

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

**Condensed consolidated
interim financial statements**
for the six month period
ended 30 June 2010

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated interim financial statements

for the six month period ended 30 June 2010

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

The Shareholders
Emirates Integrated Telecommunications Company PJSC

Introduction

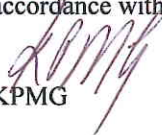
We have reviewed the accompanying condensed consolidated statement of financial position of Emirates Integrated Telecommunications Company PJSC and its Subsidiary ("the Group") as at 30 June 2010, and the related condensed consolidated statement of comprehensive income, statement of changes in equity and the statement of cash flows for the six-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 six-month period ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.


KPMG

09 AUG 2010

Vijendra Nath Malhotra
Registration No. 48B

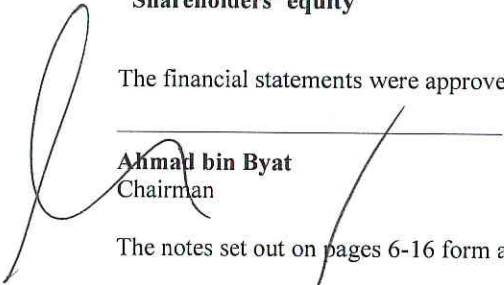
Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Condensed consolidated statement of financial position

as at 30 June 2010

	Note	Reviewed 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Non-current assets			
Property, plant and equipment	4	6,527,284	6,107,216
IT software	5.1	419,624	450,220
Telecommunications license fee	5.2	97,367	100,452
Indefeasible right of use	5.3	95,829	100,080
Goodwill		549,050	549,050
Total non-current assets		7,689,154	7,307,018
Current assets			
Deferred fees	5.4	56,453	5,923
Inventories		41,981	38,931
Accounts receivable	7	941,935	900,865
Other receivables	8	76,922	103,961
Due from a related party	6.1	130,384	163,847
Prepayments		165,104	142,096
Cash and cash equivalents	9	2,461,107	869,264
Total current assets		3,873,886	2,224,887
Current liabilities			
Notes payable	10.1	104,884	142,868
Accounts payable and accruals	11	3,750,804	3,479,687
Due to a related party	6.1	53,397	54,287
Current portion of long term bank borrowings	10.2	3,000,000	-
Total current liabilities		6,909,085	3,676,842
Net current liabilities		3,035,199	1,451,955
Non-current liabilities			
Employee benefits	12	79,975	63,523
Long term borrowings	10.2	563,413	3,000,000
Total non-current liabilities		643,388	3,063,523
Net assets		4,010,567	2,791,540
Represented by:			
Share capital	13	4,571,429	4,000,000
Share premium	14	391,562	-
Share based payment reserve	15	39,047	17,482
Statutory reserve	16	50,272	26,825
Accumulated losses		(1,041,743)	(1,252,767)
Shareholders' equity		4,010,567	2,791,540

The financial statements were approved on 09 August 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 six month period ended 30 June 2010

		Reviewed six month period ended 30 June 2010 AED 000	Reviewed six month period ended 30 June 2009 AED 000	Reviewed three month period ended 30 June 2010 AED 000	Reviewed three month period ended 30 June 2009 AED 000
	Note				
Revenue		3,283,407	2,475,932	1,703,025	1,310,117
Cost of sales		(1,114,552)	(837,396)	(576,173)	(447,115)
Gross profit		2,168,855	1,638,536	1,126,852	863,002
General and administrative expenses	17	(1,677,342)	(1,504,406)	(838,409)	(762,705)
Finance income	18	2,509	3,437	1,430	1,422
Finance expense	18	(25,058)	(6,817)	(14,622)	937
Other (expenses)/income	19	(22)	31,280	(421)	12,634
Profit before Royalty		468,942	162,030	274,830	115,290
Royalty	20	(234,471)	(81,015)	(137,415)	(57,645)
Profit for the period		234,471	81,015	137,415	57,645
Profit and consolidated comprehensive income attributable to shareholders of the Company		234,471	81,015	137,415	57,645
Earnings per share AED	21	0.06	0.02	0.03	0.01

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 six month period ended 30 June 2010

	<i>Note</i>	Reviewed six month period ended 30 June 2010 AED 000	Reviewed six month period ended 30 June 2009 AED 000
Cash flows from operating activities			
Net cash flows before changes in working capital	22	625,889	332,512
Change in inventories		(3,050)	13,628
Change in accounts receivable		(41,070)	(44,499)
Change in prepayments		(23,008)	(32,478)
Change in other receivables		27,039	(16,307)
Change in accounts payable and accruals		375,562	223,150
Change in amounts due from a related party		33,463	30,158
Change in amounts due to a related party		(890)	17,411
Change in long term portion of Executive Share Option Plan		-	8,741
Change in deferred fees		(50,530)	(45,563)
Payment of end of service benefits		(2,517)	(1,256)
Net cash generated from operating activities		940,888	485,497
Cash flows from investing activities			
Purchase of property, plant and equipment		(765,397)	(833,126)
Purchase of IT software		(50,788)	(29,873)
Proceeds from disposal of property plant and equipment		1,193	-
Payment of telecommunications license fee		-	(49,800)
Interest income		2,509	3,437
Interest expense		(25,058)	(6,817)
Other income		76	31,280
Net cash used in investing activities		(837,465)	(884,899)
Cash flow from financing activities			
Notes payable		(37,984)	37,984
Issue of share capital		571,429	-
Share premium		391,562	-
Long term borrowings		563,413	225,000
Net cash from financing activities		1,488,420	262,984
Net increase/(decrease) in cash and cash equivalents		1,591,843	(136,418)
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	2,461,107	1,134,292

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 six month period ended 30 June 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	-	-	-	-	81,015	81,015
Transfer to statutory reserve	-	-	-	8,101	(8,101)	-
At 30 June 2009	4,000,000	-	-	8,513	(1,417,564)	2,590,949
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	-	-	-	-	234,471	234,471
Transfer to share based payment reserve	-	-	21,565	-	-	21,565
Transfer to statutory reserve	-	-	-	23,447	(23,447)	-
At 30 June 2010	4,571,429	391,562	39,047	50,272	(1,041,743)	4,010,567

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 June 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 June 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.

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.

viii Comparatives

Comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current period.

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	-	342,588	10,725	-	326,455	679,768
Disposals	-	(2,151)	-	-	-	(2,151)
At 30 June 2010	47,208	5,106,602	201,399	2,123	2,466,303	7,823,635
Depreciation						
At 1 January 2010	8,573	910,503	101,824	1,759	-	1,022,659
Charge for the period	1,107	237,331	18,853	364	-	257,655
Depreciation on disposal	-	(860)	-	-	-	(860)
At 30 June 2010	9,680	1,146,974	120,677	2,123	-	1,279,454
Provision for obsolescence						
At 1 January 2010	-	-	-	-	16,143	16,143
Charge for the period	-	-	-	-	754	754
At 30 June 2010	-	-	-	-	16,897	16,897
Net book value						
At 1 January 2010	38,635	3,855,662	88,850	364	2,123,705	6,107,216
At 30 June 2010	37,528	3,959,628	80,722	-	2,449,406	6,527,284

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	1,833	30,139	31,972
At 30 June 2010	613,235	145,868	759,103
Amortization			
At 1 January 2010	276,911	-	276,911
Charge for the period	62,568	-	62,568
At 30 June 2010	339,479	-	339,479
Net book value			
At 1 January 2010	334,491	115,729	450,220
Net book value			
At 30 June 2010	273,756	145,868	419,624

5.2 Telecommunications licence fee

	Reviewed 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Opening balance	100,452	106,678
Amortisation for the period/year	(3,085)	(6,226)
Closing balance	<u>97,367</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 June 2010 AED 000	Audited 31 December 2009 AED 000
Opening balance	100,080	108,650
Amortisation for the period/year	(4,251)	(8,570)
Closing balance	<u>95,829</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 June 2010 AED 000	Audited 31 December 2009 AED 000
Deferred annual license fee, numbering fees and spectrum fees	<u>56,453</u>	<u>5,923</u>

An annual license fee is charged in respect of the telecommunications license 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 June 2010 AED 000	Audited 31 December 2009 AED 000
Due from a related party		
Axiom Telecom ("Axiom")	<u>130,384</u>	<u>163,847</u>
Due to a related party		
Tecom Investments FZ LLC ("Tecom")	<u>53,397</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 six month period were AED 685 million (2009: AED 462 million), after deduction of their commission.

The Company has transactions with Tecom predominantly comprising of rent payable for premises. Telecom 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 six month period ended 30 June 2010 AED 000	Reviewed six month period ended 30 June 2009 AED 000
Short term employee benefits	16,066	10,158
Termination benefits	987	304
Post employment benefits	190	186
Share based benefits (refer note 15)	17,156	7,743
Directors' remuneration	8,615	750
	<u>43,014</u>	<u>19,141</u>

7 Accounts receivable

	Reviewed 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Trade receivables	1,056,193	983,664
Less: Provision for doubtful debts	(114,258)	(82,799)
	<u>941,935</u>	<u>900,865</u>

8 Other receivables

	Reviewed 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Advances to suppliers	61,205	70,746
Interest receivable	3,743	1,980
Staff loans	3,579	6,191
Deposits	8,395	25,044
	<u>76,922</u>	<u>103,961</u>

9 Cash and cash equivalents

	Reviewed 30 June 2010 AED 000	Audited 31 December 2009 AED 000
At bank (on deposit and call accounts)	2,460,739	868,920
On hand	368	344
Net cash and cash equivalents	<u>2,461,107</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 June 2010 AED 000	Audited 31 December 2009 AED 000
Notes payable	104,884	142,868
	<u>104,884</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 June 2010 AED 000	Audited 31 December 2009 AED 000
Long term bank borrowings (i)	3,000,000	3,000,000
Buyer credit arrangements (ii)	563,413	-
	<u>3,563,413</u>	<u>3,000,000</u>
Less: Current portion of long term bank borrowings	(3,000,000)	-
	<u>563,413</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 127.9 million (USD 34.8 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 435.4 million (USD 118.5 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 June 2010 AED 000	Audited 31 December 2009 AED 000
Trade payables & accruals	2,827,343	2,716,498
Payroll accruals	74,370	142,018
Customer deposits	41,422	36,368
Retention payable	23,014	21,599
Deferred revenue	258,023	270,173
Accrued royalties	502,718	268,248
Other	23,914	24,783
	<u>3,750,804</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 June 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	18,969	25,846
	Payments made during the period/year	(2,517)	(2,341)
	Closing balance	<u>79,975</u>	<u>63,523</u>

13	Share capital	Reviewed 30 June 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.

14	Share premium	Reviewed 30 June 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 June 2010 AED 000	Audited 31 December 2009 AED 000
	Share based payment reserve	<u>39,047</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.

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

15 Share based payment reserve (continued)

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

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%.

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 June 2010 AED 000	Audited 31 December 2009 AED 000
Opening balance	26,825	412
Transfer during the period/year	23,447	26,413
Closing balance	<u>50,272</u>	<u>26,825</u>

17 General and administrative expenses

	Reviewed six month period ended 30 June 2010 AED 000	Reviewed six month period ended 30 June 2009 AED 000
Payroll and employee related expenses	414,950	390,453
Consulting, contracting and outsourcing cost	180,991	131,311
Telecommunications license and related fees	89,215	85,475
Sales and marketing expenses	168,950	158,761
Depreciation and amortisation expenses	327,559	264,820
Network operation and maintenance	283,964	306,719
Rent and utilities	140,409	107,720
Impairment of property, plant and equipment	754	1,647
Provision for receivables	35,838	21,106
Other	34,712	36,394
	<u>1,677,342</u>	<u>1,504,406</u>

Emirates Integrated Telecommunications Company PJSC and its Subsidiary

Notes to the condensed consolidated interim financial statements (continued)

18 Finance income and expense

	Reviewed six month period ended 30 June 2010 AED 000	Reviewed six month period ended 30 June 2009 AED 000
Finance income		
Interest income	2,509	3,437
Finance expense		
Gross finance expense	64,456	67,430
Less: Capitalised finance expense	(53,709)	(62,115)
Net finance expense	10,747	5,315
Exchange loss	14,311	1,502
	<u>25,058</u>	<u>6,817</u>

19 Other income

During the six month period ended 30 June 2009, the Company recognised AED 31.2 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 net profit. No determination of the structure of the royalty fee has been advised to the Company as at 30 June 2010. This estimate is based on the current practice followed by the other UAE telecom operator.

	Reviewed six month period ended 30 June 2010 AED 000	Reviewed six month period ended 30 June 2009 AED 000
Consolidated net profit before royalty	468,942	162,030
Estimated royalty for the period	<u>234,471</u>	<u>81,015</u>

21 Earnings per share

	Reviewed six month period ended 30 June 2010	Reviewed six month period ended 30 June 2009
Net profit for the period (AED 000)	234,471	81,015
Weighted average number of shares (Number in 000)	4,009,523	4,000,000
Earnings per share (AED)	<u>0.06</u>	<u>0.02</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 six month period ended 30 June 2010 AED 000	Reviewed six month period ended 30 June 2009 AED 000
Profit for the period	234,471	81,015
Adjustment for:		
Depreciation of property, plant and equipment	257,655	203,673
Amortisation of IT software	62,568	53,984
Amortisation of intangible assets	7,336	7,163
Provision for end of service benefits	18,969	12,930
Impairment of property, plant and equipment	754	1,647
Finance income	(2,509)	(3,437)
Finance expense	25,058	6,817
Equity settled share based payment transactions	21,565	-
Other expenses/(income)	22	(31,280)
Net cash flows before changes in working capital	<u>625,889</u>	<u>332,512</u>

23 Contingent liabilities and commitments

The Company has outstanding capital commitments and outstanding bank guarantees amounting to AED 1,404,406 thousand and AED 18,565 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 June 2010

	Commercial 2010 AED 000	International & Wholesale 2010 AED 000	Total 2010 AED 000
Segment revenue	2,863,966	419,441	3,283,407
Segment contribution	<u>1,748,798</u>	<u>243,848</u>	<u>1,992,646</u>
Unallocated costs			(1,501,133)
Finance income and expense & other income			<u>(22,571)</u>
Profit before royalty			468,942
Royalty			<u>(234,471)</u>
Profit for the period			<u>234,471</u>

Notes to the condensed consolidated interim financial statements (*continued*)

24 Segment analysis (*continued*)

30 June 2009

	Commercial	International & Wholesale	Total
	2009	2009	2009
	AED 000	AED 000	AED 000
Segment revenue	2,045,868	430,064	2,475,932
Segment contribution	1,256,986	217,250	1,474,236
Unallocated costs			(1,340,106)
Finance income and expense & other income			27,900
Profit before royalty			162,030
Royalty			(81,015)
Profit for the period			81,015

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.