
Change in accounts receivable		(67,414)	(240,289)
Change in prepayments		(24,083)	(54,411)
Change in other receivables		(29,872)	(30,382)
Change in accounts payable and accruals		315,349	367,382
Change in amounts due from a related party		54,813	62,588
Change in amounts due to a related party		(5,235)	(2,603)
Change in long term portion of Executive Share Option Plan		-	(9,954)
Change in deferred fees		(25,980)	(23,951)
Payment of end of service benefits		(4,049)	(1,686)
Net cash generated from operating activities		1,188,231	662,584
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,024,531)	(963,318)
Purchase of IT software		(87,935)	(70,023)
Proceeds from disposal of property plant and equipment		1,193	-
Payment of telecommunications license fee		-	(49,800)
Interest income		24,457	3,872
Interest expense		(60,946)	(9,647)
Other income		393	39,736
Net cash used in investing activities		(1,147,369)	(1,049,180)
Cash flows from financing activities			
Notes payable		(108,056)	99,659
Issue of share capital		571,429	-
Share premium		391,562	-
Long term borrowings		713,017	225,000
Net cash from financing activities		1,567,952	324,659
Net increase/(decrease) in cash and cash equivalents		1,608,814	(61,937)
Cash and cash equivalents at beginning of the period		869,264	1,270,710
Cash and cash equivalents at the end of the period	9	2,478,078	1,208,773

The notes set out on pages 6-16 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 page 1.

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated statement of changes in equity

for the nine month period ended 30 September 2010

	Share capital	Share premium	Share based payment reserve	Statutory reserve	Accumulated losses	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
At 1 January 2009	4,000,000	-	-	412	(1,490,478)	2,509,934
Profit for the period	-	-	-	-	159,564	159,564
Transfer to Share based payment reserve	-	-	14,865	-	-	14,865
Transfer to statutory reserve	-	-	-	15,957	(15,957)	-
At 30 September 2009	4,000,000	-	14,865	16,369	(1,346,871)	2,684,363
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

The notes set out on pages 6-16 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 page 1.

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

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 2010 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.

During the period, the Company established a wholly owned subsidiary; EITC Investment Holdings Limited (“the Subsidiary”) incorporated as an offshore company in accordance with the offshore companies regulations of Jebel Ali Free Zone of 2003.

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 2010 there had been no 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 interim reporting requirements of 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 Adoption of new accounting standards

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 2009 annual audited financial statements except for the adoption of the following which does not have any significant impact on the condensed consolidated interim financial statements of the Company.

IFRS 8 Operating segments: Disclosure of information about segment assets.

IAS 7 Statement of cash flows: Classification of expenditures on unrecognised assets.

IAS 17 Leases: Classification of leases of land and buildings.

IAS 36 Impairment of assets: Unit of accounting for goodwill impairment test.

iii Basis of consolidation

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

iv Basis of measurement

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

v Functional and presentation currency

These condensed consolidated 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.

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed interim financial statements (continued)

2 Basis of preparation (continued)

vii Use of estimates and judgments

The preparation of 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 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 2009 annual audited financial statements.

4 Property, plant and equipment

	Buildings	Plant and equipment	Furniture & fixtures	Motor vehicles	Capital work in progress	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Cost						
At 1 January 2010	47,208	4,766,165	190,674	2,123	2,139,848	7,146,018
Additions/(transfer)	-	961,613	17,263	-	(161,043)	817,833
Disposals	-	(1,405)	-	-	-	(1,405)
At 30 September 2010	47,208	5,726,373	207,937	2,123	1,978,805	7,962,446
Depreciation						
At 1 January 2010	8,573	910,503	101,824	1,759	-	1,022,659
Charge for the period	1,670	369,717	27,494	209	-	399,090
Depreciation on disposal	-	(452)	-	-	-	(452)
At 30 September 2010	10,243	1,279,768	129,318	1,968	-	1,421,297
Provision for obsolescence						
At 1 January 2010	-	-	-	-	16,143	16,143
Charge for the period	-	-	-	-	2,235	2,235
At 30 September 2010	-	-	-	-	18,378	18,378
Net book value						
At 1 January 2010	38,635	3,855,662	88,850	364	2,123,705	6,107,216
At 30 September 2010	36,965	4,446,605	78,619	155	1,960,427	6,522,771

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

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 2010	611,402	115,729	727,131
Additions/(transfer)	75,673	(21,502)	54,171
At 30 September 2010	687,075	94,227	781,302
Amortization			
At 1 January 2010	276,911	-	276,911
Charge for the period	98,874	-	98,874
At 30 September 2010	375,785	-	375,785
Net book value			
At 1 January 2010	334,491	115,729	450,220
Net book value			
At 30 September 2010	311,290	94,227	405,517

5.2 Telecommunications licence fee

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Opening balance	100,452	106,678
Amortisation for the period/year	(4,655)	(6,226)
Closing balance	<u>95,797</u>	<u>100,452</u>

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 United Arab Emirates. 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.

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

5 Intangible assets and deferred fees (continued)

5.3 Indefeasible right of use

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Opening balance	100,080	108,650
Amortisation for the period/year	(6,412)	(8,570)
Closing balance	<u>93,668</u>	<u>100,080</u>

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.

5.4 Deferred fees

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Deferred annual licence fee, numbering fees and spectrum fees	<u>31,903</u>	<u>5,923</u>

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 a related party

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Due from a related party		
Axiom Telecom ("Axiom")	<u>109,034</u>	<u>163,847</u>
Due to a related party		
Tecom Investments FZ LLC ("Tecom")	<u>49,052</u>	<u>54,287</u>

Axiom is a distributor of the Company's products. The transactions are carried out at commercial rates. The balances mainly represent amounts due in respect of the Company's products sold through Axiom. Net sales through Axiom during the nine month period were AED 866 million (2009: AED 637 million), after deduction of their commission.

The Company has transactions with Tecom predominantly comprising of rent payable for premises. Telecommunication services to Tecom and affiliates are provided at market value.

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

6 Related party transactions (continued)

6.2 Compensation to key management personnel

	Reviewed nine month period ended 30 September 2010 AED 000	Reviewed nine month period ended 30 September 2009 AED 000
Short term employee benefits	23,302	15,426
Termination benefits	1,215	456
Post employment benefits	295	279
Share based benefits (refer note 15)	18,838	(2,787)
Directors' remuneration	10,800	1,875
	<u>54,450</u>	<u>15,249</u>

7 Accounts receivable

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Trade receivables	1,122,689	983,664
Less: Provision for doubtful debts	(154,410)	(82,799)
	<u>968,279</u>	<u>900,865</u>

8 Other receivables

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Advances to suppliers	106,643	70,746
Interest receivable	7,172	1,980
Staff loans	3,210	6,191
Deposits	16,808	25,044
	<u>133,833</u>	<u>103,961</u>

9 Cash and cash equivalents

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
At bank (on deposit and call accounts)	2,477,564	868,920
On hand	514	344
	<u>2,478,078</u>	<u>869,264</u>

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

10 Loans and borrowings

10.1 Notes payable

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Notes payable	34,812	142,868
	<u>34,812</u>	<u>142,868</u>

The Company issued promissory notes during 2009 to a supplier amounting to AED 142.87 million (USD 38.89 million.) The notes are repayable over a period of one year and carry a fixed interest rate of 4.5% p.a which is accumulated annually. The promissory notes do not have covenants attached.

10.2 Long term borrowings

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Long term bank borrowings (i)	3,000,000	3,000,000
Buyer credit arrangements (ii)	713,017	-
	<u>3,713,017</u>	<u>3,000,000</u>
Less: Current portion of long term bank borrowings	(3,000,000)	-
Current portion of buyer credit arrangement	(108,361)	-
	<u>604,656</u>	<u>3,000,000</u>

(i) The Company has a AED 3 billion long term loan facility. The facility is to be repaid in full, three years from the date of first draw down - not to extend beyond 30 June 2011 and has hence been classified as a current liability in the period.

(ii) During the period, the Company utilised the following buyer credit arrangements obtained from two suppliers

- (a) AED 171.2 million (USD 46.6 million) of an available AED 312.2 million (USD 85 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 541.8 million (USD 147.4 million) 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

11 Accounts payable and accruals

	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Trade payables & accruals	2,437,961	2,716,498
Payroll accruals	97,199	142,018
Customer deposits	46,653	36,368
Retention payable	22,150	21,599
Deferred revenue	262,021	270,173
Accrued royalties	665,824	268,248
Other	22,766	24,783
	<u>3,554,574</u>	<u>3,479,687</u>

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

12 Employee benefits	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
End of service benefits		
Opening balance	63,523	40,018
Provision made during the period/year	27,667	25,846
Payments made during the period/year	(4,049)	(2,341)
Closing balance	<u>87,141</u>	<u>63,523</u>

13 Share capital	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Authorised, issued and fully paid 4,000,000,000 shares of AED 1 each	4,000,000	4,000,000
Issued during the period	571,429	-
	<u>4,571,429</u>	<u>4,000,000</u>

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 at AED 1.75 (par value AED 1.00) each to shareholders on a pro rata basis. The shares were issued on 27 June 2010.

14 Share premium	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Premium on issue of common share capital (note 13)	428,571	-
Less: Expenses relating to issue of common share capital	(37,009)	-
	<u>391,562</u>	<u>-</u>

15 Share based payment reserve	Reviewed 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Share based payment reserve	<u>42,534</u>	<u>17,482</u>

During the period, the Company modified its Executive Share Option Plan ('ESOP') as a result of the rights issue in the period. The date of modification was 4 May 2010.

The table below reflects the adjustments made for each of the grant schemes. All other terms and conditions of the ESOP remained the same.

ESOP scheme	Number of unexercised original options granted	Number of amended options granted	Exercise price before amendment	Exercise Price after amendment
Launch grant scheme	14,110,000	14,829,438	AED 1.00	AED 1.00
2007 annual grant scheme	15,872,103	16,681,377	AED 5.27	AED 5.01
2008 annual grant scheme	23,630,068	24,834,906	AED 5.86	AED 5.58
2009 annual grant scheme	26,039,189	27,364,859	AED 2.79	AED 2.65

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

15 Share based payment reserve (continued)

This resulted in an increase in fair value of the share options granted of AED 4,846,129 and an expense recognised in the profit and loss during the period of AED 1,979,096.

The assumptions used to calculate the fair value of the modified options were: share price of AED 2.51, expected volatility of 42% – 50%, risk free interest rate of 1.0% – 2.5%, an expected life of options from modification date of 1.5 years to 4.7 years, and employee retention rate of 95% - 100%.

On 1 July 2010, 27,211,781 options were granted in relation to the 2010 annual grant scheme at an exercise price of AED 2.10. The assumptions used to calculate the fair value of the options at measurement date were: share price of AED 1.91, volatility of 42%, risk free rate of 1.25%, an expected option life of 4.5 years and employee retention rate of 85% - 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 for the year 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 2010 AED 000	Audited 31 December 2009 AED 000
Opening balance	26,825	412
Transfer during the period/year	39,760	26,413
Closing balance	<u>66,585</u>	<u>26,825</u>

17 General and administrative expenses

	Reviewed nine month period ended 30 September 2010 AED 000	Reviewed nine month period ended 30 September 2009 AED 000
Payroll and employee related expenses	608,292	545,389
Consulting, contracting and outsourcing cost	297,296	199,408
Telecommunications license and related fees	132,593	119,740
Sales and marketing expenses	259,081	226,375
Depreciation and amortisation expenses	509,031	409,660
Network operation and maintenance	433,641	465,788
Rent and utilities	100,854	180,904
Impairment of property, plant and equipment	2,235	3,527
Provision for receivables	69,520	29,132
Other	50,765	49,792
	<u>2,463,308</u>	<u>2,229,715</u>

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

18 Finance income and expense

	Reviewed nine month period ended 30 September 2010 AED 000	Reviewed nine month period ended 30 September 2009 AED 000
Finance income		
Interest income	24,457	3,872
Finance expense		
Gross finance expense	104,953	105,198
Less: Capitalised finance expense	(53,709)	(96,926)
Net finance expense	51,244	8,272
Exchange loss	9,702	1,375
	<u>60,946</u>	<u>9,647</u>

19 Other income

During the nine month period ended 30 September 2009, the Company recognised AED 39.7 million in relation to an agreement to vacate one of its operational sites.

20 Royalty

The Company has provided for a potential royalty charge estimated at 50 % of the profit. No determination of the structure of the royalty fee has been advised to the Company as at 30 September 2010. This estimate is based on the current practice followed by the other UAE telecom operator.

	Reviewed nine month period ended 30 September 2010 AED 000	Reviewed nine month period ended 30 September 2009 AED 000
Consolidated profit before royalty	795,154	319,128
Estimated royalty for the period	<u>397,577</u>	<u>159,564</u>

21 Earnings per share

	Reviewed nine month period ended 30 September 2010	Reviewed nine month period ended 30 September 2009
Profit for the period (AED 000)	397,577	159,564
Weighted average number of shares (Number in 000)	4,254,202	4,000,000
Earnings per share (AED)	<u>0.09</u>	<u>0.04</u>

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

22 Cash flow from operating activities

	Reviewed nine month period ended 30 September 2010 AED 000	Reviewed nine month period ended 30 September 2009 AED 000
Profit for the period	397,577	159,564
Adjustment for:		
Depreciation of property, plant and equipment	399,090	313,523
Amortisation of IT software	98,874	85,071
Amortisation of intangible assets	11,067	11,066
Provision for end of service benefits	27,667	19,578
Impairment of property, plant and equipment	2,235	3,527
Finance income	(24,457)	(3,872)
Finance expense	60,946	9,647
Equity settled share based payment transactions	25,052	14,865
Other income	(633)	(39,736)
Net cash flows before changes in working capital	<u>997,418</u>	<u>573,233</u>

23 Contingent liabilities and commitments

The Company has outstanding capital commitments and outstanding bank guarantees amounting to AED 1,473,591 thousand and AED 20,662 thousand, respectively (2009: AED 2,131,003 thousand and AED 21,046 thousand respectively).

24 Segment analysis

The Company is organised and managed into two major segments, each representing a strategic business unit offering products and services to different markets.

30 September 2010

	Commercial 2010 AED 000	International & Wholesale 2010 AED 000	Total 2010 AED 000
Segment revenue	4,415,668	612,451	5,028,119
Segment contribution	<u>2,650,419</u>	<u>357,622</u>	<u>3,008,041</u>
Unallocated costs			(2,177,031)
Finance income and expense & other income			(35,856)
Profit before royalty			<u>795,154</u>
Royalty			(397,577)
Profit for the period			<u>397,577</u>

Emirates Integrated Telecommunications Company PJSC and its Subsidiary**Notes to the condensed consolidated interim financial statements (continued)****24 Segment analysis (continued)****30 September 2009**

	Commercial	International & Wholesale	Total
	2009	2009	2009
	AED 000	AED 000	AED 000
Segment revenue	3,167,878	640,990	3,808,868
Segment contribution	<u>1,882,265</u>	<u>352,252</u>	<u>2,234,517</u>
Unallocated costs			(1,949,350)
Finance income and expense & other income			33,961
Profit before royalty			<u>319,128</u>
Royalty			<u>(159,564)</u>
Profit for the period			<u>159,564</u>

The current and non current assets used in the Company's business and the liabilities contracted 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.