Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Condensed interim consolidated financial statements for the three-month period ended 31 March 2015

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Condensed interim consolidated financial statements

Report on review of condensed interim consolidated financial information

The Shareholders
Emirates Integrated Telecommunications Company PJSC
Dubai, United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Emirates Integrated Telecommunications Company PJSC (the Company) and its subsidiaries (together 'the Group') as at 31 March 2015 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standards No. 34, 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on this condensed interim consolidated financial information 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 condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates
27 April 2015

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Condensed interim consolidated statement of financial position

	Note	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Non-current assets			
Property, plant and equipment	4	8,047,659	8,202,372
Intangible assets	5	1,210,482	1,208,949
Investment	6	109,054	107,890
Total non-current assets		9,367,195	9,519,211
Current assets			
Inventories		111,329	150,183
Trade and other receivables	7	1,590,081	1,709,493
Due from related parties	8	430,003	466,475
Short term investments	9	6,015,000	5,840,000
Cash and bank balances	10	979,576	192,737
Total current assets		9,125,989	8,358,888
Current liabilities			
Trade and other payables	11	6,189,022	5,330,087
Due to related parties	8	32,722	-
Borrowings	12	156,280	574,462
Total current liabilities		6,378,024	5,904,549
Net current assets		2,747,965	2,454,339
Non-current liabilities			
Borrowings	12	4,417,583	3,856,136
Provision for employees' end of service benefits	13	171,058	165,396
Provisions	14	114,967	113,279
Total non-current liabilities		4,703,608	4,134,811
Net assets		7,411,552	7,838,739
Represented by:			
Share capital and reserves			
Share capital	15	4,571,429	4,571,429
Share premium	16	393,504	393,504
Other reserves	17	927,177	1,792,982
Retained earnings		1,519,442	1,080,824
Total equity		7,411,552	7,838,739

The condensed interim consolidated financial statements were approved by the Board of Directors on 27 April 2015 and signed on its behalf by:

……………………………………………… ………………………………………………

Ahmad bin Byat Chairman

Osman Sultan Chief Executive Officer

The notes on pages 6 to 23 form an integral part of these condensed interim consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Condensed interim consolidated statement of comprehensive income

	Note	Reviewed three-month period ended 31 March 2015 AED 000	2014 AED 000
Revenue	25	3,050,624	2,955,258
Interconnect and related costs		(728,632)	(809,722)
Staff costs		(220,467)	(214,124)
Network operation and maintenance		(178,404)	(195,208)
Product costs		(138,952)	(148,462)
Outsourcing and contracting		(123,171)	(116,500)
Commission		(91,507)	(81,984)
Telecommunication license and related fees		(81,470)	(72,041)
Marketing		(80,967)	(70,141)
Rent and utilities		(25,970)	(22,065)
Other expenses	19	(82,608)	(42,518)
Other income		552	1,506
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		1,299,028	1,183,999
Depreciation	4	(329,602)	(281,000)
Amortisation of intangible assets	5	(33,320)	(35,932)
Operating profit		936,106	867,067
Finance income	20	29,514	23,292
Finance expense	20	(41,792)	(25,380)
Share of profit of investment accounted for using equity method	6	1,164	302
Profit before royalty		924,992	865,281
Royalty	21	(437,893)	(375,019)
Profit for the period		487,099	490,262
Total profit and comprehensive income attributable to shareholders of the Company		487,099	490,262
Basic and diluted earnings per share (AED)	22	0.11	0.11

There has been no “other comprehensive income” for the three-month periods ended 31 March 2015 and 2014.

Refer to Note 2 vi for change in presentation of corresponding information in this statement.

The notes on pages 6 to 23 form an integral part of these condensed interim consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Condensed interim consolidated statement of cash flows

	Note	Reviewed three-month period ended 31 March	
		2015	**2014**
		AED 000	**AED 000**
Cash flows from operating activities			
Profit for the period		487,099	490,262
Adjustments for:			
Depreciation		329,602	281,000
Amortisation of intangible assets		33,320	35,932
Provision for employees' end of service benefits		9,809	5,839
Provision for impairment of trade receivables		29,126	6,117
Finance income		(29,514)	(23,292)
Interest expense		41,792	25,380
Equity-settled share based payment transactions		-	1,553
Fair value adjustment (asset retirement obligations)		(375)	3,228
Share of profit of investment accounted for using equity method		(1,164)	(302)
Changes in working capital	23	440,655	67,303
Net cash generated from operating activities		1,340,350	893,020
Cash flows used in investing activities			
Purchase of property, plant and equipment		(428,373)	(361,260)
Purchase of intangible assets		(41,259)	(44,877)
Interest received		4,009	11,315
Margin on guarantees released		3,338	9,580
Short term investments placed/(released)		(175,000)	1,160,000
Net cash (used in)/generated from investing activities		(637,285)	774,758
Cash flows from financing activities			
Proceeds from borrowings		253,892	28,164
Repayment of borrowings		(110,627)	(111,720)
Payment on behalf of founding shareholders		(605)	(1,156)
Interest paid		(55,548)	(28,340)
Net cash generated from/(used in) financing activities		87,112	(113,052)
Net increase in cash and cash equivalents		790,177	1,554,726
Cash and cash equivalents at 1 January		180,700	381,746
Cash and cash equivalents at 31 March	10	970,877	1,936,472

<u>Non-cash transaction</u>

Settlement of old facilities (term loans) and the acquisition of new facilities is a non-cash transaction. Details are provided in Note 12.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Condensed interim consolidated statement of changes in equity

	Share capital (Note 15) AED 000	Share premium (Note 16) AED 000	Other reserves (Note 17) AED 000	Retained earnings AED 000	Total AED 000
At 1 January 2014	4,571,429	393,504	1,626,373	552,371	7,143,677
Total profit and comprehensive income for the period	-	-	-	490,262	490,262
Total	4,571,429	393,504	1,626,373	1,042,633	7,633,939
Transfer to share based payment reserve	-	-	1,553	-	1,553
Transfer to statutory reserve	-	-	49,026	(49,026)	-
Transfer to dividend payable	-	-	(868,571)	-	(868,571)
Total transactions with shareholders recognised directly in equity	-	-	(817,992)	(49,026)	(867,018)
At 31 March 2014	4,571,429	393,504	808,381	993,607	6,766,921
At 1 January 2015	4,571,429	393,504	1,792,982	1,080,824	7,838,739
Total profit and comprehensive income for the period	-	-	-	487,099	487,099
Total	4,571,429	393,504	1,792,982	1,567,923	8,325,838
Transfer to statutory reserve	-	-	48,710	(48,710)	-
Transfer to retained earnings	-	-	(229)	229	-
Transfer to dividend payable*	-	-	(914,286)	-	-
Total transactions with shareholders recognised directly in equity	-	-	(865,805)	(48,481)	(914,286)
At 31 March 2015	4,571,429	393,504	927,177	1,519,442	7,411,552

*A final cash dividend of AED 0.20 per share amounted to AED 914,286 thousand was approved by the shareholders at the Annual General Meeting held on 17 March 2015.

The notes on pages 6 to 23 form an integral part of these condensed interim consolidated financial statements.

1 General information

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 (UAE). These condensed interim consolidated financial statements for the period ended 31 March 2015 include the financial statements of the Company and its subsidiaries (together "the Group").

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

During the year 2010, the Group established a wholly owned subsidiary; EITC Investment Holdings Limited incorporated as an offshore company in accordance with the Jebel Ali Free Zone Offshore Companies Regulations, 2003. The principal objective of this entity is to hold investments for new non-core business activities in which the Group wishes to invest in the future, such as content, media, data and value added services for telecommunications.

During the year 2014, EITC Investment Holdings Limited established a wholly owned subsidiary; Telco Operations FZ-LLC, registered on 24 April 2014 under Dubai Technology and Media Free Zone Private Companies Regulations, 2003. The principal activity of this entity is telecommunication services and network development. This entity started its operations during June 2014.

2 Basis of preparation

i Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2014. The condensed interim consolidated financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

ii New standards, amendments and interpretations

There are no new IFRS or IFRIC interpretations issued that would be expected to have a material impact on the Group's condensed interim consolidated financial statements.

2 Basis of preparation (continued)

ii New standards, amendments and interpretations (continued)

Following are the relevant new standards and amendments issued but not effective until the financial years beginning after 1 January 2015 and not early adopted by the Group:

- Amendment to IFRS 11, 'Joint arrangements (effective from 1 January 2016);
- Amendments to IAS 16, 'Property, plant and equipment' (effective from 1 January 2016);
- Amendment to IAS 38, 'Intangible assets' (effective from 1 January 2016);
- Amendment to IFRS 10, Consolidated financial statements ' (effective from 1 January 2016);
- Amendment to IAS 28, ' Investments in associates and joint ventures' (effective from 1 January 2016);
- Amendment to IAS 27, 'Separate financial statements (effective from 1 January 2016);
- Amendment to IFRS 1 'Presentation of financial statements' (effective from 1 January 2016);
- IFRS 14, 'Regulatory deferral accounts' (effective from 1 January 2016);
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2017); and
- IFRS 9, 'Financial instruments' (effective from 1 January 2018).

iii Basis of consolidation

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

iv Basis of measurement

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

v Functional and presentation currency

These condensed interim consolidated financial statements are presented in United Arab Emirates Dirham ("AED") rounded to the nearest thousand except when otherwise stated. This is the Group's functional currency.

vi Change in the presentation of condensed interim consolidated statement of comprehensive income

The Group had changed at the 2014 full year end the categorisation and presentation of its expenses in the 'condensed interim consolidated statement of comprehensive income' from 'by function' to 'by nature', both of which are allowed as per International Financial Reporting Standards. Accordingly, the presentation of corresponding information for the three-month period ended 31 March 2014 has been amended to be consistent. There is no impact of the change in presentation of revenues, the total amount of expenses or on profit for the period. It is merely a change in presentation.

2 Basis of preparation (continued)

vi Change in the presentation of condensed interim consolidated statement of comprehensive income (continued)

The new presentation 'by nature' of expenses provides information which the Group believes to be more relevant to the operations of a telecom business, compared to the previous presentation which, for example, included 'network operation and maintenance' expense in 'operating expenses' rather than 'cost of sales'.

Further, in the condensed interim consolidated statement of comprehensive income, the Group has presented a new measure i.e. Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") which is a Key Performance Indicator ("KPI") that is relevant to the telecom business and closely monitored by analysts. This measure is out of scope of IFRS but is presented only for the users to compare profitability between various telecommunication companies eliminating the effects of financing and accounting decisions.

The table below shows the impact of the change in classification of various expenses for the three-month period ended 31 March 2014:

Presentation of expenses by nature	**AED'000**	**Presentation of expenses by function**	**AED'000**
Interconnect and related costs	809,722	Cost of sales	1,040,355
Commission	81,984		
Product costs	148,462		
Other expenses	187		
	1,040,355		
Staff costs	214,124	General and administrative expenses	1,049,342
Outsourcing and contracting	116,500		
Marketing	70,141		
Network operation and maintenance	195,208		
Rent and utilities	22,065		
Telecommunication license and related fees	72,041		
Depreciation	281,000		
Amortisation of intangible assets	35,932		
Other expenses	42,331		
	1,049,342		

There is no change to the consolidated statement of financial position presentation or amounts as a result of the above change. Accordingly, no consolidated statement of financial position as at 31 December 2013 has been shown.

2 Basis of preparation (continued)

vii Earnings per share

The Group 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 shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have any dilutive potential ordinary shares.

viii Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 these condensed interim 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, key assumptions used in discounted cash flow projections for goodwill impairment test, provision for impairment of receivables, provision for employees' end of service benefits, provision for asset retirement obligation and calculation of federal royalty.

3 Significant accounting policies

The same accounting policies and methods of computation have been followed in these condensed interim consolidated financial statements as compared with the Group's recent annual audited consolidated financial statements as at and for the year ended 31 December 2014.

There are no changes in the accounting policies during the three-month period ended 31 March 2015.

4 Property, plant and equipment

	Buildings AED 000	Plant and equipment AED 000	Furniture and fixtures AED 000	Motor vehicles AED 000	Capital work in progress AED 000	Total AED 000
Cost						
At 1 January 2015	47,208	11,865,186	238,021	1,536	1,624,949	13,776,900
Additions	749	9,926	364	-	161,501	172,540
Addition: asset retirement obligations	-	2,063	-	-	-	2,063
Transfers		363,782	10,285	-	(374,067)	-
Disposals / write-off	-	(122,825)	(573)	-	-	(123,398)
At 31 March 2015	47,957	12,118,132	248,097	1,536	1,412,383	13,828,105
Depreciation/impairment						
At 1 January 2015	19,740	5,335,747	211,086	1,459	6,496	5,574,528
Charge for the period	551	284,679	4,822	5	-	290,057
Disposals / write-off	-	(121,758)	(573)	-	(1,353)	(123,684)
Impairment	-	38,398	-	-	1,147	39,545
At 31 March 2015	20,291	5,537,066	215,335	1,464	6,290	5,780,446
Net book value						
At 31 March 2015	27,666	6,581,066	32,762	72	1,406,093	8,047,659
At 31 December 2014	27,468	6,529,439	26,935	77	1,618,453	8,202,372

The carrying amount of the Group's buildings include a nominal amount of AED 1 (2014: AED 1) in relation to land granted to the Group by the UAE Government.

5 Intangible assets

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Goodwill	549,050	549,050
Other intangible assets	661,432	659,899
	1,210,482	1,208,949

Goodwill

The Group acquired the business and assets of three wholly owned subsidiaries/divisions of Tecom Investments FZ LLC with effect from 31 December 2005. Goodwill represents the excess of purchase consideration paid over the fair value of net assets acquired.

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Goodwill	549,050	549,050

Goodwill is allocated to two Cash Generating Units, being the broadcasting operations and the fixed line business, and is tested for impairment annually. The key assumptions for the value-in-use calculations at 31 December 2014 included a discount rate of 9.3% and a terminal growth rate of 3%. The discount rate was a post-tax measure based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 13.5%. The terminal growth rate was determined based on management’s estimate of the long term compound EBITDA growth rate, consistent with the assumption that a market participant would make.

5 Intangible assets (continued)

Other intangible assets

The net book value of the other intangible assets is as follows:

	IT software AED 000	Telecomm-unications license fees AED 000	Indefeasible right of use AED 000	Reviewed 31 March 2015 Total AED 000	Audited 31 December 2014 Total AED 000
Opening balance	385,782	69,328	204,789	659,899	632,996
Additions during the period/year	30,017	-	4,836	34,853	178,954
Amortisation for the period/year	(26,645)	(1,534)	(5,141)	(33,320)	(152,049)
Write off	-	-	-	-	(2)
Closing balance	389,154	67,794	204,484	661,432	659,899

IT software is split between 'software in use' of AED 230,319 thousands (31 December 2014: AED 230,346 thousands) and 'capital work in progress' of AED 158,835 thousands (31 December 2014: AED 155,436 thousands). During the period, AED 10,240 thousand was transferred from 'capital work in progress' to 'software in use'.

Telecommunication license fees represent the fees charged by the Telecommunications Regulatory Authority to the Group to grant the license 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 license, from the date of granting the license.

The additions to indefeasible right of use represent the fees paid to a telecom operator to obtain rights to use Indoor Building Solutions relating to certain sites in the UAE. The fees are amortised on a straight line basis over 10 years. Also included in the balance is an amount 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.

6 Investment

In the year 2013, the Group acquired 10% shares in Khazna Data Center Limited ("the Associate"), a limited liability company established in the Masdar City Free Zone, in the Emirate of Abu Dhabi. The business of the Associate is providing wholesale data centre services.

On 17 December 2014, the Group exercised first (in full) and second (in part) call options to acquire additional 16% interest in the ownership shares of the Associate as well as its contributed capital. At 31 March 2015, the legal formalities to complete the transaction were under process.

6 Investment (continued)

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Carrying amount of interest in the Associate	109,054	107,890
Share of profit/(loss) from continuing operations	1,164	(968)

7 Trade and other receivables

Trade receivables	992,159	955,109
Less: provision for impairment of trade receivables	(445,066)	(423,389)
	547,093	531,720
Due from other telecommunications operators, net of provision for impairment	464,810	405,171
Less: payable balances set off where right to set off exists	(384,501)	(247,026)
Unbilled revenue	473,198	536,772
Total trade receivables, net (Note 7.1)	1,100,600	1,226,637
Advances to suppliers	165,555	183,518
Prepayments	227,858	230,834
Deferred fees	-	1,250
Other receivables	96,068	67,254
	1,590,081	1,709,493

7.1 The majority of the provision for impairment of trade receivables is against balances more than 180 days overdue. At 31 March 2015, AED 457,492 thousand of receivables are more than 180 days overdue against which impairment provisions of AED 428,562 thousand are carried. (31 December 2014: AED 454,403 thousand and AED 332,925 thousand).

7 Trade and other receivables (continued)

The movement in the provision for impairment of trade receivables is as follows:

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Opening balance	423,389	417,670
Provision for impairment during the period/year	28,692	75,478
Write-off during the period/year	(7,015)	(69,759)
Closing balance	445,066	423,389

8 Related party balances and transactions

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

Related party balances

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Due from related parties		
Axiom Telecom LLC	204,147	234,650
Founding shareholders	225,856	230,994
Tecom Investments FZ LLC	-	831
	430,003	466,475
Due to related parties		
Tecom Investments FZ LLC	32,722	-

8 Related party balances and transactions (continued)

Related party transactions

All transactions with related parties are carried out at commercial rates. The following table reflects the gross value of transactions with related parties.

	Reviewed three-month period ended 31 March	
	2015	2014
	AED 000	AED 000
Tecom Investments FZ LLC:		
- Office rent and services	33,189	38,328
- Infrastructure cost	60,409	14,328
Axiom Telecom LLC– Authorised distributor – net revenue	738,767	775,120
Injazat Data Systems LLC – Data centre – rent and services	4,548	3,791
Khaznah Data Center - Rent	9,344	-

Key management compensation

Short term employee benefits	7,085	8,890
Employees' end of service benefits	171	242
Post-employment benefits	275	275
Long term incentives	2,537	343
Directors' remuneration	2,350	2,268
	12,418	12,018

9 Short term investments

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Short term investments	6,015,000	5,840,000

Short term investments represent bank deposits with maturity periods exceeding 3 months from the date of acquisition. Management does not have any intention to hold these short term investments for more than 1 year from the reporting date.

10 Cash and bank balances

For the purposes of the condensed interim consolidated statement of cash flows, cash and cash equivalents comprise:

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Cash at bank (on deposit and call accounts)	979,172	192,353
Cash on hand	404	384
	979,576	192,737
Less: margin on guarantees	(8,699)	(12,037)
Cash and cash equivalents	970,877	180,700

11 Trade and other payables

Trade payables and accruals	2,059,117	2,075,729
Due to other telecommunications operators	617,052	919,978
Less: receivable balances set off where right to set off exists	(384,501)	(247,026)
Accrued royalty	2,032,161	1,594,268
Dividend payable	914,286	-
Deferred revenue	671,236	573,237
Customer deposits	128,888	129,030
Employee benefit accruals	66,082	197,051
Retention payable	10,757	13,876
Others	73,944	73,944
	6,189,022	5,330,087

12 Borrowings

Bank borrowings	4,297,995	4,044,103
Buyer credit arrangements	275,868	386,495
	4,573,863	4,430,598
Less: Current portion of borrowings	(156,280)	(574,462)
	4,417,583	3,856,136

During the current period, the Company settled its previous term loan facilities and entered into new term loan facilities with reduced interest rates. The outstanding arrangement fee of AED 23.1 million on the previous term loan facilities was fully amortised during this period and recorded in finance expense.

12 Borrowings (continued)

The details of borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Opening balance AED 000	Drawn AED 000	Settled AED 000	Closing balance AED 000
Facilities settled							
Unsecured bank loan	USD	LIBOR+1.20%	2019	2,644,920	-	(2,644,920)	-
Unsecured bank loan	USD	LIBOR+1.15%	2019	848,158	253,892	(1,102,050)	-
Unsecured bank loan	USD	LIBOR+1.17%	2017	551,025	-	(551,025)	-
				4,044,103	253,892	(4,297,995)	-
Existing facilities							
Term loan							
Unsecured term loan 1	USD	LIBOR+0.95%	2020	-	2,644,920	-	2,644,920
Unsecured term loan 2	USD	LIBOR+0.95%	2020	-	1,102,050	-	1,102,050
Unsecured term loan 3	USD	LIBOR+0.95%	2020		551,025	-	551,025
				-	4,297,995	-	4,297,995
Buyer credit arrangements							
Buyer credit arrangement 1	USD	LIBOR+1.50%	2015	73,445	-	(36,752)	36,693
Buyer credit arrangement 2	USD	LIBOR+1.20%	2017	298,969	-	(59,794)	239,175
Buyer credit arrangement 3	USD	Nil	2015	14,081	-	(14,081)	-
				386,495	-	(110,627)	275,868

13 Provision for employees' end of service benefits

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Opening balance	165,396	143,697
Charge for the period/year	9,809	42,943
Payments made during period/year	(4,147)	(21,244)
Closing balance	171,058	165,396

14 Provisions

Asset retirement obligations

In the course of the Group's activities a number of sites and other commercial premises are utilised which are expected to have costs associated with exiting and ceasing their use. The associated cash outflows are substantially expected to occur at the dates of exit of the assets to which they relate, which are long-term in nature, primarily in period up to 10 years from when the asset is brought into use.

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Opening balance	113,279	97,989
Additions during period/year	2,063	11,593
Fair value adjustment during the period/year	(375)	3,697
Closing balance	114,967	113,279

15 Share capital

	Reviewed 31 March 2015	Audited 31 December 2014
Authorised, issued and fully paid up shares (par value AED 1 each)	4,571,428,571	4,571,428,571

16 Share premium

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Premium on issue of common share capital	393,504	393,504

17 Other reserves

	Share based payment reserve (Note 18) AED 000	**Statutory reserve (see below) AED 000**	**Proposed dividend AED 000**	**Total AED 000**
At 1 January 2014	93,581	664,221	868,571	1,626,373
Transfer to share based payment reserve	1,553	-	-	1,553
Transfer to statutory reserve	-	49,026	-	49,026
Transfer to dividend payable	-	-	(868,571)	(868,571)
At 31 March 2014	95,134	713,247	-	808,381
At 1 January 2015	3,540	875,156	914,286	1,792,982
Transfer to statutory reserve		48,710	-	48,710
Transfer to retained earnings	(229)	-	-	(229)
Transfer to dividend payable	-	-	(914,286)	(914,286)
At 31 March 2015	3,311	923,866	-	927,177

In accordance with the UAE Federal Law No. 8 of 1984 (as amended) 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.

18 Share based payment plan

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Share based payment reserve	3,311	3,540

The Group had in place an Executive Share Option Plan (“ESOP”) for selected senior managers to receive equity settled share options of the Group. The ESOP consisted of annual grant schemes up to 2011, when new grants were discontinued.

As at 31 March 2015, 4,288,000 options (31 December 2014: 4,597,000) are outstanding with last expiry date being 15 January 2018.

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.

19 Other expenses

	Reviewed three-month period ended 31 March	
	2015	2014
	AED 000	AED 000
Provision for impairment of receivables	29,126	6,117
Consulting	9,282	11,527
Legal and license fees	6,314	2,787
Office expenses	18,357	14,720
Others	19,529	7,367
	82,608	42,518

20 Finance income and expenses

Finance income		
Interest income	29,514	23,292
Finance expense		
Interest expense	41,354	25,878
Exchange loss/(gain)	438	(498)
	41,792	25,380

21 Royalty

The royalty rates payable to the UAE Ministry of Finance for the period from 2012 to 2016 are as follows:

Royalty	**2012**	**2013**	**2014**	**2015**	**2016**
On regulated revenue	5%	7.5%	10%	12.5%	15%
On regulated profit after deducting royalty on licensed revenue	17.5%	20%	25%	30%	30%

	Reviewed three-month period ended 31 March	
	2015	2014
	AED 000	AED 000
Total revenue for the period (Note 25)	3,050,624	2,955,258
Broadcasting revenue for the period (Note 25)	(41,166)	(41,229)
Other allowable deductions	(732,988)	(798,043)
Total adjusted revenue	2,276,470	2,115,986

21 Royalty (continued)

	Reviewed three-month period ended 31 March	
	2015	2014
	AED 000	AED 000
Profit before royalty	924,992	865,281
Allowable deductions	(22,618)	-
Total adjusted regulated profit	902,374	865,281
Provision for royalty: 12.5% *(2014: 10%)* of the total adjusted revenue plus 30% *(2014: 25%)* of the net regulated profit for the period before distribution after deducting 12.5% *(2014: 10%)* of the total adjusted revenue.	469,904	375,019
Adjustment to 2014 provision	(32,011)	-
	437,893	375,019

During the current period, the Group adjusted the royalty provision for 2014 to reflect a change in calculation arising from new royalty Guidelines issued by the Ministry of Finance on 12 February 2015 applicable for 2014 onwards. Provision for royalty for the current period has also been based on these new guidelines.

Movement in the royalty provision is as follows:

	Reviewed 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Opening balance	1,594,268	1,075,047
Transferred to trade and other payables	-	(1,072,973)
Provision for the period/year	437,893	1,592,194
Closing balance	2,032,161	1,594,268

22 Earnings per share

	Reviewed three-month period ended 31 March	
	2015	2014
	AED 000	AED 000
Profit for the period (AED 000)	487,099	490,262
Weighted average number of shares (‘000)	4,571,429	4,571,429
Basic and diluted earnings per share (AED)	0.11	0.11

23 Changes in working capital

	Reviewed three-month period ended 31 March	
	2015	2014
	AED 000	AED 000
Inventories	38,854	(49,179)
Trade and other receivables	115,791	(88,320)
Trade and other payables	220,358	248,239
Due from related parties	37,077	(37,886)
Due to related parties	32,722	(1,916)
Payment of employees' end of service benefits	(4,147)	(3,635)
Net change in working capital	440,655	67,303

24 Contingent liabilities and commitments

The Group has outstanding capital commitments and outstanding bank guarantees amounted to AED 1,090,838 thousand and AED 8,699 thousand, respectively (2014: AED 757,417 thousand and AED 12,037 thousand, respectively). Bank guarantees are secured against margin of AED 8,699 thousand (2014: AED 12,037 thousand) (Note 10).

25 Segment analysis

31 March 2015

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Broadcasting AED 000	Total AED 000
Segment revenue	2,242,096	616,083	151,279	41,166	3,050,624
Segment contribution	1,522,814	512,788	38,201	14,924	2,088,727
Unallocated costs					(1,153,173)
Finance income and expenses, other income, share of profit of investment					(10,562)
Profit before royalty					924,992
Royalty					(437,893)
Profit for the period					487,099

25 Segment Analysis (continued)

31 March 2014

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Broadcasting AED 000	Total AED 000
Segment revenue	2,229,643	511,398	172,988	41,229	2,955,258
Segment contribution	1,462,652	410,516	28,426	13,309	1,914,903
Unallocated costs					(1,049,342)
Finance income and expenses, other income, share of profit of investment					(280)
Profit before royalty					865,281
Royalty					(375,019)
Profit for the period					490,262

The Group'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 Group 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.