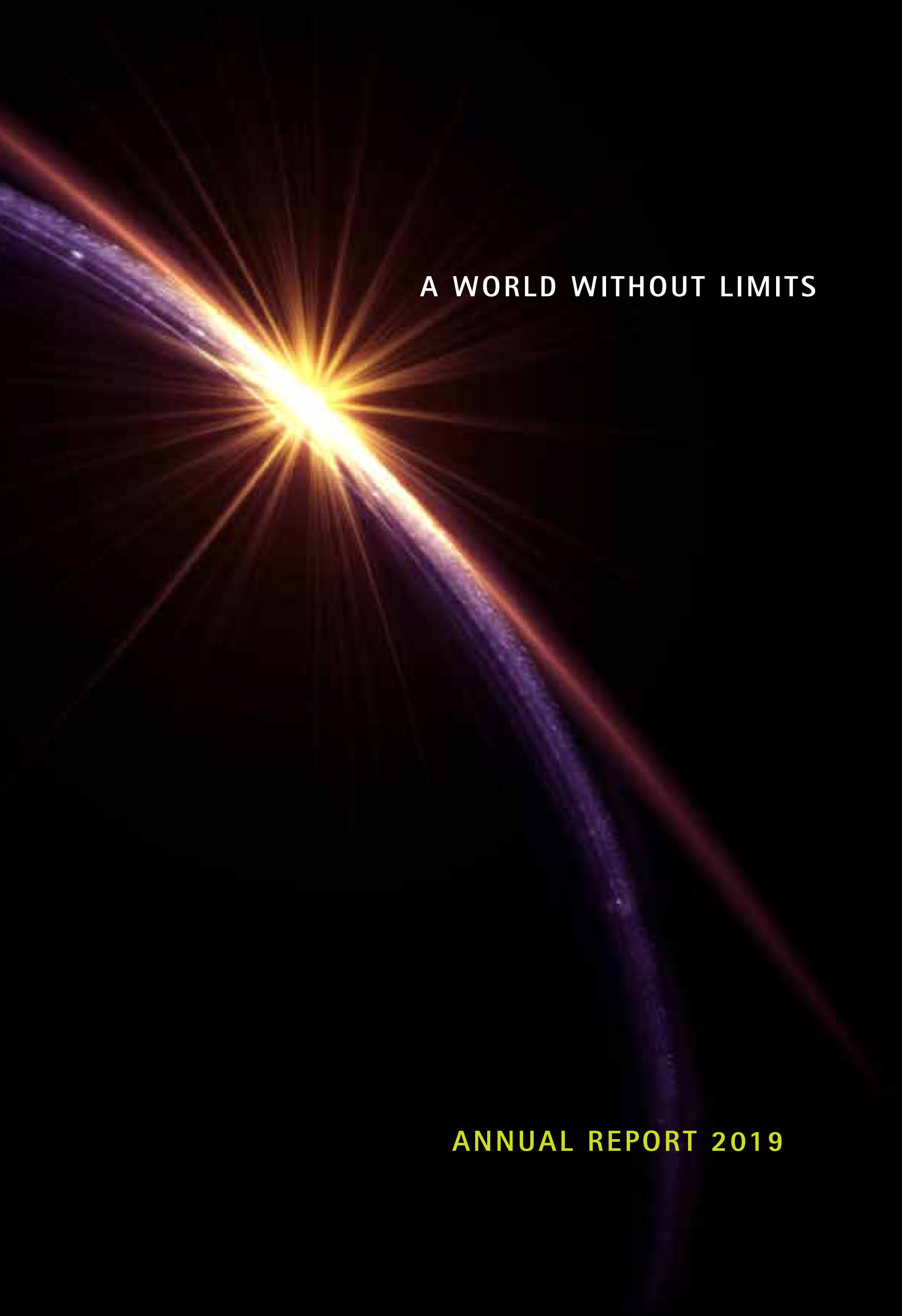
Together Matters | etisalat

A WORLD WITHOUT LIMITS



ANNUAL REPORT 2019

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KEY HIGHLIGHTS OF 2019

REVENUE (BILLION) 52.2 AED	EBITDA (BILLION) 26.4 AED	NET PROFIT (BILLION) 8.7 AED
DIVIDEND PER SHARE 80 FILS	CAPEX (BILLION) 8.9 AED	AGGREGATE SUBSCRIBERS (MILLION) 149

BUSINESS SNAPSHOT

Etisalat Group offers a range of communication services to consumers, businesses, and government segments in multiple regions. Our portfolio of products and services include mobile, fixed broadband, TV, voice, carrier services, cloud and security, internet of things, mobile money, and other value added services.

Our operations are spread across three geographic regions in the Middle East, Africa, and Asia. We operate in sixteen countries and are the number one or two operator in terms of value share in most of these countries. Our operations in mature markets experienced slower revenue growth due to stricter regulations and more competitive environments but continued to generate strong cash flow. In emerging markets, revenue growth was stronger, supported by growth in our subscriber base and higher penetration of our services due to rapid smartphone adoption. Etisalat has one of the highest credit ratings in the telecom sector (AA-/Aa3) , reflecting the company's strong balance sheet and proven long-term performance.

Digitalisation is a key operational theme for the telecoms industry given the impact it has on cost savings from automation while enhancing customers' experience and generating incremental revenue opportunities. Consequently, the Etisalat Group has taken this opportunity to develop an overarching vision, which is both powerful and digitally inspired: Drive the Digital Future to Empower Societies. This vision has guided the Etisalat Group in its transition from a traditional telecom operator to an integrated digital solution provider, which in turn is enabling the group to fortify its industry-leading position. In support of this vision, the Etisalat Group's "TARGET" strategy highlights and rejuvenates the group's priorities, focus areas, direction, and ambitions.

The group and its operating companies have sustained their investment in network infrastructure, spectrum licenses, and the latest technologies with the aim of empowering customers, shareholders, and society.

In 2019, Etisalat launched eWallet, a new mobile digital payment service aimed at empowering UAE customers with safe, convenient, and flexible payment solutions. In addition to achieving the fastest speed on its 5G standalone network, Etisalat enabled 5G networks across several key sites in the UAE. As part of Maroc Telecom's international development strategy and plan to consolidate the group's presence in Africa, Maroc Telecom completed the acquisition of Tigo Chad. Meanwhile, Onatel successfully launched 4G services in Burkina Faso. In addition, Mobily was granted a fixed line service license by the Saudi Communications and Information Technology Commission, allowing the company to become a fully integrated telecom operator. In Egypt, Etisalat Misr signed agreements with Telecom Egypt to provide its customers with virtual fixed voice and bitstream services, maximising their customers' interest.

Etisalat maintained its practice of high cash generation, in order to continue to reward its shareholders and grow its business. The group sustained a generous dividend program with close to AED 21 billion returned to shareholders over the past three years. Since its inception, Etisalat has committed to a high level of capital expenditure to support wider coverage, higher speeds, and greater capacity in its networks. The company's investments in its own infrastructure and assets are ultimately investments in the regions in which it operates. In support of the UAE's vision of developing a competitive knowledge economy, Etisalat is proud to have become one of the top ten most improved fixed broadband networks in the world in 2019. The upgrade was made possible by Etisalat's robust fibre infrastructure, which in terms of penetration maintained the number one position globally for the third consecutive year. Such developments have played a major role in the UAE sustaining its position as the region's business, trade, and foreign investment hub by providing reliable, high quality services for over four decades.

In the coming years, the Etisalat Group will hold on to this leadership position via focused network investments with 5G spearheading in key markets, with particular emphasis on the digital and ICT segments. We will maintain focus on international operations as an engine for growth while emphasizing the digital space as the prime driver for sustainable growth across all markets. By continuing to create the world's best networks, the Etisalat Group will continue delivering long-term value for the societies in which it operates and returns to its shareholders.

CHAIRMAN'S STATEMENT

"Etisalat Group has led the digital transformation by proactively responding to technological advancements"

As we begin our journey into the next decade, 2019 was a testimony to Etisalat Group leadership locally, regionally and internationally. Etisalat continued reinforcing its core business, explore new growth opportunities, while transitioning to the digital era and being well geared for the future.

Digital transformation

Etisalat Group has led the digital transformation by proactively responding to technological advancements and bringing the latest global innovations to nurture creativity. It has become clear that the paradigm shift in the telecom industry is now in full force. Digital transformation is becoming present in more areas of life, and we have striven to be at the forefront leading it. Our current success is a result of understanding the need our customers have to rely on Etisalat to deliver.

Financial performance

Etisalat's performance in the past year is a proof of its regional leadership in the telecom sector. We have continued to strengthen operations while demonstrating agility to transform and lead in the digital space driven by our bold vision.

Etisalat Group continued to achieve strong financial performance and maintained its high credit rating (AA-/Aa3) reflecting a proven long-term performance and efforts to provide value to shareholders, which was the drive behind proposing a final dividend of AED 0.4 per share, bringing the total dividends for the year to AED 0.8, in line with our policy in previous years. This represents a dividend yield of 5% and dividends payout ratio of 80%.

Customer experience remains at the core of our business

For more than four decades, Etisalat has been able to meet the needs and expectations of millions of customers across our footprint. Enhancing customer experience remains at the core of our strategy enabling us to launch innovative services and solutions making a positive impact on their daily lives.

Capitalising on the current digital wave, Etisalat has transitioned to an integrated ICT solutions provider by digitising consumer needs across our markets. Digital financial services like 'ewallet' will empower societies with safe, convenient and flexible payment solutions.

Facilitating multiple modes of digital interaction was integral to enable innovation and enhance customer experience. The 'Robotic Centre of Excellence' has delivered automated solutions for efficiency and was part of our endeavour to bring digital transformation across our services.

Building the network of the future

5G today has given us an opportunity to spur innovation across many industries while enabling emergent technologies to become an integral part of UAE economy and lifestyle. Etisalat has moved beyond traditional telco businesses to explore new opportunities in a fast changing competitive landscape.

Etisalat has made major strides in 5G this year setting new milestones regionally and globally such as making the first 5G call from Burj Khalifa the tallest building in the world to connecting the first international airport with ultra-fast 5G speeds and transforming a smart and sustainable district with 5G technology.

While we continue to deploy the 5G networks, Etisalat set benchmarks globally in Fiber to the Home (FTTH) by maintaining the UAE's position as a global leader for the third consecutive year. Our networks were also ranked as the fastest mobile network in MENA and broadband network in GCC, Africa and Arabian region, due to our continuous efforts to build one of the world's most advanced networks.

Extended Portfolio

Next generation networks and digital transformation bring both immense opportunities and challenges as we move to the future. As a telco playing a key role in major digital projects and creating new digital ecosystem, it is integral to enhance and diversify our digital portfolio and offerings as well as adding value to the business with calculated acquisitions that combine products, people and pipelines taking the business to new heights. The acquisition of Help AG is a clear example will accelerate the growth of both companies whilst enriching Etisalat's cybersecurity services.

Thanks to a decade of support

As we reflect back at the decade - a period which has witnessed changes and technology revolution - it is remarkable how much we have evolved as a telco player and accomplished. This was only possible due to the continuous support and vision of the UAE leadership, the loyalty of our customers and the trust of our shareholders.

A special thanks to Etisalat management team for their commitment and dedicated work that has helped us drive a digital future providing a platform for futuristic 5G technologies and continue this progress and success across the company.

Obaid Humaid Al Tayer
Chairman – Etisalat Group

BOARD OF DIRECTORS

Obaid Humaid Al Tayer

Chairman of the Board
Chairman of Investment and Finance Committee

Hesham Abdulla Qassim Al Qassim

Board Member
Chairman of Nomination and Remuneration Committee

Essa Abdulfattah Kazim Al Mulla

Vice Chairman of the Board
Chairman of Audit Committee

Samer Saleh Halawa

Board Member
Member of Audit Committee

Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri

Board Member
Member of Audit Committee

Mariam Saeed Ahmed Ghobash

Board Member
Member of Investment and Finance Committee
Member of Nomination and Remuneration Committee

BOARD OF DIRECTORS

Saleh Abdulla Ahmad Lootah

Board Member
Member of Investment and Finance Committee

Juan Villalonga

Board Member
Member of Investment and Finance Committee

Abdelmonem Bin Eisa Bin Nasser Alserkal

Board Member
Member of Nomination and Remuneration Committee

Otaiba Khalaf Ahmed Khalaf Al Otaiba

Board Member
Member of Investment and Finance Committee
Member of Nomination and Remuneration Committee

Khalid Abdulwahed Hassan Alrostamani

Board Member
Member of Audit Committee

Hassan Mohamed Al Hosani

Corporate Secretary and Board Rapporteur

ETISALAT'S JOURNEY

1976
- Emirates Telecommunication Corporation is founded

1982
- Emirates Telecommunications Corporation launches Middle East's first mobile network

1983
- The ownership structure changes with the United Arab Emirates government owning a 60% share in the Company and the remaining 40% publicly traded

1994
- The Middle East's first GSM service is introduced in the UAE
- Etisalat launches Emirates Data Clearing House, which is now one of the world's leading clearing houses providing a complete solution to GSM operators to offer roaming facilities to their customers

1995
- Internet services are rolled out across the country, another first in the region

1996
- Etisalat becomes one of the founding investors in satellite telecommunications provider, Thuraya

1999
- The Middle East's first broadband Internet service using the latest ADSL technologies is introduced
- Etisalat buys stake in Tanzanian operator Zantel, its first step towards becoming a major international telecom group

2000
- Etisalat introduces the E-Vision brand for its cable TV services

2003
- Etisalat launches the Middle East's first 3G network

2004
- Etisalat wins the second license in Saudi Arabia, introducing Etihad Etisalat, Mobily
- Etisalat buys a stake in Canar, a fixed line operator in Sudan

2005
- Etisalat acquires a stake and takes management control of PTCL, the incumbent fixed operator in Pakistan
- Etisalat expands into West Africa by taking a stake in Atlantique Telecom with operations in Benin, Burkina Faso, the Central African Republic, Gabon, Ivory Coast, Togo, and Niger

2006
- Etisalat wins the third mobile license in Egypt and launches the country's first 3G network
- Etisalat awarded a license to provide mobile services in Afghanistan
- Etisalat Services Holding is formed to manage eight business units that offer mission-critical telecom related services

2007
- Etisalat acquires a stake in a green-field operator EMTS in Nigeria, the largest and fastest growing market in Africa

2008
- Etisalat completes the rollout of a nationwide fibre optic backbone in the UAE

2009
- Etisalat acquires Tigo, a Sri Lankan operator, which later rebrands to Etisalat Lanka

2011
- Etisalat introduces 4G (LTE) experience to its customers in the UAE

2012
- Etisalat wins 3G license in Afghanistan and Ivory Coast and launches the first 3G services in Afghanistan

2014
- Etisalat completes the acquisition of a 53% shareholding in Maroc Telecom from Vivendi
- Etisalat successfully issues its inaugural bond under its Global Medium Term Note (GMTN) programme listed on the Irish Stock Exchange

2015
- Etisalat Group completes the sale of its operations in Benin, Central African Republic, Gabon, Ivory Coast, Niger, Togo and Tanzania
- Federal government allows foreign and institutional investors to own up to 20% of Etisalat Group's shares
- Inclusion of Etisalat in the MSCI indexes

2016
- Etisalat Group completes the sale of Etisalat's shareholding of 92.3% in Canar
- Etisalat Misr acquires 4G license and fixed virtual license in Egypt
- Inclusion of Etisalat Group in FTSE Russell Emerging Markets Index

2017
- Etisalat Misr launches 4G services in Egypt
- Etisalat launches new mobile brand "Swyp" targeting the youth segment in the UAE
- Etisalat Group exits Nigeria
- Etisalat successfully completes the fastest 5G live trial globally reaching 71 Gbps

2018
- Etisalat Group's shareholders approve a share buyback program involving 5% of the capital
- Etisalat Group exits Thuraya and merges its operation in Sri Lanka with CK Hutchison
- Maroc Telecom acquires 4G licenses in Mali and Togo
- Etisalat is recognized as the most valuable brand in the MENA region

2019
- Etisalat Group lifts restrictions on foreign shareholders voting rights
- Maroc Telecom acquires Tigo Chad from Millicom
- Etisalat launches eWallet, a mobile digital payment service
- Etisalat enables 5G network across several key sites in the UAE
- Onatel launches 4G services in Burkina Faso
- Etisalat is awarded the most valuable consumer brand by Brand Finance

GROUP CEO'S STATEMENT

"Our results are driven by an ambitious vision, a focused strategy, and sheer determination"

Dear Shareholders...

I am proud to announce another great year for Etisalat Group. Our results are driven by an ambitious vision, a focused strategy, and sheer determination. Primarily, we have delivered against our guidance in terms of profitability, affirmed our technological leadership in a rapidly evolving ecosystem, and ensured value creation for our customers and shareholders despite challenging macroeconomic conditions and intensifying competition.

A thriving portfolio of a leading brand

With the acquisition of Tigo Chad, Etisalat Group is now operating in 16 markets while enriching the lives of over 149 million subscribers, empowering businesses to achieve their full potential, and collaborating with governments to enable digital societies for a better future. Our portfolio was recognized once again as the most valuable portfolio brand in the MENA region, and we were acknowledged as the most valuable consumer and telecom brand in MENA; great accolades that celebrate our attainments and proclaim our leading position.

Robust Business Performance

In 2019, Etisalat Group has delivered a balanced and healthy performance across all aspects of operations, along with solid financial results despite the challenging economical scene at global and regional scales, currency devaluation in select markets, and unavoidable regulatory and competitive pressures. Company consolidated revenues stood at AED 52.2 billion with a marginal drop of 0.4% YoY, while consolidated net profits amounted to AED 8.7 billion, representing a 0.9% YoY growth. We managed to confine the negative impact of macroeconomics on our topline and maintain a growth in our bottom line with successful initiatives that aimed at maximizing synergy at group level, enhancing efficiency, and rationalizing costs.

Networks for the future

Investing for growth, sustaining a superior infrastructure, and possessing differentiated assets, platforms and capabilities are key themes that supported us in building networks for a better future across all operating markets. 5G is a game changer and we were the first globally to achieve a live speed of over 3.1 Gbps on a standalone 5G network, while rolling out the technology at an accelerated pace in the UAE market to enhance coverage and expedite the unlocking of its business value. Throughout our operations, 4G investments continued with strong momentum to deliver ultrafast broadband speeds and to upgrade customer experiences. Fiber rollout in the UAE supported the realization of the first rank globally in terms of household penetration and facilitated the national speed upgrade initiatives. Such investments were the reason behind being Etisalat's recognition as MENA's fastest mobile network and fastest fixed broadband network in the Middle East, Africa & Arabian region.

An accelerated digital agenda

Part of our digital transformation involved the creation and strengthening of a versatile digital and B2B portfolio that would drive company growth and revolutionize the way industries and verticals operate. Digitizing core services and propositions for consumers and businesses is another aspect that we believe is pivotal to the sustainability of their associated margins. We have worked heavily on transforming our own operating model by utilizing latest technologies like AI, analytics, and automation to digitize our network, offerings, customer experience, support operations, and talent. We started to reap the benefits in UAE's operations and remain adamant to replicate the same experience in other operating markets according to readiness and RoI expectations.

Way forward

As we look ahead, we do not anticipate tranquil market conditions but we are confident that we have put in place a resilient strategy to address industry headwinds. Network investments will continue in full thrust with 5G spearheading in key markets, we laid the groundwork for 5G and are ready to deploy new use cases. We will maintain focus on international operations as an engine for growth while emphasizing the digital space as the prime driver for sustainable growth across all markets.

We are proud of our partnership with Expo2020 and excited to be part of this significant cultural venue. Etisalat is keen on demonstrating its ability and taking part in our nation's historic moments and successes. 2020 is a great year for the UAE as it is the year in which we prepare for the country's 50th jubilee, which means larger efforts to deliver superb infrastructure for innovative solutions, set higher global rankings, and affirm our position as the leading telecom operator in the region.

Gratitude for those who make it happen!

At the end, I extend a word of appreciation to the leadership of the UAE for their unwavering support and inspiration, and for being a true representation of willpower and the ability to realize the impossible. Moreover, I am thankful to our loyal customers and shareholders who believe in us and trust that we will always deliver great things, and to our management team and dedicated employees who are artistically crafting a new world and redefining industries and consumer lifestyles.

Saleh Abdulla Al Abdooli
Chief Executive Officer - Etisalat Group

MANAGEMENT TEAM

SALEH AL ABDOOLI
Chief Executive Officer, Etisalat Group

Engineer Saleh Al Abdooli was appointed as Chief Executive Officer of Etisalat Group in March 2016. Prior to this role, Mr. Al Abdooli was the CEO of Etisalat UAE since 2012. A strong and charismatic leader, Saleh rose to international fame after his resounding success in Egypt as the CEO of Etisalat Misr. He built and launched the first 3G operator in Egypt in 7 months. In less than five years, he achieved 27% of revenue share, 28% market share, 36% EBITDA margin, and 99% 2G/3G coverage. Mr Abdooli also serves on the Board of Maroc Telecom, Mobily, Etisalat Misr and is the Chairman of Etisalat Services Holding (ESH). Al Abdooli holds Bachelor's and Master's degrees in Electrical Engineering and Telecom from University of Colorado at Boulder, USA.

SERKAN OKANDAN
Chief Financial Officer, Etisalat Group

Mr. Okandan joined Etisalat in January 2012 as Chief Financial Officer of the Etisalat Group. Prior to his appointment, he was the Group Chief Financial Officer of Turkcell. Mr. Okandan started his professional career at PricewaterhouseCoopers in 1992, and worked for DHL and Frito Lay as a Financial Controller before joining Turkcell. Mr. Okandan is a Board member and Chairman of the Audit and Risk Committee of PTCL, Ufone and ESH, and Board and Audit Committee member of Maroc Telecom and Mobily. Mr. Okandan graduated from Bosphorus University with a degree in Economics.

YOUNIS ABDUL AZIZ AL NIMR
Chief Human Resources Officer, Etisalat Group

Mr. Younis Al Nimr was appointed as Chief Human Resources Officer (CHRO) – Etisalat Group in March 2016. Prior to that he was CHRO of Etisalat UAE since 2012. Mr. Younis joined Etisalat in December 1991, and held several positions in HR, such as Vice President Talent Management and Regional HR. In 2004, he was seconded to Mobily – KSA for two years with the startup team, and in 2008 he was seconded as CHRO – Etisalat Misr for three years. Mr. Al Nimr is a Board member of ESH. He graduated from California Baptist University with B.Sc. in Business Administration in 1990 and earned a Master of Quality Management Degree from University of Wollongong in 2003.

HATEM DOWIDAR
Chief Executive Officer, Etisalat International

Mr Hatem Dowidar joined Etisalat Group in September 2015 as Chief Operating Officer and was appointed as Chief Executive Officer Etisalat International in 2016. Prior to this, Mr. Dowidar was Chairman of Vodafone Egypt and Group Chief of Staff for Vodafone Group. He initially joined Vodafone Egypt in its early start-up operation in 1999 as Chief Marketing Officer. After successfully undertaking two group assignments and the role of CEO Vodafone Malta, he became the CEO of Vodafone Egypt from 2009 to 2014. Mr. Dowidar serves on the Boards of Maroc Telecom, PTCL, Ufone and Etisalat Misr. He holds a Bachelor's degree in Communications and Electronics Engineering from Cairo University and an MBA from the American University in Cairo.

KHALIFA AL SHAMSI
Chief Strategy & Corporate Governance Officer, Etisalat Group

Khalifa Al Shamsi was appointed as Chief Strategy & Corporate Governance Officer of Etisalat Group in 2016. Prior to this role, Mr. Al Shamsi held the position of Chief Digital Services Officer and Senior Vice President of Technology Strategy of the Etisalat Group. Since joining Etisalat in 1993, Mr. Al Shamsi has held various key senior positions including Vice President and Senior Vice President of Marketing of Etisalat UAE. Mr. Al Shamsi serves on the Boards of Mobily, PTCL, Ufone and Etisalat Afghanistan, and is the Chairman of E-Vision and Managing Director of Mobily. Mr. Al Shamsi has a Bachelor's degree in Electrical Engineering from the University of Kentucky, USA.

ABDESLAM AHIZOUNE
Chairman of the Management Board, Maroc Telecom

Mr. Ahizoune has been Chairman of the Maroc Telecom Management Board since February 2001 and served as CEO from 1998 to 2001. Earlier, he was Minister of Telecommunications in four different governments. Mr. Ahizoune has been Chairman of the Moroccan Royal Athletics Federation since 2006, and also serves as a Board member of several foundations: Inter Alia, King Mohammed V for solidarity, King Mohammed VI for the environmental protection, and Princess Lalla Salma against cancer. He is also the Vice-President of La Confédération Générale des Enterprises du Maroc (CGEM) and the President of its Moroccan-Emirati economic commission. He holds an engineering degree from Télécom ParisTech.

MANAGEMENT TEAM

RASHID KHAN
Chief Executive Officer, PTCL Group

Mr. Khan was appointed CEO of PTCL Group in March 2019. Prior to this appointment, he was the CEO of Ufone from August 2017. Mr. Khan started his career in the Pakistan telecom industry in 1994 with Paktel, moving to Mobilink as Chief Commercial Officer from 2000 to 2006, and then to Banglalink in Bangladesh as Managing Director and a Board member till 2008. Just prior to joining Ufone, he was the CEO and a Board member of Mobilink Pakistan for six years. During that period, he also served as a Board member of a couple of Orascom Telecom subsidiaries and as the Chairman of Waseela Microfinance Bank. Mr. Khan has previously worked for 15 years in the Silicon Valley, California for various start-up companies. He holds a Master's degree in Electrical Engineering from the USA and is the co-inventor of three USA patents.

HAZEM METWALLY
Chief Executive Officer, Etisalat Misr

Mr. Metwally was appointed Chief Executive Officer of Etisalat Misr in October 2015. He started his telecom career in 1999 in sales distribution and operations focusing on both consumer and corporate segments. He joined Etisalat Misr in 2006 as Chief Commercial Officer managing sales, marketing, and customer care functions. In 2012, he was promoted to Chief Operating Officer expanding his responsibilities to include Carriers Relations and Wholesale Operations. Mr. Metwally holds a Bachelor's degree in Telecommunications and Electronics Engineering from Cairo University.

SALMAN AL BADRAN
Chief Executive Officer, Etihad Etisalat (Mobily)

Eng. Salman AlBadran was appointed as the CEO of Mobily in April 2019. Prior to this appointment, he was the CEO of VIVA Kuwait since January 2011 after joining the company in 2008 and completing its commercial launch. Mr. AlBadran started his career with SABIC in 1996 and then made his foray into the Telecom sector in 2001 with Saudi Telecom Company. Mr. AlBadran holds a Bachelor's degree in Applied Electrical Engineering with a specialization in the field of Communication and Energy from King Fahad University of Petroleum & Minerals in the Kingdom of Saudi Arabia.

ALI AMIRI
Chief Carrier & Wholesale Officer, Etisalat Group

Mr. Amiri was appointed as Group Chief Carrier & Wholesale Officer of Etisalat Group in March 2016. Mr. Amiri started his career with Etisalat in the engineering department and held various key positions including Executive Vice President Operations and Chief Carrier & Wholesale Officer of Etisalat UAE operations. Mr. Amiri served as Chairman of the GSM Arab World and as a member of the GSM Association Executive Committee. He is currently Chairman of a couple of international cable consortiums, such as IMEWE & RCN. Mr. Amiri also serves as the Chairman of the Board of e-Marine PJSC. Mr. Amiri holds a B.Sc. degree in Electronic and Electrical Engineering from King's College London.

AHMED AL AWADI
Chief Procurement Officer, Etisalat Group

Mr. Al Awadi was appointed as Chief Procurement Officer of Etisalat Group in October 2017. He was the Chief Financial Officer of Etisalat UAE operations for the periods 2011 and 2017. He started his career with Etisalat in the Finance department in 1999. In 2004, he was seconded to Mobily KSA for two years. Later, he joined Etisalat's International Investments division between 2006 and 2011 where he handled Mergers and Acquisitions and held various positions including Vice President International Investment MENA. Mr. Al Awadi serves on the Boards of Etisalat Software Solutions (Private) Limited, Ubiquitous Telecommunication Technology LLC and Smart World. He holds an MBA degree in Finance from American University of Dubai and Bachelor of Business Administration degree from Georgia State University, USA.

MOHAMED DUKANDAR
Chief Internal Control & Audit Officer, Etisalat Group

Mr. Dukandar was appointed as Chief Internal Control & Audit Officer in September 2016. Mr. Dukandar is a Chartered Accountant (SA), Certified Internal Auditor (CIA) and Certified Control Self Assessor (CCSA) with over 20 years of experience in governance, risk management, insurance, internal/ external audit and forensics. Prior to Etisalat, he was the Group Executive Telkom Audit Services of Telkom South Africa SOC Limited since 2009. Mr. Dukandar started his career as an auditor with KPMG in 1996 and subsequently worked with National Treasury, South Africa, and City of Johannesburg. Mr. Dukandar serves as a member on the Audit Committee of Maroc Telecom Group and PTCL. He has a Bachelor of Commerce from the University of Witwatersrand, South Africa and Honors in Accounting from the University of South Africa.

VISION AND STRATEGY

Continued focused execution of the Etisalat Group's "TARGET" Strategy Enabling Realization of the Digitally Inspired Vision: "Drive the Digital Future to Empower Societies".

The Etisalat Group's vision to 'drive the digital future to empower societies' is continuing to guide the company in its transition from a traditional telecom operator into an integrated ICT/digital solution provider, which is in turn enabling the Etisalat Group to fortify its leading position in the industry by working toward the following goals:

- Reshaping the lives of consumers
- Accelerating the economic growth of businesses
- Enhancing the competitiveness of the countries in which the Group operates

To realise this vision, Etisalat Group is continuing its focused execution of the "TARGET" strategy to align the strategic direction of all operating companies, taking full advantage of growth opportunities going forward. "TARGET" sets out the Group's priorities, focus areas, direction, and ambition within the following framework:

- To drive the digital future to empower societies
- Accelerate value generation through innovation and digitisation
- Raise capabilities and develop talent across the Group
- Grow B2B/digital across the footprint
- Expand portfolio in MENA and knowledge economies
- Transform operating companies into strongholds

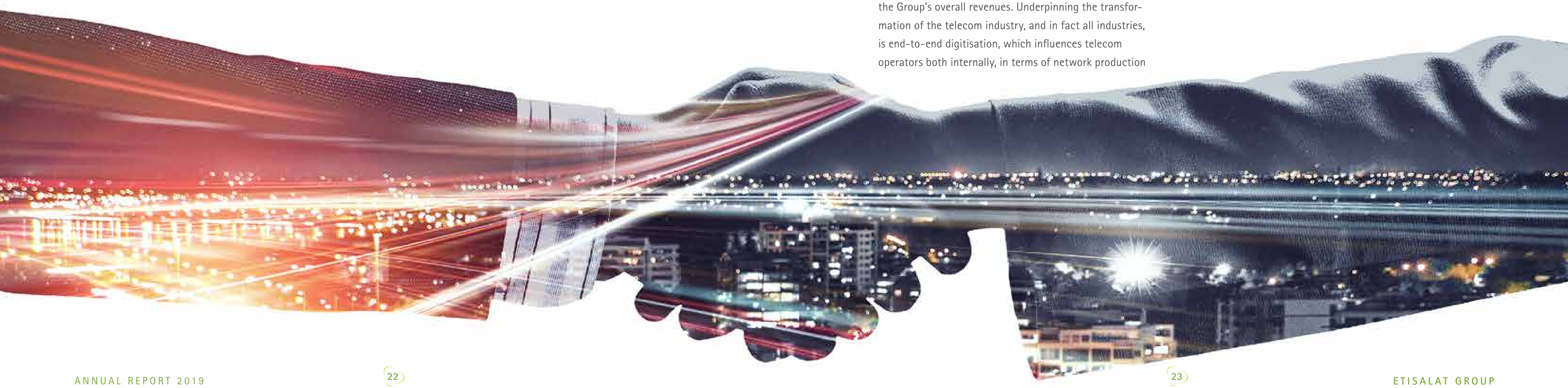
The vision and the associated strategy were introduced in response to the macro-economic and market environment across our footprint, which continues to evolve thus resulting in the "TARGET" strategy being even more relevant.

Evolving market dynamics toward a digital future

With an international footprint that extends to 16 countries across Asia, the Middle East, and Africa, the Etisalat Group operates in a wide array of macroeconomic and geopolitical contexts. The Etisalat Group anticipates that GDP growth will be sustained for the foreseeable future in countries such as the UAE, Morocco, Egypt, and Pakistan, against a backdrop of a global economic slowdown, volatile oil prices, currency devaluation, and relative regional political instability that demand transformed business and operating models.

Added to this is the fact that the telecom industry itself is undergoing unprecedented transformation, which is driven by various factors including evolving technologies such as 5G, new business models, changing customer behaviors, more stringent regulation, and the increasing traction of over-the-top (OTT) competitors. These factors are aggressively impacting traditional core telecom services that continue to contribute a sizable portion of the Group's overall revenues. Underpinning the transformation of the telecom industry, and in fact all industries, is end-to-end digitisation, which influences telecom operators both internally, in terms of network production and operating models, and externally, in terms of customer experience, business models, and value propositions. This digital revolution is enabling consumers to adopt increasingly tech-savvy lifestyles, businesses to change the way they operate and deliver value, and governments to offer ever-smarter solutions on the route to truly smart governments and cities.

This all-encompassing digital transformation provides the telecom industry with tangible growth opportunities. This is because the demand for high-speed and low-latency data, smartphones, digital solutions, and appealing content across multiple digital channels is continuously increasing. In addition, due to the integration of cross-industry value chains in verticals such as the media, finance, healthcare, education, and automotive sectors, digitisation is enabling telecom operators to play more significant roles in these adjacent industries.



TARGET

T — To Drive the Digital Future to Empower Societies

A — Accelerate value generation through innovation and digitization

R — Raise capabilities and develop talent across the group

G — Grow B2B/Digital across the footprint

E — Expand portfolio in MENA and knowledge economies

T — Transform Operating Companies into strongholds

TARGET, as a dynamic and adaptable corporate strategy, allows the Group and the operating companies to thrive in the challenging macro-economic and geo-political contexts and the ongoing digital transformation of the telecom industry. The pillars of the TARGET strategy are detailed as follows:

Transform operating companies into strongholds

The Etisalat Group continues to provide strategic and operational support for all operating companies to maintain and improve their market positions by defending and growing their core businesses and enhancing digital capabilities. The focus is on driving excellence across sales and marketing, IT, network, procurement, and regulatory agenda management.

Maximizing value from core is the first essential step in the journey to becoming a Stronghold, as core still represents the majority of the Etisalat Group's revenue and critically provides further opportunities for growth across most of our markets, especially those related to the exploding demand for both mobile and fixed data.

Etisalat Group is addressing such opportunities by focusing on increasing the penetration of bundles, migrating prepaid customers to postpaid, and maximizing value from the customer base through extensive use of Customer Value Management (CVM) activities, powered by our big data and AI capabilities. The ultimate goal is to continuously increase the share of revenue generated by recurring bundles, which will also help to mitigate the threat of OTT on our voice revenue.

As certain operating companies have already achieved stronghold status and operate in more advanced digital markets, their transformative efforts have shifted toward a more intense focus to become increasingly agile, digital, and efficient. For example, Etisalat UAE was the first in MENA and the fourth in the world to launch 5G. Collectively, these efforts will yield a portfolio of stronghold operations that will maximise shareholder value.

Digital Transformation

A central focus of the Etisalat Group is digital transformation across all of its operating companies, which actually spans the vision and all pillars of TARGET. Digital transformation for the Etisalat Group is embodied in the form of four guiding Digital North Stars, which will enable all operating companies to compete effectively in the evolving digital future. These North Stars are aimed at achieving:
1) a superior digital customer experience, 2) increased agility, 3) greater digital revenue streams and 4) enhanced efficiency.

The North Stars capture the balanced view of digital transformation for the Etisalat Group, which encompasses a financial, customer, and organizational focus. Such Digital North Stars are achieved by digitally transforming six areas of the operating model of each of the Etisalat Group's operating companies. The focus and pace of the transformation varies across the operating companies, depending on their operational and market maturity and characteristics.

The transformation of the six areas of the operating model includes the following:

Network

A key start point is the continued roll-out of 4G in certain of our operating companies, along with the expansion of fixed networks. Going forward, network modernization and the phased removal of legacy network infrastructure is key, with our more mature operations adopting converged networks powered by 5G. Further critical moves include network virtualization and the adoption of cloud on the path toward programmable and software-driven networks.

IT

Transformation toward simplified and modular IT architectures based on open APIs is a primary focus across the Etisalat Group, combined with adopting and scaling up agile development methodologies such as DevOps. Adoption of cloud is again important, along with deploying digital platforms and strong capabilities in AI, automation, big data, and blockchain. Scaling up both internal and external use cases across the same segments is also a strong company focus.

Operations

In terms of network operations, the company's ultimate objective is to achieve zero-touch operations powered by digital technologies. In addition, the broader organizational focus is to become data-centric, more customer-focused, efficient, and agile, once again driven by digital technologies.

Product Portfolio

As defined below in our pillar, Grow B2B/Digital across the footprint, the Etisalat Group is focused on launching a range of digital solutions targeted at specific segments within the B2B and B2C sectors.

Customer Experience

The Etisalat Group is aiming to boost satisfaction and engagement by solving existing customer issues with an increasingly digital experience. This involves establishing the optimum blend of digital and non-digital channels based on customer adoption profiles. Whilst in our more advanced operating companies, digital channels related to customer care and sales are of paramount importance, with a true omni-channel experience a clear objective.

Culture and Talent

As defined below in our pillar, Raise capabilities and develop talent across the Group, the Etisalat Group is focused on preparing its entire talent base with the optimum blend of digital and traditional skills needed to compete effectively in the evolving digital future. This also demands new ways of learning by means of AI-powered online learning platforms. Fostering fully collaborative and agile cultures across all our operating companies is also of vital importance and remains a key focus going forward.

Expand portfolio in MENA and knowledge economies

The Etisalat Group's strategy will remain open to inorganic growth opportunities through majority control of well-positioned operators within target geographies of the Middle East, Africa, Asia, and Eastern Europe. Meanwhile, the Group will continue to explore opportunities to optimise its portfolio in order to balance growth and shareholder returns. In line with this inorganic approach, our operation in Morocco, Maroc Telecom, finalized the acquisition of Tigo Chad, the largest network operator in Chad, reinforcing the Etisalat Group strategic position as a major player in Africa.

Grow B2B/Digital across the footprint

The Etisalat Group is taking full advantage of the aforementioned digital opportunities, as shown by Etisalat's continued growth and the development of Etisalat Digital, a dedicated unit that drives digital transformation by enabling enterprises and governments to become smarter. The unit continues to be a major contributor to incremental revenue growth for Etisalat UAE's operations.

Going forward, Etisalat Digital will continue to develop unique competencies that will be extended across the Etisalat Group's footprint, capitalising on the growing opportunities within the region. As part of this strategy, Etisalat acquired 100% of Help AG's businesses in the UAE and KSA. Help AG is one of the leading cyber-security companies in the MENA region. This acquisition will strengthen the Group's digital portfolio and accelerate the growth of Etisalat's existing cyber-security activities and allow for further expansion across the region.

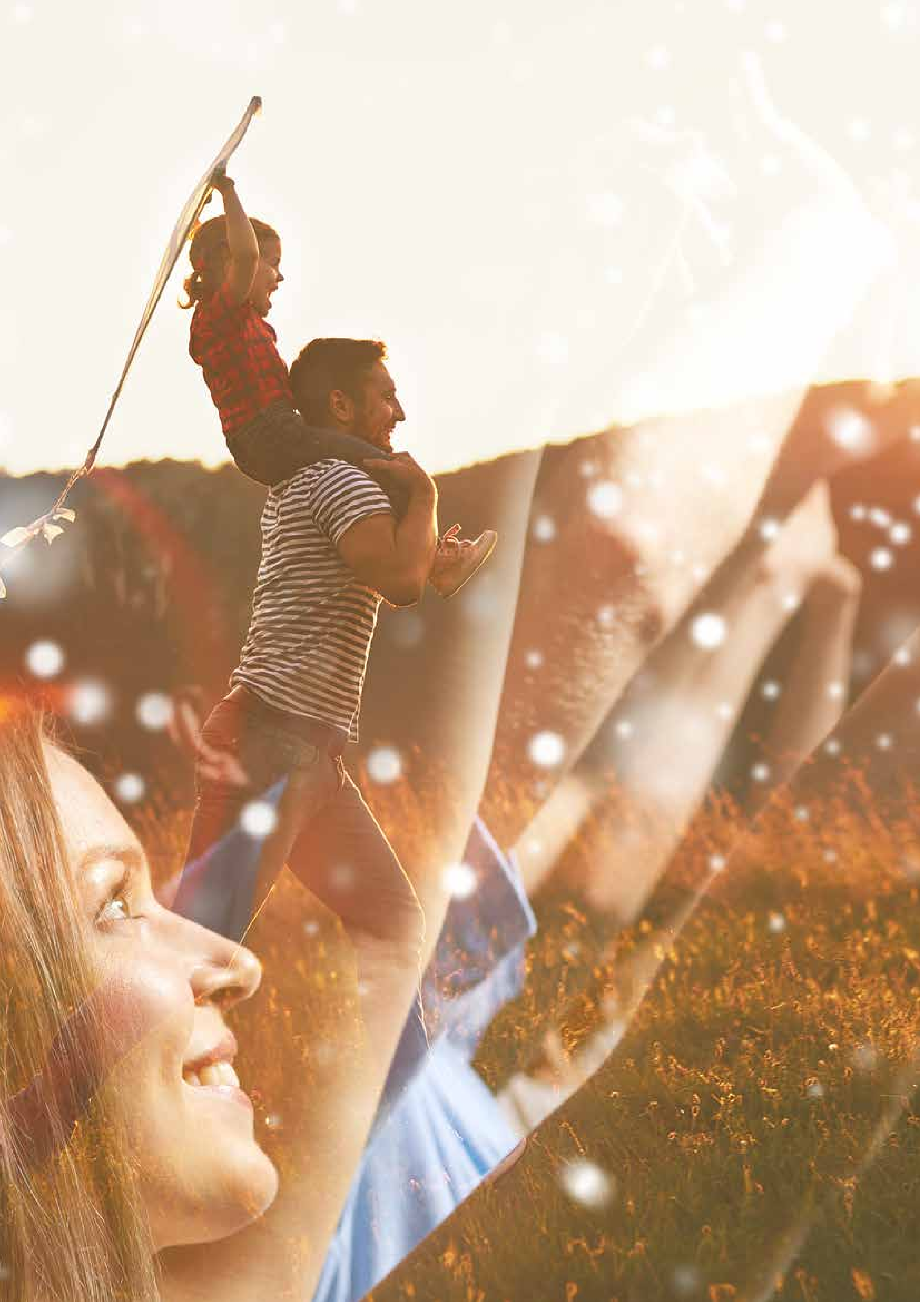
In addition to its B2B focus, Etisalat Group is also enhancing its consumer-centric digital product portfolio across lifestyle, entertainment, and financial services.

Raise capabilities and develop talent across the Group

The realisation of the Etisalat Group's vision and the execution of the associated strategy require robust capability and competence development. The Etisalat Group will focus on enriching and developing a digitally-aligned culture, enhancing collaboration both within and between operating companies, implementing effective succession management, facilitating the development and retention of existing talent, and initiating vigorous and efficient measures for the acquisition of new talent to meet the growing needs of the digital world.

Accelerate value generation through innovation and digitisation

As the rate of industry disruption accelerates, the Etisalat Group will enrich the development of its portfolio of open innovation initiatives that are essential for effective competition in the digital world. Consequently, the Etisalat Group continues to reinforce its programs focused on new ways of innovating and collaborating with startups, IoT developers, government entities, enterprises, and end-users. For example, Etisalat's ultra-modern Open Innovation Centre continues to host on a regular basis, blue chip companies and delegates from many overseas government and ministerial bodies.



KEY EVENTS DURING 2019

January

- Etisalat recognized as 'The Most Valuable Telecoms Brand' in MENA by Brand Finance
- Maroc Telecom granted a unified mobile license for MAD 1.3 billion in Burkina Faso
- Etisalat's innovation programme 'Future Now' signed agreements with four scaleups to develop artificial intelligence and blockchain solutions
- Etisalat entered into a strategic partnership with the Federal Electricity and Water Authority in the UAE to provide them with a smart business messaging platform

February

- Etisalat unveiled the Robotic Centre of Excellence to deliver automated solutions for greater customer satisfaction

March

- Etisalat Group's shareholders lifted restrictions on foreign shareholders voting rights
- Etisalat collaborated with the Abu Dhabi Smart Solutions and Services Authority to digitise government services through its TAMM platform
- AT&T joined the Global Cyber Security Alliance formed by Etisalat Group, Singtel, Softbank, and Telefonica
- The UAE ranked as a global leader in fiber optic networks for the third year in a row, supported by Etisalat's countrywide fiber network

April

- Etisalat launched the UAE's first cloud gaming service to deliver high-quality cloud-based games on its eLife TV product line
- Mobily granted a fixed line service license by Saudi CITC allowing the company to become a fully integrated telecom operator

May

- Etisalat launched the first smartphones supporting 5G network in the MENA region
- Etisalat is first partner to launch Manchester City title win campaign following the team's English Premier League victory

June

- Maroc Telecom completed the acquisition of 100% ownership in Tigo Chad
- Etisalat and Noor Bank jointly launched eWallet, a new mobile digital payment service
- Onatel launched 4G services in Burkina Faso
- Etisalat enabled 5G network inside Abu Dhabi's new international airport, which became the first airport in the region with 5G coverage allowing speeds of up to 1Gbps

July

- Etisalat collaborated with eight banks to develop UAE Connect, a new blockchain platform to digitise trade
- Etisalat collaborated with Microsoft to provide state of the art digital transformative solutions
- Etisalat Misr and Telecom Egypt signed four agreements to provide virtual fixed voice and bitstream services
- Credit rating agency Standard & Poor's affirmed Etisalat's rating at AA- with stable outlook

August

- Etisalat Academy launched the GCC's first accredited service automation framework (SAF) training centre
- PTCL partnered with Metropolitan Corporation Islamabad to support a clean and green environment

September

- Etisalat signed an agreement to acquire Help AG's operations in the UAE and KSA
- Etisalat named Best Regional Wholesale Carrier by Telecoms World Middle East

October

- Etisalat Digital and SonicWall partnered to deliver network security to SMBs
- Etisalat successfully completed the first end-to-end 5G standalone call in the MENA region
- Etisalat Digital teamed up with Abu Dhabi Digital Authority (ADDA) to launch Scale AD innovation programme

November

- Credit rating agency Moody's affirmed Etisalat's rating at Aa3 with stable outlook

December

- Etisalat recognized as the fastest mobile and broadband network in the MENA region by Ookla
- Etisalat launched the second edition of the Hello Business Pitch competition, a unique platform that promotes business growth and innovation in the UAE

OPERATIONAL HIGHLIGHTS

Subscribers

Aggregate subscribers reached 149 million in 2019 reflecting a net addition of 7.9 million during the last 12 month period due to strong subscriber growth in Morocco, Burkina Faso, Ivory Coast, Niger, Mali, Saudi Arabia and Pakistan as well as integration of subscribers of Tigo Chad.

In the UAE the active subscriber base was stable at 12.6 million subscribers. The mobile subscriber base increased by 1% year on year to 10.8 million subscribers attributed to the postpaid segment that grew by 8% due to new product offerings which resonated well within their target segments and successful migration of customers from prepaid to postpaid segment, offsetting the year over year decline of 1% in the prepaid segment. eLife segment continued to drive consistent growth with 2% year on year increase to over 1 million subscribers. Total broadband segment grew by 1% year on year to 1.2 million subscribers.

AGGREGATE SUBSCRIBERS (MN)

2019
149
MILLION

2018
141
MILLION

Maroc Telecom Group's subscriber base reached 67.5 million subscribers as at 31 December 2019, representing a year over year growth of 11%. This growth is attributable to the domestic and international operations, including the integration of Tigo Chad. In Egypt, subscriber base decreased by 4% year over year to 26.4 million mainly due to the regulatory restrictions on subscriber acquisitions through indirect channels and higher government fees applied on new sims. In Pakistan, subscriber base grew 25.9 million, representing a year over year growth of 7%, attributed to the mobile segment.

Revenue

Etisalat Group's consolidated revenue remained stable at AED 52.2 billion in 2019 impacted by unfavourable exchange rate movements of the Pakistani Rupee and Moroccan Dirham against AED and a more challenging operating environment in the UAE mobile market. At constant exchange rates, revenue increased year over year by 1%.

In the UAE, revenue remained stable at AED 31.5 billion., as a result of growth of the mobile postpaid and eLife segments driven by customers' uptake to premium content and higher speed packages, increased offering of business solutions and digital services and wholesale segment. This was offset by revenue decline in the prepaid segment and lower handsets sales.

Revenues of international consolidated operations for 2019 decreased year-on-year by 1% to AED 20.4 billion impacted by the unfavourable exchange rate movements in Pakistani Rupee and Moroccan Dirham as well as more competitive environments in the international operations of Maroc Telecom Group. At constant exchange rates, revenues from international operations grew year over year by 3%. Revenue from international operations represented 39% of Group consolidated revenue.

REVENUE (AED BN)

2019
52.2
BILLION

2018
52.4
BILLION

Maroc Telecom's consolidated revenue for 2019 amounted to AED 13.2 billion representing a 1% year over year decrease in AED but 1% increase in MAD, attributed to a 1% revenue growth in Morocco driven by the increase in mobile data and consolidation of Tigo Chad.

In Egypt, revenue increased by 22% to AED 3.4 billion attributed to growth in mobile data and increased penetration in the postpaid segment.

In Pakistan, revenue for 2019 was AED 3.2 billion, a decline of 17% from the prior year in AED but grew by 2% in local currency supported by the performance of the mobile data, fixed broadband, corporate segment and financial services.

EBITDA

Group consolidated EBITDA increased by 2% to AED 26.4 billion in 2019 while EBITDA margin increased by 1 percentage point to 51%. EBITDA growth is attributed to lower operating expenses due to effective cost controls and adoption of IFRS 16.

In the UAE, EBITDA in 2019 increased year-over-year by 1% to AED 16.4 billion resulting in EBITDA margin of 52%, 1 percentage point higher than the prior year, mainly attributed to lower cost of sales, staff costs and adoption of IFRS 16.

EBITDA of international consolidated operations in 2019 increased by 2% to AED 9.7 billion resulting in EBITDA margin of 48%, 2 percentage points higher than the prior year. This increase is attributed to the operations in Morocco and Egypt. EBITDA from international operations represented 37% of Group consolidated EBITDA.

EBITDA (AED BN)

2019
26.4
BILLION

2018
25.9
BILLION

Maroc Telecom's consolidated EBITDA grew year-on-year by 3% to AED 7.2 billion with EBITDA margin increasing 2 percentage points to 55%. This is attributed to the higher revenue in Morocco, adoption of IFRS 16 and consolidation of Tigo Chad's operations effective from July 2019.

In Egypt, EBITDA increased year-over-year by 17% to AED 1.4 billion attributed to the improved revenue trend and resulting in an EBITDA margin of 39%.

In Pakistan, EBITDA decreased year over year by 19% to AED 1.0 billion with EBITDA margin lower by 1 percentage point at 32%. In local currency, EBITDA increased year over year by 1%.

Net Profit and EPS

Consolidated net profit after Federal Royalty grew by 1% to AED 8.7 billion resulting in profit margin of 17%. This increase is attributed to higher EBITDA, forex gains as compared to forex losses in the prior period, lower losses from discontinued operations and lower minority interest.

Earnings per share (EPS) amounted to AED 1.00 for the full year of 2019.

NET PROFIT (AED BN)

2019
8.7
BILLION
1.00
EPS (AED FILS)

2018
8.6
BILLION
0.99
EPS (AED FILS)

On 18 February 2020, the Board of Directors has resolved to propose a final dividend for the second half of 2019 at the rate of 40 fils per share, bringing the full year dividend to 80 fils per share. This proposal is subject to shareholder approval at the Annual General Meeting scheduled on 24th March 2020.

OPERATIONAL HIGHLIGHTS

CAPEX

Consolidated capital expenditure increased by 6% to AED 8.9 billion resulting in capital intensity ratio of 17%, 1 percentage point higher than the prior year. This increase is mainly attributed to higher capex spend in the UAE.

In the UAE, capital expenditure in 2019 increased by 18% to AED 4.4 billion while capital intensity ratio increased by 2 percentage points to 14%. Capital expenditure was focused on 5G network rollout, network modernization and upgrades to support the increase in data traffic, building capabilities to support new revenue streams in digital and ICT and network maintenance.

Capital expenditure in consolidated international operations amounted to AED 4.5 billion, stable compared to the prior year. In Maroc Telecom Group, capital expenditure remained steady year on year at AED 2.6 billion resulting in a capital intensity ratio of 20%. Capital expenditure in Morocco increased year over year by 10% and was focused on increasing network capacity and spectrum acquisition. Capital expenditure of the international operations of Maroc Telecom, decreased year over year by 3% with spend focusing on deployment and upgrading of networks to support the growth of data usage. In Egypt, capital expenditure increased by 12% year-on-year to AED 0.8 billion resulting in a capital intensity ratio of 22%, 2 percentage points lower than the prior period. Pakistan operations' capital expenditure decreased by 14% to AED 1.0 billion resulting in a capital intensity ratio of 31%, 1 percentage point higher than in 2018. Capital spending focused on the completion of the fixed network transformation programme that started in 2018 and enhancement of the mobile network's capacity.

CAPEX (AED BN)

2019
8.9
BILLION

2018
8.4
BILLION

Debt

Total consolidated debt amounted to AED 23.9 billion as at 31 December 2019, as compared to AED 23.5 billion as at 31 December 2018, an increase of AED 0.4 billion.

As at 31 December 2019, the total amounts outstanding under the global medium term note (GMTN) programme split by currency are US$ 0.5 billion and Euro 2.4 billion, representing a total amount of AED 11.6 billion. Consolidated debt breakdown by operations as of 31 December 2019 was as following:

- Etisalat Group (AED 14.3 billion)
- Maroc Telecom Group (AED 6.6 billion)
- PTCL Group (AED 1.8 billion)
- Etisalat Misr (AED 1.2 billion)

More than 72% of the debt balance is of long-term maturity that is due beyond 2020. Currency mix for external borrowings is 41% in Euros, 24% in US Dollars, 17% in MAD and 18% in various currencies.

Consolidated cash balance amounted to AED 29.7 billion as at 31 December 2019 leading to a net cash position of AED 5.8 billion.

DEBT (AED BN)

2019
23.9
BILLION

2018
23.5
BILLION

Profit and Loss Summary

(AED m)	2018	2019
Revenue	52,388	52,186
EBITDA	25,880	26,370
EBITDA Margin	49%	51%
Federal Royalty	(5,587)	(5,827)
Net Profit	8,615	8,693
Net Profit Margin	16%	17%

Balance Sheet Summary

(AED m)	2018	2019
Cash & Bank Balances	28,361	29,657
Total Assets	125,243	128,266
Total Debt	23,526	23,889
Net Cash / (Debt)	4,835	5,768
Total Equity	57,245	57,767

Cash Flow Summary

(AED m)	2018	2019
Operating	19,039	19,426
Investing	(7,764)	(8,603)
Financing	(10,122)	(9,678)
Net change in cash	1,154	1,145
Effect of FX rate changes	132	174
Reclassified as held for sales	(50)	(24)
Ending cash balance	28,361	29,657

ETISALAT WORLD OF BRANDS

Etisalat Group continued its efforts to elevate the brands within its global footprint, recognized in 2019 as the most valuable consumer brand in the Middle East and Africa, and the region's fastest mobile and broadband network.

Etisalat Group invests in building brands that seamlessly integrate with our customers' connected lives in meaningful ways. Our presence is composed of a powerhouse of brands across 16 countries in the Middle East, Asia, and Africa with many of the group's brands, including Etisalat, Maroc Telecom, Mobily, PTCL, Ufone, Moov, and Onatel, among the world's top 300 most valuable telecom brands.

Etisalat's brands reached and engaged customers in new ways, through a diverse number of impactful brand initiatives during the year.

Retaining most valuable consumer brand ranking in the Middle East and Africa

Etisalat remains the most valuable consumer brand across Middle East and Africa and the only telecom brand to have AAA brand rating in the region, with a portfolio of brands now touching $11bn, reigning "The Strongest" telecom brand in the UAE, whole of Middle East and Africa.

Etisalat's brand set another global milestone by coming out on top again as 'The Most Valuable Consumer Brand' and 'The Most Valuable Telecom Brand' in the Middle East and Africa (MEA) by Brand Finance, recognizing the success and growth of the brand spurred by the digital customer service driven strategy and its engagement with consumers across markets with innovative global branding initiatives. Based on the report from Brand Finance, the world's leading independent brand valuation and strategy consultancy, Etisalat boasts an impressive portfolio of brands touching $11bn, including Etisalat Misr, Mobily, Ufone, Maroc Telecom and PTCL.

Etisalat has taken the lead in the launch of 5G in the MENA region opening a world of opportunities and spurring innovation in the government and industries providing a platform to enable future technologies to become an integral part of the economy and consumers' lifestyle. Etisalat has reached out and engaged with its consumers across markets with global branding initiatives by sponsoring global football teams and clubs, aligning with the brand's priorities of being at the forefront of major sporting events. Etisalat continued to activate its positioning of enabling togetherness through brand-focused campaigns.

The global achievement is a recognition of Etisalat's portfolio of brands and reaffirms our core belief that Together Matters and that nothing is impossible when people work together. Together, we are a 10 Bn+ family that serves over 148 customers across 16 countries.

Stronger network, stronger brand

Etisalat strengthened its brand in 2019 through two key network achievements and subsequent campaigns, the result of its continuous efforts to invest and build one of the world's most advanced networks.

As the first network to launch 5G in the UAE in 2018, Etisalat took a further step forward in 2019 to inform its daily consumers and business owners regarding how the world of 5G would affect them. Our commercial explored the many areas that people would encounter 5G such as when shopping, traveling, communicating, at meetings, during real-time play, and how Etisalat enables all of this.

In December 2019, Etisalat was recognized as the fastest mobile and broadband network in the region by Ookla®, the global leader in fixed broadband and mobile network testing applications, data, and analysis. Etisalat became the first operator in the world to achieve such a ranking on a regional level. This served as a powerful tool to communicate the strength of Etisalat's network through a multi-channel campaign reaching both internal and external audiences within Etisalat's home market

Football connects us

The Manchester City and Etisalat partnership continues to be a seamless fit for both brands as innovators in their respective fields, from Etisalat investing in its 5G network to City Football Group,Manchester City's mother company, building a global network of football talent across clubs in China, Japan, US, Australia, the UK, Spain, Uruguay, and India.

Manchester City's growth in the past eight years to become one the world's most valuable football clubs has borne fruit for the partnership. Considerable media value has been derived from Etisalat's brand presence on some of the football club's major media assets.

As part of its engaging sponsorship platform, Etisalat has taken strides to leverage Manchester City's success on the field to ignite passion amongst fans in its home market. An end-of-season campaign featured Manchester City first team players, as well as their fans, paying tribute to one another for an unforgettable 2018/19 English Premier League season, which culminated in Manchester City dramatically becoming champions for the second season in a row, by no more than a single point at the top of the league table.

Among our workforce across all seven emirates of the UAE, Manchester City has served as a vehicle to bring fresh, youthful energy, and enthusiasm into the workplace, from content and competitions to unique experiences such as trophy visits, and specialized branded merchandise.

Etisalat and Manchester City continue to innovate ways to strengthen the partnership, most recently through a new content stream on Etisalat social media channels that brings fans closer to the star players of Manchester City through exclusive off-the-pitch interviews.

Etisalat UAE continues to humanize the Together Matters manifesto

Following the launch of the Together Matters slogan in late 2018, Etisalat UAE continued its efforts to build the brand in 2019 by emphasizing that the world is a better place when people are together. This was achieved through continued activation of the company's brand thematic campaign as well as a campaign launched in January 2019 during the Asia Cup that was hosted in the UAE. The campaign rallied an entire nation to support the UAE national team, encouraging school children, employees, companies, universities, and expatriates from across the globe to mimic the hand gesture featured in the TV commercial. The campaign featured both current and former national team players, along with well-known figures and celebrities, all of whom encouraged the team to do their best.

As a result of Etisalat UAE's recent brand initiatives, research shows that the brand had increased in terms of top-of-mind by 9% from the previous year and 35% of people recalled and knew of our new slogan.

Mobily KSA's national social initiative

A large number of Saudi nationals are living with some form of disability. #EveryonesKingdom is Mobily's national social initiative, designed to spark a conversation and initiate changes in societal stereotypes towards people with disabilities, as well as empower those with disabilities to explore their potential and ways in which they might contribute to society.

The first video showcased a Saudi orchestra performing the country's national anthem with pauses in the song featuring missing members of the orchestra, demonstrating that society is incomplete without them. The second video completed the harmonic anthem, revealing that the missing members of the orchestra were persons with disabilities. Only through utilizing the strengths and unity of all Saudis, including those with disabilities, will we become inclusive.

Etisalat Misr develops a chant for the Egyptian national team

In May 2019, Egyptians were all anticipating the biggest sports event of the year, the Africa Cup of Nations competition, which was hosted by their country. Egyptians are well known for their obsession with football, so contributing to the season was inevitable if we wished to win a share of their hearts and minds.

Etisalat Misr chose to focus on all types of fans, whether grown ups, children, or mothers, overcoming the challenge of having no sports-related assets, unlike our competition who endorsed prominent and admired football players. All sorts of fans in the TV commercial are seen chanting powerfully & fearlessly for their country, employing the "Habadabadim" incantation that would supposedly ward off evil and help our national team to win.

The result was a unique communication platform to support the Egyptian national team by announcing Etisalat Misr as "Advocate of the Beasts" ("راعي الوحوش"), a nickname that Etisalat created for the occasion. Through this platform, Etisalat Misr attempted to link the brand to the value of power.

Maroc Telecom connects with the youth segment

Maroc Telecom adopted a brand strategy in 2019 to support promotional offers and new product launches with a communication tone targeting the youth segment. In line with this strategy, advertising was based on modern and dynamic creative treatments, using the language and universal habits associated with young people in the internet and social media era.

One key initiative introduced by Maroc Telecom was a music-based video campaign called "Our life is better with Jawal", which was designed to promote its national network coverage and the strength of the company's Jawal offers. The song in the music video is based on a popular tune from the 1980's called "Ya Zina" that was remixed by Moroccan artist DJ Van.

PTCL Pakistan emphasizes brand trust

PTCL launched a brand campaign during Independence Day 2019 that was targeted at B2B and B2C customers across Pakistan. The TV commercial focused on how PTCL is the backbone of connectivity in the country and not merely a landline provider.

For the first time, PTCL subtly showed its network infrastructure strength by means of an emotional appeal. The commercial ends with the tagline "Organizations you trust for your daily needs, trust PTCL", enhancing the company's reputation.

The commercial successfully depicts the everyday life of a customer, using services from aviation to banking, airlines to railways, and more, with PTCL supporting all their connectivity needs. The commercial was aired on local TV channels, broadcast on leading radio channels, ran in cinemas, and gained more than seven million views in just one week on social media platforms.

Ufone Pakistan celebrates individual talent

As part of Ufone's mass consumer-connect plan, a nationwide brands activations campaign entitled Bakamal Pakistan (Unique Pakistan) was launched targeting universities and colleges.

Through this initiative, Ufone provided a platform to young unsung Pakistanis to come forward and showcase their talent to the world. Bakamal Pakistan helped Ufone gain brand awareness through customer engagement and generated effective advertising assets. Digital amplification via all digital outlets transformed Bakamal Pakistan into a national platform, generating positive PR for the brand amongst the youth segment (below the age of 26), which represents 60% of the current population of Pakistan.

Moov Benin introduces a new slogan

Moov Benin's flagship corporate campaign in 2019 focused on a new brand positioning, which aimed to create a strong commitment with customers. This initiative focused on a simple message followed by a popular social media emoji, employing a strong emotional connotation stating that, "Moov suits you so well", translated into one of the country's popular local languages. A song was specially composed for the campaign by Nikanor, a famous singer with many fans among the country's young people, who was named as the best Beninese singer in 2017.

All the campaigns and messages were centered along this creative axis in order to create a connection of belonging and to establish the brand in the hearts of the Beninese.

Moov CI (Ivory Coast) wants people to 'enjoy'

In a changing society and within a changing telecom sector, smart consumption is symbolic of Ivorian lifestyle on which Moov CI has been capitalizing since 2015 through its brand platform, "Profitez" (Enjoy).

The aim is to maintain brand preference both rationally and emotionally.

In 2019, Moov CI ran a corporate campaign led by a popular performer and local artist with the tagline "Ca depend de toi" (It depends on you). The campaign enabled Moov CI to strengthen its position as a challenger offering the best value of the market, with generous offers across all dimensions of the business including voice, SMS, internet, and mobile money.

This value earned Moov CI the confidence of the market, with growth in overall subscribers as well as 4G and an increase in data revenue.

Onatel promises high-speed connectivity

Onatel focused its brand efforts on emphasizing the speed and strength of its fixed and mobile services and how they benefit customers, using the tagline "high speed connectivity for your performance."

The communication campaign was supported by the launch of free WiFi on a main avenue of the capital of Burkina Faso during a film festival featuring prominent figures, as well as the launch of 4G+ in 35 localities. The campaign also featured a broadband fair followed by a large-scale music concert.

Malitel unites all through the message 'We are together'

MaliTel launched the "An be gnogon bolo" campaign, which means, "We are together", in December 2019. This corporate campaign highlighted Malitel's flagship products and services, based on a well-known song by renowned local singer King KJ.

In a festive and joyful style, with a touch of youthfulness, Malitel invited all Malians to join the first global telecommunications operator in the country. The launch was accompanied by a 360-degree communication campaign on TV, radio, urban signage, social networks, websites, and in newspapers and was topped off with a dance-off challenge.

Gabon Telecom highlights unlimited possibilities with 4G

2019 marked the launch of a national campaign in Gabon around the unlimited possibilities offered by the 4G deployed by Gabon Telecom, with the objective of positioning the company as a young and innovative player.

Based on a musical clip featuring active, cheerful, and dynamic young Gabonese, this campaign enabled Gabon Telecom to demonstrate its ability to evolve in an environment where young people represent more than half the country's population.

The inspiring and aspirational lyrics and the catchy refrain of "Enjoy your life with Gabon Telecom" were highly appreciated by the public, with a considerable level of engagement on social media reaching approximately 10% of Gabon's population.

Mauritel encourages self-expression

Mauritel launched a corporate campaign in 2019 around the message "Share the World."

Life isn't about finding yourself, but about creating yourself, so Mauritel challenged people across Mauritania to tap into their own self-expression and individuality.

The company encouraged people to show the world that they are and what they stand for, then share their passion, talent, and creativity with society.

The "Share the World" corporate campaign became a rallying call for Mauritanians to truly express themselves to friends, family, and to the wider world in everything they do best in life.

ETISALAT GROUP'S FOOTPRINT

Operator	Etisalat	Etihad Etisalat (Mobily)	Etislat Misr	Etisalat	PTCL / Ufone
Country	United Arab Emirates	Saudi Arabia	Egypt	Afghanistan	Pakistan
Licence Type	Mobile, Fixed & Internet	Mobile, Fixed & Internet	Mobile, Fixed & Internet	Mobile	Mobile, Fixed & Internet
Etisalat Ownership	100%	28%	66%	100%	23%
Popluation (Million)*	11	34	99	37	205
Penetration*	Mobile 204%, Fixed 26%	116%	91%	70%	Mobile 87%, Fixed 1%
Numbers of Operators	2	Mobile 3	Mobile 4	Mobile 4	Mobile 4, Fixed 11

Operator	Maroc Telecom	Moov	Onatel	Moov	Gabon Telecom
Country	Morocco	Benin	Burkina Faso	Central African Republic	Gabon
Licence Type	Mobile, Fixed & Internet	Mobile	Mobile, Fixed & Internet	Mobile	Mobile, Fixed & Internet
Etisalat Ownership	48%	48%	30%	48%	25%
Popluation (Million)*	37	12	20	5	2
Penetration*	Mobile 133%, Fixed 6%	86%	Mobile 96%	26%	168%
Numbers of Operators	3	2	3	4	2

Operator	Moov	Sotelma	Mauritel	Moov	Moov	Tigo
Country	Ivory Coast	Mali	Mauritania	Niger	Togo	Chad
Licence Type	Mobile	Mobile, Fixed & Internet	Mobile, Fixed & Internet	Mobile	Mobile	Mobile
Etisalat Ownership	41%	25%	20%	48%	87%	48%
Popluation (Million)*	26	19	5	23	8	16
Penetration*	144%	91%	101%	45%	79%	47%
Numbers of Operators	3	3	3	4	2	3

*Based on latest available public information

UNITED ARAB EMIRATES

etisalat

10.8 MILLION
MOBILE SUBSCRIBERS

1.1 MILLION
ELIFE SUBSCRIBERS

1.2 MILLION
FIXED BROADBAND SUBSCRIBERS

31.5 AED
BILLION REVENUE

16.4 AED
BILLION EBITDA

52%
EBITDA MARGIN

8.3 AED
BILLION NET PROFIT

4.4 AED
BILLION CAPEX

In 2019, Etisalat UAE experienced another successful year, in which the company took huge steps on its digital journey and solidified its status as a technology leader in the UAE and in the MENA as a whole. Within a thriving market, Etisalat UAE is inspired by the country's ICT agenda and determined vision, channeling all its efforts and capitalizing on its talent and assets to drive the digital society, elevate customer experience, and deliver in accordance with the country's aspirations.

2019 was marked by the successful market launch of 5G services and smartphones, a first in the MENA region. This enabled Etisalat UAE customers to enjoy the extremely fast 5G network with speeds of up to 1Gbps on 5G-enabled smartphones, covering the UAE's major cities with plans to add the capability of 5G standalone technology enhancements in the near future.

5G will augment Etisalat's rich portfolio while opening the door for limitless business opportunities. 5G will provide a major boost to the digital stream, which lies at the heart of Etisalat UAE's strategy and is poised to increase digital contribution to the top line. Etisalat UAE's digital focus is not limited to organic growth but also covers international opportunities and new services based on emerging technologies such as 5G, IoT, cloud, big data, AI, and cyber security. The company's focus provides customers with a trusted partner that supports their transformation in a digitally disrupted and fully connected world.

In 2019, Etisalat UAE sustained its position as the UAE's preferred IoT provider, with over a million connected SIMs on its IoT platform and key collaborations with leading organizations, including Emirates Transport for fleet solutions, DEWA for water grid solutions using NB-IoT, and the Ministry of Interior for the Hassantuk smart fire alarm solution project. The latter has already proven its ability to detect serious fire incidents proactively in real time, mitigating the risk of those fires and saving lives by following the rigorous procedures established by the Ministry of Interior and Civil Defense units.

Etisalat UAE's cloud computing services are a vital component of the customer's digital transformation and act as enablers for other Etisalat UAE services that leverage the flexibility and availability of the Etisalat UAE cloud for business critical applications. The multi-cloud offering facilitated our partnership with Microsoft, through which the company will establish their first data center in the region. Etisalat's first "Hyper-scale Public Cloud" was also the base for the launch of Amazon Web Services (AWS) cloud platform for EXPO2020. In addition, Etisalat's "Video Cloud" platform and AI algorithms for facial recognition, vehicle recognition, and behavior analysis, with a big data platform to correlate events in real time, served as the base for deploying the "Safe City Platform", which is a valuable addition to Etisalat's "Smart Solutions" portfolio. Cloud services are anticipated to undergo massive growth in the region and Etisalat UAE has expanded its datacenter capacity in the country with the construction of two new facilities in Dubai and Al Ain that will be completed in 2020.

Also in the digital sector, Etisalat UAE has completed the acquisition of Help AG, one of the leading cyber security companies in the MENA region. This will enhance and diversify Etisalat's digital security portfolio and accelerate the growth of the company's existing cyber security offerings. Etisalat UAE has also continued to innovate and explore new growth opportunities in selected mass-markets, such as cloud gaming, home protection plans, and fintech. For the latter, Etisalat UAE established a joint venture with Noor Bank to offer e-wallet services, a new digital payment service regulated and licensed by the Central Bank of the UAE that provides UAE consumers with safe, convenient, and flexible payment solutions while using mobile devices.

For telecom core services, specifically mobile, Etisalat UAE has maintained its segmented, value for money approach that expands offerings, responds to customer needs, and maximizes customer benefits. This was showcased in the landmark launch of "Freedom" postpaid lines that allowed subscribers in the UAE to enjoy the superior benefits of postpaid without any commitment, all for the first time. This was soon enhanced further with "Freedom Unlimited" that offers customers unlimited local and international calls, another first in the UAE market. In the prepaid sector, Etisalat UAE has launched "WaselGo" for consumers and "Virtual Prepaid" for business customers. "WaselGo" provides customers with access to weekly bundles of talk-time and data, with rollover features available for the first time in the UAE. "Virtual Prepaid" allows individual users of a company-paid line to top up a prepaid account at their own expense, enabling them to enjoy more services while simultaneously keeping company costs under control.

2019 has also seen the growth and consolidation of "MobileHub" as the company's flagship product for corporate customers. Through a powerful online portal and a mobile service center, "MobileHub" allows business customers to track spending and flexibly allocate shared minutes or data allowances to different users based on their individual requirements.

In addition, Etisalat UAE has revamped its existing roaming propositions with the introduction of "Roam Like Home", which enables "Freedom" postpaid customers to enjoy a seamless roaming experience by using their local allowances while travelling abroad in 123 countries and also when in-flight. Etisalat UAE customers continue to enjoy one of the most extensive roaming footprints in the world, providing roaming privileges in more than 840 networks in 217 countries. Etisalat UAE reached more than 465 4G networks in 2019 and also launched the first 5G roaming service in the Middle East region, offering its customers this new technology while traveling abroad and enabling visitors to access its 5G network within the UAE. Furthermore, Etisalat UAE launched a tailored package for transit passengers following the UAE government's decision to grant free 48-hour transit visas to passengers traveling through the country's airports.

In 2019, Etisalat UAE continued to expand its devices portfolio to include the most popular smartphones, including the iPhone 11, iPhone 11 Pro, and 5G-enabled devices such as the ZTE Axon 10 Pro, Huawei Mate 20X 5G, Oppo Reno 5G, Samsung Note 10 5G, as well as numerous other smart devices such as TVs, offered either as standalone items or bundled with digital music and video services. In another first in the MENA region, Etisalat UAE launched an exclusive "Upgrade Anytime" program, allowing customers to enjoy a free upgrade to Apple's new generation phones, 90 days after the subscription date.

Regarding fixed telecom services, 2019 was noteworthy for the introduction of Etisalat UAE's national speed upgrades without any fee increase, in line with the UAE's vision to become a global leader regarding internet speeds. Within less than ten months, Etisalat UAE increased its entry-level speeds for the home segment from 20 to 250 Mbps, a cumulative speed increase of 12.5 times. It has also doubled the speed at no charge for all new and existing business customers, starting from 100 Mbps and increasing to 600 Mbps. This resulted in Etisalat been crowned as the "Fastest Fixed Broadband Network-2019 in GCC", and was the driving force behind the remarkable growth in the UAE's position in Ookla's Speedtest global rankings, in which the country climbed to number 27 globally in August 2019. Etisalat also became one of the top ten most improved fixed broadband networks in the world in 2019. The upgrade was made possible by Etisalat's robust fiber infrastructure, which in terms of penetration maintained the number one position globally for the third consecutive year.

In terms of business connectivity space, this year marks an important milestone in Etisalat's transformation of its business connectivity services, involving the delivery of virtualized Software-Defined Wide Area Network (SDWAN) services for the first time in the region, ensuring network functions virtualization readiness to deliver business value-added services from its own cloud.

Small and medium-sized businesses (SMBs) remain an important engine of growth, innovation, and job creation that is situated at the core of Etisalat UAE's strategy. Etisalat UAE has revamped its value proposition for SMBs to be 100% cloud based, with seamless delivery and deployment from a one-stop shop. Etisalat UAE has also launched its "Unified Communications as a Service" platform (UCaaS), allowing SMBs to combine their communications and collaborations tools and providing them with chat, call, and video call services, all from the same application. In addition, Etisalat UAE is now offering a new video surveillance proposition for SMBs, providing high-end surveillance camera detailed analytics, web and mobile access, and business intelligence applications.

For carrier and wholesale business, Etisalat UAE has succeeded in adding more customers from the Europe and Asia Pacific regions to its already well established portfolio in the Middle East and Africa and the company is on track to become a global provider of premium wholesale services, including international subsea capacity, broadcasting services, voice hubbing, international roaming and messaging services. Our "Bandwidth on Demand" service, leveraging virtualized network technology, was introduced in 2019 to enable customers to manage their capacity requirements almost instantly.

Etisalat UAE has succeeded in localizing most of the internet content that is accessed by its customers, improving the customer experience and affirming the company's role as a data hub for the Middle East region, fulfilling the growing needs of major content providers, media, and gaming communities. The company also maintained its position as the region's leading international voice carrier and one of the top voice players globally, handling more than 15 billion international voice minutes through its network. This was achieved by expanding direct voice IP links and forging commercial relations with hundreds of international network operators around the world.

In 2019, Etisalat UAE expanded its international connectivity to accommodate growth in demand. Major capacity upgrades were completed for two existing subsea cables, SMW4 and TEAMS, that connect the UAE to the rest of the world. As part of a consortium Etisalat UAE also signed the initial agreement to build a new cable system known as the Africa-1 cable system project, connecting Asia to Africa and Europe through the Middle East.

Irrespective of the product offered or the targeted segment, digital transformation was a prominent theme for Etisalat UAE in 2019, driven by the constant demand from customers for a personalized and effortless digital experience. This was also the driving factor behind optimizing physical retail presence and maximizing value extraction from existing stores. Digital interfaces were either enhanced or expanded in order to support a holistic digital experience in both online sale and customer care. For example, Etisalat UAE has further enhanced the functionalities and the look and feel of consumer digital channels, with an emphasis on driving online sales that showed a remarkable increase of more than 100% compared to 2018. Etisalat UAE has also transformed its B2B portal and "Business Mobile" app to include additional self-service functionalities. The company introduced a new e-commerce platform across all channels, allowing business customers to seamlessly browse products and complete the purchase process with no backend manual intervention, and has also introduced its first virtual agent for businesses.

"Smiles" is Etisalat UAE's engagement, deals, and lifestyle platform. This has broadened its access to serve all UAE residents, businesses, and visitors and also launched a co-branded credit card in partnership with CBD, offering unique rewards and lifestyle benefits. All of this has contributed to the company surpassing two million unique registered users that are able to access many perks over the "Smiles" platform, which hosts more than 650 partners, a clear indication of the success of our transformation efforts and our adoption of the digital wave.

The company's success in the digital transformation marketplace is dependent on an ability to innovate. Consequently, nurturing innovation internally and in the surrounding ecosystem have always been focus areas that go hand in hand with Etisalat UAE's digital journey. Internally, Etisalat UAE has created "Liquid Studio", the incubator for people, ideas, and prototypes, and has injected the use of analytics, robotics, AI, machine learning, and big data into almost every aspect of the company's operations. This includes the use of dynamic variables for real-time profiling of customers and the development of a wider range of high relevance, tailor-made offers, deploying virtual assistants in customer care operations, real-time marketing that takes into consideration a customer's usage patterns, predictive network maintenance, auto ticketing for service requests, zero-touch auto provisioning, and network self-healing.

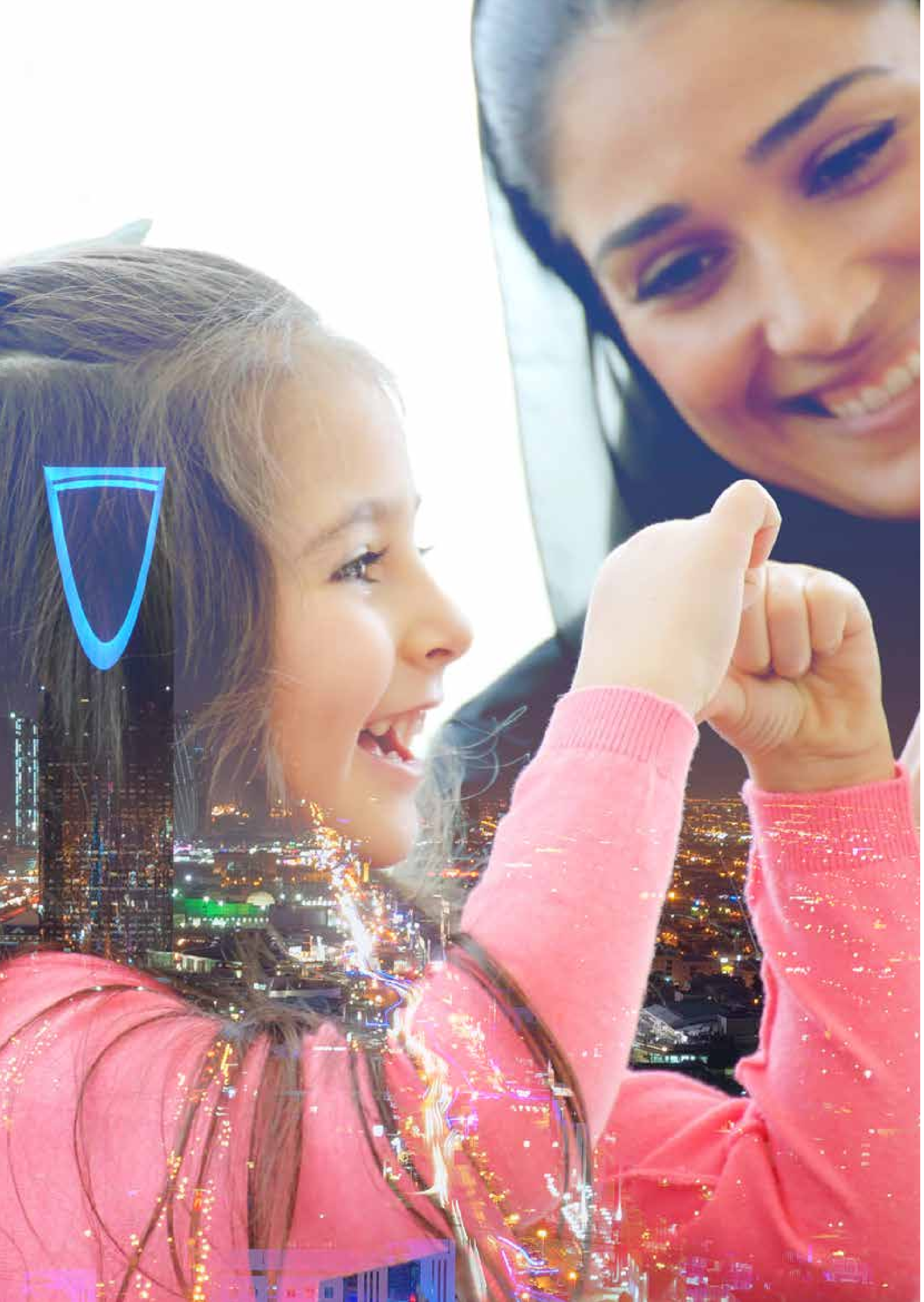
Etisalat UAE is also employing new technologies like blockchain and AI to innovative business models. This led to the creation of UAE Trade Connect, a blockchain and AI enabled platform operated by Etisalat UAE in partnership with banks that will significantly enhance and improve trade finance within the region. Etisalat's "Open Innovation" program was expanded to include the digital co-creation lab (CCL) that aims to accelerate the adoption of digital propositions in the B2B sector. The scale-ups program has attracted over a thousand global, regional, and local start-ups, creating a booming environment of partnerships that augment Etisalat UAE's platform and affirm the "Open Innovation" role as a critical asset for Etisalat UAE in helping its customers discover the latest technological breakthroughs that can fuel digitization in their business.

All of the above achievements depend on an elite network that paves the way for limitless potential. In addition to our leading 5G drive we continue to invest in network expansion to better serve our customers. Our 4G mobile network covers 99.4% of the UAE population, ranking the country very highly in terms of 4G coverage. In addition, 89% of mobile traffic is currently using 4G and is constantly growing, driven by the proliferation of smart devices and the increased demand for advanced applications, with average daily mobile traffic volumes surging 43% from 2018. Similarly, traffic carried over our fiber network increased by 14% from 2018 , as a result of the doubling of broadband speed, while our public Wi-Fi services are expanding to accommodate a sizeable amount of traffic due to higher adoption rates for our services.

Network modernization and legacy offloading remain imperative and Etisalat UAE is progressively upgrading and modernizing 2G sites while migrating fixed subscribers from legacy systems to virtual systems, ensuring enhancements in customer experience and improvements in operational efficiency. In addition, Etisalat UAE has transformed its backhaul with the intention of connecting the core and business networks in the future.

Etisalat's impressive accomplishments in 2019 have enhanced the company's outstanding and well-established record in the industry. As a result, Etisalat has been recognized as the most valuable portfolio brand in the MENA region for the third consecutive year and as the most valuable consumer brand in the MEA for a second consecutive year. Etisalat UAE's wholesale segment also won two major industry awards in recognition of its market position and quality of services in the Middle East region. The first award was for the Best Regional Wholesaler and the second for the Best Middle Eastern Wholesale Provider. Etisalat UAE received another award for bravery in development and deployment of AI in a mobile network in the Everything Brave Awards and Telecom World Middle East has recognized Etisalat UAE as the best operator undergoing fast-paced digital transformation. Finally, during GITEX 2019 week, in a submission entitled "AI for customer Experience Improvement", Etisalat UAE was recognized as the operator with the best project deployed that is aimed at improving customer experience in the mobile marketplace.

Looking into 2020 and beyond, Etisalat UAE foresees an acceleration in the adoption of 5G technology and associated use cases, industries will transform rapidly, and society will start reaping the many materialistic benefits of this exciting new technological revolution. The United Arab Emirates will host EXPO2020, the world's greatest business, commerce and trade show, from October 2020 to April 2021 and the event will be a demonstration of Etisalat UAE's leading position as a telecom and digital solutions provider. Expo2020 will take place in the fastest and most densely covered communications center in the world, capable of handling anticipated 25 million visitors. The partnership of Etisalat UAE and EXPO2020 to recruit 30,000 volunteers for the event is an example of a successful collaboration between sectors and such partnerships are paramount for the success of any initiative in the coming decades. Etisalat UAE will remain the leading operator of choice and the trusted partner that will support the digital transformation priorities of governments, enterprises, businesses, and customers to capture the potential of 5G and drive the development of the digital society.



SAUDI ARABIA

13.5 SAR	4.9 SAR	37%	2.8 SAR
BILLION REVENUE	BILLION EBITDA	EBITDA MARGIN	BILLION CAPEX

In 2019, Mobily reached the final implementation stage of its "RISE" strategy, achieving consistent improvement in performance and sustaining the financial turnaround with double digit revenue growth and strong cash flow generation. This was accomplished despite intense competition in the marketplace and other challenges that occurred throughout the year within the Saudi telecom environment.

Mobily maintained its focus on the lucrative business segment and increased its offerings, closing many multi-year deals with a wide variety of business clients. In 2019, Mobily also launched the Fleet Management Service (FMS), which provides a wide range of services for fleet managers of cars, trucks, cargo containers, and boats. FMS enables customers to maximize day-to-day working efficiency, improve safety, and optimize operations and cost. Mobily also introduced its Data Connect service, which enables customers to experience high-speed internet connectivity through data SIMs that support the latest internet technologies, accommodating their business requirements and helping to fuel rapid growth. Mobily Business Data Connect provides a variety of flexible postpaid and prepaid packages to ensure that business operations are always running at maximum efficiency.

Mobily launched the Mobily 4.0 Omnichannel experience in 2019. This provides customers with a seamless shopping experience across multiple touch points, whether they are shopping online from a desktop or mobile device, by telephone, or in a brick-and-mortar store. It also led the market in the easiness score, achieving a score of 69 compared to 62 and 61 for the company's closest competitors.

In March, Mobily successfully acquired an additional 100 MHz in the 3.5 GHz spectrum, supporting its network expansion and capacity. This was part of the company's plan to raise the capability of its network to deploy 5G technologies across the Kingdom and to provide internet services at higher speeds.

Furthermore, Mobily, in partnership with Ericsson, succeeded in conducting its 5G trial at the Great Mosque of Makkah, which is known to have one of the highest concentration of mobile phone users in the world, achieving speeds of up to 1 GB.

Mobily became the first telecom operator in the Kingdom to be certified to ISO 9001:2015, for the company's quality management system, and ISO 10002:2018, for the complaint handling management system and customer' satisfaction, by the British Standards Institution (BSI), the world's leading standard certification body. The ISO 9001 standard primarily ensures the meeting of customer demands and expectations, high-level competition in business sector, the capacity to effectively cater to customer needs, saving time, costs and resources, and delivering operational performance with a minimum number of errors.

Mobily's procurement department introduced its first exchange program in partnership with Ericsson's MEA procurement team. This has enabled Mobily to maximize opportunities in shared collaboration, international benchmarking of best practices, and sharing of experiences that will leverage Mobily's contribution to the Kingdom's vision by enhancing organizational efficiency and increasing local content.

Mobily was awarded the Best Arabic PPC Campaign at the prestigious MENA Search Awards event in October. This award recognized the company's achievements in internet searching, with more than 500k incremental searches conducted over the previous 12 months. In addition, Mobily became the first telecom company in MENA to launch the Shopping Ads, which helped in the capture of even more online searches.

Looking ahead, Mobily will maintain its focus on its strategic objective of becoming one of the most admired Saudi companies while creating superior value for key stakeholders. The company will lead the market by continuing to launch new and innovative products and services.

EGYPT

15.7 EGP
BILLION REVENUE

6.2 EGP
BILLION EBITDA

40%
EBITDA MARGIN

3.5 EGP
BILLION CAPEX

Etisalat Misr maintained solid performance with double-digit growth in revenue and EBITDA, reflecting strong profit margins. A strengthened liquidity position and healthy debt reduction further enhanced our shareholders' value.

Continuous investment in our networks served the mounting data demand. Etisalat led the market on 4G coverage with 57% of total data traffic carried over the 4G network. Etisalat Misr was the first to launch VoLTE service in 2018 and had enabled more than three million handsets by the end of 2019.

Etisalat Misr also continued to offer unique and unmatched tariff plans in the market. We increased our postpaid value share by offering a unique digital experience, voice and data capacity, and a suite of redemption and special account management features for our customers.

Etisalat Misr built a strong digital transformation framework offering an exceptional digital customer experience in addition to allowing for new revenue streams, while optimising the organization's operational efficiency. The improved customer engagement included offering innovative digital services such as advanced mobile applications to both end users and corporate customers, with chatbots supported by artificial intelligence and smart IVR solutions. Etisalat Misr also managed to create a parallel track to the traditional telecommunication offering and tap into digital content and financial services including music, sports, games, and cash mobile applications. In addition, we aimed to enhance the quality of the provided services and optimise the operational cost by focusing on robotics, automation, and internal organization digitisation. Lastly, we capitalised on machine learning and artificial intelligence capabilities to provide real-time segmented customer interactions.

On the enterprise level, Etisalat Misr managed to secure growth in traditional core services, including GSM, connectivity, and mobile broadband solutions, with more focus on complex and sophisticated revenue streams. Enterprise revenue continued to record double-digit growth, increasing its contribution to total revenue.

In line with the new sales operating model that was adopted in 2018 in response to regulatory requirements, Etisalat expanded its direct channel network to ensure continuous momentum of acquisitions. As a result, Etisalat Misr reached a comparative level with other market players in terms of number of PoS terminals.

Among the new offerings launched in 2019 were internet bundles and Etisalat Games. The bundles charged by the minute instead of by megabytes allow users to monitor their bundle much more easily across all platforms, including social media, videos, games, and even while listening to music. Our "All You Can Eat" international roaming model was introduced in late 2018 and continued into 2019 offering international voice calls against a fixed monthly commitment. This move intended to defend the company's revenues against voice OTT's offering. The model has been applied in Saudi Arabia, Jordan, and the UAE, with more expansions planned in 2020.

In 2019, Etisalat Misr was awarded many mega projects with both the government and the private sector offering a suite of ICT solutions, connectivity, and IPTV services for new communities, supporting the government's vision of a digital future. Examples of these projects include offering triple play services for Cairo Festival City, building the COC platform and control room for the first smart city in Egypt.

MOROCCO

In 2019, Maroc Telecom Group maintained its growth trend with increased revenues particularly from data and from inorganic growth through its acquisition of Tigo Chad, which strengthened Maroc Telecom's international presence. The expansion of its footprint into Chad complemented the company's existing geography and provided access to an underpenetrated market, providing considerable growth opportunities.

As an operator engaged in digital transformation throughout Africa, the company continues its investment efforts designed to meet the challenges of the digital age through the development of last generation connectivity infrastructure. Digital transformation and innovation are among the strategic priorities of Maroc Telecom Group, which continues to invest heavily to expand and strengthen its networks in all territories and offer customers the very latest technologies.

Conscious of the role it plays in supporting the digital evolution, Maroc Telecom Group undertakes several initiatives that promote sharing, exchange, stimulate innovation, and promote young talent in the field of digital creation. Digital transformation and innovation are other key elements of the company's strategic priorities.

Today, the digital customer experience is central to Maroc Telecom's strategy, following the launch of several innovative digital services for the consumer, business, and professional market segments. These included "Selfcare Mobile", a Google partnership for the purchase of mobile applications at the Google Play Store, and the "Jawal" balance conversion service. Other initiatives have been undertaken to enrich the content offered to customers, such as "MT Foot", a digital platform where football fans are able to watch major national and international competitions.

To strengthen its competitive position and its leadership in the B2B market, Maroc Telecom has maintained its strategy of continuously improving the competitiveness and attractiveness of its offerings and supporting the digital transformation of this strategic marketplace.

Maroc Telecom Group reinforced its position in the high-speed and ultra-fast broadband market through the widespread access to FTTH (fiber-to-the-home) technology and the improvement of mobile data rates.

Maroc Telecom carried on with its digital transformation by launching innovative projects designed to generate greater customer satisfaction. The company improved the tools and means implemented for customer relationship management (CRM), introduced a new authentication method for ADSL clients based on the ND/port pair, and developed an augmented reality tool to assist customers remotely via video calls. Maroc Telecom launched new features in its CRM information system, enabling remote diagnosis of line status, a selfcare tool for mobile clients, and integrated multimedia content into the company's portal in order to improve customer online support.

The protection of personal data is a crucial factor in building trusting relationships. Accordingly, Maroc Telecom implemented measures to strengthen the protection of its information systems and online services against cyberattacks, including internal controls, and internal and external audits, in accordance with the commitments made related to the protection of personal data (ISO 27001 version 2013) and compliance with Law 09/08 on the protection of the personal data of natural persons.

In addition, following the introduction of the EU regulation, General Data Protection Regulation (GDPR), Maroc Telecom has undertaken a global action plan to ensure compliance with this new regulation.

63.6 MILLION
MOBILE SUBSCRIBERS

2.2 MILLION
LANDLINE SUBSCRIBERS

1.7 MILLION
FIXED BROADBAND SUBSCRIBERS

36.5 MAD
BILLION REVENUE

To reinforce its suitability for young people, Maroc Telecom has continued to develop communication campaigns investing in young people's codes, such as the launch of the "Switch-conversion of Sales" service and of communication campaigns promoting the quality of the 4G network.

Maroc Telecom Group places performance at the heart of its international development strategy, in particular by relying on the continual development of synergies with its subsidiaries. The company strives to share technological and operational expertise through various seminars, workshops, and training sessions on topics such as infrastructure security, optimization of management processes, security of turnover, and capacity building for international connectivity.

In all the countries in which it operates, the Maroc Telecom Group devotes significant resources to strengthening its infrastructure and deploying high speed mobile and fixed-line to meet the growing needs of its customers in voice and data.

Network development remained a key objective for the group with the aim of supporting revenue growth including mobile data since 4G population coverage rate already exceeded 98%, confirming Maroc Telecom's leading position as the number one operator in Morocco. We continued to invest in fiber optics both in the backbone and on access networks while activating 2,600 MHZ and 800 MHZ in 4G to improve both indoor and outdoor coverage. In addition, Maroc Telecom signed a sixth investment agreement with the Moroccan government for the further development of telecommunications in the kingdom. Under this agreement, Maroc Telecom undertakes to invest 10 billion Moroccan Dirhams in the country from 2019 to 2021.

In international markets, Maroc Telecom expanded and densified radio coverage, together with high-speed mobile development and infrastructure upgrades. The company launched a 4G network in Burkina Faso as well as an 8,200 km undersea fiber optic cable construction project in West Africa with the objective of increasing internet connectivity in Sub-Saharan subsidiaries beginning in late 2020.

Sustainable development concerns are firmly embedded in Maroc Telecom's culture. The company has been working for many years to reduce the geographic and social digital divide, improve the wellbeing of local populations, and preserve the environment.

Maroc Telecom invests heavily to increase territorial coverage, especially in the most remote areas. It engages all its capacity for innovation to introduce and place advanced technologies at the service of the people. The company regularly introduces offers adapted to the requirements of young consumers, families, school populations, professionals, and companies in the start-up phase and continually enriches its content, promoting access to culture, information, and entertainment.

The company supports the social and economic development of the countries in which it operates, continuing the deployment of high-speed networks and supporting the creation of jobs.
Maroc Telecom is also fully committed to numerous national foundations and associations that carry out humanitarian or health initiatives for the protection of children.

Maroc Telecom contributes to the promotion of culture in Morocco. Since 2002, the company has organized its festival of beaches in several cities across the kingdom. Maroc Telecom also supports national events and institutions that promote culture and the preservation of the national cultural heritage, in a variety of ways including music, painting, theatre, and literature. In addition, the company encourages national sports and pays particular attention to the training of talented individuals.

With regards to the impact of its activities on the environment, Maroc Telecom engages in a number of different strategies, such as the use of renewable energy, the deployment of increasingly more economical technologies, the promotion of dematerialization and the digitization of business processes, and employee awareness. The company participates in the Carbon Voluntary Compensation Program of the Mohammed VI Foundation for the Protection of the Environment, continues its action in the Clean Beaches program and maintains the Arsat Moulay Abdeslam park in Marrakech. In 2019, the park obtained the TripAdvisor Certificate of Excellence for the sixth year in a row for the quality of its welcome and service.

18.9 MAD
BILLION EBITDA

52%
EBITDA MARGIN

2.7 MAD
BILLION NET PROFIT

6.8 MAD
BILLION CAPEX

In terms of non-financial reporting and the assessment of corporate social responsibility and sustainable development performance, Maroc Telecom introduced extra-financial reporting in 2009. Environmental, social, and societal data are reported every year. The company also has measures in place for the assessment of its environmental compliance, including a reference system of national regulations and industry best practices, and audits to regularly measure compliance with official standards, assess environmental performance, and identify potential areas for improvement. Since 2017, the company has been awarded the Vigeo Eiris 26000 certificate, with "Advanced" level.

In 2019, Maroc Telecom was awarded the Top Performers CSR 2019 for the sixth consecutive year. We were among ten winning Moroccan companies, to which Vigeo Eiris awarded the best overall social responsibility scores from among 44 listed companies that were evaluated in the framework of the agency's extra-financial rating. Maroc Telecom thus maintained its presence in the Casablanca ESG 10 index launched in September 2018 by the Casablanca Stock Exchange comprising the ten listed stocks that have obtained the best scores from Vigeo Eiris.

In addition, for the fifth consecutive year Maroc Telecom was among the winners of Vigeo Eiris' Emerging Market 70 in 2019. This brings together the 100 best companies in social responsibility from more than 800 issuers listed in 31 emerging or developing countries.

For Maroc Telecom Group, the professional development and fulfilment of its employees is a key objective. This requires modern human resource management, ongoing listening and dialogue, continually improved working conditions, and a tailored benefits policy.

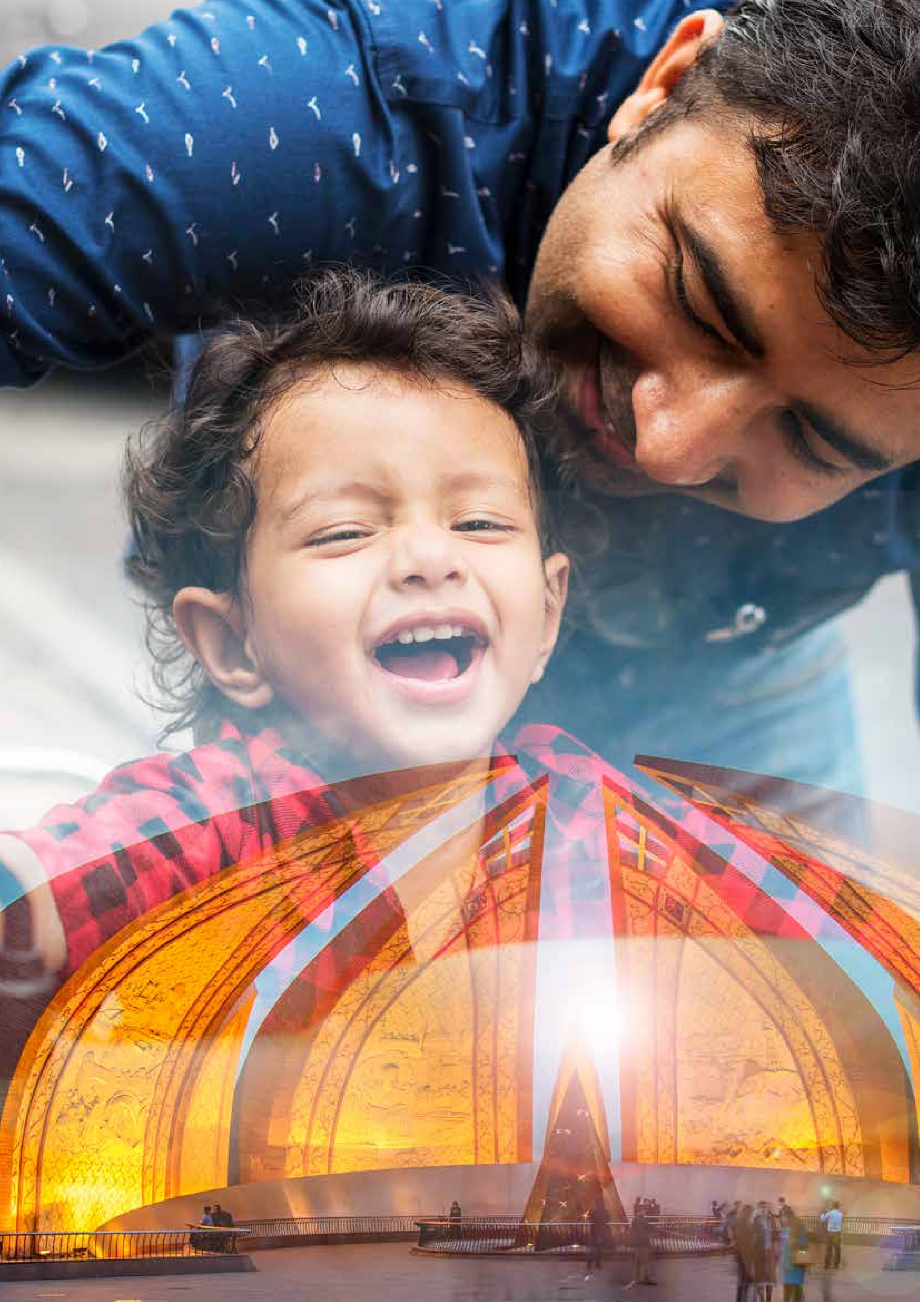
Maroc Telecom reinforces its image as a leader through the firm commitment of its employees to improve the quality of the company's products and services. To support this commitment in an increasingly revolutionary technological environment, Maroc Telecom is continually increasing its skill levels with the training programs it provides every year. Each employee benefits from three days of training per year on average.

The company has also set up a targeted training program for employees that are in direct contact with customers, such as installation technicians, salespeople, and customer relationship managers. Evaluation of this program's effectiveness confirmed a strong correlation between training and the improvement of client satisfaction indicators. Employees that wish to do so can also benefit from diploma training programs.

Maroc Telecom has implemented a dynamic social policy that meets the needs of employees as closely as possible. In addition to compulsory coverage, employees can benefit from health coverage and a supplementary pension scheme.

Many other social benefits are also in place, including subsidies for real estate loans, for the acquisition of a means of transport for pilgrimage, holiday centers and summer offers at great rates, and more. To strengthen the opportunities for employee meetings outside the professional arena, several events are organized each year. For example, there are sports tournaments, fairs, and the Mawahib Itissalat contest which aims to discover, share, and celebrate the artistic talents of employees and their families. Visits to the Maroc Telecom museum and commercial and technical centers are also organized for the benefit of the children of the employees, allowing them to learn more about their parents' working environment.

Maroc Telecom acts on a daily basis for the wellbeing and health of its employees. Health and safety committees meet regularly to ensure that working conditions comply with regulatory requirements. Training sessions are provided related to health and safety at work as well as personal development. Tobacco awareness and support is offered to those that wish to quit, including medical follow-ups, smoking cessation products, and so on.



PAKISTAN

23.4 MILLION
MOBILE SUBSCRIBERS

2.3 MILLION
LANDLINE SUBSCRIBERS

1.4 MILLION
FIXED BROADBAND SUBSCRIBERS

129.5 PKR
BILLION REVENUE

41.4 PKR
BILLION EBITDA

32%
EBITDA MARGIN

2.4 PKR
BILLION NET PROFIT

40.7 PKR
BILLION CAPEX

PAKISTAN **PTCL**

The overall business environment for PTCL remained challenging during 2019 due to slowing GDP growth, inflation, and the devaluation of the Pakistani Rupee. These factors have put pressure on revenue growth. However, PTCL maintained market leadership in the fixed-line sector by focusing on data and digital services segments that continued to be key areas of growth for the company.

The rapidly increasing demand for data consumption, combined with the relatively low level of penetration of fixed-line broadband, offers significant opportunities for fixed line broadband service providers. PTCL strategy was to expedite the roll out of FTTH in order to capture the market opportunity.

Cell tower fiberization and managed capacity are other areas where the company has experienced considerable growth. For example, increased OTT penetration in 2019 led to significantly higher IP bandwidth requirements, resulting in the growth of the IP bandwidth wholesale segment in synchronization with consumer data demand. As the largest submarine and long-haul optical fiber operator, PTCL is well positioned to capitalize on the company's impressive fiber footprint.

The telecom sector is the key enabler of digitalization and current market trends represent a range of exciting new opportunities in the ICT sector that positively impact corporate and value added services (VAS) revenue growth.

The corporate and enterprise segment witnessed an increase in customer requirements for managed services, cloud infrastructure, and security solutions, all of which are contributing to the development of new revenue streams. In accordance with customer demand, PTCL is focusing on building organizational capability forICT, enabling managed security solutions, cloud, data centres, and providing opportunities related to other allied technologies such as smart metering.

PTCL continued to enhance its corporate services portfolio, offering products and services related to cyber threat intelligence, IT service management solutions, virtual and physical firewalls, DNS, and other security solutions. Our concerted efforts have led to PTCL becoming Pakistan's first managed security service provider. PTCL's cloud infrastructure is also the country's first and most secure enterprise cloud platform. PTCL Smart Cloud is operated on two locally hosted tier-3 certified data centres, a guarantee of state-of-the-art security. It has also been awarded the payment card industry data security standard (PCIDSS) certification v3.2.

PTCL made progress with digital money where Ubank continued its impressive pattern of exceptional revenue growth last year. In 2019, gross revenue increased by 50% year-on-year. Ubank considerably expanded its network of touch points from 141 at the end of the previous year to 211 across 183 cities and rural areas in Pakistan, offering a wide range of microfinance loans, deposit products, and branchless banking solutions. The bank's deposits and loan portfolios grew by 14% and 37% respectively year-on-year and Ubank is playing an important role in the fight against poverty in Pakistan.

The company's primary capital expenditure focus during 2019 was the Network Transformation Project (NTP). This was first established in 2017 and has involved the top 95 exchanges in ten major cities acquiring the latest technology, enabling the introduction of high-end data services up to a speed of 100 Mbps. This upgrade has also led to the deployment of FTTH in major cities to cater to high bandwidth demand. This resulted in revenue growth mainly driven by higher ARPU and a 35% reduction in customer complaints. Another major focus area for capital investment included deployment of optical fiber to accommodate the growing data requirements of the carrier and corporate segments. PTCL's wireless services are now available in more than 1,000 towns and cities in Pakistan, while our fixed-line network covers all the country's major cities.

In 2020, PTCL's key focus will be on further improving the quality of its service in order to enrich customers experience. In addition, PTCL aims to become the largest FTTH network operator, catering to the high data demand of small and medium enterprises, and corporate entities.

PAKISTAN **UFONE**

The mobile industry was impacted by the regulatory environment in 2019, following the reinstatement of the suspended taxes on telecom services, resulting in revenue slow down for the telecom sector. Despite these challenges, Ufone managed to post the highest subscribers net-adds compared to its competitors and achieved revenue growth that built on the momentum from 2018.

Ufone focused on improving the company's market share throughout the year and increased its subscriber base by 1.1 million, which represents an annual increase of 9%. This was made possible by increasing the company's retail footprint and supported by sales channel efficiency driven by the adoption of an analytical approach.

In the first half of 2019, Ufone upgraded its networks by successfully launching 4G trials in seven cities across Pakistan. As an urban-centric brand, the 4G trials enabled Ufone to service the needs of consumers while bridging the gap with competition.

In order to improve business operations and customer experience, Ufone has successfully introduced an additional 169 PTCL-Ufone joint shops, which were previously serving PTCL customers only. The plan is for the company to evolve into a more effective and agile organization that can drive performance and efficiencies through improved collaboration and scale.

The second half of 2019 was challenging with the imposition of tax on data within two major markets and the removal of administration and maintenance fees for the mobile industry across Pakistan. The industry also faced an adverse impact on its top line, as operators were required to return previously accumulated fees to subscriber accounts. To counter the revenue slow down in the market, Ufone leveraged the strength of its brand and continued to monetize its product portfolio by the upselling and migrating customers towards higher ARPU products.

Value-added services (VAS) remained a focal point of Ufone's strategy in 2019 as the company focused on consolidating the existing VAS portfolio and launching new digital initiatives. To tap into the gaming industry, Ufone launched its Android gaming portal, offering customers a wide variety of games to choose from, depending on their pocket size. Furthermore, Ufone partnered with leading organizations in the gaming industry, in order to further augment the company's offering. With the aim of building a portfolio of utility-based services that provide continuous value to customers, Moreover, Ufone partnered with insurance providers to launch life and health insurance services for its customer base.

Ufone introduced a new digital initiative called BizEaze, an enterprise portal designed to enhance the overall business customer experience. BizEaze addresses the requirements of Ufone's business customers, providing them with ease and flexibility, covering all products and controls, as well as providing services and a dashboard to view 360-degree subscriber level details, all without seeking assistance from the operator once enabled with multilevel administrative control options.

Moreover, Ufone was able to upgrade "Super Card" customers to "Super Card Plus", which has a better ARPU and customer lifetime value. To accommodate the higher data needs of customers and provide incentives for upgrades to higher bundle card denominations, a free Facebook component was also added to "Super Card Plus". Also capitalizing on network upgrades, a WhatsApp centric value proposition was offered for all new customers, with the aim of data user acquisition.

Moreover, Ufone capitalized on its wholesale roaming deals with major operators and launched pay-as-you-go data roaming in 15 key destinations, along with the UAE and KSA. Ufone also launched data roaming buckets in the UAE, KSA, UK, and Turkey.

In 2020, Ufone will maintain its focus on the network expansion and capacity enhancement as data will continue to be a vital component in driving revenue growth. Initiatives to increase customer base, launch new products and improve customer experience will similarly be crucial for Ufone in the year ahead.

AFGHANISTAN

Despite the challenges imposed by the security situation on the business environment in the country, 2019 was an important year for Etisalat Afghanistan. The company continued to deliver strong performance and introduced innovative services to enhance customer experience.

Etisalat launched 4G-enabled data services in Kabul, the capital city of Afghanistan, and to further strengthen its unique customer service culture the company undertook several crucial steps including the expansion of its call center workforce and technology. As a part of its vision to transform Afghanistan into a digitally empowered society, Etisalat further enhanced "mHawala", its mobile banking services, by launching two different applications that enable "mHawala" agents and customers to conduct their monetary transactions more easily and access their accounts from anywhere and at any time.

The launch of "My Etisalat AFG" application was another important step taken by Etisalat to further its vision of introducing digital services throughout the country. In addition to digital services, Etisalat increased its sales volume through its nine hundred express shops and opened around eighteen mini-shops and one hundred fifty DSA kiosks across Afghanistan to facilitate customer access to the company's products and services.

Etisalat continued to design and offer simpler and more functional products to accommodate unique customer expectations and offer convenient solutions to its customers. The unique design of its data and voice bundles once again placed Etisalat ahead of the competition in the Afghanistan market. Among these bundles were "Mukamal", a range of combo bundles encompassing budget-friendly voice and data packages that are designed to meet customer expectations. Etisalat's weekly raffle draw was another exciting offer, which was aimed at boosting customer use of Etisalat's SIM card.

One of the main reasons that contribute to making Etisalat the number one brand of choice in Afghanistan is the availability of openness, transparency, and accountability in its customer service culture. In 2019, as a customer-centric company Etisalat placed the needs of its clients at the core of its focus by offering a variety of products, subscriptions methods, and price ranges targeted to the needs of customers combined with freedom of choice.

As the leading brand in Afghanistan, Etisalat has been investigating ways to better reach its customers. These include supporting the cultural and educational causes that are important to different social and community groups in the country. The organization of the annual Nawruz campaign, an important cultural event marking the start of the Persian year in Afghanistan, is a channel that Etisalat uses to increase business-to-consumer sales strategy and raise brand awareness.

In addition, Etisalat launched the campaign in the city of Mazar-e-Sharif with a series of entertainment activities to facilitate the reach of customers visiting from across the country to Etisalat products and services and to further expand promotion. Etisalat also hosted some events for its high-value customers in different provinces in appreciation of their loyalty, where we listened to their feedback, questions, and comments and incorporated them into our product designs.

Promotional opportunities such as sponsoring trade shows and charity events were also done by Etisalat to increase its reach through positive interaction with businesses and individuals attending the events. We sponsored the Information and Communication Technologies (ICT) exhibition held in Kabul in September 2019. As the main sponsor of the event Etisalat demonstrated its products and services to visitors at its exclusive booth. Customer queries and questions were also answered so that visitors and potential clients had a clear understanding of all the features and benefits of Etisalat's products and services.

In the year ahead, Etisalat Afghanistan will continue to focus on data and on maintaining data leadership through ongoing investment in new technologies and introducing innovative products and services, as the market continually evolves.

E-VISION

The strategic roadmap of the company to enhance its offering across linear, video on demand (VoD) new services and expansion through strategic partnership continues to pay off. The pillars of E-Vision's strategic direction can be summarized as follows:

- Diversification and in depth of the content aggregation services provided to Pay TV operators for consumers and hospitality across multiple genres and market segment ethnicities, for linear and VoD services across IPTV and OTT platforms.
- Increasing the service offering, including a larger number of linear channels comprising of Free-to-air (FTA) and Premium, Transaction-on-Demand (TVoD), Subscription-on-Demand (SVoD), Content Management and Servicing, and Electronic Program Guide (EPG).
- Expanding the customer base and forging new partnerships with the likes of Amazon Prime, Wide Khaliji, Voot, and Eros Now.

Throughout 2019, E-Vision conducted multiple strategic and operational programs that have placed the organization on a strong path to rapid growth.

E-Vision enhanced its offering by adding multiple new HD and 4K channels to our catalogue serving the consumer and hospitality market, addressing multiple customer segments. After discontinuation of the OSN Pehla packages, E-Vision succeeded in securing the necessary linear channel rights to maintain the packages under the extended Asiana packaging brand, maintaining and maximizing the revenues from these packs. With regards to the cricket rights, E-Vision secured the rights for BCCI and ICC in addition to those for the South African T20 league and created two in-house channels dedicated to cricket under the brands "CricLife" and "CricLife 2". Furthermore, E-Vision signed up three additional sports channels to maintain the eLife Sports bundle after the discontinuation of the Abu Dhabi Sports encrypted service.

The E-Vision SVoD offering increased further following the establishment of partnerships with several leading content entities, including Voot (Viacom 18) and Eros Now. The company continues to explore the multiple and highly fragmented SVoD offering in the market in order to provide the finest content catalogue to our partners. E-Vision also secured over 900 hours of the latest Arabic titles to cater to our Arabic viewers' demands in the UAE, KSA, and Egypt.

E-Vision continued to drive strong customer experience satisfaction goals. This achievement is clear from the increased content offerings available during Ramadan to our end users, providing premium TV series including "Day & Date" (D&D) in our SVoD offering. Pay TV partners such as Etisalat UAE eLife enjoyed exclusive and cutting edge content for its customer base and the viewership patterns demonstrated the high levels of satisfaction from their customers.

E-Vision enhanced its service offerings to its international customers. In 2019, E-Vision secured strategic long-term partnerships with Mobily and Etisalat Misr, with E-Vision becoming the turnkey TV and content solution provider to both entities. E-Vision will provide a complete suite of TV and content services to both operators to support their strategic goals in the media industry.

Moreover, StarzPlay service was launched by Mobily and PTCL Group during the year. The long-term partnership includes value streams that are being synergized from day one of the partnership. We also partnered with Amazon to offer Prime services in the UAE and Prime Video in KSA and Egypt.

From its beginnings as a homegrown service, E-Vision's acclaimed eJunior brand expanded its linear and SVoD reach by launching the "eJunior" app, which is available across the MENA region. Multiple partnerships are being confirmed in order to expand the offering and its reach.

In 2019, the E-Hospitality business grew by 30% while adding new major hospitality brands to our portfolio. This is a clear indication of the successful implementation of our strategy.

E-Vision's strategic direction is to be the most compelling, efficient, and platform agnostic content aggregation company in the region, enabling Pay TV operators with the richest content offerings and turnkey IPTV and OTT solutions and allowing them to concentrate on their core marketing and sales activities.

ETISALAT SERVICES HOLDING

In 2019, Etisalat Services Holding (ESH) continued making good progress in its organisation-wide transformation initiative in conjunction with the company's vision to be the primary strategic partner for all its clients. The transformation program resulted in some of our business units and functions being merged for greater efficiency and optimisation, the introduction of new portfolios and propositions, the establishment of new legally separate business units, the enhancement and digitalization of its internal processes, and the development of human capital capabilities in leadership and competencies.

ESH and its seven operating companies made great efforts to drive the digital future in their respective fields, from facilities management to telecom solutions to the laying of submarine cables and beyond. ESH increased its capacity to offer additional strategic value to all Etisalat Group companies by providing telecom adjacent business services in an increasingly digitised marketplace.

In 2019, a new operating company, Outsourcing Management Business (OMB), is being incorporated under ESH management. OMB currently works as an internal division within ESH, servicing the manpower and outsourcing requirements of different companies within the group. It will eventually become a separate company that will operate in expanding outsourcing and shared services sector within the region. With a legacy and commitment to provide smart and flexible solutions to its customers from both the private and public sector, OMB intends to become a market leader in the business process outsourcing industry.

Etisalat Facilities Management (EFM)

As one of the most trusted total facilities management (TFM) service providers, offering smart, integrated, and sustainable services and products, EFM continued to introduce new value-added services, in the facilities management market. EFM continually strives to enhance its clients' experiences and performance, designing services in accordance with global standards for maintaining their facilities and employing the most efficient, cost effective, and reliable practices.

EFM has now redefined its strategy to go beyond traditional conventional maintenance services by adopting a new diversified portfolio, which includes smart, digitalized, and automated services in its operations and its offerings.

Emirates Data Clearing House (EDCH)

EDCH continually works to enhance subscriber experiences and the performance of mobile operators. Designed in keeping with Global System for Mobile Communications (GSM) standards, EDCH's suite of products enables both mobile operators and enterprises to offer a seamless customer experience to their end users.

In 2019, EDCH embarked on a transformational journey. Our strategy was based on the company's rich history as the most trusted and reliable value-added services provider. The diversification led to the business focusing on three engines of growth, namely network protection and revenue assurance, analytics as a service, and wholesale partner management.

Besides rearranging the portfolio, a new service delivery function was established to own the responsibility of end-to-end delivery and customer experience, including deployment, installation, testing, and certification.

During the year many new countries and mobile network operators (MNOs) were added to our footprint, including Timor Leste Telecomsel, South Somalia Somtel, Gambia Gamcel, Ghana MTN, and Jordan Orange, to name just a few.

Ebtikaar Card Systems (ECS)

ECS was established in 1996 to fulfil the market's growing business and application domains and is today a major provider of SIM card solutions in the region. The factory holds the GSM Association's Security Accreditation Scheme SAS certificate for SIM and smart card manufacturing, in addition to the ISO 9000, ISO 14000, and OHSAS 18001 certifications for quality, health, and safety standards.

2019 was a year involving a major shift in focus that not only resulted in the enhancement of the company's bottom line performance but also in leveraging the positioning of Ebtikaar in the SIM ecosystem to facilitate the introduction of eSIM services. Ebtikar enhanced its portfolio by offering total end-to-end eSIM management solutions, enabling mobile operators to manage their mobile subscription remotely and securely.

In addition, in order to deliver synergies and leverage to the marketing, sales, and service delivery capabilities of EDCH, functions have been integrated with the current EDCH structure, improving bottom line performance.

Tamdeed Projects

Tamdeed remained the preferred service provider for Etsialat's civil and cable telecom infrastructure projects like OSP, ISP, Turnkey, and in-building solutions (IBS). In order to meet customers' requirements, we deployed more resources on site, hired experienced engineers, cable jointers, technicians, and planners, and built a strong in-house team for civil projects. With such resources in place, we aim of becoming an exclusive strategic partner of choice for our customers.

Tamdeed has built a dedicated sales team to obtain more business opportunities in order to accelerate the growth of ESH. Tamdeed has also steadfastly built ELV/ICT teams to cater to the requirements of the Al Ain Hospital project. Tamdeed was also awarded the In-building Solution (IBS) contracts to be executed in the entire UAE and for the Expo 2020 project.

Etisalat Information Services (eIS)

eIS is recognised as the UAE's leading local search provider. The company maintains two business listings directories. Yellowpages.ae caters to B2B audience, while Connect.ae is designed for a B2C audience. eIS also publishes printed and digital directories both online and via mobile applications.

The explosive growth of the online directory media advertising industry since 2015 has led to eIS increasingly focusing on digital media advertising. The digital media advertising industry is expected to experience a 38% compound annual growth rate (CAGR) over the next few years. Since 2017, eIS has continued to support and grow Connect.ae, the UAE's first and only bilingual, hyper-local search engine, enabling location-based search and navigation of all businesses in the country. This is in addition to the long-established Etisalat yellow and white pages directories.

eIS also signed multiple partnerships with industry leaders in the digital sphere in 2019 and continues to aggregate various verticals by enhancing these partnerships. In general, eIS continued to achieve the goal of connecting buyers and sellers that it has pursued since 1976. The company is now involved in all forms of media in the UAE and is in the process of expanding beyond the country to become a global player.

Etisalat Academy (EA)

In accordance with its vision to be the leading learning and development solutions provider in the region, Etisalat Academy always seeks to be aligned with UAE government priorities including National Agenda 2021, especially in terms of human capital development.

In keeping with the human resources strategy of the federal government, Etisalat Academy has positioned itself to help build proficiencies in both soft and technical skills among the UAE workforce. This has been demonstrated through several learning and development programs delivered in partnership with the Ministry of Human Resources and Emiratisation.

2019 brought significant opportunities for the coordination of efforts between Etisalat Academy and various government entities, including the Prime Minister's Office, the Ministry of Interior, DEWA, and Emirates Post Group. As part of the knowledge transfer initiative from Prime Minister's Office some of the graduates of customer happiness programs delivered similar programs in Saudi Arabia, Egypt, Jordan, and Uzbekistan.

Recognizing the importance of digital learning, Etisalat Academy now delivers programs in a blended learning approach over digital platforms and mobile applications. In 2019, Etisalat Academy became the only training provider in the GCC region to provide certified training on the world's first Service Automation Framework (SAF).

E-Marine

As the principal provider of submarine cable solutions in the Middle East, East Africa, and the Indian subcontinent for nearly three decades, E-Marine is committed to the economic expansion and improvement of the region. After introducing the CS Maram in 2016 the company added a new multi-purpose vessel, the MPV Athba, to tap into opportunities in the energy sector. E- marine now has a total of five ships.

The company's operational activities covers many regions and aims to be the best and most competent in our industry, always prepared to provide tailor-made, cost-effective, and efficient solutions. E-marine believes in constantly working to scale up our operations as building blocks. Consequently, to cater to the developing East African market E-marine is planning to open a third depot in the region. This will provide the company with a strategic advantage to not only procure additional business but also add an extra pillar to support the advancement of the region's digital infrastructure.

HUMAN CAPITAL

The information and communication technology (ICT) industry continues to expand and is becoming increasingly competitive. At Etisalat, we recognize the importance of maintaining our position within the industry and the need to stay ahead of our competitors, all around the world. We are well aware that our organization's most valuable assets are our people. In 2019, we made considerable efforts with our human capital to create a positive work environment, provide training and incentives, and ensure the health and wellbeing of all our employees across the Etisalat Group.

At Etisalat, our human capital vision is to be a strategic business partner and deliver value-added human resources solutions to satisfy the requirements of all our internal and external customers. Our brand is our identity, the spirit of our family, and the combination of the many qualities and core competencies that underpin our success.

The UAE continues to be a regional hub for businesses operating in various markets across the Middle East and Africa. It remains critical to be able to mobilize human resources easily and quickly within a country and across borders. We create a healthy working environment by establishing a sense of belonging, teamwork, and respectful treatment for all and maintain internal equity of job grades while ensuring the competitiveness of our salaries and benefits within the industry.

With almost 81 different nationalities employed throughout our organization, we truly embrace diversity. We promote equal employment and growth opportunities for talented people of different genders, origins, and work experiences. Our diverse workforce reflects our values but also provides us with a competitive advantage. Our employees are truly representative of the different communities in which we operate and the varied customer segments with whom we interact.

The increased focus on advanced learning approach and technologies is having profound effects on our talent management strategy. Our talent management team actively supports driving the digital future by means of strategic learning in advanced technology. The establishment of a technology academy is a key milestone, where preference is given by Etisalat UAE to Emirati talent aligned with business needs for the very best skill building programs.

We have always followed safe labour practices and adhere to local laws regarding labour standards and working hours. We ensure good protection and safety for all our employees. We also care for our people's health by promoting a better lifestyle. We do this with health, safety, and environment (HSE) training sessions, committees that discuss ways to prevent risks, and a wide variety of events that raise health awareness and encourage staff to adopt a healthier lifestyle.

We support those with special needs and in order to establish lasting relationships with them, our customer centers have employees that are trained to manage the telecom requirements of customers with special needs.

In 2019, we embarked on potential initiatives to bring together brilliant minds, prepare the employees to become more professional in their current work, and bridge the gap regarding their future skill sets. To achieve excellence in the area of human capital we are working closely with all our key stakeholders in the UAE with unparalleled networking opportunities and are preparing our organization to respond and be proactive regarding high-priority business and human capital needs. Culture and collaboration synergy is driven by our core values and building future talent is a top strategic priority.

Employee engagement at work was a major priority for Etisalat. This began with assessing employee motivation and engagement to identify effective existing practices and areas for improvement. As part of this, 95% of employees participated in a global employee engagement survey. 90% employees declared that, "Etisalat responds quickly to changes in the market place" whereas 95% of employees had a strong connection and "Fully support the values for which Etisalat stands." Compared with last year, employee engagement scores increased for most of the OpCos where at group level 76% and led by UAE at 85%.

Etisalat HR policies, processes, and applications are all digitalized and employees can access these through a number of digital touchpoints. The Etisalat mobile application HR Connect is accessible to all staff anytime and anywhere through their mobile device. Etisalat was awarded the 2019 Digital HR Award of the Year by the GCC Gov HR summit, demonstrating clear alignment of technology with the entire company's human resources processes and with the organization's broader goals.

Innovation and change is the opportunity to go deep and exchange viewpoints and ideas, while adopting an agile strategy and growth mindset in terms of human resources. This includes innovation seminars, innovative business channels using 5G technology, seminars focusing on future telecom and technology developments, our learning experience platform project, and collaborative workspaces.

At Etisalat, we firmly believe that our success is dependent on attracting and retaining talented people at all levels of the company. We are committed to improving the lives of people as well as to the protection the environment for future generations, with our core values of empowerment, agility, collaboration, and customer-centricity as the guiding principles.

Learning and development has been key theme for Etisalat Afghanistan and initiatives like "Tea and Learn", "Tea with my CXOs", and teambuilding activities were conducted in 2019. In addition, to promote the culture of collaboration and knowledge sharing, Etisalat recognized and rewarded employees exhibiting collaborative behaviour and organized numerous training sessions where employees had the chance to share their knowledge and benefit from each other's expertise.

In Saudi Arabia, Mobily's HR unit is embarking on a comprehensive staff development project that aims to provide a framework for career progression and competency development across the company. The strategy involves nationalization, empowering the labour force, and establishes the attractive work environment for national cadres.

Mobily's cyber security eLearning platform was launched for employees in June 2019. It aims to promote cyber security culture, educate about best practices when dealing with business and personal data, and certify trainees upon successful completion of each unit.

Mobily customer care management celebrated the graduation of the first batch of colleagues that have obtained the COPC international certificate. Customer Operations Performance Center Inc. grants the COPC certification for standardization of the quality of services provided by customer care centers in international companies.

In Morocco, for the Maroc Telecom Group the professional development and fulfilment of its employees is a key objective. This requires modern human resource management, ongoing listening and dialogue, continuously improving working conditions and a tailored benefits policy. The company has also set up a targeted training program for employees that are in direct contact with the customer, such as installation technicians, salespeople, and customer relationship managers. Evaluation of this program's effectiveness confirmed a strong correlation between training and the improvement of client satisfaction indicators.

As winners of the Top Employer Award in Egypt in 2019, Etisalat Misr provides exceptional employee conditions, nurtures and develops talent throughout all levels of the organization, demonstrates its leadership status in the HR environment, and is always striving to optimize its employment practices in line with global standards.

In Pakistan, PTCL's in-house Future Emerging Leaders (FuEL) program, an exclusive two-year program that is focused on identifying and developing high-potential employees, inducted a fresh batch of participants, while the second batch graduated at the same time. In addition, in an effort to enable senior management to be innovative in their approach, PTCL held an intensive five-day business simulation by EDL, the world-renowned British consultants, as well as an in-house management development program to prepare senior managers for future roles.

The PTCL Champions is a day-to-day recognition program through which line managers recognize and reward their high performing staff. So far, 9,700 employees have completed this program. Following its success with non-management personnel, the program has now been extended to management employees. Customer is always at the core of PTCL and to help employees become more customer-centric, innovative and agile, PTCL conducted workshops on design thinking to guide employees regarding how to solve complex problems using innovative concepts, tools, and techniques that would uplift service culture. The customer care department also underwent restructuring to induct specialized support center staff in order to handle customer calls more efficiently.

Ufone launched the first in-house developed training management system and also employed best-in-class artificial intelligence and international occupational psychologists to develop an assessment tool to stay at par with progressive HR trends and ensure objectivity, transparency, and a greater engagement value, primarily in the recruitment process.

Employee wellbeing and happiness was a prime focus at Etisalat in 2019 and will remain so in the future. Recognition programs have been introduced that focus on employee engagement and developing a robust talent reservoir, all aligned with our business objectives. Etisalat has a well-integrated approach regarding the adoption and integration of the program across our whole organization. In addition to protecting the safety of our people, Etisalat promotes better lifestyle choices. At various events, Etisalat raises employee awareness about health and safety in the workplace and the importance of leading healthier lifestyles. Etisalat was awarded a prestigious endorsement for their efforts on engagement and employee wellbeing by winning the Best Employee Wellness and Wellbeing Award from Future Workplace Awards at the HR Middle East Summit in 2019. The award is a regional benchmark for the outstanding achievements of individuals, teams, departments, and organizations toward establishing a strong culture of collaboration, health, and wellness.

Our employees' wellbeing is a very important consideration within all our operating companies. In all the countries where we operate, Etisalat engages in community involvement through various charitable, cultural, and social work activities.

In Afghanistan, sports tournaments for badminton, futsal, and table tennis were organized to engage employees in productive activities and develop communication, confidence, and discipline. Etisalat also signed membership contracts with local gyms to offer its employees the chance to be involved in sports and ensure a healthy and productive life.

In Morocco, Maroc Telecom has implemented a dynamic social policy that meets the needs of employees as closely as possible. In addition to compulsory coverage, employees can benefit from health coverage and a supplementary pension scheme. Many other social benefits are also in place, including subsidies for real estate loans, for the acquisition of a means of transport for pilgrimage, holiday centers and summer offers at great rates and more. To strengthen the opportunities for employee meetings outside the professional arena, several events are organized each year. For example, there are sports tournaments, fairs, and the Mawahib Itissalat contest aims to discover, share, and celebrate the artistic talents of employees or their families.

Maroc Telecom acts on a daily basis for the wellbeing and health of its employees. Health and safety committees meet regularly to ensure that working conditions comply with regulatory requirements. Tobacco awareness and support is provided to those that wish to quit, including medical follow-ups, smoking cessation products, and so on.

PTCL in Pakistan introduced a number of health and wellness initiatives designed to enhance employee engagement and check the pulse of the workforce. These included the HRBP survey, Global Employee Engagement survey (GEES), quarterly town hall meetings, and focus group discussions related to various employee-related issues. Other activities were designed to allow the PTCL family to engage, bond, and enhance the spirit of camaraderie across organizational lines include employee iftars, fun and sports galas, religious and national day celebrations, as well as employee away days and retreats.

Also in Pakistan, Ufone engaged support staff through multiple nationwide sessions that recognized their efforts in making our work life comfortable. In addition to fostering teamwork and harmony in the workplace, special emphasis was placed on improving employees' communication skills for everyday duties.

Etisalat is a United Nations Global Compact (UNGC) signatory and upholds its support of the UNGC's ten principles, including human rights. Etisalat UAE is proud to follow a zero-tolerance policy concerning abuses of human rights and reserves the right to terminate business with a supplier that has committed serious breaches of these standards.

Our talent acquisition teams focus on ensuring that we have best-in-class specialists. Our training needs are addressed strategically by looking deeply into corporate strategic direction, department specific requirements, and individual needs. In 2019, we gave top priority to multi-skilling and re-skilling our people to bridge the gap between current and future talent needs. We have introduced special expert training programs and established business, sales, customer care, finance, and digital technical and non-technical learning academies.

At Etisalat we work closely with all top universities, various government departments, attend career fairs inside and outside the UAE, and have professional work commitments with MOHRE to attract UAE nationals. Etisalat's focus on UAE nationals development and engagement strategies have contributed to an increase in organizational performance and overall positive staff motivation has resulted in Etisalat becoming an employer of choice. We seek to empower Emiratis by offering meaningful jobs, training, and development opportunities for long-term careers in the telecom sector.

Etisalat is guided by UAE labour laws that ensure equitable and sustainable practices of fair employment. Etisalat also has a personal conduct policy that is communicated to all employees, who are required to abide by it, and proper work ethics are employed. As in previous years, in 2019 Etisalat UAE recorded zero incidents of discrimination.

At Etisalat, we will continue to strive to create a positive, diverse, and equal-opportunity work environment, provide high quality training, offer benefits and incentives, and ensure the health, happiness, and wellbeing of our employees in all divisions of the company in 2020 and beyond.

CORPORATE SOCIAL RESPONSIBILITY

Digital technology and innovation are currently having an increasingly larger impact on all societies. With the company's overall strategy and vision focused on 'Driving the Digital Future to Empower societies', all CSR activities were integrated across departments to reflect innovation and digital capabilities by harnessing the power of our network to create value for subscribers and shareholders, as well as for the communities that Etisalat serves.

Etisalat's activities addressed technological innovation, development, education, social and cultural engagement, employee wellness, and more. All our efforts were focused on encouraging innovation and creative thinking for the next generation.

On a global level, Etisalat maintained its commitment to the United Nations Global Compact regarding relevant initiatives across the Group's international footprint. In addition to those mentioned above, Etisalat's CSR activities extended to technological development, education, health care, social and cultural engagement, environmental conservation, women empowerment, employee wellness, and beyond.

As part of its education and youth empowerment program, Etisalat welcomed students from across universities in the UAE to the Open Innovation Center in Dubai, an area dedicated to drive digital transformation by enabling the use of the latest technologies showcasing digital innovation, its capabilities, and how digitisation can be of benefit to society.

Etisalat has also taken an active role in the future of education by partnering and collaborating with government projects like 'Madrasa' part of Mohammed bin Rashid Al Maktoum Global Initiatives and 'Think Science' organised by the Emirates Foundation to encourage and empower the aspiring scientists of tomorrow.

Etisalat worked closely with the Emirates Foundation and the Abu Dhabi Chamber of Commerce by supporting initiatives and programmes to encourage the growth and development of youth. Etisalat joined the Emirates ICT Innovation Center (EBTIC) on their 10th anniversary in 2019, the center showcased technology innovations with live demos from academics and entrepreneurs that will play a greater role in empowering society.

Pakistan Telecommunications Company (PTCL) supported startups by collaborating with the National Incubation Center (NIC). At the beginning of the year, PTCL hosted young entrepreneurs from NIC Peshawar to present their ideas, business models, and prototypes. They were mentored on their ideas' viability, market sustainability, target market, business model, brand positioning, and marketing capabilities.

PTCL also supported two schools to improve the quality of education and condition of the school premises and partnered with 'World Wildlife Fund for Nature' to conduct a spellathon for 1,000 primary school students for the second consecutive year. PTCL worked closely with 'The Citizen's Foundation', 'SABAQ', and 'Pehli Kiran Schools' to champion the cause of 'Education for All' through financial support and donations. PTCL's flagship summer internship program, 'Experia' mentored children at a local charity school and the company was actively involved in the 'Youth Leaders' conference which focused on counselling bright young minds.

With a special focus on future innovators, in Egypt Etisalat Misr launched the 'Decoding Health Challenge', promoting the use of big data to create solutions that will empower start-ups to serve 'Non-Communicable Disease' (NCD) patients.

The International Telecommunications Union (ITU), the United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Development Program (UNDP), and United Nations Technology and Innovation Lab (UNTIL) partnered with Health 2.0 Egypt to create a platform for healthcare startups and data scientists to harness the power of healthcare data to innovate health-tech solutions in Egypt. Etisalat Misr joined forces with Novartis to bring this opportunity to life and was also the exclusive telecom provider supporting the UN 'Sustainable Development Goal' (Good Health and Well-Being). This challenge focused on mobilising talent and technology to reduce the mortality rate caused by NCDs through preventive methods.

While supporting the next generation to inculcate innovation and incubate ideas, children's safety was also in the spotlight. PTCL organised a discussion entitled 'A conversation on bullying' focusing on hands-on instruction, role-playing and interactive sessions, while in the UAE, in partnership with the Ministry of Education, Etisalat's first cyberbullying campaign launched a new AI bully bot to mimic online bullies and places users within a simulated cyber bullying session.

In today's age where technology has transformed the reading habits of both children and adults. Etisalat was an official partner for 'Sharjah Book Fair' in UAE one of the biggest events in the region that featured over 2,000 publishers from 81 countries promoting books.

'Climate change' is another topic that has taken precedence globally as well as in the UAE. Etisalat had an opportunity to be part of the prestigious Sheikh Mohammed bin Rashid initiative 'Well of Hope', a collective effort by the public and private sector to ensure that the most vulnerable sections of society across the world have access to clean water. Etisalat management and staff virtually pumped water that would later be delivered to countries with water scarcity issues.

Maroc Telecom is a key participant in the 'Carbon Voluntary Compensation Program' for environment protection in line with the Moroccan government's programs related to cleaning and maintaining public property, such as beaches and parks. Maroc is also involved in collating and reporting data on environmental compliance, including a reference system of national regulations and industry best practices, audits to regularly measure compliance based on the industry standards, and assessing environmental performance.

The company has received the advanced 'Vigeo-Eiris 26000' certificate since 2017 and in 2019 was awarded the 'Top Performers CSR' for the sixth time in a row, ranking Maroc among the top ten Moroccan companies. Maroc was also the winner for a 5th consecutive year to be ranked among 70 best companies to feature among the 'Emerging Market 70' in social responsibility from 800 participating companies across 31 developing countries.

PTCL has also undertaken various initiatives regarding climate change and environmental preservation, such as collaborating with the Ministry of Climate Change to support the Clean Green Pakistan Movement by planting over 200,000 trees on company sites. As part of the same movement, PTCL undertook beautification, renovation, and re-landscaping of three main areas in the country's capital city.

PTCL launched a special consumer campaign focused on e-billing with its headquarters certified as a green office by the WWF. Most of these workplaces are also green, becoming plastic-free in support of the government's initiative on single-use plastics in the country. The company has also converted over 600 mobile sites to solar power, another major step in reducing PTCL's carbon footprint.

With fitness becoming a priority for people of all ages, in Afghanistan, Morocco, and Pakistan, Etisalat actively participated in supporting local sports events and in the growth of the next generation of players. Etisalat Afghanistan took part in various sports events, including the popular national 'Buzkashi' event, the Afghanistan Marathon, and the Bamyan Winter tournament. Maroc Telecom encouraged national sports by focusing on the training of young athletes.

In 2019, the third football championship was held across eight cities in Baluchistan with 720 young footballers and 48 teams competing at the Super8 stage of the tournament. The program was also expanded to 21 cities in the province of Khyber Pakhtunkhwa, where 64 teams and 960 footballers participated. The tournament in Khyber Pakhtunkhwa builds on the success of three editions of the Ufone Baluchistan Football Tournament, which has evolved to become one of Baluchistan's major sporting events.

Supporting people of determination remained a priority for Etisalat in 2019. Etisalat was the main partner of the 'Special Olympics' and also had the opportunity to support this global platform by being part of 'Torch Run' where staff and volunteers were able to walk with the special Olympic torch. Etisalat hosted the final leg of the global sports event with the 'Flame of Hope' journey at its headquarters in Abu Dhabi.

Volunteering for the most significant global event to take place in the UAE in 2020 was another area of focus this year. Etisalat supported the prestigious Expo 2020 with the launch of its awareness campaign, which encouraged millions of its customers to volunteer. During the event, there will be more than 30 volunteering roles, including welcoming guests, guiding visitors around the Expo site, and supporting events, with more than 16 million volunteering hours spread over 173 days.

Blood donation drives also formed part of the activities throughout the year, with active participation from the company's employees. These donations were conducted across Etisalat offices, supporting the cause in partnership with the Sharjah Blood Transfusion and Research Center and the Abu Dhabi Blood Bank.

Ufone partnered with the Pakistan Red Crescent (PRC), a member of 'International Red Cross and Red Crescent Movement' to support the communities affected by flash floods and heavy snow in Baluchistan in February 2019. The two organisations teamed up to distribute emergency food packs among 2,000 affected families.

Etisalat Misr was actively involved with government foundations and associations that are active in health activities for children. In the first phase of its partnership with 'School Health and Safety Promotion' project, Etisalat Misr enhanced health, safety awareness, and practices, as well as introduced better health practices among the schools in Doweir village. The programme is designed for 50 students in each school targeting 250 students in the village.

Another notable project Etisalat Misr was involved in was the 'Cruise for Good – Floating Hospital' introduced in partnership with Rotary Heliopolis aligned with Egypt Vision 2030, UN Sustainable Development Goals (SDGs), and the Etisalat Foundation. The cruise over two months stopped over at eight Egyptian provinces diagnosing and treating over 800 patients on a daily basis.

Etisalat Misr carried out significant countrywide initiatives this year. The company's collaboration with Al Nour Eye Hospital enabled tests in five schools with dedicated medical vans along with breast cancer awareness and diagnosis initiatives. The operator also worked closely with the government on its strategic project 'Expanding the role of Private Sector in addressing family planning needs of young people in Egypt'.

At PTCL, teams were established with more than 140 mobile medical units to operate in underserved locations in the country. Over 300 health awareness sessions were conducted on pertinent issues such as diabetes, hypertension, breast cancer, and the latest dengue epidemic that engulfed Pakistan in 2019.

As they do every year, the company focused on taking multiple initiatives regarding gender inclusion and ran programs for the wellbeing of women working at PTCL offices. For example, the company's 'Pink Club' arranged power yoga sessions for all female staff during the month of Ramadan.

Creating a safe and healthy work environment is a top priority for PTCL with a number of work and safety gears provided to field staff during the year.

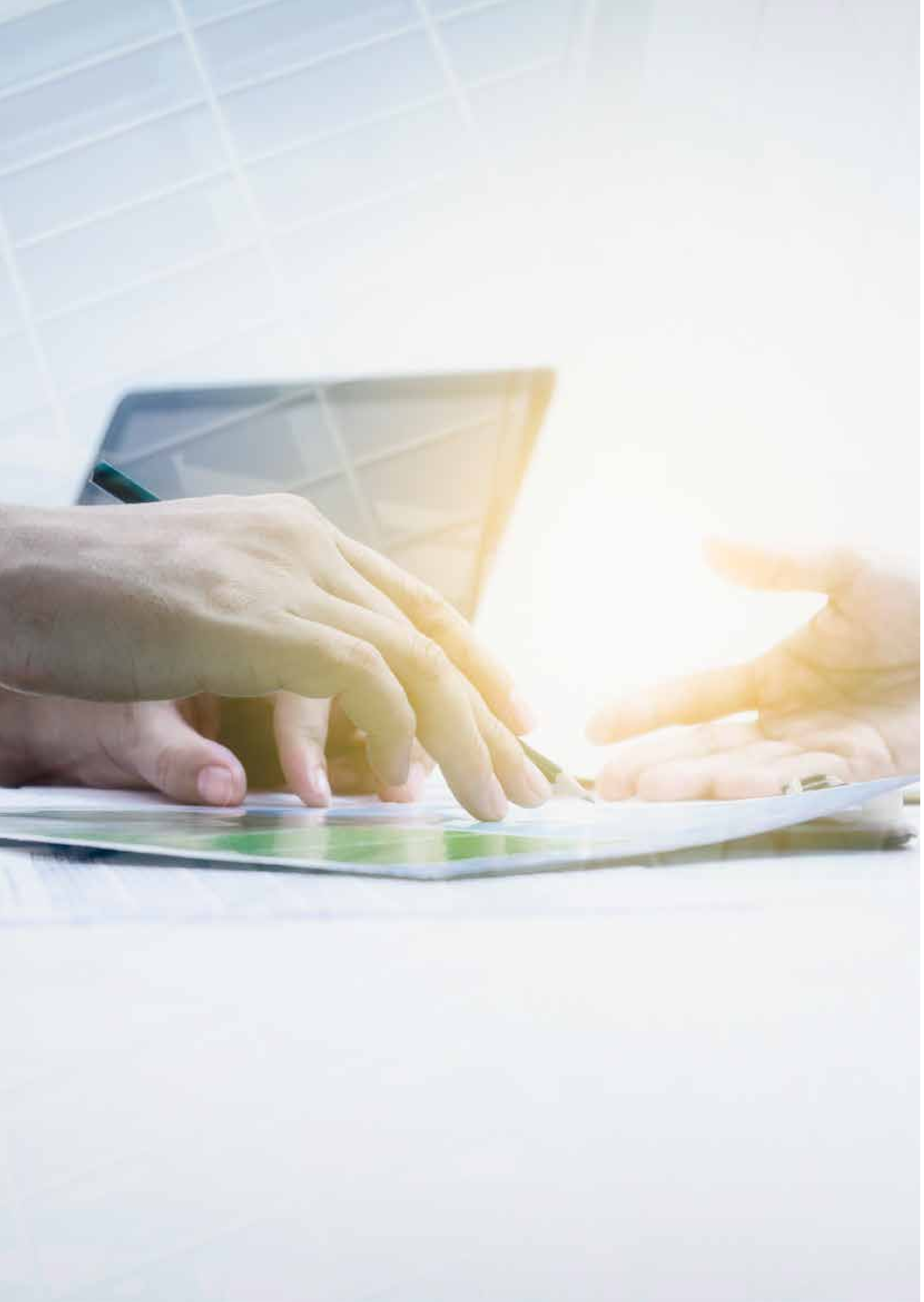
PTCL's special trust 'PTCL Razakaar' (Volunteer) that undertakes one notable initiative every quarter, aimed at development activities to support the Pakistani communities in need. The PTCL Razakaar force succeeded in spreading smiles across 13,000 people through each of its quarterly initiatives held at 20 locations across the country. The 'Box of Happiness' initiative for the elderly involved collecting hand-packed gift boxes from employees and distributing them at homes for senior citizens.

The holy month of Ramadan is a time of giving and sharing, with activities being undertaken across Etisalat offices during this period. During the holy month, Etisalat partnered with 'Toys with Wings' and the Emirates Red Crescent, a company wide initiative to encourage employees to donate children's toys.

At PTCL, for the second time in two years a special iftaar 'Ramdaan Mehman' was organised, in which volunteers participated across multiple locations. Volunteers also took part in 'Clean Pakistan' that conducted clean up drives at many different public locations across the country. 'Donate a Book' was a massive book donation drive in which employees donated literature for all age groups and among deserving schools and elderly homes for people to enjoy.

In Saudi Arabia, Mobily launched a special campaign 'Happiness Kiswah' with the Ehtewa Charity Organisation during the holy month, which was designed to collect donated clothes for people of all ages. Mobily was honored by the leadership and the government for its strategic partnership in the 'National Media Awareness Campaign' project, which focused on educating pilgrims under the theme that 'Haj is Worship and Civilised Behaviour'. Mobily has partnered with the campaign for eleven consecutive years as part of its overall objective to serve the community and the pilgrims.

In continuing our support of cultural and social initiatives in the country, Etisalat participated in the 23rd edition of the 'Dubai International Holy Quran Award', one of the largest Quran international awards in the world that includes participants from around the globe. Etisalat Afghanistan also held its 12th edition of the annual 'Quran Recitation Contest', the first and largest Quran recitation program broadcast for local television channels.



CORPORATE GOVERNANCE

The General Assembly

The General Assembly (GA) is composed of all the shareholders and exercises all the powers granted thereto under the Company's Incorporation Law (Company Law) and its Articles of Association ("AoA"), as amended.

The General Assembly of the Company is in charge of all the matters related to the Company as stipulated in the Company's Incorporation Law and in its Articles of Association, and is, particularly including but not limited to, entrusted with approving the Annual Report on the Company's activities, the Company's financial position during the preceding financial year, appointing external auditors and setting their fees and approving their reports as well as discussing and approving the balance sheet and the profit and loss accounts for the previous year. The GA also has the power to approve the Board of Directors' recommendations with regard to dividend pay-outs and bonus shares, if any.

The General Assembly is vested with the authority to elect the Board Members who are not appointed by the Government Shareholder (Emirates Investment Authority "EIA") and to review and set Board members' remunerations. The GA is the authority that absolves Board members and external auditors of liability, discharges them, or files liability lawsuit against them, as the case may be.

It is worth mentioning here that the General Assembly of the Company, which was held on 20th March 2019, adopted the amendment to some provisions of the Company's Articles of Association. In light of this amendment, the restriction on foreign investor's voting on the General Assembly resolutions was lifted so that they enjoy benefits that are equal to national shareholders. It also gave the Company further flexibility in using various debt instruments for amounts exceeding its capital by introducing a new borrowing limit called "Borrowing Cap" instead of the current ceiling, "Company's Authorized Capital", and determined the powers of the Board of Director, General Assembly and the Special Shareholder within this ceiling or in excess of the same.

Board of Directors

The Board of Directors exercises all powers required for the carry out of the Company's business except those retained for the General Assembly by virtue of the Law and the Articles of Association of the Company.

Etisalat's Board of Directors currently consists of 11 members, seven of them including the Chairman and Vice Chairman of the Board, were appointed EIA.
The other four members of the Board of Directors were elected during the General Assembly meeting, which was held on the 21st March 2018 by the shareholders that own 40% of the Company's shares; i.e. those shares not held by the Government Shareholder.

Etisalat Group is committed to applying best practices and corporate governance standards, taking into consideration the applicable best international standards and UAE laws. Therefore, the composition of the Company's Board of Directors took into account the requirements of the legislations related to Governance Rules and Corporate Discipline Standards with respect to the capacity of the Board members, where all current Board members are non-executive and independent.

Committees of the Board of Directors

For the purpose of rendering the assistance to the Board of Directors in discharging its responsibilities, the Board has established three Committees:

1) Audit Committee;
2) Nominations and Remunerations Committee; and
3) Investment and Finance Committee.

Audit Committee

The Audit Committee undertakes its duties in accordance with its Charter, which complies with the requirements of the Governance Rules and Corporate Discipline Standards and the relevant legislations that are in force in UAE. This Charter is considered a delegation from the Board to the Audit Committee to undertake the tasks mentioned therein, which include the following:

- Reviewing the financial and accounting policies and measures in the company.

- Monitoring the soundness and integrity of the Company's financial statements and reports (annual, semi-annual and quarterly), considering all the matters related to external auditor's work, action plan as well as the notes, suggestions and reservations raised by the Company's external auditor in relation to accounting books, financial statements or control systems. The Committee also ensures that the auditor receives timely response from the Management to his fundamental notes. The Committee also looks into any significant and uncustomary items included or should be included in the reports and financial statements. The Committee pays attention to the matters raised by the Company's Chief Financial Officer, Compliance Officer or the external auditor.

- Developing and implementing a policy for contracting with the external auditors and raising its recommendation to the Board on their selection, resignation or discharge. The Committee also ensures their compliance with the applicable rules, regulations, resolutions and the Company's Articles of Association in addition to following up and monitoring their independence and meeting and discussing with them the nature, scope and efficiency of their audit and all relevant matters.

- Reviewing, appraising and implementing the Company's systems of internal control and risk management, discussing about these systems with Board in addition to ensuring that the Internal Control and Audit Department carries out its duties of establishing efficient internal control systems. The Committee studies the above-mentioned Department's reports and follows up the rectification measures for the shortcomings raised therein to ensure that it is undertaking its duties accurately. In addition, the Committee provides the required tools for the Internal Control and for reviewing and monitoring its efficiency. It also reviews the external auditor's evaluation for the internal control measures and ensures that a coordination between the internal and external auditors exists. The Committee further looks into the outcomes of the fundamental investigations on the internal control related matter which are assigned to the Committee by the Board or initiated by the Committee and approved by the Board.

- Monitoring the Company's abidance by the relevant laws and regulations and by the code of good conduct as well as setting out controls that enable the Company's employees to report potential violations in the financial statements or the internal control along with the measures that warrant fair and independent investigations for the same.

- Monitoring the related parties' dealings/transactions with the Company, ensuring non-existence of conflict of interest and making recommendations to the Board on such transactions before signing of the same.

The Committee's Charter has detailed the Audit Committee's duties, composition, conditions and quorum for convening its meetings and the mechanisms of its decision-making.
The Committee is comprised of five members who are well-versed and experienced in financial and accounting matters. Four of the Committee's members were selected from among the non-executive and independent members of the Board of Directors, and the fourth is an external member who holds finance-related qualifications with relevant experience. The Committee convenes quarterly or whenever necessary.

Nominations and Remunerations Committee

In compliance with the applicable laws in the field of governance and in implementation of its best practices, the Board of Directors has constituted the Nominations and Remunerations Committee to undertake the duties stipulated in the Committee's Charter, which is in line with the requirements of the Governance Rules and Corporate Discipline Standards and the relevant rules and legislations put in force in UAE. This Charter is viewed as a delegation from the Board of Directors to the Committee to discharge its duties mentioned therein.

The main objective of constituting the Nomination and Remuneration Committee is to ensure that the Board of Directors is undertaking its duties competently and diligently. Thus, the Committee reviews the composition of the Board of Directors and makes recommendations on the changes that can be carried out. Further, the Committee carries out annual review of the skills, capabilities and qualifications required for the membership of the Board and ensures constant independence of the independent members of the Board of Directors and reports to the Board when any Board member ceases to be adequately independent.

The Committee is also responsible for organizing and following up the nomination procedures for Board membership in line with the UAE's applicable rules and regulations and Securities and Commodities Authority's (SCA) resolutions.

The Committee is further entrusted with determining the Company's needs for talents at the level of executive management and staff and their selection criteria, and with developing policies for training, human resources and granting remunerations, incentives and salaries to the Company's Board members, executive management and employees in a manner that ensures fulfilling its objectives and commensurates with its performance.
The Committee's Charter provided for the detailed powers of the Committee, its composition, the conditions and quorum of its meetings' convention and decision-making mechanisms.

In the course of exercising its functions, the Committee takes into consideration the competitive nature of the Company's strategy and fair compensations that commensurate with such strategy to attract, ensure diversification between the two genders and retain these talented employees for the achievement of the best possible results.

The Nominations and Remunerations Committee is composed of four non-executive independent members from the Board of Directors. The Committee holds four meetings per year or as needed.

Investment and Finance Committee

In addition to the Audit Committee and the Nominations and Remunerations Committee provided for in the legislations related to Governance Rules and Corporate Discipline Standards, the Board of Directors established the Investment and Finance Committee to assist the Board in carrying out its functions related to the Company's internal and external investments. The Charter of the Committee defines the functions and duties assigned to the Committee and specifies the cases in which the Committee is entitled to make decisions as it deems appropriate. At the same time, it provides for those cases in which the Committee's role is confined to making recommendations to the Board for passing appropriate resolutions thereon. That Charter is deemed an authorization by the Board for the Committee to carry out the functions and responsibilities stipulated therein.

The Committee assumes a wide array of responsibilities, the major ones among which are the carry-out of reviews and making recommendations to the Board concerning the policies and frameworks related to the treasury, investment and divestment strategies, capital structure of the Company and its subsidiaries, the Company's dividend policies which have regard to regulatory requirements and have impact on surplus funds, issuance of guarantees and pledges and definition of operational and financial targets, plans and KPIs.

The Investment and Finance Committee is comprised of five independent non-executive members from the Board of Directors. The Committee holds at least four meetings per year.

Operating Structure of the Company

The Company operating structure is designed to manage its international expansion strategy, protect value resulting from the Company's operations in the United Arab Emirates and overseas, and to gain the trust of its stakeholders by implementing a solid structure based on best governance practices and corporate discipline standards.

At the level of the United Arab Emirates, Etisalat Group provides the licensed telecom services through its various companies as well its subsidiaries. On the other hand, Etisalat Services Company (a holding company wholly owned by the Etisalat Group) was established to provide other services to the Group as well as third parties.

International Operations Department is responsible for the Company's investments overseas by managing its shareholdings in various companies like Maroc Telcom, Mobily, Etisalat Misr, Etisalat Pakistan, Etisalat Afghanistan, etc.

The Company carries out a wide array of activities and responsibilities and defines the framework for the same. It also establishes the key policies of its operating companies, prepares their plans, monitors their operational and financial performance, and presents regular reports on the same to the Board of Directors.

ENTERPRISE RISK MANAGEMENT

Internal Control

The Internal Control function within Etisalat is responsible for the Enterprise Risk Management (ERM) function, as well as for Group Compliance. This function, housed within the Group's Internal Control and Audit, is responsible for the establishment and maintenance of the Group ERM framework and methodology and for assisting executive management and the greater group, including its operating companies, with regards to risk management. It is also responsible for working with other managers in supporting the establishment and maintenance of effective risk management processes in their areas of responsibility. The Etisalat Group's compliance function maintains a Group wide framework that provides management and the board, along with individual operating companies (OPCOs), with independent, timely, and reliable assurance on the effectiveness of the Group and OPCO's specific compliance programs. Etisalat group Compliance oversees the company's compliance with applicable laws, regulations, and resolutions issued in implementation of these, as well as Etisalat's articles of association and the resolutions of the general assembly and board of directors.

The Internal Control function develops annual plans outlining the ERM and compliance activities, which are approved by the audit committee. These plans strengthen the existing 'three lines of defense' model through measures such as supporting the maturity of the ERM processes across the OpCos, ongoing participation in combined assurance activities, and the coordination and oversight of compliance activities across the Group and OpCos.

ENTERPRISE RISK MANAGEMENT

Etisalat recognizes that the proactive management of risk is essential to the achievement of the company's strategic objectives. Etisalat's position on ERM is that it is a fundamental part of the way we do business and is built into our day-to-day operations. Through its ERM policy the Etisalat board has committed the Etisalat Group to adopting a framework for effectively managing its business risks in such a way that the impact of these risks are maintained.

The ERM framework is aligned to international best practices. Etisalat adopts a robust approach to ERM, which forms part of the 'three lines of defense' internal control environment within Etisalat. This approach involves understanding the work of each focus area and identifying risks associated with that area. It also includes a process of linking risk analysis to assignment planning and audit program development.

ERM Governance and Process

Each OpCo has an audit committee that receives updated risk reports on a regular basis. The continuous review and monitoring of organization-wide risks is undertaken by ERM Committees (ERMCs) and executive management committees, which are established across each OpCo as well as for the Etisalat Group as a whole. The ERMCs meet on a regular basis and review important risk-related information, such as current risk drivers, existing controls that are in place, the status of key risk indicators (KRIs) and the status of planned risk mitigation actions. Summary risk reports are then provided to the audit committee for consideration.

Our Principal Risks

High-level risks are deconstructed into subcomponents, providing a deeper and broader understanding of entity-level risks. Key risk indicators (KRIs) are defined and monitored on an ongoing basis.

While other risks exist, the following tables examine some of the significant threats across Etisalat's various operations and explain how these threats are being managed:

Strategic Challenges

Risk	Description	Management
Geopolitical Threats	Ongoing political and geographical uncertainty pose continuous challenges.	We manage this by leveraging local expertise and knowledge to combat these challenges. The safety and security of local employees and infrastructure is also proactively managed.
Macroeconomic Conditions	Changes in regional and global economic conditions within several markets continue to present challenges.	Fluctuating economic factors are considered during the annual financial budgeting and planning processes. Ongoing analysis and review of market conditions are regularly assessed within key markets.
Over-the-Top (OTT) Operators	The presence of OTT operators is a common threat across the telecommunications industry and this affects mobile voice revenues in a number of Etisalat's more mature mobile markets. The increase in the use of VoIP applications is cannibalizing traditional telecom operators' revenues.	Various commercial strategies in response to such OTT threats are considered and implemented by respective commercial teams across Etisalat.

Operational Threats

Risk	Description	Management
Cyber Security	The threat of external cyber-attacks across the Etisalat network and IT infrastructure is ever-present.	Network and IT security teams proactively monitor activity across our networks to identify and mitigate possible cybersecurity threats and data privacy breaches.
Competition and Pricing Pressures	The markets in which Etisalat operates are characterized by high levels of competition (existing and new), pricing pressure, technology substitution, market and product convergence, and customer churn.	Etisalat closely analyses and monitors the trends within these markets and invests in its networks, products, and service offerings to compete effectively. The growth and development of digital products and services is a further means of managing diverse competitive threats.
Service Continuity	The sustained continuity of Etisalat's network across all its operating companies is vital to its continued success. Etisalat faces the threats of disruption, malfunction, and loss or damage to network infrastructure due to natural disasters or other uncontrollable events.	Etisalat has established a Business Continuity Management team to develop and test business continuity plans and crisis management arrangements. Insurance policies are also in place to make provision for infrastructure property damage.

Compliance Challenges

Risk	Description	Management
Regulatory Challenges and Uncertainties	The Etisalat Group operates in various diverse and developing markets and faces ongoing regulatory and legal challenges. Governments and regulatory agencies can alter existing policies or implement new policies at any time, which can significantly influence Etisalat's operations and financial performance.	These challenges are managed by the respective OpCos' regulatory departments, with support from the Group's regulatory team.
Litigation	Like any other organization, Etisalat is subject to the risk of litigation by competitors, customers, regulators, and other parties. This can affect the financial performance and reputation of the group's OpCos.	Legal counsel within each OpCo oversees and actively manages such litigation cases. Where required, Etisalat Group's legal team also provides support to the OpCos.

Financial Threats

Risk	Description	Management
Foreign Exchange Exposures	Etisalat is exposed to the uncertainty of foreign exchange rate volatility in some of the countries in which it operates. Specifically, this volatility may affect consolidated results and the overall value of Etisalat's investment in overseas operations.	Group finance has established policies, procedures, and tools to monitor, manage, and report such exposures.
Other Financial Exposures	The Group's financial assets and liabilities are exposed to additional financial threats, including interest rates, liquidity, and credit risks.	Financial risk management is discussed in greater detail in the financial instruments section of the 2019 annual report.

Group Compliance

Etisalat is committed to comply with the laws and regulations of the various jurisdictions where it conducts operations. Compliance with national and international laws, regulations, and best practices is of utmost importance to protect Etisalat's reputation, stay competitive in the market, foster the business, and avoid penalties.

Compliance Governance

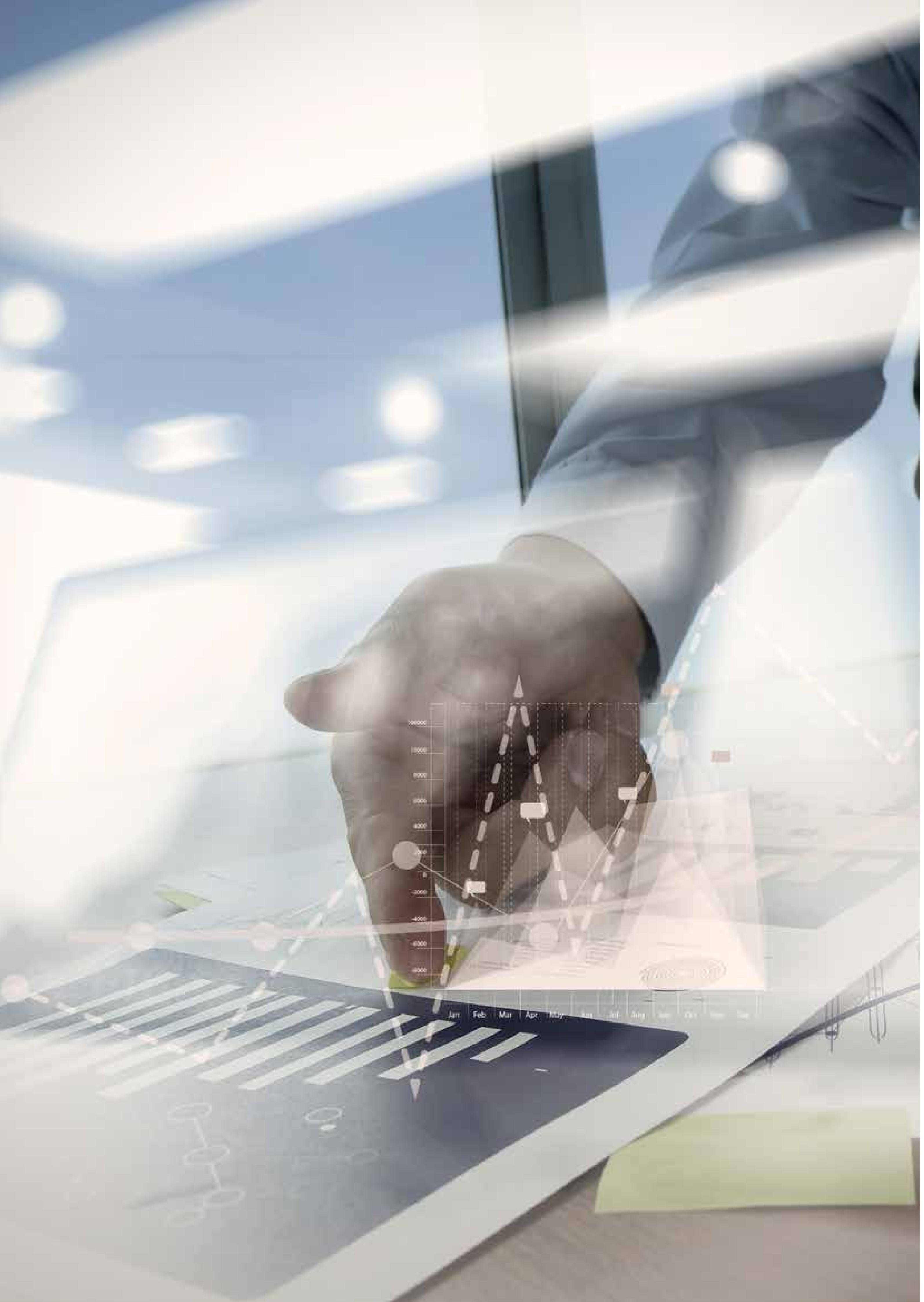
Etisalat has developed a compliance governance framework to ensure compliance with national and international laws, regulations, and best practices regarding corporate compliance topics, including, but not limited to, anti-bribery and anti-corruption, anti-money laundering, data protection, and export controls and trade sanctions.

Anti-corruption and anti-bribery

Etisalat's commitment to combat corruption and bribery is reflected in its Anti-Bribery and Anti-Corruption program, which covers gifts, entertainment and hospitality policy, conflict of interest, third party due diligence, global whistleblower process, and an ABAC eLearning course. As a global family, Etisalat's operating companies have adopted these common policies, frameworks, communication tool kits, and a common approach to ensure ABAC compliance across our footprint. All new employees joining Etisalat are required to sign the "acknowledgement and disclosure statement of conflict of interest and business ethics", which includes a clause by which employees commit never to partake in any forms of bribery and corruption.

Whistleblowing Policy

Etisalat follows a global whistleblower process to monitor and report any potential non-compliance incidents. The global whistleblower process promotes openness in the workplace and encourages employees to report instances of unethical behaviour, actual or suspected fraud, and violation of Etisalat's policies, processes, and any applicable laws and regulations. The received information is classified to better understand the types of complaints, the sources, and their frequency. In turn, this will enable an appropriate and timely recommendation or remediation strategy.



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Emirates Telecommunications Group Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emirates Telecommunications Group Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter
Revenue recognition

Refer to notes 3, 4 and 6 to the consolidated financial statements

Revenue recognition is considered a key audit matter because of:

- reliance on complex information technology (IT) systems, which are used to capture the consumption and prices of the Group's services;
- variety of pricing and tariff structures, which change continuously through the accounting period, including through changing pricing models and customer offers;
- judgments and estimates involved including those relating to multiple element arrangements; and
- large volume of transactions.

Revenue recognition involves the exercise of a number of key judgments and estimates around the identification of performance obligations that the Group has in its contracts with the customers, determination of transaction price that has to be allocated to the various performance obligations and the timing of fulfilling those obligations.

Refer to notes 3 and 4 for accounting policies and critical accounting judgements and key sources of estimation uncertainty.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- We understood the significant revenue processes to identify key systems, applications and controls that are relevant to revenue recognition;
- We evaluated the design and tested the operating effectiveness of the general information technology controls and application controls around the Group's IT environment relevant to the capturing and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of IT system controls, including interface controls between different IT applications;
- We tested the reconciliations between the general ledgers and the IT systems for all the key revenue streams. On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts. We also undertook analytical reviews and performed substantive analytical procedures on significant revenue streams;
- On a sample basis, we tested that the revenue recognised during the year agrees with underlying contractual arrangements for digital and non-digital services; and
- We evaluated the Group's accounting treatment in respect of its contracts with customers for the different products and services in accordance with the applicable financial reporting framework.

Key Audit Matter
Federal Royalty

Refer to notes 4, 7 and 26 to the consolidated financial statements

The Group is liable to pay Federal Royalty to the UAE Government in accordance with guidelines from the UAE Ministry of Finance ("the MoF") including the subsequent clarifications and correspondences. The federal royalty charge for the year ended 31 December 2019 and the federal royalty liability as of that date is AED 5,827 million and AED 5,831 million, respectively.

As disclosed in note 4, computation of the federal royalty charge requires exercise of critical judgments around the segregation of revenue and costs between regulated and non-regulated activities and determination of which particular items are eligible to be excluded in arriving at that charge and liability.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- We obtained relevant guidelines issued by the MoF, and clarifications issued on and correspondences relating to the interpretation of these guidelines;
- We tested the Group's federal royalty computations for reasonableness, including assessing the critical judgements made in the computation of the federal royalty charge for the year;
- We tested, on a sample basis, the classification of regulated and non-regulated revenues and costs in the computation of the federal royalty charge for the UAE telecom operations;
- We tested, on a sample basis, the items which are eligible to be excluded in computing the federal royalty charge and liability;
- We tested the allocation of indirect costs on non-regulated operations based on the clarifications received from MoF;
- We also checked the arithmetical accuracy of the computation of the federal royalty charge for the year; and
- We also cited the correspondence between the Group and the MoF with respect to federal royalty to corroborate the accuracy of the associated federal royalty charge and liability in the consolidated financial statements for the year ended 31 December 2019.

Key Audit Matter

Assessment of carrying value of goodwill and investments in associates and joint ventures

Refer to notes 3, 4, 11, 12 and 18 to the consolidated financial statements

The Group holds significant investments in telecommunication and related businesses in various geographical locations. The carrying value of goodwill as of 31 December 2019 totaled AED 10,994 million after the recognition of an impairment loss of AED 2,632 million for the year then ended. Moreover, the Group's investments in associates and joint ventures totaled AED 4,077 million as of 31 December 2019.

The carrying amount of the goodwill is assessed for impairment on the occurrence of a triggering event or at least annually in accordance with IAS 36 *Impairment of Assets.* Investments in associates and joint ventures are assessed for impairment where indicators of impairment are present.

The impairment testing of goodwill requires management to identify cash-generating units (CGUs) in accordance with IAS 36 Impairment of Assets. In arriving at the carrying value of a CGU, judgment is applied by management on which assets and liabilities form part of that CGU. For the CGUs which contain goodwill and investments in associates and joint ventures subject to impairment testing, the determination of recoverable amount, being the higher of fair value less costs of disposal and value in use, requires judgment on the part of management. The testing then requires comparing the carrying value of each CGU or investment to its recoverable amount, which was estimated as the current value of its future projected cash flows.

The estimation of the recoverable amount involves significant judgments, including assumptions around the current and future market conditions in the various geographies that the Group has operations, forecast cash flows, discount rates and any other assets underpinning the recoverable amount.

How our audit addressed the key audit matter

Our audit approach included an understanding and assessment of the design and operating effectiveness of controls over the impairment assessment process.

With respect to the recoverable amount, we challenged the Group's methodology in relation to identification of CGUs given our understanding of its operating and business structure, process of management review and reporting and the independence of the cash flows associated with the respective CGUs.

With respect to each identified significant CGU and investment in associate and joint venture subject to impairment testing, our procedures included, amongst others:

- tested the operating effectiveness of controls over the impairment assessment process;
- tested management judgments around which assets and liabilities should form part of a CGU for reasonableness;
- engaged our valuation specialists and external experts to test reasonableness of the key assumptions underpinning the valuation including each CGU's or investment's respective discount rate, terminal growth rate and the valuation of any other assets underpinning the recoverable amount;
- tested the mathematical accuracy and integrity of the respective impairment workings;
- conducted sensitivity analyses around the key inputs;
- reconciled the cash flows used in the valuation workings to business plans approved by the Group's Board of Directors;
- assessed whether the estimates with respect to cash flow projections made in prior periods were reasonable compared to actual performance; and
- assessed the adequacy of disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.

Key Audit Matter

Provisions and contingent liabilities

Refer to notes 3, 4, 7, 9, 10, 26, 32 and 38 to the consolidated financial statements

The Group has exposures to legal, regulatory, tax and other commercial disputes in various geographical jurisdictions in which it operates. The consolidated financial statements include provisions with respect to these exposures, and note 38 describes those exposures that represent contingent liabilities.

The recognition of provisions and disclosure of contingent liabilities involves significant judgment around the merit of the Group's legal and commercial positions. These provisions are based on judgments and estimates made by management in determining the likelihood and magnitude of claims.

How our audit addressed the key audit matter

Our procedures included, amongst others:

For legal cases, we obtained a summary of all the legal disputes that the Group is engaged in, discussed the status of the significant cases with the Group's legal counsel and, where we deemed appropriate, also liaised with the Group's external legal counsel and obtained their confirmations on management positions. In view of these procedures we assessed the Group's positions on significant legal cases and their accounting treatments for reasonableness.

For regulatory exposures we enquired of relevant management teams to understand the status of the disputes/assessments, reviewed any relevant correspondence between the Group and the counter party and assessed any historical experience with the respective counter parties to evaluate the merit of the Group's calculation of the provision for these exposures. We also considered the sufficiency and reasonableness of the associated disclosures provided in the consolidated financial statements.

For provisions and exposures relating to other significant commercial positions we enquired of relevant management teams to understand the status of the disputes, reviewed any relevant correspondence between the Group and the counter party, assessed any historical experience with the respective counter parties to evaluate the merit of the Group's calculation of the provision for these exposures and liaised with the Group's internal counsel and obtained legal opinion around the merit of the Group's legal position with respect to each significant dispute. Where considered necessary we also obtained independent advice on the interpretation of clauses in legal agreements from legal counsel retained by us. We also considered the sufficiency and reasonableness of the associated disclosures provided in the consolidated financial statements.

For tax related exposures we obtained an understanding of the status of the tax cases, the merits of the Group's position in view of tax rules, historical experience of their resolutions and cited correspondence with the relevant tax authorities, where applicable.

In light of the above, we assessed the adequacy of disclosures in the consolidated financial statements.

Key Audit Matter Property, plant and equipment	How our audit addressed the key audit matter
Refer to notes 3, 4 and 13 to the consolidated financial statements The carrying value of the Group's property plant and equipment (PPE) amounts to AED 45,070 million, which represents 35% of the Group's total assets as of 31 December 2019. This reflects the Group's wide-spread footprint of network infrastructures and the technological and highly specialised nature of these assets. We focused on this area of the consolidated financial statements, due to the significance of the PPE balance and management's judgments and estimates involved in relation to the carrying value. There are a number of areas where management judgments and estimates impact the carrying value of PPE. Key judgments and estimates made by the management in accounting for PPE include: • assessment of whether the costs incurred are eligible for capitalisation; and • the annual review of assets' useful lives and their residual values, if any. Refer to notes 3 and 4 for accounting policies and critical accounting judgments and key sources of estimation uncertainty.	Our audit approach included a combination of controls and substantive testing as described below: We evaluated the design and implementation and tested the operating effectiveness of relevant controls for the PPE capitalization and depreciation. On a sample basis, we performed test of details on costs capitalized during the year ended 31 December 2019 which included examination of management's assessment as to whether the costs met the criteria set forth in IAS 16 *Property, Plant and Equipment.* On a test basis, we evaluated the reasonableness of depreciation rates and residual values assigned to asset categories. We also tested on a sample basis, whether depreciation commenced when these were available for use as intended by management and recomputed the depreciation charge for the year.

Other Information

Management is responsible for the other information. The other information comprises the Chairman's statement, CEO statement and the other information in the annual report, which we obtained prior to the date of this auditors' report and the annual report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
ii) these consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
iii) the Group has maintained proper books of account;
iv) the financial information included in the Chairman's Statement, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
v) as disclosed in note 16 to these consolidated financial statements, the Group has purchased new shares during the year ended 31 December 2019;
vi) note 20 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2019; and
viii) note 7 to the consolidated financial statements discloses the social contributions made during the year.

KPMG Lower Gulf Limited

Signed by:
Richard Ackland
Registration number: 1015
Abu Dhabi, UAE
18 February 2020

FINANCIALS

Emirates Telecommunications Group Company PJSC
Consolidated statement of financial position as at 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Continuing operations			
Revenue	6 (a)	52,186,413	52,387,814
Operating expenses	7 (a)	(32,225,456)	(32,738,565)
Impairment loss on trade receivables and contract assets	36 (b)	(1,114,703)	(1,236,345)
Impairment loss on other assets	12	(1,185,903)	(127,844)
Share of results of associates and joint ventures	17	(36,254)	(26,639)
Operating profit before federal royalty		17,624,097	18,258,421
Federal royalty	7 (b)	(5,826,594)	(5,587,187)
Operating profit		11,797,503	12,671,234
Finance and other income	8	1,363,042	946,052
Finance and other costs	9	(2,051,524)	(1,373,976)
Profit before tax		11,109,021	12,243,310
Income tax expenses	10	(1,614,443)	(1,500,239)
Profit for the year from continuing operations		9,494,578	10,743,071
Discontinued operations			
Loss from discontinued operations	41.2	-	(301,151)
Profit for the year		9,494,578	10,441,920
Profit attributable to:			
Owners of the Company		8,692,516	8,614,745
Non-controlling interests	16 (c)	802,062	1,827,175
		9,494,578	10,441,920
Earnings per share			
From continuing and discontinued operations			
Basic and diluted	40	AED 1.00	AED 0.99
From continuing operations			
Basic and diluted	40	AED 1.00	AED 1.03

Chairman

Board Member

The accompanying notes on pages 95 to 169 form an integral part of these consolidated financial statements.
The independent auditors report is set out on pages 81 to 89.

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Emirates Telecommunications Group Company PJSC
Consolidated statement of changes in equity for the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Profit for the year		9,494,578	10,441,920
Other comprehensive income / (loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations – net of tax		37,008	(62,667)
Share of other comprehensive loss of associate – net of tax		(1,456)	(8,723)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(470,726)	(2,922,465)
Gain on net investment hedges	29,35	56,416	290,229
Fair value (loss) / gain arising on cash flow hedge during the year		(64,602)	2,295
Gain /(loss) on revaluation of financial assets during the year		42,552	(16,741)
Reclassification of fair value gain / (loss) on disposal of financial assets		-	(213)
Cumulative loss transferred to profit or loss on disposal of foreign operation		23,924	76,836
Share of other comprehensive loss of associate – net of tax		(12,079)	(4,348)
Total other comprehensive (loss) - net of tax		(388,963)	(2,645,797)
Total comprehensive income for the year		9,105,615	7,796,123
Total comprehensive income attributable to:			
Owners of the Company		8,663,042	7,543,646
Non-controlling interests		442,573	252,477
		9,105,615	7,796,123

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Emirates Telecommunications Group Company PJSC
Consolidated statement of financial position as at 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Non-current assets			
Goodwill and other intangible assets	11	24,966,218	27,622,092
Property, plant and equipment	13	45,069,729	43,242,703
Right of use assets	14	2,744,332	-
Investment property	15	-	36,189
Investments in associates and joint ventures	18	4,077,380	4,129,268
Other investments	19	3,018,182	2,185,148
Other receivables	22	320,219	309,168
Finance lease receivables	24	167,922	174,827
Derivative financial instruments	29	-	9,850
Contract assets	23	478,750	432,541
Deferred tax assets	10	65,188	44,472
		80,907,920	78,186,258
Current assets			
Inventories	21	783,020	726,803
Trade and other receivables	22	14,640,653	15,884,208
Current income tax assets		612,944	651,001
Finance lease receivables	24	4,838	42,379
Due from related parties	20	112,852	120,406
Contract assets	23	1,547,510	1,270,108
Derivative financial instruments	29	-	860
Cash and bank balances	25	29,656,596	28,361,131
		47,358,413	47,056,896
Total assets		128,266,333	125,243,154
Non-current liabilities			
Other payables	26	2,203,389	1,523,739
Borrowings	28	17,349,932	14,973,191
Payables related to investments and licenses	30	-	41,652
Derivative financial instruments	29	51,331	-
Deferred tax liabilities	10	2,637,109	2,836,924
Lease liabilities	31	2,159,210	409
Provisions	32	422,735	340,870
Provision for employees end of service benefits	33	1,287,639	1,426,117
Contract liabilities	27	44,053	21,145
		26,155,398	21,164,047
Current liabilities			
Trade and other payables	26	28,097,830	28,297,153
Contract liabilities	27	3,119,051	3,265,816
Borrowings	28	6,539,159	8,552,469
Payables related to investments and licenses	30	11,022	3,105,633
Current income tax liabilities		280,502	347,942
Lease liabilities	31	549,773	1,993
Provisions	32	5,619,093	3,081,333
Derivative financial instruments	29	14,321	70,336
Due to related parties	20	548	1,737
Provision for employees end of service benefits	33	112,537	109,292
		44,343,836	46,833,704
Total liabilities		70,499,234	67,997,751
Net assets		57,767,099	57,245,403
Equity			
Share capital		8,696,754	8,696,754
Reserves	35	27,812,896	26,904,769
Retained earnings		10,101,659	9,345,504
Equity attributable to the owners of the Company		46,611,309	44,947,027
Non-controlling interests	16	11,155,790	12,298,376
Total equity		57,767,099	57,245,403

Chairman

Board Member

The accompanying notes on pages 95 to 169 form an integral part of these consolidated financial statements.
The independent auditors report is set out on pages 81 to 89.

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Emirates Telecommunications Group Company PJSC
Consolidated statement of changes in equity for the year ended 31 December 2019

	Notes	Attributable to owners of the Company					
		Share Capital AED'000	Reserves AED'000	Retained earnings AED'000	Owners' Equity AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2018		8,696,754	26,991,023	8,713,762	44,401,539	13,688,928	58,090,467
Profit for the year		-	-	8,614,745	8,614,745	1,827,175	10,441,920
Other comprehensive income for the year		-	(1,076,944)	5,845	(1,071,099)	(1,574,698)	(2,645,797)
Total comprehensive (loss) / income for the year		-	(1,076,944)	8,620,590	7,543,646	252,477	7,796,123
Other movements in equity		-	-	3,220	3,220	4,132	7,352
Transfer to reserves		-	1,026,089	(1,026,089)	-	-	-
Transfer from investment revaluation reserve to retained earnings		-	(6,866)	6,866	-	-	-
Transactions with owners:							
Repayment of advances to non-controlling interests		-	-	-	-	(29,780)	(29,780)
Acquisition of additional stake in a subsidiary		-	(28,533)	(18,449)	(46,982)	(134,328)	(181,310)
Capital contribution by non-controlling interest		-	-	-	-	16,740	16,740
Acquisition of a subsidiary		-	-	-	-	30,939	30,939
Dividends	39	-	-	(6,954,396	(6,954,396)	(1,530,732)	(8,485,128)
Balance at 31 December 2018		8,696,754	26,904,769	9,345,504	44,947,027	12,298,376	57,245,403
Balance at 1 January 2019		8,696,754	26,904,769	9,345,504	44,947,027	12,298,376	57,245,403
Profit for the year		-	-	8,692,516	8,692,516	802,062	9,494,578
Other comprehensive (loss) / income for the year		-	(47,758)	18,284	(29,474)	(359,489)	(388,963)
Total comprehensive (loss) / income for the year		-	(47,758)	8,710,800	8,663,042	442,573	9,105,615
Other movements in equity		-	-	(44,364)	(44,364)	22,858	(21,506)
Transfer to reserves		-	955,885	(955,885)	-	-	-
Transactions with owners:							
Repayment of advances to non-controlling interests		-	-	-	-	(23,839)	(23,839)
Dividends	39	-	-	(6,954,396)	(6,954,396)	(1,584,178)	(8,538,574)
Balance at 31 December 2019		8,696,754	27,812,896	10,101,659	46,611,309	11,155,790	57,767,099

The accompanying notes on pages 95 to 169 form an integral part of these consolidated financial statements.
The independent auditors report is set out on pages 81 to 89.

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Emirates Telecommunications Group Company PJSC
Consolidated statement of cash flows for the year ended 31 December 2019

	Notes	20019 AED'000	2018 AED'000
Operating profit		11,797,503	12,555,033
Adjustments for:			
Depreciation		5,878,239	5,720,999
Amortisation		1,586,994	1,567,738
Impairment and other losses		1,185,903	129,850
Share of results of associates and joint ventures		36,254	26,639
Provisions and allowances		154,463	479,751
Unrealised currency translation gain		(169,197)	(33,403)
Operating cash flows before changes in working capital		**20,470,159**	**20,446,607**
Changes in:			
Inventories		(65,206)	(210,857)
Due from related parties		6,657	67,761
Trade and other receivables including contract assets		922,396	1,110,618
Trade and other payables including contract liabilities		161,228	(541,469)
Cash generated from operations		**21,495,234**	**20,872,660**
Income taxes paid		(1,884,506)	(1,634,055)
Payment of employees end of service benefits		(184,978)	(199,114)
Net cash generated from operating activities		**19,425,750**	**19,039,491**
Cash flows from investing activities			
Proceeds from disposal of investments at amortised cost		113,655	3,227
Acquisition of investments at amortised cost		(333,344)	(595,760)
Acquisition of a subsidiary (net of cash)	43	(420,864)	(4,197)
Acquisition of investments classified as fair value through profit or loss		(355,210	(4,294)
Proceeds from disposal of investments classified as fair value through profit or loss		48,939	20,648
Acquisition of investments classified as fair value through OCI		(16,616)	(73,688)
Proceeds from disposal of investments classified as fair value through OCI		24,503	21,956
Acquisition of interest in an joint venture/associate		-	(24,995)
Net cash inflow on disposal of subsidiary and associate	41.6	-	120,172
Purchase of property, plant and equipment		(7,793,989)	(7,311,252)
Proceeds from disposal of property, plant and equipment		87,415	87,692
Purchase of intangible assets		(979,163)	(1,087,518)
Proceeds from disposal of intangible assets		136	1,468
Dividend income received from associates, joint ventures and other investments		24,006	3,986
Term deposits made with maturities over three months		(56,934,961)	(41,861,382)
Term deposits matured with maturities over three months		47,623,611	47,530,976
Cashflows from unwinding of derivative financial instruments - net	29	(67,013)	15,245
Finance and other income received		1,064,942	1,063,160
Net cash used in investing activities		**(17,913,953)**	**(2,094,556)**
Cash flows from financing activities			
Proceeds from borrowings	28(c)	7,291,969	2,675,872
Repayments of borrowings	28(c)	(6,856,965)	(3,042,550)
Payments of lease liabilities		(682,875)	(4,303)
Equity repayment to non-controlling interests for acquisition of a subsidiary		(23,839)	(29,780)
Acquisition of additional stake in a subsidiary		-	(164,571)
Dividends paid		(8,531,076)	(8,480,492)
Finance and other costs paid		(875,093)	(1,075,702)
Net cash used in financing activities		**(9,677,879)**	**(10,121,526)**
Net (decrease) / increase in cash and cash equivalents		**(8,166,082)**	**6,823,409**
Cash and cash equivalents at the beginning of the year		**10,819,008**	**3,863,568**
Effect of foreign exchange rate changes		**174,388**	**132,031**
Cash and cash equivalents at the end of the year	25	**2,827,314**	**10,819,008**

The accompanying notes on pages 95 to 169 form an integral part of these consolidated financial statements.
The independent auditors report is set out on pages 81 to 89.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2019

1. General information

EEmirates Telecommunications Group Company PJSC (''the Company''), formerly known as Emirates Telecommunications Corporation ("the Corporation") was incorporated in the United Arab Emirates ("UAE"), with limited liability, in 1976 by UAE Federal Government decree No. 78, which was revised by the UAE Federal Act No. (1) of 1991 and further amended by Decretal Federal Code No. 3 of 2003 concerning the regulation of the telecommunications sector in the UAE. In accordance with Federal Law No. 267/10 for 2009, the Federal Government of the UAE transferred its 60% holding in the Corporation to the Emirates Investment Authority with effect from 1 January 2008, which is ultimately controlled by the UAE Federal Government.

The Decree by Federal Law no. 3 of 2015 ("the New Law") has amended certain provisions of the Federal Law No. (1) of 1991 and new articles of association of Emirates Telecommunications Group Company PJSC (the "New AoA") have been issued. Subsequent to the New Law and the New AoA, Emirates Telecommunications Corporation has been converted from a corporation to a public joint stock company and is subject to the provisions of UAE Federal Law no. 2 of 2015 on Commercial Companies (the "Companies Law") unless otherwise stated in the New Law or New AoA. Accordingly, the name of the corporation has been changed to Emirates Telecommunications Group Company PJSC.

Under the New Law and the New AoA: i) Two types of share have been introduced, i.e. ordinary shares and one Special Share held by the Emirates Investment Authority ("the Special Shareholder") which carries certain preferential rights related to the passing of certain decisions by the Company or the ownership of the UAE telecommunication network. ii) The minimum number of ordinary shares held by any UAE government entity in the Company has been reduced from at least 60% of the Company's share capital to not less than 51%, unless the Special Shareholder decides otherwise. iii) Shareholders who are not public entities of the UAE, citizens of the UAE, or corporate entities of the UAE wholly controlled by citizens of the UAE (which includes foreign individuals, foreign or UAE free zone corporate entities, or corporate entities of the UAE that are not fully controlled by UAE citizens) may own up to 20% of the Company's ordinary shares, however, the shares owned by such persons / entities shall not hold any voting rights in the Company's general assembly, although holders of such shares may attend such meeting. On 11 October 2018, the Board of Directors of Etisalat Group approved by circulation to lift the restrictions on voting rights of foreign shareholders so that they shall enjoy the same voting rights of UAE citizens. Accordingly, a special resolution was passed during the Annual General Meeting held on 20 March 2019 to that effect, all required approvals were obtained and all necessary amendments were incorporated in the New AoA to put the afore-said resolution in place.

The address of the registered office of the Company is P.O. Box 3838, Abu Dhabi, United Arab Emirates. The Company's shares are listed on the Abu Dhabi Securities Exchange.

This consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group")

The principal activities of the Group are to provide telecommunications services, media and related equipment including the provision of related contracting and consultancy services to international telecommunications companies and consortia. These activities are carried out through the Company (which holds a full service license from the UAE Telecommunications Regulatory Authority valid until 2025), its subsidiaries, associates and joint ventures.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 18 February 2020.

2. Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of UAE Federal Law No. (2) of 2015. The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the application of the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4. These consolidated financial statements are prepared under the historical cost convention except for the revaluation of certain financial instruments and in accordance with the accounting policies set out herein.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the Company's functional and presentational currency, rounded to the nearest thousand except where otherwise indicated.

3. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

New and amended standards adopted by the Group

The following revised new and amended standards have been adopted in these consolidated financial statements.

IFRS 16 *Leases*

The Group applied IFRS 16 using the modified retrospective approach with a date of initial application of 1 January 2019 and accordingly the comparative figures have not been restated. Moreover, there was no impact of initial application on the balance of retained earnings as of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. On transition to IFRS 16, the Group elected to apply the new definition of leases to all of its contracts.

Adjustments recognised on adoption of IFRS 16

a. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

a. Applied a single discount rate to a portfolio of leases with similar characteristics.
b. Adjusted the right of use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
c. Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of lease term.
d. Excluded initial direct costs from measuring the right of use asset at the date of initial application; and
e. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3. Significant accounting policies *(continued)*

New and amended standards adopted by the Group *(continued)*

IFRS 16 *Leases (continued)*

b. Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amount of the right of use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

On transition to IFRS 16, the Group recognised an additional AED 2,235 million of right-of-use assets and AED 2,071 million of lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3% to 18%.

	1 JANUARY 2019 AED'000
Operating lease commitments at 31 December 2018 (restated)	2,495,160
Discounted using the incremental borrowing rate at 1 January 2019	1,464,582
Finance lease liabilities recognised as at 31 December 2018	2,402
Recognition exemption for:	
- short-term leases	(24,608)
- leases of low-value assets	(3,180)
Extension and termination options reasonably certain to be exercised	632,222
Lease liabilities recognised at 1 January 2019	2,071,418

New and amended standards issued and effective

The following revised new and amended standards have been adopted in the consolidated financial statements.

- amendment to IFRS 9 *Financial Instruments* relating to prepayment features with negative compensation
- amendment to IAS 28 *Investments in Associates and Joint Ventures* regarding long-term interest in associates and joint ventures
- IFRIC 23 *Uncertainty Over Tax Treatment*
- IAS 19 *Employee Benefits* relating to plan amendment, curtailment or settlement
- Annual improvements to IFRS 2015 – 2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.

There has been no material impact on the consolidated financial statements of the Group upon adoption of the above new and amended standards.

New and amended standards issued but not yet effective

At the date of these consolidated financial statements, the following standards, amendments and interpretations have not been effective and have not been early adopted:

3. Significant accounting policies (continued)

New and amended standards issued but not yet effective (continued)

NEW AND AMENDED STANDARDS NOT EFFECTIVE AND NOT YET ADOPTED BY THE GROUP	EFFECTIVE DATE
Sale or Contribution of Assets between an Investor and its Associates or Joint Venture *(Amendments to IFRS 10 and IAS 28)*	Available for optional adoption/effective date deferred indefinitely
Amendments to References to Conceptual Framework in IFRS	1 January 2020
Definition of a Business *(Amendments to IFRS 3)*	1 January 2020
Definition of Material *(Amendments to IAS 1 and IAS 8)*	1 January 2020
IFRS 17 *Insurance contracts*	1 January 2021

Management anticipates that the application of the above amendments in future periods will have no material impact on the consolidated financial statements of the Group in the period of initial application.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group has:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement;
- has the ability to use its power to affect its returns.

The existence and effect of potential voting rights that are currently substantive and exercisable or convertible are considered when assessing whether the Group has the power to control another entity.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests share of changes in equity since the date of the business combination. Total comprehensive income within subsidiaries is attributed to the Group and to the non-controlling interest even if this results in non-controlling interests having a deficit balance.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are excluded from consolidation from the date that control ceases.

Intercompany transactions, balances and any unrealised gains/losses between Group entities have been eliminated in the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Purchase consideration is measured as the aggregate of the fair value, at the date of exchange, of the assets given, equity instruments issued and liabilities incurred or assumed. The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date. Acquisition-related costs are recognised in the consolidated statement of profit or loss as incurred.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the acquisition-date net fair value of the acquiree's identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of profit or loss.

The non-controlling interest in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. Significant accounting policies *(continued)*

Step acquisition

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Associates and joint ventures

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement and has corresponding rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are those companies over which Group exercises significant influence but it does not control or have joint control over those companies. Investments in associates and joint ventures are accounted for using the equity method of accounting except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Investments in associates and joint ventures are carried in the consolidated statement of financial position at cost, which includes transaction costs, as adjusted by post-acquisition changes in the Group's share of the net assets of the associates and joint ventures less any impairment in the value of individual investments. Losses of the associates and joint ventures in excess of the Group's interest are not recognised unless the Group has incurred legal or constructive obligations.

The carrying values of investments in associates and joint ventures are reviewed on a regular basis and if impairment in the value has occurred, it is written off in the period in which those circumstances are identified.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition is recognised as goodwill and included as part of the cost of investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition is credited to the consolidated statement of profit or loss in the year of acquisition.

The Group's share of associates and joint ventures results is based on the most recent financial statements or interim financial information drawn up to the Group's reporting date. Accounting policies of associates and joint ventures have been adjusted, where necessary, to ensure consistency with the policies adopted by the Group.

Profits and losses resulting from upstream and downstream transactions between the Group (including its consolidated subsidiaries) and its associates or joint ventures are recognised in the Group's financial statements only to the extent of unrelated group's interests in the associates or joint ventures. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Dilution gains and losses arising on deemed disposal of investments in associates and joint ventures are recognised in the consolidated statement of profit or loss.

Revenue recognition

Revenue is measured at an amount that reflects the consideration, as specified in the contract, to which an entity expects to be entitled in exchange for transferring goods or services to customers, excluding amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over goods or services to its customers.

Revenue from telecommunication services mainly comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, data and connectivity services, providing information and communication technology (ICT) and digital solutions, connecting users of other fixed line and mobile networks to the Group's network. Services are offered separately and as bundled packages along with other services and/or devices.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it). The consideration is allocated between separate product and services (i.e. distinct performance obligations, "POs") in a bundle, based on their stand-alone selling prices.

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis. For items that are not sold separately (e.g. components in eLife package, customer loyalty program, etc.), the Group estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

3. Significant accounting policies *(continued)*

Revenue recognition

Performance obligations and revenue recognition policies:

The following is a description of nature of distinct PO and timing of revenue recognition for key segments from which the Group generates its revenue. The amount of revenue recognised is adjusted for expected discounts and volume discounts, which are estimated based on the historical data for the respective types of service or product being offered.

SERVICE/ PRODUCT CATEGORY	NATURE OF PERFORMANCE OBLIGATIONS	POINT OF REVENUE RECOGNITION AND SIGNIFICANT PAYMENT TERMS
Mobile services contracts	• SIM activation and special number • Value Added Service (VAS), voice, data and messaging • Loyalty points	Revenue for SIM activation and special numbers is recognised on the date of activation. Revenue recognition for voice, data, messaging and VAS is over the period when these services are provided to the customers. Revenue recognition for loyalty points is when the points are redeemed or expire. Mobile services contracts are billed on a monthly basis based as per agreed terms of contract for respective services, which is generally either fixed recurring rentals and/or usage. Stand-alone selling prices are estimated with reference to observable prices, other than loyalty points, which is based on residual approach.
Unlocked devices contracts	• Unlocked devices bundled in a service contract	Revenue for SIM activation and special numbers is recognised on the date of activation. Revenue recognition for voice, data, messaging and VAS is over the period when these services are provided to the customers. In case of device sales, transfer of control is immediate, whereas the billing terms may be either full upfront billing or installment billing. Stand-alone selling prices are estimated with reference to observable prices.
Consumer fixed contracts	• TV service • Unlocked devices (IP Phone and Routers) • Broadband services • Fixed telephone service	Revenue recognition for services is over the contract period, whereas revenue recognition for unlocked devices is upon transfer of control to the customer (i.e. Day 1). The services are billed on a monthly basis as per the agreed terms of contract for respective services, which is generally either fixed recurring rentals and/or usage. Stand-alone selling prices for all performance obligations within consumer fixed is computed based on observable prices.

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Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2019

3. Significant accounting policies *(continued)*

Revenue recognition *(continued)*

Performance obligations and revenue recognition policies:

SERVICE/ PRODUCT CATEGORY	NATURE OF PERFORMANCE OBLIGATIONS	POINT OF REVENUE RECOGNITION AND SIGNIFICANT PAYMENT TERMS
Business Fixed contracts	• Gateway router • Fixed voice • Internet service • Office application • Security solution • Managed services • Ancillary devices (laptop, printer, IP Telephone, etc))	Revenue recognition for services is over the contract period, whereas revenue recognition for ancillary devices is upon transfer of control to the customer (i.e. day 1). The contracts are billed and paid on monthly basis. Stand-alone selling prices for the respective performance obligation within Business Fixed contract are generally estimated based on cost plus margin approach. For internet service (with some exceptions), office application and security solution, stand-alone selling prices are estimated based on adjusted market assessment approach. For free flexi minutes (STD/IDD) and ancillary devices (laptop, printer, IP Telephone, etc), stand-alone selling prices are estimated with reference to observable prices.
Business Solutions contracts	• Connectivity service (IPVPN, leased lines, etc) • Managed Services • IPTV services,	Revenue is recognised over the period when these services are provided to the customers. Where hardware (e.g. routers) are provided as part of the contract, the Group recognises these as distinct PO only if the hardware is not locked and if the customer can benefit from them either by selling for more than scrap value or using with services from other service providers. If the customer cannot benefit from hardware on its own, then they are not considered distinct POs and revenue is recognised over the service period. The contracts are billed and paid on monthly basis. Stand-alone selling prices for Managed services and IPTV services are estimated with reference to combination of adjustment market assessment approach and cost plus margin approach for respective performance obligation. For connectivity service, stand alone selling price is estimated with reference to observable prices.
Digital Solutions contracts	Digital and ICT solutions	The separable components of the solution are distinct POs. Revenue is recognised based on output measures (such as the proportion of units delivered) to measure progress towards complete satisfaction of POs where such measures are available. The contracts are billed as per contract terms. Stand-alone selling prices are estimated based on cost plus margin approach.
Miscellaneous	Installation services	Installation services provided for service fulfillment are not distinct POs and the amount charged for installation service is recognised over the service period. Installation services are generally billed on upfront basis.

3. Significant accounting policies *(continued)*

Leases

The Group has applied IFRS 16 using modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The detail of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 3(b).

Policy applicable from 1 January 2019

At inception of a contract the Group assess whether a contract is, or contain a lease. A contract is, or contains, a lease if contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

a. The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct asset or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

b. The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c. The Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

a. The Group has the right to operate the asset; or
b. The Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on assessment of a contract that contains a lease component, the Group applies, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group as lessee
Right of use asset

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c. amounts expected to be payable under a residual value guarantee; and
d. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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Notes to the consolidated financial statements for year ended 31 December 2019

3. Significant accounting policies *(continued)*
c) Leases *(continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipments that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

a. Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
b. The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

- The purchaser had the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset.
- The purchaser had the ability or right to control physical access to the underlying asset while obtaining or controlling more than an insignificant amount of the output or other utility of the asset.
- Facts and circumstances indicate that it was remote that one or more parties other than the purchaser would take more than an insignificant amount of the output, and the price that the purchaser would pay for the output was neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output.

The Group as lessee

The carrying amount of financial assets that are denominated iIn the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

3. Significant accounting policies *(continued)*

c) Leases *(continued)*

The Group as lessee *(continued)*

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

The Group as lessor

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Foreign currencies

i) Functional currencies

The individual financial statements of each of the Group's subsidiaries, associates and joint ventures are presented in the currency of the primary economic environment in which they operate (its functional currency). For the purpose of these consolidated financial statements, the results, financial position and cash flows of each company are expressed in UAE Dirhams, which is the functional currency of the Company, and the presentation currency of these consolidated financial statements.

In preparing these financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the entity's functional currency at rates prevailing at reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

ii) Consolidation

On consolidation, the assets and liabilities of the Group's foreign operations are translated into UAE Dirhams at exchange rates prevailing on the date of end of each reporting period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are also translated at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences are recognised in other comprehensive income and are presented in the translation reserve in equity except to the extent they relate to non-controlling interest. On disposal of overseas subsidiaries or when significant influence is lost, the cumulative translation differences are recognised as income or expense in the period in which they are disposed of.

iii) Foreign exchange differences

Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise except for exchange differences that relate to assets under construction for future productive use. These are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings. Exchange differences on transactions entered into to hedge certain foreign currency risks and exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on disposal of net investment. Exchange differences on qualifying cash flow hedges to the extent the hedges are effective are also recognised in other comprehensive income.

3. Significant accounting policies *(continued)*

Foreign currencies (continued)

iv) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Borrowing costs

PBorrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Government grants

Government grants relating to non-monetary assets are recognised at nominal value. Grants that compensate the Group for expenses are recognised in the consolidated statement of profit or loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated statement of profit or loss on a systematic basis over the expected useful life of the related asset upon capitalisation.

Employees' end of service benefits

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Provision for employees' end of service benefits for non-UAE nationals is made in accordance with the Projected Unit Cost method as per IAS 19 Employee Benefits taking into consideration the UAE Labour Laws. The provision is recognised based on the present value of the defined benefit obligations.

The present value of the defined benefit obligations is calculated using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to high quality corporate bonds or other basis, if applicable.

3. Significant accounting policies *(continued)*

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax is calculated using relevant tax rates and laws that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged or credited in the consolidated statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available in the future against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, from investments in associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and any impairment. Cost comprises the cost of equipment and materials, including freight and insurance, charges from contractors for installation and building works, direct labour costs, capitalised borrowing costs and an estimate of the costs of dismantling and removing the equipment and restoring the site on which it is located.

Assets in the course of construction are carried at cost, less any impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

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3. Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

Other than land (which is not depreciated), the cost of property, plant and equipment is depreciated on a straight line basis over the lesser of the lease period and the estimated useful life as follows:

Plant and equipment	Years
Permanent	20 – 50
Temporary	4 – 10
Civil works	10 – 25
Plant and equipment	**Years**
Submarine – fibre optic cables	15 – 20
– coaxial cables	10 – 15
Cable ships	15 – 25
Coaxial and fibre optic cables	15 – 25
Line plant	10 – 25
Exchanges	5 – 15
Switches	8 – 15
Radios/towers	10 – 25
Earth stations/VSAT	5 – 15
Multiplex equipment	10 – 15
Power plant	5 – 10
Subscribers' apparatus	3 – 15
General plant	2 – 25
Other assets:	**Years**
Motor vehicles	3 – 5
Computers	3 – 5
Furniture, fittings and office equipment	4 – 10

The assets' depreciation methods, residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

3. Signifcant accounting policies *(continued)*

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is carried at cost less accumulated depreciation and impairment loss. Investment properties are depreciated on a straight-line basis over 30 years.

Intangible assets

Recognition and measurement

(i) Goodwill

Goodwill arising on consolidation represents the excess of the cost of an acquisiion over the fair value of the Group's share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other non-financial assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of an associate, joint venture, or a subsidiary or where Group ceases to exercise control, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Licenses

Acquired telecommunication licenses are initially recorded at cost or, if part of a business combination, at fair value. Licenses are amortised on a straight line basis over their estimated useful lives from when the related networks are available for use. The estimated useful lives range between 10 and 25 years and are determined primarily by reference to the license period, the conditions for license renewal and whether licenses are dependent on specific technologies.

(iii) Internally-generated intangible assets

An internally-generated intangible asset arising from the Group's IT development is recognised at cost only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives of 3-10 years. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

(iv) Indefeasible Rights of Use

Indefeasible Rights of Use ("IRU") corresponds to the contractual right to use a certain amount of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset. Generally, the right to use optical fibres or dedicated wavelength bandwidth is for the major part of the underlying

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3. Signifcant accounting policies *(continued)*

Intangible assets *(continued)*

asset's economic life. These are amortised on a straight line basis over the lesser of the expected period of use and the life of the contract which ranges between 10 to 20 years.

(v) Other intangible assets

Other intangible assets comprising of trade names, customer relationship and other intangible assets are recognised on acquisition at fair values. They are amortised on a straight line basis over their estimated useful lives. The useful lives of customer relationships range from 3-23 years and trade names have a useful life of 15-25 years. The useful lives of other intangible assets range from 3-10 years.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets whenever there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life (including goodwill) is tested for impairment annually. For impairment testing, assets are grouped together into the smallest group of assets that generate cash flows that are largely independent of other assets or cash-generating units.

Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventory

Inventory is measured at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Allowance is made, where appropriate, for deterioration and obsolescence. Cost is determined in accordance with the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. Signifcant accounting policies *(continued)*

Financial instruments *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

i) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, regardless of whether that price is directly observable or in its absence, the most advantageous markets to which the group has access at that date, estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

ii) Financial assets

Financial assets are classified into the following specified categories: 'amortised cost', 'fair value through other comprehensive income with recycling', 'fair value through other comprehensive income without recycling' and 'fair value through profit or loss'. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

iii) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition less the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income ("FVTOCI"). Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest

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3. Signifcant accounting policies *(continued)*

Financial instruments *(continued)*

Amortised cost and effective interest method *(continued)*

rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

iv) Fair value through OCI – with recycling

These instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in the consolidated statement of profit or loss. The amounts that are recognised in the consolidated statement of profit or loss are the same as the amounts that would have been recognised in the consolidated statement of profit or loss if these instruments had been measured at amortised cost. All other changes in the carrying amount of these instruments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss.

v) Fair value through OCI – without recycling

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- a derivative (except for a derivative that is a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the consolidated statement of profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 15 "Revenue from Contracts with Customers", unless the dividends clearly represent a recovery of part of the cost of the investment.

vi) Fair value through profit and loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see 3 (iii to iv)) are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss includes any dividend or interest earned on the financial asset Fair value is determined in the manner described in note 3 (i).

vii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Signifcant accounting policies *(continued)*

Financial instruments *(continued)*

viii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, lease receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

b) Definition of default

In case of trade receivables, the Group considers that default occurs when a customer balance moves into the "Ceased" category based on its debt age analysis for internal credit risk management purposes. Ceased category refers to category of customers whose telecommunication services have been discontinued.

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3. Signifcant accounting policies *(continued)*

Financial instruments *(continued)*

b) Definition of default *(continued)*

For all other financial assets, the Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its

creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

c) Credit – impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

d) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group may use various sources of data, that may be both internal and external. Possible data sources include internal historical credit loss experience, internal ratings, credit loss experience of other entities and external ratings, reports and statistics.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income

3. Signifcant accounting policies *(continued)*

Financial instruments *(continued)*

and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

ix) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' ("FVTPL") or "amortised cost".

x) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as such. A financial liability is classified as held for trading if it has been incurred principally for the purpose of disposal in the near future or it is a derivative that is not designated and effective as a hedging instrument. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of profit or loss.

xi) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

xii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

xiii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

xiv) Hedge accounting

The Group may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign exchange risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges where appropriate criteria are met.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;

3. Signifcant accounting policies *(continued)*

xiv) Hedge accounting *(continued)*

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

xv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interest holders as transactions with parties external to the Group. Disposals to non-controlling interest holders result in gains and losses for the Group and are recorded in the consolidated statement of profit or loss.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Dividends

Dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

3. Significant accounting policies *(continued)*

Disposal of Assets / Assets Hold for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Assets may be disposed of individually or as part of a disposal group. Once the decision is made to dispose of an asset, it is classified as "Held for Sale" and shall no longer be depreciated, and any equity-accounted investee is no longer equity accounted. Assets that are classified as "Held for Sale" must be disclosed in the financial statements. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

An asset is considered to be Held for Sale if its carrying amount will be recovered principally through a sale transaction, not through continuing use. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted. The criteria for classifying an asset as Held for Sale are as follows:

- It must be available for immediate sale in its present condition,
- Its sale must be highly probable, and
- It must be sold, not abandoned.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

Critical accounting judgements

i) Fair value of other intangible assets

On the acquisition of mobile network operators, the identifiable intangible assets may include licenses, customer bases and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset, where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets. The relative size of the Group's intangible assets, excluding goodwill, makes the judgements surrounding the estimated useful lives critical to the Group's financial position and performance.

The useful lives used to amortise intangible assets relate to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Critical accounting judgements *(continued)*

ii) Classification of interests in other entities

The appropriate classification of certain interests in other entities requires significant analysis and management judgement as to whether the Group exercises control, significant influence or joint control over these interests. This may involve consideration of a number of factors, including ownership and voting rights, the extent of Board representation, contractual arrangements and indicators of de facto control. Changes to these indicators and management's assessment of the power to control or influence may have a material impact on the classification of such investments and the Group's consolidated financial position, revenue and results. Specific judgements regarding the classification of the Group's interests in Maroc Telecom and Pakistan Telecommunications Company Limited are disclosed in Note 16 and interests in associates are disclosed in Note 18.

iii) Federal royalty

The computation of Federal Royalty in accordance with the Cabinet of Ministers of UAE decision No.320/15/23 of 2012 and guidelines issued by the UAE Ministry of Finance ("the MoF") dated 21 January 2013 and subsequent clarification letters dated 24 April 2013, 30 October 2013 and 29 January 2014 required a number of calculations. In performing these calculations, management has made certain critical judgments, interpretations and assumptions. These mainly relate to the segregation of items between regulated and other activities and items which the Company judged as not subject to Federal royalty or which may be set off against profits which are subject to Federal royalty.

The mechanism for the computation of federal royalty for the year ended 31 December 2019 was in accordance with the Guidelines.

iv) Revenue recognition

The key areas of judgement in revenue recognition are as follows:

Identifying performance obligations and determining standalone selling prices

Where a contract with a customer consists of two or more performance obligations that have value to a customer on a standalone basis, the Group accounts for individual performance obligation separately if they are distinct i.e. if goods or service is separately identifiable from other items in the contract and if a customer can benefit from it. The transaction price is allocated between separate performance obligations based on their stand-alone selling prices. The Group applies judgement in identifying the individual performance obligation, determining the stand-alone selling prices and allocating the transaction price between them.

Determination of transaction price

The estimate of the transaction price will be affected by the nature, timing and amount of consideration promised by a customer. In determining the transaction price, the Group considering these following aspects:

a) variable consideration
b) constraining estimates of variable consideration
c) the existence of a significant financing component in the contract
d) non-cash consideration
e) consideration payable to a customer

Refer to Note 3 for additional details on the identification of performance obligation, determination of stand alone selling prices and timing of revenue recognition for the major products and services.

Key sources of estimation uncertainty

i) Impairment of goodwill and investment in associates

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which the goodwill has been allocated. The value-in-use calculation for goodwill and associates requires the Group to calculate the net present value of the future cash flows for which certain assumptions are required, including management's expectations of:

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty *(continued)*

i) Impairment of goodwill and investment in associates *(continued)*

- long term growth rates in cash flows;
- timing and quantum of future capital expenditure; and
- the selection of discount rates to reflect the risks involved.

The key assumptions used and sensitivities are detailed on Note 12 of these consolidated financial statements. A change in the key assumptions or forecasts might result in an impairment of goodwill and investment in associates.

ii) Impairment of intangibles

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- long term growth rates in cash flows;
- timing and quantum of future capital expenditure; and
- the selection of discount rates to reflect the risks involved.

iii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the total assets of the Group. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful economic life and the expected residual value at the end of its life. Increasing/decreasing an asset's expected life or its residual value would result in a reduced/increased depreciation charge in the consolidated statement of profit or loss.

iv) Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

v) Provisions and contingent liabilities

The management exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigations, assessments and/or other outstanding liabilities and claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provisions. Refer to Note 32 for details on provisions against such pending litigations/ claims and Note 38 for details on the contingent liabilities.

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5. Segmental information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker and used to allocate resources to the segments and to assess their performance.

a) Products and services from which reportable segments derive their revenues

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the UAE. Outside of the UAE, the Group operates through its subsidiaries and associates in sixteen countries which are divided into the following operating segments:

- Morocco
- Egypt
- Pakistan
- International - others

Revenue is attributed to an operating segment based on the location of the Company reporting the revenue. Inter-segment sales are charged at mutually agreed prices.

The Group's share of results from associates and joint ventures has been allocated to the segments based on the geographical location of the operations of the associate and joint venture investments. The allocation is in line with how results from investments in associates and joint ventures are reported to the Board of Directors.

b) Segment revenues and results

Segment results represent operating profit earned by each segment without allocation of finance income, finance costs and federal royalty. This is the measure reported to the Group's Board of Directors ("Board of Directors") for the purposes of resource allocation and assessment of segment performance.

c) Segment assets

For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the total and non-current assets attributable to each segment. Goodwill is allocated based on separately identifiable CGUs as further disclosed in Note 12. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

The segment information has been provided on the following page.

5. Segmental information *(continued)*

	UAE AED'000	International: Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	Eliminations AED'000	Consolidated AED'000
31 December 2019							
Revenue							
External revenue	32,024,495	7,424,417	3,362,458	3,102,887	6,272,156	-	52,186,413
Inter-segment revenue	274,203	543,185	67,132	75,169	95,189	(1,054,878)	-
Total revenue	32,298,698	7,967,602	3,429,590	3,178,056	6,367,345	(1,054,878)	52,186,413
Segment result	13,074,391	2,801,735	654,461	17,776	1,075,734	-	17,624,097
Federal royalty							(5,826,594)
Finance and other income							1,363,042
Finance and other costs							(2,051,524)
Profit before tax							11,109,021
Income tax expenses							(1,614,443)
Profit for the year from continuing operations							9,494,578
Total assets	70,107,231	33,381,997	9,316,313	11,700,297	16,952,664	(13,192,169)	128,266,333
Non-current assets *	30,399,833	29,523,581	8,242,904	9,199,513	14,552,563	(11,075,662)	80,842,732
Depreciation and amortisation	2,379,210	1,886,588	711,491	975,958	1,511,986	-	7,465,233
Impairment and other losses	26,849	-	(4,598)	1,163,652	-	-	1,185,903
31 December 2018							
Revenue							
External revenue	31,932,389	7,421,745	2,725,850	3,788,707	6,519,123	-	52,387,814
Inter-segment revenue	302,934	649,024	80,125	60,161	108,072	(1,200,316)	-
Total revenue	32,235,323	8,070,769	2,805,975	3,848,868	6,627,195	(1,200,316)	52,387,814
Segment result	13,935,447	2,625,021	590,289	(9,736)	1,117,400	-	18,258,421
Federal royalty							(5,587,187)
Finance and other income							946,052
Finance and other costs							(1,373,976)
Profit before tax							12,243,310
Taxation							(1,500,239)
Profit for the year from continuing operations							10,743,071
Total assets	65,450,579	32,135,766	7,788,373	15,321,610	17,319,091	(12,772,265)	125,243,154
Non-current assets *	27,484,283	29,155,945	6,511,049	12,452,351	14,223,148	(11,694,840)	78,131,936
Depreciation and amortisation	2,226,032	1,843,271	565,613	1,137,222	1,417,830	-	7,189,968
Impairment and other losses	45,344	-	4,104	22,056	56,340	-	127,844

* Non current assets exclude derivative financial assets and deferred tax assets.

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6. Revenue

a) The following is the disaggregation of the Group's revenue:

	UAE AED'000	International: Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	Consolidated AED'000
31 December 2019						
Mobile	12,307,170	4,511,975	2,920,180	1,245,051	5,654,713	26,639,089
Fixed	11,315,463	2,539,877	154,647	1,440,566	488,058	15,938,611
Equipment	1,925,994	103,880	70,946	13,080	13,466	2,127,366
Others	6,475,868	268,685	216,685	404,190	115,919	7,481,347
Total revenue	32,024,495	7,424,417	3,362,458	3,102,887	6,272,156	52,186,413
31 December 2018						
Mobile	12,654,236	4,417,952	2,381,868	1,568,789	5,892,053	26,914,898
Fixed	11,252,305	2,608,770	122,726	1,774,830	486,681	16,245,312
Equipment	1,945,185	105,753	48,525	18,626	33,017	2,151,106
Others	6,080,663	289,270	172,731	426,462	107,372	7,076,498
Total revenue	31,932,389	7,421,745	2,725,850	3,788,707	6,519,123	52,387,814

b) Revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date:

31 December 2019	Within one year AED'000	More than one year AED'000	Total AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	5,902,421	2,204,519	8,106,940

31 December 2018	Within one year AED'000	More than one year AED'000	Total AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	2,736,075	9,073,023	11,809,098

c) Timing of revenue recognition:

	UAE AED'000	International: Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	Consolidated AED'000
31 December 2019						
PO satisfied at a point in time	2,738,337	103,880	73,281	49,844	4,677	2,970,019
PO satisfied over a period of time	29,286,158	7,320,537	3,289,178	3,053,043	6,267,478	49,216,394
Total revenue	32,024,495	7,424,417	3,362,459	3,102,887	6,272,155	52,186,413
31 December 2018						
PO satisfied at a point in time	2,390,416	105,753	71,980	61,552	5,801	2,635,503
PO satisfied over a period of time	29,541,973	7,315,992	2,653,870	3,727,155	6,513,323	49,752,311
Total revenue	31,932,389	7,421,745	2,725,850	3,788,707	6,519,124	52,387,814

7. Operating expenses and federal royalty

a) Operating expenses

		2019 AED'000	2018 AED'000
Direct cost of sales		12,353,910	12,643,885
Staff costs		4,904,751	4,913,744
Depreciation		5,878,239	5,646,429
Network and other related costs		2,536,804	2,593,509
Amortisation	(i)	1,586,994	1,543,539
Regulatory expenses		1,377,920	1,313,947
Marketing expenses		1,294,675	939,247
Consultancy costs		778,247	916,476
Operating lease rentals		23,385	383,740
IT costs		407,192	351,205
Foreign exchange losses		58,887	277,129
Other operating expenses		1,024,452	1,215,715
Operating expenses (before federal royalty)		32,225,456	32,738,565

Operating expenses include an amount of AED 55.31 million (2018: AED 30.24 million), relating to social contributions made during the year.

i) Regulatory expenses:

Regulatory expenses include ICT Fund contributions required to be paid by the Company to the UAE Telecommunications Regulatory Authority (TRA) at 1% of its net regulated revenues annually.

ICT Fund Contribution	2019 AED'000	2018 AED'000
UAE Net Regulated Revenue	21,419,814	21,495,098
ICT Fund Contribution	214,198	214,951

b) Federal Royalty

In accordance with the Cabinet decision No. 558/1 for the year 1991, the Company was required to pay a federal royalty, equivalent to 40% of its annual net profit before such federal royalty, to the UAE Government for use of federal facilities. With effect from 1 June 1998, Cabinet decision No. 325/28M for 1998, it was increased to 50%.

On 9 December 2012, the Cabinet of Ministers of UAE issued decision no. 320/15/23 of 2012 in respect of a new royalty mechanism applicable to the Company. Under this mechanism a distinction was made between revenue earned from services regulated by Telecommunications Regulatory Authority ("TRA") and non-regulated services as well as between foreign and local profits. The Company was required to pay 15% royalty fee on the UAE regulated revenues and 35% of net profit after deduction of the 15% royalty fee on the UAE regulated revenues. In respect of foreign profit, the 35% royalty was reduced by the amount that the foreign profit has already been subject to foreign taxes.

On 25 February 2015, the UAE Ministry of Finance ("MOF"') issued revised guidelines (which were received by the Company on 1 March 2015) for the computation of federal royalty for the financial years ended 31 December 2014, 2015 and 2016

7. Operating expenses and federal royalty *(continued)*

("The Guidelines"). In accordance with the Guidelines, the royalty rate for 2016 was reduced to 30% of net profit after deduction of the 15% royalty fee on the UAE regulated revenues.

On 20 February 2017, the UAE Ministry of Finance announced the federal royalty scheme to be applied on the Group for the periods 2017 to 2021 ("the new royalty scheme"). According to the new royalty scheme, the Group will pay 15% royalty fees on the UAE regulated revenue and 30% royalty fees on profit generated from regulated services after deduction of the 15% royalty fees on the UAE regulated revenue. Royalty fees on profits from international operations shall be considered only if similar fees paid in the country of origin are less than the fees that could have been imposed in the UAE. The mechanism for the computation of federal royalty payable for the period ended 31 December 2018 was in accordance with the new royalty scheme.

The federal royalty has been classified as an operating expense in the consolidated statement of profit or loss on the basis that the expenses the Company would otherwise have had to incur for the use of the federal facilities would have been classified as operating expenses.

8. Finance and other income

	2019 AED'000	2018 AED'000
Interest on bank deposits and amortised cost investments	852,013	797,201
Gain / (loss) on forward foreign exchange contracts	43,871	(20,216)
Net gain / (loss) on financial assets designated as FVTPL	238,050	(125,194)
Other income	229,108	294,261
	1,363,042	946,052

9. Finance and other costs

	2019 AED'000	2018 AED'000
Interest on short term bank borrowings, loans and other financial liabilities	391,797	461,004
Interest on other borrowings	692,059	548,867
Ineffectiveness on net investment hedges	(162,678)	(145,937)
Foreign exchange gain on borrowings – net	(58,293)	(33,733)
Other costs	1,171,525	531,403
Unwinding of discount	17,114	12,372
	2,051,524	1,373,976
Total borrowing costs	2,062,387	1,385,052
Less: amounts included in the cost of qualifying assets (Note 11, 13)	(10,863)	(11,076)
	2,051,524	1,373,976

All interest charges are generated on the Group's financial liabilities measured at amortised cost. Borrowing costs included in the cost of qualifying assets during the year arose on specific and non - specific borrowing pools. Borrowing costs attributable to non - specific borrowing pools are calculated by applying a capitalisation rate of 15.64% (2018: 17.79%) for expenditure on such assets. Borrowing costs have been capitalised in relation to loans by certain of the Group's subsidiaries.

10. Taxation

	2019 AED'000	2018 AED'000
Current tax expense	1,768,803	1,649,507
Deferred tax credit	(154,360)	(149,268)
	1,614,443	1,500,239

a) Total tax

Corporate income tax is not levied in the UAE for telecommunication companies. The weighted average tax rate for the Group, based on tax rates applicable for international operations is 31.67 % (2018: 31.53%). The table below reconciles the difference between the expected tax expense, and the Group's tax charge for the year.

b) The income tax expenses for the year can be reconciled to the accounting profits as follows:

	2019 AED'000	2018 AED'000
Tax based on the applicable weighted average tax rate of 31.67 % (2018: 31.53%)	1,529,341	1,516,039
Tax effect of share of results of associates	(945)	(1,681)
Tax effect of expenses that are not deductible in determining taxable profit	318,205	233,191
Tax effect of utilization of tax losses not previously recognized	4,278	(20,938)
Effect on deferred tax balances of change in income tax rate	(32,419)	(40,143)
Effect on deferred tax balances due to purchase price allocation	(203,069)	(186,820)
Effect of income that is exempt from taxation	(948)	591
Income tax expenses recognised in profit or losses	1,614,443	1,500,239

c) Current income tax assets and liabilities

The current income tax assets represent refunds receivable from tax authorities and current income tax liabilities represent income tax payable.

d) Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when these relate to the same income tax authority. The amounts recognised in the consolidated statement of financial position after such offset are as follows:

	2019 AED'000	2018 AED'000
Deferred tax assets	65,188	44,472
Deferred tax liabilities	(2,637,109)	(2,836,924)
	(2,571,921)	(2,792,452)

The following represent the major deferred tax liabilities and deferred tax assets recognised by the Group and movements thereon without taking into consideration the offsetting of balances within the same tax jurisdiction.

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10. Taxation *(continued)*

d) Deferred tax *(continued)*

Deferred tax liabilities	Deferred tax on depreciation and amortisation AED'000	Deferred tax on overseas earnings AED'000	Others AED'000	Total AED'000
At 1 January 2018	3,486,651	87,994	65,181	3,639,826
Credit to the consolidated statement of profit or loss	(209,672)	(1,681)	(10,834)	(222,187)
Charge to other comprehensive income	(8,075)	-	-	(8,075)
Reclassified from deferred tax liability to deferred tax asset	(3,767)	-	-	(3,767)
Reclassification	74,281	(20,388)	(53,893)	-
Exchange differences	(244,575)	-	(454)	(245,029)
At 31 December 2018	3,094,842	65,925	-	3,160,767
Credit) / charge to the consolidated statement of profit or loss)	(269,143)	-	15,289	(253,854)
Charge to other comprehensive income	-	-	724	724
Other movements	-	-	(648)	(648)
Exchange differences	(12,045)	-	(328)	(12,374)
At 31 December 2019	2,813,654	65,925	15,037	2,894,616

Deferred tax assets	Retirement benefit obligations AED'000	Tax losses AED'000	Others AED'00	Total AED'00
At 1 January 2018	4,277	188,714	315,492	508,483
Charge to the consolidated statement of profit or loss	-	(24,185)	(48,734)	(72,919)
Credit to other comprehensive income	127	-	(10,878)	(10,751)
Reclassified from deferred tax liability to deferred tax asset	-	14,091	(17,858)	(3,767)
Other movements	-	-	(73)	(73)
Reclassification	(4,277)	(14,093)	18,370	-
Exchange differences	(23)	(14,841)	(37,794)	(52,658)
At 31 December 2018	104	149,686	218,525	368,315
Charge to the consolidated statement of profit or loss	-	(87,579)	(11,915)	(99,494)
Charge to other comprehensive income	(94)	-	(2,456)	(2,550)
Other movements	-	-	63,865	63,865
Exchange differences	(10)	(4,864)	(2,567)	(7,441)
At 31 December 2019	-	57,243	265,452	322,695

Unused tax losses	2019 AED million	2018 AED million
Total unused tax losses	172	678
of which deferred tax assets recognised for	172	678

11. Goodwill, other intangible assets

	Goodwill AED'000	Licenses AED'000	Trade names AED'000	Others AED'000	Total AED'000
Cost					
At 1 January 2018	16,953,174	16,065,991	2,195,063	5,812,803	41,027,031
Additions	-	332,558	-	749,160	1,081,718
Transfer to investment property	-	-	-	(8,864)	(8,864)
Transfer from property, plant and equipment	-	-	-	13,994	13,994
Acquisition of subsidiary	-	-	-	153,629	153,629
Disposals	-	-	-	(60,559)	(60,559)
Exchange differences	(1,089,622)	(588,811)	(86,657)	(297,957)	(2,063,047)
At 31 December 2018	**15,863,552**	**5,809,738**	**2,108,406**	**6,362,206**	**40,143,902**
Amortisation and impairment					
At 1 January 2018	2,149,850	5,327,194	364,154	3,614,154	11,455,352
Charge for the year	-	730,850	92,432	740,759	1,564,041
Impairment losses – net	-	-	-	1,403	1,403
Disposals	-	-	-	(59,091)	(59,091)
Exchange differences	-	(205,991)	(24,960)	(208,944)	(439,895)
At 31 December 2018	2,149,850	5,852,053	431,626	4,088,281	12,521,810
Carrying Amount					
At 31 December 2018	**13,713,702**	**9,957,685**	**1,676,780**	**2,273,925**	**27,622,092**
Cost					
At 1 January 2019	15,863,552	15,809,738	2,108,406	6,362,206	40,143,902
Additions	-	520,762	-	465,334	986,096
Transfer from investment property	-	-	-	8,864	8,864
Transfer from property, plant and equipment	-	-	-	330,093	330,093
Acquisition of subsidiary	303,563	208,474	-	38,773	550,810
Disposals	-	-	-	(1,597)	(1,597)
Exchange differences	(391,921)	423,172	(199,906)	93,174	(75,481)
At 31 December 2019	**15,775,194**	**16,962,146**	**1,908,500**	**7,296,847**	**41,942,687**
Amortisation and impairment					
At 1 January 2019	2,149,850	5,852,053	431,626	4,088,281	12,521,810
Charge for the year	-	747,454	119,958	752,782	1,620,194
Impairment losses	2,631,587	-	-	(298)	2,631,289
Transfer from investment property	-	-	-	4,087	4,087
Acquisition of subsidiary	-	76,405	-	27,379	103,784
Disposals	-	-	-	(1,462)	(1,462)
Exchange differences	-	163,312	(39,173)	(27,372)	96,767
At 31 December 2019	**4,781,437**	**6,839,224**	**512,411**	**4,843,397**	**16,976,469**
Carrying amount					
At 31 December 2019	**10,993,757**	**10,122,922**	**1,396,089**	**2,453,450**	**24,966,218**

11. Goodwill, other intangible assets *(continued)*

Others - net book values	2019 AED'000	2018 AED'000
Indefeasible rights of use	272,644	211,783
Computer software	1,224,217	1,095,020
Customer relationships	171,979	318,647
Others	784,610	648,475
	2,453,450	**2,273,925**

12. Impairment loss on other assets

a) Impairment

The impairment losses recognised in the consolidated statement of profit or loss in respect of the carrying amounts of investments, goodwill, licenses and property, plant and equipment and other financial assets are as follows:

	2019 AED'000	2018 AED'000
Pakistan Telecommunication Company Limited (PTCL)	1,163,652	22,026
of which relating to goodwill – net	1,162,649	-
of which relating to property, plant and equipment (Note 13)	1,003	22,026
Etisalat UAE	26,849	45,344
of which relating to intangible assets, property, plant and equipment (Note 11,13)	26,849	45,344
Etisalat Sri Lanka	-	56,340
of which relating to other assets/goodwill	-	56,340
Others	**(4,598)**	**4,134**
of which relating to property, plant and equipment (Note 13)	(4,598)	4,134
Total impairment and other losses for the year	**1,185,903**	**127,844**

Impairment on PTCL CGU

The recoverable amount of this CGU was based on value in use. As of 31 December 2019 the carrying value of this CGU was assessed to be higher than its recoverable amount and an impairment loss was recognised in profit and loss for the year then ended. This loss represents an impairment loss on goodwill of AED 2.6 billion relating to an estimated value of the Group's interest in PTCL stemming from contractual arrangements for the purchase of PTCL in 2006 which the Group no longer considers recoverable based on ongoing negotiations regarding them and reduced cash flows projected to be generated by this CGU. The impairment loss on goodwill of AED 2.6 billion is presented in the consolidated statement of profit or loss for the year ended 31 December 2019 net of the reduction in the provision for consideration payable for this acquisition of AED 1.5 billion, as it is contractually linked to the Group's interest in this CGU.

12. Impairment loss on other assets *(continued)*

b) Cash generating units

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The carrying amount of goodwill (all relating to operations within the Group's International reportable segment) is allocated to the following CGUs:

Cash generating units (CGU) to which goodwill is allocated:	2019 AED'000	2018 AED'000
Maroc Telecom	8,679,524	8,766,338
Maroc Telecom international subsidiaries	2,151,830	1,853,777
Pakistan Telecommunication Company Limited (PTCL)	150,678	3,083,086
Etisalat Misr (Etisalat) S.A.E.	11,725	10,501
	10,993,757	13,713,702

Goodwill has been allocated to the respective segment based on the separately identifiable CGUs.

c) Key assumptions for the value in use calculations:

The recoverable amounts of all the CGUs containing goodwill are based on their value in use. The key assumptions for the value in use calculations are those regarding the long term forecast cash flows, working capital estimates, discount rates, capital expenditure and expected proceeds from disposal of non-operational assets.

Long term cash flows and working capital estimates

The Group prepares cash flow forecasts and working capital estimates derived from the most recent annual business plan approved by the Board of Directors for the next five years. The business plans take into account local market considerations such as the revenues and costs associated with future customer growth, the impact of local market competition and consideration of the local macro-economic and political trading environment. This rate does not exceed the average long-term growth rate for the relevant markets and it ranges between 3.8% to 5.1% (2018: 2.2% to 5.3%).

Discount rates

The discount rates applied to the cash flows of each of the Group's operations are based on an internal study conducted by the management. The study utilised market data and information from comparable listed mobile telecommunications companies and where available and appropriate, across a specific territory. The pre-tax discount rates use a forward looking equity market risk premium and ranges between 13.2% to 21.4% (2018: 9.0% to 21.7%).

Capital expenditure

The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to continue rolling out networks in emerging markets, providing voice and data products and services, and meeting the population coverage requirements of certain licenses of the Group. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and other intangible assets.

Expected proceeds from disposal of non-operational assets

The estimate of net cash flows to be received for the disposal of non-operational assets (mainly land) of PTCL CGU is based on market approach and extrapolation analysis, considering the scale, geographic dispersion and diversity of such properties. The key assumptions for the determination of such expected proceeds are partly based on valuation by independent valuers and extrapolation of those values to remaining properties based on similar characteristics.

Sensitivity analysis

Following the impairment loss recognised in the PTCL CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

The estimated recoverable amount of the Maroc Telecom and Maroc Telecom International Subsidiaries CGUs exceeded their carrying values. Management has identified that a reasonably possible change in two key assumptions [1.5 % increase in discount rates and 1 % decrease in long term terminal growth rates (2018: 2.7 % increase in discount rates and 1 % decrease in long term terminal growth rates)] could cause the carrying amounts to exceed the recoverable amounts.

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13. Property, plant and equipment

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computer, furniture AED'000	Assets under construction AED'000	Total AED'000
Cost					
At 1 January 2018	10,643,061	70,512,653	5,352,832	3,173,161	89,681,706
Additions	175,785	1,695,713	73,035	5,353,283	7,297,816
Transfer to intangible assets	-	-	-	(13,994)	(13,994)
Transfer from/(to) investment property	168	(414)	7,054	-	6,808
Transfers	203,649	2,858,253	575,901	(3,637,803)	-
Disposals	(22,524)	(1,496,212)	(185,725)	(40,370)	(1,744,831)
Exchange differences	(1,020,787)	(5,096,975)	(119,812)	(115,456)	(6,353,030)
At 31 December 2018	9,979,352	68,473,018	5,703,285	4,718,821	88,874,476
Depreciation and impairment					
At 1 January 2018	3,049,143	38,375,465	3,738,874	182,322	45,345,804
Charge for the year	266,492	4,894,331	479,614	-	5,640,437
Impairment losses – net	316	62,296	3,383	4,106	70,101
Disposals	(18,876)	(1,438,697)	(183,570)	-	(1,641,143)
Exchange differences	(105,592)	(3,589,101)	(88,724)	(9)	(3,783,426)
At 31 December 2018	3,191,483	38,304,294	3,949,577	186,419	45,631,773
Carrying amount					
At 31 December 2018	6,787,869	30,168,724	1,753,708	4,532,402	43,242,703

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computer, furniture AED'000	Assets under construction AED'000	Total AED'000
Cost					
At 1 January 2019	9,979,352	68,473,018	5,703,285	4,718,821	88,874,476
Additions	87,235	1,755,197	68,256	5,939,340	7,850,028
Transfer to intangible assets	-	-	(330,093)	-	(330,093)
Transfer from investment property	36,854	4,246	12,723	-	53,823
Transfers	194,769	4,526,791	716,650	(5,438,210)	-
Disposals	(10,074)	(1,095,904)	(55,486)	-	(1,161,464)
Acquisition of subsidiary	61,129	1,017,943	81,840	-	1,160,912
Exchange differences	(352,888)	(1,507,644)	54,204	(17,673)	(1,824,001)
At 31 December 2019	9,996,377	73,173,647	6,251,379	5,202,278	94,623,681
Depreciation and impairment					
At 1 January 2019	3,191,483	38,304,294	3,949,577	186,419	45,631,773
Charge for the year	267,639	4,643,259	507,289	-	5,418,187
Impairment losses – net	-	20,079	(608)	4,085	23,556
Disposals	(9,408)	(896,525)	(50,749)	-	(956,682)
Transfer from investment property	14,414	3,296	4,700	-	22,410
Acquisition of subsidiary	12,309	663,718	61,257	-	737,284
Exchange differences	(38,197)	(1,270,856)	(17,913)	4,390	(1,322,576)
At 31 December 2019	3,438,240	41,467,265	4,453,553	194,894	49,553,952
Carrying amount					
At 31 December 2019	6,558,137	31,706,382	1,797,826	5,007,384	45,069,729

The carrying amount of the Group's land and buildings includes a nominal amount of AED 1 (2018: AED 1) in relation to land granted to the Group by the Federal Government of the UAE. There are no contingencies attached to this grant and as such no additional amounts have been included in the consolidated statement of profit or loss or the consolidated statement of financial position in relation to this.

An amount of AED 10.9 million (2018: AED 11.1 million) is included in property, plant and equipment on account of capitalisation of borrowing costs for the year.

Borrowings are secured against property, plant and equipment with a net book value of AED 1,702 million (2018: AED 1,857 million). Assets under construction include buildings, multiplex equipment, line plant, exchange and network equipment.

14. Right of use assets

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computers, furniture AED'000	Total AED'000
Balance at 1 January 2019	1,303,679	890,250	41,387	2,235,316
Additions for the year	566,011	353,015	40,996	960,022
Disposals for the year	(33,347)	-	-	(33,347)
Depreciation for the year	(227,103)	(176,067)	(22,929)	(426,099)
Exchange differences	(60,121)	72,300	(3,739)	8,440
Balance at 31 December 2019	1,549,119	1,139,498	55,715	2,744,332

15. Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at depreciated cost and included separately under non-current assets in the consolidated statement of financial position.

Investment property rental income and direct operating expenses	2019 AED'000	2018 AED'000
Cost		
At 1 January	69,035	66,979
Net transfer (to) / from intangible assets and property, plant and equipment	(69,035)	2,056
At 31 December	-	69,035
Depreciation		
At 1 January	32,846	26,854
Charge for the year	-	5,992
Transfer to intangible assets and property, plant and equipment	(32,846)	-
At 31 December	-	32,846
Carrying amount at 31 December	-	36,189
Fair value at 31 December	-	55,990

Investment property rental income and direct operating expenses

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at depreciated cost and included separately under non-current assets in the consolidated statement of financial position.

Investment property rental income and direct operating expenses	2019 AED'000	2018 AED'000
Property rental income	-	8,862
Direct operating expenses	-	885

In prior year, the fair value of Group's investment property was determined based on the Construction Replacement Cost Approach (Cost approach), which reflects the amount that would be required currently to replace the service capacity of the asset. The construction replacement cost of the asset was determined with reference to Turner International Construction Index. Accordingly, the fair value was classified as level 3 of the fair value hierarchy.

16. Subsidiaries

a) The Group's principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Percentage shareholding 2019	2018
Emirates Telecommunications and Marine Services FZE	UAE	Telecommunications services	100%	100%
Emirates Cable TV and Multimedia LLC	UAE	Cable television services	100%	100%
Etisalat International Pakistan LLC	UAE	Holds investment in Pakistan Telecommunication Co. Ltd	90%	90%
E-Marine PJSC	UAE	Submarine cable activities	100%	100%
Etisalat Services Holding LLC	UAE	Infrastructure services	100%	100%
Etisalat Software Solutions (Private) Limited	India	Technology solutions	- **	100%
Etisalat Technology Services LLC	UAE	Technology solutions	100%	100%
Etisalat Afghanistan	Afghanistan	Telecommunications services	100%	100%
Etisalat Misr S.A.E.	Egypt	Telecommunications services	66.4%	66.4%
Atlantique Telecom S.A.	Togo	Telecommunications services	100%	100%
Pakistan Telecommunication Company Limited	Pakistan	Telecommunications services	23% *	23% *
Etisalat Investment North Africa LLC	UAE	Holds investment Société de Participation (dans les Télécommunications (SPT	91.3%	91.3%
Société de Participation dans les Télécommunications (SPT)	Kingdom of Morocco	Holds investment in Maroc Telecom	91.3%	91.3%
Etisalat Al Maghrib S.A (Maroc Telecom)	Kingdom of Morocco	Telecommunications services	48% *	48% *
Etisalat Mauritius Private Limited	Mauritius	Holds investment in Etisalat DB Telecom Private Limited	100%	100%
Ubiquitous Telecommunications Technology LLC	UAE	Installation and management of network systems	85%	85%
Etisalat Digital KSA	Kingdom of Saudi Arabia	Digital services	100%	-

16. Subsidiaries *(continued)*

b) Disclosures relating to subsidiaries

During the year, Maroc Telecom acquired 100% shareholding in Tigo Chad. As the acquisition was completed in July 2019 on approval of change of control by the Tchadian authorities, consolidation of Tigo Chad has been commenced in July 2019 when the control was transferred to Maroc Telecom. The consideration for this acquisition was MAD 1,175 million (AED 443 million). Refer to note 43.2.

* The Group has voting rights of 53% in Maroc Telecom and 58% in Pakistan Telecommunication Company Limited, including the appointment of a majority of the Board of Directors and key management personnel.

**During the year, the Group has initiated the process for liquidation of Etisalat Software Solutions (Private) Limited ("ESSPL"). With the appointment of official liquidator, the Group has lost control of ESSPL and accordingly it has been deconsolidated from these consolidated financial statements.

During the year, the Group signed an agreement to acquire 100 % of the Help AG's businesses in United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). The transaction was completed on 17 February 2020 after satisfying all Conditions Precedent and Completion deliverables. Help AG UAE and KSA will be consolidated into Group's consolidated financial statements effective from February 2020.

Furthermore, following the disposal of the Group's investment in Etisalat Sri Lanka in the prior year, the Group initiated the process for liquidation of its 100% owned subsidiary , Sark Corporation N.V. ("SARK"), which was holding the Group's investment in Etisalat Sri Lanka and was incorporated in Curacao. The process of official liquidation has now been completed and accordingly SARK has been deconsolidated from these consolidated financial statements.

	Maroc Telecom consolidated	PTCL consolidated	Etisalat Misr consolidated
AED'000		2019	
Information relating to non-controlling interests:			
Non-controlling interest (shareholding %)	51.6%	76.6%	33.6%
Revenue	6,821,359	2,434,392	1,152,342
Profit / (loss) for the year	686,475	(21,698)	131,548
Other comprehensive (loss)/income	(91,752)	(443,184)	180,300
Total comprehensive income / (loss) for the year	594,723	(464,882)	311,848
Cash flows from operating activities	3,416,505	1,025,658	502,228
Cash flows from investing activities	(1,540,695)	(632,170)	(248,160)
Cash flows from financing activities	(1,855,722)	(174,818)	(267,738)
Dividends paid to Non-controlling interests	(1,475,063)	(49,067)	(57,229)
Non-controlling interests as at 31 December	5,836,387	3,570,634	1,722,027
Summarised information relating to subsidiaries:			
Current assets	5,144,448	2,501,085	1,073,409
Non-current assets	34,074,104	9,201,941	8,242,904
Current liabilities	15,920,624	4,350,656	2,494,922
Non-current liabilities	4,641,031	3,699,978	1,597,541

16. Subsidiaries *(continued)*

b) Disclosures relating to subsidiaries

	Maroc Telecom consolidated	PTCL consolidated	Etisalat Misr consolidated
AED'000		2018	
Information relating to non-controlling interests:			
Non-controlling interest (shareholding %)	51.6%	76.6%	33.6%
Revenue	6,908,449	2,948,233	942,808
Profit for the year	1,388,704	341,883	95,495
Other comprehensive loss	(224,739)	(1,343,607)	(7,923)
Total comprehensive income / (loss) for the year	1,163,965	(1,001,724)	87,572
Cash flows from operating activities	5,905,988	1,252,987	1,273,383
Cash flows from investing activities	(2,486,329)	(1,089,995)	(606,486)
Cash flows from financing activities	(3,636,016)	(118,632)	(1,370,138)
Dividends paid to Non-controlling interests	(1,415,427)	(112,605)	-
Non-controlling interests as at 31 December	6,719,358	4,084,584	1,470,767
Summarised information relating to subsidiaries:			
Current assets	5,413,412	2,869,260	1,272,250
Non-current assets	33,355,397	12,452,351	6,516,123
Current liabilities	14,447,865	5,782,951	2,108,373
Non-current liabilities	3,181,203	3,843,839	1,219,417

c) Movement in non-controlling interests

The movement in non-controlling interests is provided below:

	2019 AED'000	2018 AED'000
As at 1 January	12,298,376	13,688,928
Total comprehensive income:		
Profit for the year	802,062	1,827,175
Remeasurement of defined benefit obligations - net of tax	17,269	(77,235)
Exchange differences on translation of foreign operations	(372,224)	(1,494,846)
Loss on revaluation of investment classified as fair value through OCI	(4,534)	(2,617)
Other movement in equity	22,858	4,132
Transaction with owners:		
Acquisition of a subsidiary	-	30,939
Capital contribution by non-controlling interest	-	16,740
Repayment of advances to non-controlling interest	(23,839)	(29,780)
Acquisition of additional stake in a subsidiary	-	(134,328)
Dividends	(1,584,178)	(1,530,732)
As at 31 December	11,155,790	12,298,376

17. Share of results of associates and joint ventures

	2019 AED'000	2018 AED'000
Associates (Note 18 b)	(27,837)	(33,619)
Joint ventures (Note 18 g)	(8,417)	6,980
Total	(36,254)	(26,639)

a) On 1st August 2018, Etisalat Group completed the sale of its 28.04% direct shareholding in Thuraya to Star Satellite Communication Company PJSC, an SPV owned by Al Yah Satellite Communications Company ("Yahsat") after securing all regulatory approvals and Yashat's condition of acquiring at least 75.001% ownership in Thuraya. The final consideration amounted to USD 0.0553 per share, equivalent to consideration of USD 37 million (AED 137 million). Accordingly, gain on sale of investment in Thuraya amounting to AED 70.3 million was included in the prior year results from discontinued operations (note 41).

b) On 1 May 2018, Etisalat Group completed the acquisition of additional 35% stake in Ubiquitous Telecommunications Technology LLC ("UTT") which was a joint venture. Accordingly, the share of results of UTT were recognised until 30 April 2018 only and thereafter UTT has been consolidated as a subsidiary.

18. Investment in associates and joint ventures

	2019 AED'000	2018 AED'000
Associates (Note 18 b)	4,029,371	4,070,642
Joint ventures (Note 18 g)	48,009	58,626
Total	4,077,380	4,129,268

a) Associates

Name	Country of incorporation	Principal activity	Shareholding 2019	Shareholding 2018
Etihad Etisalat Company ("Mobily")	Saudi Arabia	Telecommunications services	28%	28%
Hutch Telecommunications Lanka (Private) Limited ("Hutch")	Sri Lanka	Telecommunications services	15%	15%
Digital Financial Services LLC	UAE	Digital Wallet services	50%	50%

i) The 15 % stake in Hutch has been classified as investment in associate on account of the significant influence Etisalat Group has over the financial and operational decisions through voting rights in Board meetings of Hutch.

ii) On 23 September, 2018, Etisalat Group has entered into an agreement with Noor Bank PJSC for establishment of "Digital Financial Services LLC (DFS)", that will perform digital wallet services. Under this arrangement, Etisalat Group and Noor Bank PJSC are the owners of 49.99% and 50.01% respective shareholding in DFS. In accordance with the requirements of IAS 28 and based on review of the relevant agreements, it has been determined that Etisalat Group has significant influence over DFS. Accordingly, the shareholding in DFS has been classified as investment in associate.

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18. Investment in associates and joint ventures *(continued)*

b) Movement in investments in associates

The movement in non-controlling interests is provided below:

	Mobily		All Associates	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Carrying amount at 1 January	4,045,373	4,093,285	4,070,642	4,166,031
Share of results (Note 17)	(18,894)	(33,619)	(27,837)	(33,619)
Additions during the year	-	-	-	24,995
Disposal of an associate	-	-	-	(72,341)
Exchange differences	101	(1,222)	101	(1,222)
Other movements	-	-	-	(131)
Share of other comprehensive loss – net of tax	(13,535)	(13,071)	(13,535)	(13,071)
Carrying amount at 31 December	4,013,045	4,045,373	4,029,371	4,070,642

c) Reconciliation of the above summarised financial information to the net assets of the associates

	Mobily		All Associates	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Net assets	13,462,489	13,577,977	13,494,600	13,627,977
Our share in net assets of associates	3,768,555	3,800,883	3,784,607	3,825,878
Others *	244,490	244,490	244,764	244,764
	4,013,045	4,045,373	4,029,371	4,070,642

*Others include an amount of AED 150 million (2018: AED 150 million) relating to premium paid on rights issue in prior years.

d) Aggregated amounts relating to associates

	Mobily		All Associates	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Current assets	6,420,685	6,954,700	6,472,299	7,004,700
Non-current assets	32,017,029	30,800,075	32,033,486	30,800,075
Current liabilities	(11,173,749)	(11,313,461)	(11,191,498)	(11,313,461)
Non-current liabilities	(13,801,476)	(12,863,337)	(13,819,687)	(12,863,337)
Net assets	13,462,489	13,577,977	13,494,600	13,627,977
Revenue	13,169,902	11,614,129	13,169,911	11,799,005
Profit / (Loss)	30,534	(120,073)	12,645	(140,317)
Total comprehensive loss	(17,816)	(166,766)	(35,705)	(187,010)

The share of results and carrying amounts of assets and liabilities of Mobily have been adjusted to comply with the Group accounting policies.

18. Investment in associates and joint ventures *(continued)*

e) Market value of an associate

The shares of one of the Group's associates are quoted on public stock markets and it is classified as "Level-1" fair value. The market value of the Group's shareholding based on the quoted prices is as follows:

	2019 AED'000	2018 AED'000
Etihad Etisalat Company ("Mobily")	5,275,505	3,498,715

f) Joint ventures

Name	Country of incorporation	Principal activity	Percentage Shareholding 2019	Percentage Shareholding 2018
Ubiquitous Telecommunications Technology LLC ("UTT")	UAE	Installation and management of network systems	85%	85% *
Smart Technology Services DWC – LLC	UAE	ICT Services	50%	50%
Emirates Facilities Management LLC	UAE	Facilities management	50%	50%

g)Movement in investment in joint ventures

	2019 AED'000	2018 AED'000
Carrying amount at 1 January	58,626	82,015
Share of results	(8,417)	6,980
Derecognition of UTT	-	(26,383)
Dividends	(2,200)	(3,986)
Carrying amount at 31 December	48,009	58,626

h) Aggregated amounts relating to joint ventures

	2019 AED'000	2018 AED'000
Current assets (including cash and cash equivalents AED 49,629 thousand (2018: AED 26,825 thousand)	238,640	272,117
Non-current assets	6,028	9,023
Current liabilities (including current financial liabilities excluding trade and other payables and provisions of AED 86,201 thousand (2018: AED 68,034 thousand)	(143,486)	(155,100)
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions of AED Nil thousand (2018 : AED Nil thousand)	(4,505)	(8,592)
Net assets	96,676	117,448
Revenue	299,659	296,816
Depreciation and amortisation	3,632	4,977
Interest expenses	1,139	706
Profit or loss	(14,363)	7,932

The Group has not identified any contingent liabilities or capital commitments in relation to its interest in joint ventures.

* As described in note 17(b) UTT became a subsidiary of the Group effective from 1 May 2018.

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19. Other investments

	Fair value through profit and loss - Mandatory AED'000	Fair value through profit and loss – designated upon initial recognition AED'000	Fair value through comprehensive income AED'000	Amortised cost AED'000	Total AED'000
At 1 January 2018	1,257,297	-	218,290	225,557	1,701,144
Transfer	4,294	-	74,347	595,760	674,401
Additions	(20,648)	-	(28,291)	(3,227)	(52,166)
Disposal	(125,194)	-	(10,922)	-	(136,116)
Fair value changes	-	-	-	(257)	(257)
Unwinding of interest	2,571	-	(4,429)	-	(1,858)
At 31 December 2018	1,118,320	-	248,995	817,833	2,185,148
At 1 January 2019	1,118,320	-	248,995	817,833	2,185,148
Additions	130,061	225,149	11,972	333,344	700,526
Disposal	(48,939)	-	(17,400)	(113,656)	(179,995)
Fair value changes	240,765	(83)	34,959	-	275,641
Acquisition of subsidiary	-	-	36,236	-	36,236
Exchange differences	(417)	-	1,043	-	626
At 31 December 2019	1,439,790	225,066	315,805	1,037,521	3,018,182

The financial assets at amortised cost includes investments in Sukuks and other bonds. These bonds will mature two to six years. At 31 December 2019, the market value of the investment in these bonds was AED 1,040 million (2018: AED 809 million).

20. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

a) Federal Government and state controlled entities

AAs stated in Note 1, in accordance with Federal Law No. 267/10 for 2009, the Federal Government of the UAE transferred its 60% holding in the Company to the Emirates Investment Authority with effect from 1 January 2008, which is ultimately controlled by the UAE Federal Government. The Group provides telecommunication services to the Federal Government (including Ministries and local bodies). These transactions are at agreed commercial terms. The credit period allowed to Government customers ranges from 90 to 120 days. Trade receivables include an amount of AED 1,732 million (2018: AED 1,462 million), which are net of allowance for doubtful debts of AED 174 million (2018: AED 202 million), receivable from Federal Ministries and local bodies. See Note 7 for disclosure of the royalty payable to the Federal Government of the UAE.

In accordance with IAS 24 "Related Party Disclosures" , the Group has elected to disclose qualitatively the transactions with the UAE Federal Government and other entities over which the Federal Government exerts control, joint control or significant influence. The nature of the transactions that the Group has with such related parties is the provision of telecommunication services. and procurement of services.

20. Related party transactions *(continued)*

b) Joint ventures and associates

	Associates		Joint Ventures	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Trading transactions				
Telecommunication services – sales	270,576	196,696	-	-
Telecommunication services – purchases	50,368	77,661	46,670	1,333
Management and other services	-	8,398	42,196	58,668
Due from related parties as at 31 December	53,060	62,820	59,791	57,586
Due to related parties as at 31 December	–	–	548	1,737

Sales to related parties comprise the provision of telecommunication products and services (primarily voice traffic and leased circuits) by the Group based on agreed commercial terms. Purchases relate exclusively to the provision of telecommunication products and services by associates to the Group based on agreed commercial terms. The amount due from related parties are unsecured and will be settled in cash.

The principal management and other services provided to the Group's associates are set out below based on agreed contractual terms and conditions.

i. Etihad Etisalat Company

Pursuant to the Communications and Information Technology Commission's (CITC) licensing requirements, Mobily entered into a management agreement ("the Agreement") with the Company as its operator from 23 December 2004. Amounts invoiced by the Company relate to annual management fees, fees for staff secondments and other services provided under the Agreement.

The term of the Agreement was for a period of seven years and could be automatically renewed for successive periods of five years unless the Company served a 12 month notice of termination or Mobily served a 6 month notice of termination prior to the expiry of the applicable period. In 2017, the Group signed a Technical Services and Support Agreement with Mobily. This agreement is for a period of five years.

c) Remuneration of key management personnel

The remuneration of the Board of Directors and other members of key management personnel of the Company, is set out below.

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20. Related party transactions *(continued)*

	2019 AED'000	2018 AED'000
Long- term benefits	1,409	1,397
Short-term benefits	31,462	59,420

21. Inventories

	2019 AED'000	2018 AED'000
Subscriber equipment	629,957	377,632
Maintenance and consumables	376,499	402,754
Obsolescence allowances	(223,436)	(53,583)
Net Inventories	783,020	726,803

Movement in obsolescence allowances

	2019 AED'000	2018 AED'000
At 1 January	53,583	62,567
Net increase in obsolescence allowances	168,249	(8,981)
Exchange differences	1,604	(3)
At 31 December	223,436	53,583
Inventories recognised as an expense during the year in respect of continuing operations	2,744,765	2,671,744

22. Trade and other receivables

	2019 AED'000	2018 AED'000
Amount receivable for services rendered	10,696,743	10,313,677
Amounts due from other telecommunication operators/carriers	2,687,867	4,314,879
Total gross carrying amount	13,384,610	14,628,556
Lifetime expected credit loss	(2,737,393)	(2,764,488)
Net trade receivables	10,647,217	11,864,068
Prepayments	571,074	839,703
Accrued income	894,411	794,418
Advances to suppliers	1,054,396	1,142,309
Indirect taxes receivable	406,008	350,141
Other receivables	1,387,766	1,202,737
At 31 December	14,960,872	16,193,376
Total trade and other receivables	14,960,872	16,193,376
of which current trade and other receivables	14,640,653	15,884,208
of which non-current other receivables	320,219	309,168

22. Trade and other receivables *(continued)*

The Group's normal credit terms ranges between 30 and 120 days (2018: 30 and 120 days).

The Group recognises lifetime expected credit loss (ECL) for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Trade receivable - as on 31 December 2019	Upto 60 days AED'000	61-90 days AED'000	90-365 days AED'000	Over one year AED'000	Total AED'000
Expected credit loss rate	0% to 50%	9% to 75%	3.55% to 100%	9.8% to 100%	
Estimated total gross carrying amount	5,315,067	753,657	1,649,564	5,666,321	13,384,610
Lifetime expected credit loss	(207,771)	(138,899)	(667,825)	(1,722,899)	(2,737,393)
Net trade receivables	5,107,296	614,759	981,739	3,943,423	10,647,217

Trade receivable - as on 31 December 2018	Upto 60 days AED'000	61-90 days AED'000	90-365 days AED'000	Over one year AED'000	Total AED'000
Expected credit loss rate	0% to 50%	5% to 75%	5% to 100%	31% to 100%	
Estimated total gross carrying amount	5,061,222	722,853	2,557,647	6,286,834	14,628,557
Lifetime expected credit loss	(331,319)	(170,133)	(605,922)	(1,657,114)	(2,764,487)
Net trade receivables	4,729,903	552,721	1,951,725	4,629,721	11,864,070

Movement in lifetime Expected Credit Losses:	2019 AED'000	2018 AED'000
At 1 January	2,764,488	2,594,631
Net (decrease) / increase in allowance for doubtful debts, net of write off	(19,663)	247,616
Acquisition of subsidiary	-	2,404
Exchange differences	(7,432)	(80,163)
At 31 December	2,737,393	2,764,488

No interest is charged on the trade receivable balances. With respect to the amounts receivable from the services rendered, the Group holds AED 225 million (2018: AED 223 million) of collateral in the form of cash deposits from customers. Collateral with fair value of AED 202 million (2018: AED 142 million) are held against loans to customers.

23. Contract assets

	2019 AED'000	2018 AED'000
Cost to acquire	446,364	446,812
Cost to fulfill	273,733	290,176
Unbilled revenue	1,306,163	965,661
	2,026,260	1,702,649
of which current contract assets	1,547,510	1,270,108
of which non-current contract assets	478,750	432,541
	2,026,260	1,702,649

24. Finance lease receivables

	2019 AED'000	2018 AED'000
Current finance lease receivables	4,838	42,379
Non-current finance lease receivables	167,922	174,827
	172,760	217,206

24.1 Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Amounts receivable under finance lease				
Within one year	18,368	62,153	5,399	46,573
Between 2 and 5 years	141,904	216,547	99,414	191,514
After 5 years	94,603	-	87,765	-
	254,875	278,700	192,578	238,087
Less: future finance income	(62,297)	(40,613)	-	-
	192,578	238,087	192,578	238,087
Allowances for uncollectible lease payments	(19,818)	(20,881)	(19,818)	(20,881)
	172,760	217,206	172,760	217,206

The Group recognizes lifetime expected credit loss (ECL) for finance lease receivables using the simplified approach. The expected credit losses on these financial assets are estimated using external credit data which incorporating general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 6.5% per annum.

All present amounts receivable are guaranteed by an appointed guarantor who is obligated to pay unconditionally all due amounts upon failure to pay within 45 days of receiving notice.

25. Cash and cash equivalents

	2019 AED'000	2018 AED'000
Maintained in UAE	28,334,349	26,613,841
Maintained overseas, unrestricted in use	1,259,502	1,717,698
Maintained overseas, restricted in use	62,745	29,592
Cash and bank balances from continuing operations	29,656,596	28,361,131
Less: Deposits with maturities exceeding three months from the date of deposit	(26,829,282)	(17,542,123)
Cash and cash equivalents from continuing operations	2,827,314	10,819,008

Cash and cash equivalents comprise cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are denominated primarily in UAE Dirham, with financial institutions and banks. Interest is earned on these investments at prevailing market rates. The carrying amount of these assets approximates to their fair value.

26. Trade and other payables

	2019 AED'000	2018 AED'000
Current		
Federal royalty	5,830,457	5,588,879
Trade payables	6,704,643	6,798,211
Amounts due to other telecommunication administrators	2,889,788	3,836,235
Accruals	8,358,880	8,117,559
Indirect taxes payable	1,457,721	1,370,507
Advances from customers	313,722	436,870
Other payables	2,542,619	2,148,892
At 31 December	28,097,830	28,297,153
Non-current		
Other payables and accruals	2,203,389	1,523,739
At 31 December	2,203,389	1,523,739

Federal royalty for the year ended 31 December 2019 is to be paid as soon as the consolidated financial statements have been approved but not later than 4 months from the year ended 31 December 2019.

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27. Contract liabilities

	2019 AED'000	2018 AED'000
Current		
Deferred revenues	2,972,783	3,120,117
Material right / customer loyalty	146,268	145,699
	3,119,051	3,265,816
Non-current		
Deferred revenues	44,053	21,145
	44,053	21,145

Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to AED 3,266 million (2018: AED 3,150 million) respectively.

28. Borrowings

Details of the Group's bank and other borrowings are as follows:

	Fair Value		Carrying Value	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Bank borrowings				
Short term bank borrowings	4,850,186	3,895,831	4,850,186	3,895,831
Bank loans	5,890,437	3,381,637	6,458,898	3,523,137
Other borrowings				
Bonds	12,684,959	15,771,460	11,607,130	15,112,449
Vendor financing	423,670	444,393	424,422	445,137
Others	4,612	3,944	4,980	4,260
	23,853,864	23,497,265	23,345,616	22,980,814
Advances from non controlling interest			543,475	544,846
Total Borrowings			23,889,091	23,525,660
of which due within 12 months			6,539,159	8,552,469
of which due after 12 months			17,349,932	14,973,191

Advances from non-controlling interest represent advances paid by the minority shareholder of Etisalat International Pakistan LLC (EIP) towards the Group's acquisition of its 26% stake in PTCL, net of repayments. The amount is interest free and is not repayable within 12 months from the statement of financial position date and accordingly the full amount is carried in non-current liabilities. The fair value of advances is not equivalent to its carrying value as it is interest-free. However, as the repayment dates are variable, a fair value cannot be reasonably determined.

During the year, the Group signed a facility agreement with a bank for USD 725 million for general corporate and working capital purposes (including to refinance existing bonds of the Group matured in June 2019). As at 31 December 2019, the Group has utilized the full amount of the loan facility.

External borrowings of AED 2,406 million (2018: AED 2,468 million) are secured by property, plant and equipment.

On 28 April 2014, the Group had entered into multi-currency facilities agreement for EUR 3.15 billion (AED 15.9 billion) with a syndicate of local and international banks for the purpose of financing the Group's acquisition of its stake in Maroc Telecom. Financing consisted of two facilities: Tranche A was a twelve months bridge loan amounting to EUR 2.1 billion (AED 10.6 bil-

28. Borrowings *(continued)*

lion) at a price of Euribor plus 45 basis points for the first six months increased by 15 basis points in each of the following three months. Tranche B was a three year term loan amounting to EUR 1.05 billion (AED 5.3 billion) at a price of Euribor plus 87 basis points. Both these tranches have been settled in June 2014 following issuance of bonds as mentioned below.

On 22 May 2014, the Group completed the listing of USD 7 billion (AED 25.7 billion) Global Medium Term Note (GMTN) programme which will be used to meet medium to long-term funding requirements on the Irish Stock Exchange ("ISE"). Under the programme, Etisalat can issue one or more series of conventional bonds in any currency and amount up to USD 7 billion. The listed programme was rated Aa3 by Moody's, AA- by Standard & Poor's and A+ by Fitch rating.

On 11 June 2014, the Group issued the inaugural bonds under the GMTN programme. The issued bonds were denominated in US Dollars and Euros and consisted of four tranches:

a. 5 years tranche: USD 500 million with coupon rate of 2.375% per annum
b. 7 years tranche: EUR 1,200 million with coupon rate of 1.750% per annum
c. 10 years tranche: USD 500 million with coupon rate of 3.500% per annum
d. 12 years tranche: EUR 1,200 million with coupon rate of 2.750% per annum

The effective date for the bonds term was 18 June 2014. Net proceeds from the issuance of the bonds were used for repayment of previously outstanding facilities of EUR 3.15 billion.

In May 2015, the Group issued additional bonds amounting to USD 400 million under the existing USD 5 year tranches.

During 2019, the Group fully repaid USD 900 million notes in accordance with their maturity profile.

As at 31 December 2019, the total amounts in issue under GMTN programme split by currency are USD 0.5 billion (AED 1.84 billion) and Euro 2.4 billion (AED 10.08 billion) as follows:

	Nominal Value	Fair Value	Carrying Value
	2019 AED'000	2019 AED'000	2019 AED'000
Bonds			
3.500% US dollar 500 million notes due 2024	1,837,000	1,922,811	1,823,013
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,077,054	4,913,727
2.750% Euro 1,200 million notes due 2026	5,263,680	5,685,094	4,870,390
At 31 December 2019	12,364,360	12,684,959	11,607,130
of which due after 12 months			11,607,130

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28. Borrowings *(continued)*

	Nominal Value	Fair Value	Carrying Value
	2018 AED'000	2018 AED'000	2018 AED'000
Bonds			
2.375% US dollar 900 million notes due 2019	3,306,600	3,287,071	3,305,240
3.500% US dollar 500 million notes due 2024	1,837,000	1,796,367	1,821,816
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,218,187	5,014,193
2.750% Euro 1,200 million notes due 2026	5,263,680	5,469,835	4,971,200
At 31 December 2018	15,670,960	15,771,460	15,112,449
of which due within 12 months			3,305,240
of which due after 12 months			11,807,209

The terms and conditions of the Group's bank and other borrowings are as follows:

	Year of maturity	Currency	Interest rate	Carrying Value 2019 AED'000	Carrying Value 2018 AED'000
Variable interest borrowings					
Secured bank loans	2020-2024	USD	3M LIBOR and 1.7% to 2.9%	808,813	947,726
Unsecured bank loans	2020	EGP	Lending Corridor and 0.5 Percent,0.75 Percent	142,306	382,693
Unsecured bank loans	2021-2024	USD	3 Month Libor + 0.9%	2,653,091	-
Unsecured vendor financing	2023	PKR	6.43% to 9.34%	423,670	444,393
Unsecured short term bank borrowings	2020	EGP	Mid corridor	198,748	40,430
Secured bank loans	2020 onwards	PKR	3 Month KIBOR + (0.24% to 0.75%)	540,173	684,991
Unsecured short term bank borrowings	2020	EGP	Lending corridor Minus 2.5% to 5%	49,661	-
Secured bank loans	2020-2024	PKR	6 Month KIBOR + (0.75% to 2%)	112,222	144,748
Secured short term bank borrowings	2020	PKR	6.65%	84,367	32,184
Unsecured short term bank borrowings	2019	EGP	Lending corridor minus 0.25 percent and minus 0.30 percent	-	55,695
Unsecured bank loans	2020	EGP	Mid corridor and 0.25 Percent	4,655	147,117
Fixed interest borrowings					
Unsecured short term bank borrowings	2020	MAD	3.2% to 3.5%	3,979,280	3,116,367
Secured bank loans	2020	FCFA	4.5% to 7%	185,567	141,788
Secured bank loans	2020	EURO	4.80%	102,401	80,100
Secured short term bank borrowings	2020	FCFA	5.50%	46,243	76,896
Unsecured short term bank borrowings	2020	FCFA	6% to 8%	468,022	389,017
Unsecured bank loans	2025 onwards	FCFA	1% to 7%	619,645	-
Secured bank loans	2020-2023	FCFA	5% to 8%	228,674	233,646
Secured bank loans	2023 onwards	FCFA	5.50%	238,165	160,201
Unsecured bank loans	2020-2024	FCFA	0% to 9%	722,566	601,355

28. Borrowings *(continued)*

	Year of maturity	Curreny	Interest rate	Carrying Value 2019 AED'000	Carrying Value 2018 AED'000
Other borrowings					
Advance from non-controlling interest	N/A	USD	Interest free	543,475	544,846
Unsecured bonds	2019	USD	2.4%	-	1,834,906
Unsecured bonds	2019	USD	2.4%	-	1,470,334
Unsecured bonds	2024	USD	3.5%	1,823,013	1,821,816
Unsecured bonds	2021	EURO	1.8%	4,913,727	5,014,193
Unsecured bonds	2026	EURO	2.8%	4,870,391	4,971,200
Others	Various	Various	Various	130,216	189,018
Total Borrowings				23,889,091	23,525,660

a) Interest rates

The weighted average interest rate paid during the year on bank and other borrowings is set out below:

	2019	2018
Bank borrowings	5%	6%
Other borrowings	3%	3%

b) Available facilities

At 31 December 2019, the Group had AED 1,857 million (2018: AED 2,752 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

28. Borrowings *(continued)*

c) Reconciliation of liabilities arising from financing activities *(continued)*

	2019 Borrowings AED'000	Lease liabilities AED'000	2018 Borrowings AED'000	Lease liabilities AED'000
As at 1 January	23,525,660	2,402	24,705,341	5,182
Additions	-	1,318,038	-	1,523
Proceeds	7,291,969	-	2,675,872	-
Repayments during the year	(6,856,965)	(682,875)	(3,042,550)	(4,303)
Recognized upon adoption of IFRS 16	-	2,071,418	-	-
Exchange differences	(71,573)	-	(813,003)	-
As at 31 December	23,889,091	2,708,983	23,525,660	2,402

29. Hedge accounting and derivatives

In prior years, Euro bonds issued (refer to Note 28) and interest rate swap have been designated as net investment hedges and cash flow hedges respectively. The effective portion of the hedge instruments is reported in the other comprehensive income is as follow:

Effective part directly recognized in other comprehensive (loss) / income

	2019 AED'000	2018 AED'000
Other comprehensive income on net investment hedge	56,416	290,229
Other comprehensive (loss) / income on cash flow hedge	(64,602)	2,295
Total effective part directly recognised in other comprehensive (loss) / income	(8,186)	292,524

Fair value of derivative financial instruments

	2019 AED'000	2018 AED'000
Fair value of forward contracts and options	(178)	(20,632)
Fair value of derivative swaps	(65,474)	(38,994)
Total effective part directly recognised in other comprehensive (loss) / income	(65,652)	(59,626)

These derivative financial instruments are included as following in the consolidated statement of financial position:

	2019 AED'000	2018 AED'000
Current assets	-	860
Non-current assets	-	9,850
Current liabilities	(14,321)	(70,336)
Non-current liabilities	(51,331)	-
	(65,652)	(59,626)

The fair value of bonds designated as hedge is disclosed in Note 28.

The Group has paid cash of AED 67 million (2018: received AED 15 million) on maturity of derivatives.

30. Payables related to investments and licenses

	Current AED'000	Non-current AED'000	Total AED'000
At 31 December 2019			
Investments			
Atlantique Telecom S.A.	11,022	-	11,022
	11,022	-	11,022
At 31 December 2018			
Investments			
Etisalat International Pakistan LLC	2,936,653	-	2,936,653
Atlantique Telecom S.A.	11,022	-	11,022
Licenses			
Maroc Telecom	157,958	41,652	199,610
	3,105,633	41,652	3,147,285

According to the terms of the share purchase agreement between Etisalat International Pakistan LLC and the Government of Pakistan ("the GOP") payments of AED 6,612 million (2018: 6,612 million) have been made to the GOP, with a balance of up to AED 2,937 million (2018: 2,937 million) to be paid. The balance remaining payable was withheld pending the completion of certain conditions in the share purchase agreement relating to the transfer of certain assets to PTCL. Based on the current ongoing negotiations with the GOP the Group has assessed that there is significant uncertainty as to the timing and amount payable to the GOP and, therefore, classified its best estimate of this liability as a provision balance in its consolidated statement of financial position as of 31 December 2019.

All amounts payable on acquisitions are financial liabilities measured at amortised cost and are mostly denominated in either USD, AED or PKR.

31. Lease liabilities

i) The Group as a lessee

Details of the Group's lease liabilities are as follows:

	Carrying Value 2019 AED'000	Carrying Value 2018 AED'000
Contractual undiscounted cash flow		
Within one year	662,851	2,000.00
Between 2 and 5 years	1,791,391	257.00
After 5 years	2,002,823	288.00
Total undiscounted lease liabilities	4,457,065	2,545.00
Lease liabilities included in the consolidated statement of financial position		
of which due within 12 months	549,773	1,993
of which due after 12 months	2,159,210	409

It is the Group policy to lease certain of its plant and machinery under finance leases. For the year ended 31 December 2019, the average effective borrowing rate was from 2.88% to 18.32% (2018: 19%). The fair value of the Group's lease obligations is approximately equal to their carrying value.

31. Lease liabilities *(continued)*

Amounts recognized in profit or loss

	2019 AED'000
Interest on lease liabilities	229,321
Expenses relating to short-term leases	11,415

	2019 AED'000
Total cash outflow from leases	682,875

32. Provisions

	Asset retirement obligations AED'000	Other AED'000	Total AED'000
At 1 January 2018	12,767	2,684,050	2,696,817
Additional provision during the year	178,118	1,142,151	1,320,269
Utilization of provision	-	(315,983)	(315,983)
Release of provision	-	(258,494)	(258,494)
Unwinding of discount	6,799	-	6,799
Exchange differences	(72)	(27,133)	(27,205)
At 31 December 2018	197,612	3,224,591	3,422,203
Included in current liabilities	-	3,081,333	3,081,333
Included in non-current liabilities	197,612	143,258	340,870
At 1 January 2019	197,612	3,224,591	3,422,203
Additional provision during the year	18,439	1,584,911	1,603,350
Reclassified from payables related to investments and licenses	-	1,467,653	1,467,653
Utilization of provision	-	(417,238)	(417,238)
Release of provision	-	(116,334)	(116,334)
Acquisition of a subsidiary	-	73,368	73,368
Unwinding of discount	-	(6,985)	(6,985)
Exchange differences	1,740	14,071	15,811
At 31 December 2019	217,791	5,824,037	6,041,828
Included in current liabilities	-	5,619,093	5,619,093
Included in non-current liabilities	217,791	204,944	422,735
At 31 December 2019	217,791	5,824,037	6,041,828

Asset retirement obligations relate to certain assets held by certain Group's overseas subsidiaries that will require restoration at a future date that has been approximated to be equal to the end of the useful economic life of the assets. There are no expected reimbursements for these amounts.

Other includes provisions relating to certain tax and other regulatory related items, including provisions relating to certain Group's overseas subsidiaries. Information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets has not been disclosed in these consolidated financial statements due to commercial sensitivities.

Furthermore, it includes a balance payable to the GOP. As described in note 30 the Group has a balance payable to the GOP of AED 2,937 million, the payment of which is subject to the fulfillment of certain conditions in the share purchase agreement relating to the transfer of certain assets to PTCL. After having considered its contractual rights the Group has assessed its best estimate of this balance payable and released an amount of AED 1,469 million to profit or loss and maintained remaining provision of AED 1,468 million (see also note 12 a).

In connection with the referral initiated by Wana in 2016, relating to anti-competitive practices in the fixed-line market and fixed broadband Internet access, a decision of the National Telecommunications Regulatory Authority (ANRT) Management Committee dated 17 January 2020 was notified to Itissalat Al-Maghrib S.A. (IAM) on 27 January 2020. This enforceable decision relates to a financial penalty of MAD 3.3 billion (AED 1.26 billion) and injunctions relating to the technical and pricing aspects of unbundling. Given the recent, complex and exceptional nature of the decision received, the case is still being analyzed by IAM. As provided by law, IAM. also reserves the right to appeal to the Court of Appeal within 30 days of notification of the decision.

In this context and in accordance with IAS 37, the Group recorded a provision in its financial statements at 31 December 2019 in the amount of AED 1.26 billion.

33. Provision for employees end of service benefits

The liabilities recognised in the consolidated statement of financial position are:

	2019 AED'000	2018 AED'000
Funded Plans		
Present value of defined benefit obligations	3,645,659	3,091,545
Less: Fair value of plan assets	(2,773,996)	(2,914,129)
	871,663	177,416
Unfunded Plans		
Present value of defined benefit obligations and other employee benefits	528,513	1,357,993
Total	1,400,176	1,535,409
of which included in current liabilities	112,537	109,292
of which included in non-current liabilities	1,287,639	1,426,117

The movement in defined benefit obligations for funded and unfunded plans is as follows:

	2019 AED'000	2018 AED'000
As at 1 January	4,449,538	5,303,296
Acquisition of subsidiary	2,265	72
Current service cost	103,876	110,497
Interest cost	349,904	387,734
Actuarial (gain)/loss arising from changes in assumptions	(38,421)	(42,589)
Remeasurements	(12,072)	4,543
Benefits paid	(299,461)	(365,229)
Other cost	(10,047)	(4,814)
Gain on settlement	(20,882)	-
Exchange difference	(350,529)	(943,971)
As at 31 December	4,174,172	4,449,538

The movement in the fair value of plan assets is as follows:

	2019 AED'000	2018 AED'000
As at 1 January	2,914,130	3,694,514
Interest income	257,042	302,562
Return on plan assets excluding amounts included in interest income	1,400	(148,078)
Contributions received	86,254	86,248
Benefits paid	(200,737)	(252,364)
Exchange difference	(284,093)	(768,752)
As at 31 December	2,773,996	2,914,130

The amount recognised in the statement of profit or loss is as follows:

	2019 AED'000	2018 AED'000
Current service cost	103,876	110,496
Net interest cost	92,862	85,172
Others	(30,929)	(4,497)
	165,810	191,170

33. Provision for employees end of service benefits *(continued)*

Plan assets for funded plan are comprised as follows:

	2019 AED'000	2018 AED'000
Debt instruments - unquoted	1,996,121	2,065,031
Cash and cash equivalents	495,089	556,894
Investment property	217,770	241,084
Fixed assets	185	167
Other assets	94,012	87,030
Less: liabilities	(29,180)	(36,076)
	2,773,996	2,914,131

Following are the significant assumptions used relating to the major plans

	2019	2018
Discount rate	3.5% to 10%	3.5% to 10%
Average annual growth rate of salary	2% to 8%	0% to 8%
Average duration of obligation	5 Years to 21 Years	5.27 Years to 30 Years
Expected withdrawal rate	1) High; service based rate 2) Based on experience	1) High; service based rate 2) Based on experience"
Mortality Rate	0.33%	0.33%

Sensitivity Analysis

The calculations of the defined benefit obligations is sensitive to the significant actuarial assumptions set out above. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Decrease by Assumption rate of 0.5%		Increase by Assumption rate of 0.5%	
	2019 AED'000	2018 AED'000	2019 AED'000	20108 AED'000
Discount rate	736,885	733,856	(656,056)	(676,914)
Average annual growth rate of salary	(556,261)	(571,960)	622,828	610,716

Through its defined benefit plans, the Group is exposed to a number of actuarial and investment risks, the most significant of which include, interest rate risk, property market risk, longevity risk plan, withdrawal risk and salary risk for all the plans.

During the next financial year, the minimum expected contribution to be paid by the Group is AED 160 million. This is the amount by which liability is expected to increase. The amount of remeasurement, to be recognised in the next one year, will be worked out as at the next valuation.

Debt instrument comprises of bonds issued by Government of Pakistan and are rated B-, based on (Fitch rating agency) ratings.

The expense recognised in profit or loss relating to defined contribution plan at the rate specified in the rules of the plans amounting to AED 133 million (2018: AED 133 million).

34. Share capital

	2019 AED'000	2018 AED'000
Authorised:		
10,000 million (2018: 10,000 million) ordinary shares of AED 1 each	10,000,000	10,000,000
Issued and fully paid up:		
8,696.8 million (2018: 8,696.8 million) ordinary shares of AED 1 each	8,696,754	8,696,754

On 21 March 2018, the Etisalat Annual General Meeting approved the Company's buyback of its shares within a maximum of 5% of its paid-up capital, for the purpose of cancelling or re-selling such shares, after obtaining approval of competent authorities. The Company obtained the approval from the securities and commodities Authority on 24 September 2018 and subsequently renewed on 13 October 2019 to buyback 5% of the subscribed shares which amounted to 434,837,700 shares. As at 31 December 2019, no buyback transaction had taken place.

35. Reserves

The movement in the Reserves is provided below:

	2019 AED'000	2018 AED'000
Balance at 1 January (as restated)	26,904,769	26,991,023
Total comprehensive loss for the year	(47,758)	(1,076,943)
Acquisition of additional stake in a subsidiary	-	(28,533)
Transfer from retained earnings	955,885	1,019,222
As at 31 December	27,812,896	26,904,769

35. Reserves *(continued)*

The movement for each type of reserves is provided below:

	2019 AED'000	2018 AED'000
Translation reserve		
As at 1 January	(7,456,962)	(6,363,528)
Exchange differences on translation of foreign operations	(98,762)	(1,431,966)
Cumulative loss transferred to profit or loss on disposal of foreign operation	23,924	76,836
Gain/(loss) on hedging instruments designated in hedges of the net assets of foreign operations	56,416	290,229
Acquisition of additional stake in a subsidiary	-	(28,533)
As at 31 December	(7,475,384)	(7,456,962)
Investment revaluation reserve		
As at 1 January	(13,927)	7,276
Gain / (Loss) on revaluation	47,085	(14,337)
Transfer from investment revaluation reserve to retained earnings	-	(6,866)
As at 31 December	33,158	(13,927)
Development reserve	7,850,000	7,850,000
Cash Flow hedge reserve		
As at 1 January	3,930	1,635
(Loss) / Gain on revaluation	(76,421)	2,295
As at 31 December	(72,491)	3,930
Asset replacement reserve	8,281,600	8,281,600
Statutory reserve		
As at 1 January	4,145,373	3,126,022
Transfer from retained earnings	955,885	1,019,351
As at 31 December	5,101,258	4,145,373
General reserve		
As at 1 January	14,094,756	14,088,018
Transfer from retained earnings	-	6,738
As at 31 December	14,094,756	14,094,756

35. Reserves *(continued)*

a) Development reserve, asset replacement reserve and general reserve

These reserves are all distributable reserves and comprise amounts transferred from unappropriated profit at the discretion of the Group to hold reserve amounts for future activities including the issuance of bonus shares.

b) Statutory reserve

In accordance with the UAE Federal Law No. 2 of 2015, and the respective Articles of Association of some of the Group's subsidiaries, 10% of their respective annual profits should be transferred to a non-distributable statutory reserve. The Company's share of the reserve has accordingly been disclosed in the consolidated statement of changes in equity.

c) Translation reserve

Cumulative foreign exchange differences arising on the translation of overseas operations are taken to the translation reserve.

d) Investment revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal.

36. Financial instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases of recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

Capital management

The Group's capital structure is as follows:

	2019 AED'000	2018 AED'000
Bank borrowings	(11,309,084)	(7,418,968)
Bonds	(11,607,130)	(15,112,449)
Other borrowings	(972,877)	(994,243)
Lease liabilities	(2,708,983)	(2,402)
Cash and bank balances	29,656,596	28,361,131
Net funds	3,058,522	4,833,069
Total equity	57,767,099	57,245,403

The capital structure of the Group consists of bonds, bank and other borrowings, finance lease obligations, cash and bank balances and total equity comprising share capital, reserves and retained earnings.

The Group monitors the balance between equity and debt financing and establishes internal limits on the maximum amount of debt relative to earnings.

The limits are assessed, and revised as deemed appropriate, based on various considerations including the anticipated funding requirements of the Group and the weighted average cost of capital. The overall objective is to maximise returns to its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

36. Financial instruments

Categories of financial instruments

The Group's financial assets and liabilities consist of the following:

	2019 AED'000
Financial assets	
Amortised cost financial assets;	
Due from related parties	112,852
Finance lease receivables	172,760
Trade and other receivables, excluding prepayments and advances to suppliers	13,335,402
Cash and bank balances	29,656,596
Investment carried at amortised cost	1,037,521
	44,315,131
Financial assets carried at fair value through OCI	315,805
Fair value through profit or loss	1,664,856
	46,295,792
Financial liabilities	
Other financial liabilities held at amortised cost:	
Trade and other payables, excluding deferred revenue and advances from customers	29,551,933
Borrowings	23,889,091
Payables related to investments and licenses	11,022
Lease liabilities	2,708,983
Due to related parties	548
Fair value through profit or loss	65,652
	56,227,229

The Group's financial assets and liabilities consist of the following:

	2018 AED'000
Financial assets	
Loans and receivables, held at amortised cost:	
Due from related parties	120,406
Finance lease receivables	217,206
Trade and other receivables, excluding prepayments and advances to suppliers	14,211,364
Cash and bank balances	28,361,131
Investment carried at amortised cost	817,833
	43,727,940
Financial assets carried at fair value through OCI	248,995
Fair value through profit or loss	1,118,320
Derivative financial instruments	10,710
	45,105,965
Financial liabilities	
Other financial liabilities held at amortised cost:	
Trade and other payables, excluding deferred revenue and advances from customers	29,052,733
Borrowings	23,525,660
Payables related to investments and licenses	3,147,285
Lease liabilities	2,402
Due to related parties	1,737
Fair value through profit or loss	70,336
	55,800,153

36. Financial instruments *(continued)*

Financial risk management objectives

The Group's corporate finance function monitors the domestic and international financial markets relevant to managing the financial risks relating to the operations of the Group. Any significant decisions about whether to invest, borrow funds or purchase derivative financial instruments are approved by either the Board of Directors or the relevant authority of either the Group or of the individual subsidiary. The Group's risk includes market risk, credit risk and liquidity risk.

The Group takes into consideration several factors when determining its capital structure with the aim of ensuring sustainability of the business and maximizing the value to shareholders. The Group monitors its cost of capital with a goal of optimizing its capital structure. In order to do this, the Group monitors the financial markets and updates to standard industry approaches for calculating weighted average cost of capital, or WACC. The Group also monitors a net financial debt ratio to obtain and maintain the desired credit rating over the medium term, and with which the Group can match the potential cash flow generation with the alternative uses that could arise at all times. These general principles are refined by other considerations and the application of specific variables, such as country risk in the broadest sense, or the volatility in cash flow generation, or the applicable tax rules, when determining the Group's financial structure.

a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price risks on equity investments. From time to time, the Group will use derivative financial instruments to hedge its exposure to currency risk. There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year.

Foreign currency risk

The Company's presentation/functional currency is United Arab Emirates Dirham ("AED"). Foreign currency risk arises from transactions denominated in foreign currencies and net investments in foreign operations.

The Group has foreign currency transactional exposure to exchange rate risk as it enters into contracts in other than the functional currency of the entity (mainly USD and Euro). The Group entities also enter into contracts in it's functional currencies including Egyptian Pounds, Pakistani Rupee, Afghani, and Moroccan Dirham. Etisalat UAE also enters into contracts in USD which is pegged to AED. Atlantique Telecom Group enters into Euros contracts as Central African Franc ("CFA") is pegged to Euro and Maroc Telecom also enters into Euro contracts as Moroccan Dirham is 60% pegged to Euro. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps.

In addition to transactional foreign currency exposure, a foreign currency exposure arises from net investments in the Group entities whose functional currency differs from the Group's presentation currency (AED). The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investments and the Group's presentation currency. This will cause the amount of the net investment to vary. Such a risk may have a significant impact on the Group's consolidated financial statements.

This translation risk does not give rise to a cash flow exposure. Its impact arises only from the translation of the net investment into the group's presentation currency. This procedure is required in preparing the Group's consolidated financial statements as per the applicable IFRS.

The cross currency swaps involve the exchange of principal and floating or fixed interest receipts in the foreign currency in which the issued bonds are denominated, for principal and floating or fixed interest payments in the Company's functional currency. The fair value of a cross currency swap is determined using standard methods to value cross currency swaps and is the estimated amount that the swap contract can be exchanged for or settled with under normal market conditions. The key inputs are the yield curves, basis curves and foreign exchange rates. In accordance with the fair value hierarchy within IFRS 7 Financial Instruments: Disclosure, the fair value of cross currency swaps represent Level 2 fair values.

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36. Financial instruments *(continued)*

Foreign currency sensitivity

The following table presents the Group's sensitivity to a 10 per cent change in the AED against the Egyptian Pound, the Euro, the Pakistani Rupee, Moroccan Dirham and Central African Franc. These five currencies account for a significant portion of the impact of net profit, which is considered to be material within the Group's financial statements in respect of subsidiaries and associates whose functional currency is not the AED. The impact has been determined by assuming a weakening in the foreign currency exchange of 10% upon closing foreign exchange rates. A positive number indicates an increase in the net cash and borrowings balance if the AED/USD were to strengthen against the foreign currency.

	Impact on profit and loss		Impact on equity	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Increase/decrease in profit/(loss) and in equity				
Egyptian pounds	23,366	45,740	-	-
Euros	554,654	478,220	345,785	520,320
Pakistani rupees	91,662	70,491	-	-
Moroccan Dirhams	389,916	296,522	-	-
Central African Franc	200,798	127,684	-	-

Interest rate risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group monitors the market interest rates in comparison to its current borrowing rates and determines whether or not it believes it should take action related to the current interest rates. This includes a consideration of the current cost of borrowing, the projected future interest rates, the cost and availability of derivate financial instruments that could be used to alter the nature of the interest and the term of the debt and, if applicable, the period for which the interest rate is currently fixed.

Interest rate sensitivity

Based on the borrowings outstanding at 31 December 2019, if interest rates had been 2% higher or lower during the year and all other variables were held constant, the Group's net profit and equity would have decreased or increased by AED 49 million (2018: AED 85 million). This impact is primarily attributable to the Group's exposure to interest rates on its variable rate borrowings.

Other price risk

The Group is exposed to equity price risks arising from its equity investments listed on Khartoum stock exchange and Indonesia stock exchange. Equity investments are mainly held for trading purposes and held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. See Note 19 for further details on the carrying value of these investments.

If equity price had been 5% higher or lower:

- profit for the year ended 31 December 2019 would increase/decrease by AED 16.3 million (2018: AED 11.3 million) due to changes in fair value recorded in profit/loss for equity shares classified as fair value through profit and loss.

- other comprehensive income for the year ended 31 December 2019 would increase/decrease by AED 0.6 million (2018: increase/decrease by AED 1.0 million) as a result of the changes in fair value of equity shares classified as FVTOCI and an amount of AED 0.025 million (2018: AED 0.03 million) as loss/profit realised on impairment/disposal of investments in equity shares classified as FVTOCI.

36. Financial instruments *(continued)*

b) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's bank balances and trade and other receivables. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. For its surplus cash investments, the Group considers various factors in determining with which banks and /corporate to invest its money including but not limited to the financial health, Government ownership (if any), the rating of the bank by rating agencies The assessment of the banks and the amount to be invested in each bank is assessed annually or when there are significant changes in the marketplace.

Group's bank balance

	2019	2018
Investment in UAE	96%	94%
Investment outside of the UAE	4%	6%

Bank rating for Investment in UAE

	2019		2018	
	AED	Rating	AED	Rating
By Moody's	12.5 billion	A3	9.7 billion	A3
	5.8 billion	Aa3	4.6 billion	Aa3
	4.4 billion	Baa1	4.0 billion	Baa1
	1.1 billion	A2	2.6 billion	A2
	0.2 billion	A1	2.4 billion	A1
By S&P	2.8 billion	A	2.1 billion	A
	0.7 billion	A-		

The Group's trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, collateral is received from customers usually in the form of a cash deposit.

36. Financial instruments *(continued)*

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2018 AED'000	2017 AED'000
Allowances on trade receivables	914,785	1,104,680
Allowances on due from other telecommunication operators/carriers	200,981	144,353
Allowances/ (reversal) on finance lease receivables	(1,063)	(12,688)
Total loss on allowances	1,114,703	1,236,345

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The details of the available undrawn facilities that the Group has at its disposal at 31 December 2019 to further reduce liquidity risk is included in Note 28. The majority of the Group's financial liabilities as detailed in the consolidated statement of financial position are due within one year.

AED'000	Trade and other payables*	Borrowings	Payables related to investments and licenses	Lease liabilities	Derivative financial liability	Total
On demand or within one year	27,348,544	6,539,159	11,022	662,851	14,449	34,576,025
In the second year	629,998	6,303,100	-	379,681	7,276	7,320,055
In the third to fifth years inclusive	1,521,937	5,832,373	-	1,411,710	44,218	8,810,238
After the fifth year	51,454	5,214,459	-	2,002,823	1,226	7,269,962
As At 31 December 2019	29,551,933	23,889,091	11,022	4,457,065	67,169	57,976,280
On demand or within one year	27,558,218	8,552,469	3,105,633	1,993	70,336	39,288,649
In the second year	1,410,181	1,048,117	41,652	86	-	2,500,037
In the third to fifth years inclusive	35,929	6,995,330	-	323	-	7,031,582
After the fifth year	48,405	6,929,744	-	-	-	6,978,149
As At 31 December 2018	29,052,733	23,525,660	3,147,285	2,402	70,336	55,798,416

The above table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

*Trade and other payables exclude deferred revenue and advances from customers

36. Financial instruments *(continued)*

d) Fair value measurement of financial assets and liabilities

	Fair value hierarchy as at 31 December 2019				
	Carrying value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets					
Finance lease receivables	172,760	-	220,452	-	220,452
Investment carried at amortised cost	1,037,521	1,150,143	-		1,150,143
Financial assets classified at fair value through OCI	315,805	11,346	-	304,459	315,805
Financial assets carried at fair value through profit or loss	1,664,856	552,958	1,065,431	46,467	1,664,856
	3,190,942	1,714,447	1,285,883	350,926	3,351,256
Financial liabilities					
Borrowings	23,889,091	-	24,397,339	-	24,397,339
Lease liabilities	2,708,983	-	2,708,983	-	2,708,983
Derivative financial liabilities	65,652	-	65,652	-	65,652
	26,663,726	-	27,171,974	-	27,171,974

	Fair value hierarchy as at 31 December 2018				
	Carrying value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets					
Finance lease receivables	217,206	-	235,043	-	235,043
Investment carried at amortised cost	817,833	809,342	-	-	809,342
Financial assets classified at fair value through OCI	248,995	18,328	--	230,667	248,995
Financial assets carried at fair value through profit or loss	1,118,320	225,626	846,056	46,638	1,118,320
Derivative financial assets	10,710	-	10,710	-	10,710
	2,413,064	1,053,296	1,091,809	277,305	2,422,410
Financial liabilities					
Borrowings	23,525,660	-	24,042,111	-	24,042,111
Derivative financial liabilities	70,336	-	70,336	-	70,336
	23,595,996	-	24,112,447	-	24,112,447

Level 1 classification comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 classification comprises unobservable inputs.

Some of the Group's financial assets and liabilities are measured at fair value or for which fair values are disclosed. Information on how these fair values are determined are provided below:

- Borrowings are measured and recorded in the con solidated statement of financial position at amor tised cost and their fair values are disclosed in Note 28.
- Derivative financial instrument fair values are pres ent values determined from future cash flows dis counted at rates derived from market sourced data.
- Fair value of listed securities and Sukuks are derived from observ able quoted market prices for similar items. These represent Level 1 fair values. Unquoted equity securities represent Level 3 fair val ues. Details are included in Note 19 "Other investments".

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36. Financial instruments *(continued)*

d) Fair value measurement of financial assets and liabilities *(continued)*

The carrying amounts of the other financial assets and liabilities recorded in the consolidated financial statements approximate their fair values.

The fair value of the Group's investment property for an amount of AED Nil million (2018: AED 56 million) has been determined based on the Construction Replacement Cost Approach (Cost approach), which reflects the amount that would be required currently to replace the service capacity of the asset. The construction replacement cost of the asset was determined with reference to Turner International Construction Index. Accordingly, the fair value is classified as level 3 of the fair value hierarchy.

The fair value of other investments amounting to AED 351 million (2018: AED 277 million) are classified as Level 3 because the investments are not listed and there are no recent arm's length transactions in the shares. The valuation technique applied is internally prepared valuation models using future cash flows discounted at average market rates. Any significant change in these inputs would change the fair value of these investments.

There have been no transfers between Level 2 and 3 during the year.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on cash flows discounted at rates derived from market sourced data.

Reconciliation of Level 3

	2019 AED'000	2018 AED'000
As at 1 January	277,305	228,601
Additions	18,783	74,347
Foreign exchange difference	1,043	(4,429)
Disposal	(17,400)	(28,291)
Revaluation	34,959	7,077
Acquisition of a subsidiary	36,236	-
As at 31 December	350,926	277,305

37. Commitments

a) Capital commitments

The Group has approved future capital projects and investments commitments to the extent of AED 7,104 million (2018: AED 4,996 million).

The Group has issued letters of credit amounting to AED 288 million (2018: AED 431 million).

b) Operating lease commitments

i) The Group as lessee

	2019 AED'000	2018 AED'000
Minimum lease payments under operating leases recognised as an expense in the year (Note 7)	23,385	383,740

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 AED'000	2018 AED'000
Within one year	-	405,946
Between 2 to 5 years	-	1,149,741
After 5 years	-	939,473
	-	2,495,160

Operating lease payments represent rentals payable by the Group for certain of its office and retail properties. Leases are negotiated for an average term of one to fifteen years.

ii) The Group as lessor

Property rental income earned during the year was AED Nil million (2018: AED 20 million). All of the properties held have committed tenants for an average term of 1 to 5 years. At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2019 AED'000	2018 AED'000
Within one year	-	7,310
Between 2 to 5 years	-	28,065
	-	35,375

38. Contingent liabilities

a) Bank guarantees

	2019 AED Million	2018 AED Million
Performance bonds and guarantees in relation to contracts	2,091	2,241
Companies Overseas investments	1,943	2,061

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38. Contingent liabilities *(continued)*

b) Other contingent liabilities

i) The Group and its associates are disputing certain charges from the governmental and telecom regulatory agencies and telecom operators in certain International jurisdictions but do not expect any material adverse effect on the Group's financial position and results from resolution of these. Information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets has not been disclosed in these consolidated financial statements due to commercial sensitivities.

ii) In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on 12 June 2015 the Apex Court decided the case in the interest of pensioners.

On 13 July 2015, Review Petition was filed in Supreme Court of Pakistan against the Judgment of 12 June 2015.

The Honorable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by PTCL, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated 17th May 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2), CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case.

Some of the interveners (pensioners) seeking the same relief as allowed vide order dated 12 June 2015 have been directed by the Apex Court to approach the appropriate forum on 10 May 2018. Under the circumstances, management of PTCL, on the basis of legal advice believes that PTCL's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunications (Re-Organization) Act, 1996 and the Pension Trust rules of 2012 and accordingly, no provision has been recognized in these consolidated financial statements.

iii) The Group's associate, Etisalat Etihad Company (Mobily) has received several penalty resolutions from the Communication Information Technology Commission (CITC's) Violation Committee which Mobily has objected to, in accordance with the Telecom regulations. The reasons of issuing these resolutions vary between the manner followed in issuing prepaid SIM cards and providing promotions that have not been approved by CITC and/or other reasons.

Multiple lawsuits were filed by Mobily against CITC at the Board of Grievances in order to oppose to such resolutions of the CITC's violation committee in accordance with the Telecom Status and its regulations, as follows:

- There are (831) lawsuits filed by Mobily against CITC amounting to SAR 710 (AED 695) million as of 31 December 2019.
- The Board of Grievance has issued (192) verdicts in favor of Mobily voiding (192) resolutions of the CITC's violation committee with a total penalties amounting to SAR 506 (AED 495) million as of 31 December 2019.
- Some of these preliminary verdicts have become conclusive (after they were affirmed by the appeal court) cancelling penalties with a total amounting to SAR 505 (AED 494) million as of 31 December 2019.

Mobily had previously filed (11) legal cases against CITC in relation to the mechanism of calculating the governmental fees. On 15 December 2018, Mobily entered into an agreement with the Saudi Ministry of Finance, the Saudi Ministry of Telecommunications and Information Technology and CITC to settle all the old disputes in connection with governmental fees up to 31 December 2017 and to define a new investment framework for the development of its telecommunication infrastructure.

Furthermore, there are 182 lawsuits filed by some of the shareholders against Mobily before the Committee for the Resolutions of Security

38. Contingent liabilities *(continued)*

Disputes and still being adjudicated by such committee. Mobily has received (3) preliminary verdicts and (153) final verdicts in its favor in these lawsuits and (11) cases have been dismissed and (1) cases has been abandoned and (12) cases are on-going as of 31 December 2019.

Various Mobily shareholder claims (83) totaling SAR 1.8 (AED 1.76) billion have been made against the 2013/2014 members of the Board of Mobily ("Defendants") and others, and these have been filed with the CRSD. Proceedings are currently at various stages of the hearings and it is not possible at this stage to estimate the financial exposure, if any, flowing from the proceedings of the hearings."

iv) In the prior years, Atlantique Telecom SA, a subsidiary of the Group ("AT"), has been engaged in arbitration proceedings against SARCI Sarl ("SARCI"), a minority shareholder of one of its subsidiaries, Telecel Benin where SARCI was seeking compensation for alleged damages caused to Telecel Benin by AT during the period from 2002 till 2007. Two arbitration proceedings on the same issue had been cancelled upon AT's request in 2008 and 2013. In November 2015, the Arbitral Tribunal of a third proceeding launched in 2013 has awarded SARCI damages amounting to approximately EURO 416 million (AED 1.6 billion). On May 30, 2018, the Court of Appeal of Cotonou has annulled the November 2015 award. AT has notified SARCI with the Appeal Court decision on 16 August 2018. SARCI is entitled to appeal the court decision before the CCJA in Abidjan by 30 October 2018 or, more unlikely, initiate a 4th arbitration. The Execution proceedings against AT that were initiated by SARCI in Benin and other countries are being progressively cancelled.

39. Dividends

Amounts recognised as distribution to equity holders:	AED'000
31 December 2018	
Final dividend for the year ended 31 December 2017 of AED 0.40 per share	3,477,198
Interim dividend for the year ended 31 December 2018 of AED 0.40 per share	3,477,198
	6,954,396
31 December 2019	
Final dividend for the year ended 31 December 2018 of AED 0.40 per share	3,477,198
Interim dividend for the year ended 31 December 2019 of AED 0.40 per share	3,477,198
	6,954,396

A final dividend of AED 0.40 per share was declared by the Board of Directors on 19 February 2019, bringing the total dividend to AED 0.80 per share for the year ended 31 December 2018.

An interim dividend of AED 0.40 per share was declared by the Board of Directors on 23 July 2019 for the year ended 31 December 2019.

A final dividend of AED 0.40 per share was declared by the Board of Directors on 18 February 2020, bringing the total dividend to AED 0.80 per share for the year ended 31 December 2019.

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40. Earnings per share

	2019	2018
Earnings (AED'000)		
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company:		
From continuing and discontinued operations	8,692,516	8,614,745
From continuing operations	8,692,516	8,915,896
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,696,754	8,696,754
Earnings per share		
From continuing and discontinued operations		
Basic and diluted	AED 1.00	AED 0.99
From continuing operations		
Basic and diluted	AED 1.00	AED 1.03

41. Disposal Group held for sale

41.1 Disposal of Etisalat Lanka (Pvt.) Limited and Thuraya

Further to the announcement on 26 April 2018, relating to the disposal of the investment in Etisalat Lanka (Pvt.) Limited, on 30 November 2018, Etisalat Group and CK Hutchison Holdings Limited ("CKHH Group") have completed the combination of their operations in Sri Lanka, Etisalat Lanka (Private) Limited ("ESL") and Hutchison Telecommunication Lanka (Private) Limited ("Hutch Lanka") after securing all necessary approvals. Accordingly, Etisalat Group has 15% ownership of Hutch Lanka whilst CKHH Group has majority and controlling stake of 85%.

During the prior year, the investment in Thuraya was disposed of (Note 17(b)).

The results of operations included in the loss for prior year from discontinued operations are set out below:

41.2 Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations included in the profit for prior year are set out below.

41. Disposal Group held for sale *(continued)*

41.2 Analysis of loss for the year from discontinued operations *(continued)*

	Note	2018 AED'000
Revenue		159,774
Operating expenses		(275,975)
Share of results of associates and joint ventures		(5,829)
Operating loss		(122,030)
Finance and other income		14,103
Finance costs		(27,074)
Loss before tax		(135,001)
Taxation		1,687
		(133,314)
Net loss on disposal of subsidiary and associate	41.5	(167,837)
Loss for the year from discontinued operations		(301,151)
Loss per share from discontinued operations (attributable to owners of the Company)		(AED 0.03)

Cumulative income or expense recognised in other comprehensive income

There were no cumulative income or expenses recognised in other comprehensive income of the prior year relating to the disposal group.

41.3 Consideration received

	2018 AED'000
Total consideration received	136,828

41.4 Analysis of assets and liabilities

Assets	2018 AED'000
Investment in associates	66,512
Other intangible assets	9,599
Property, plant and equipment	292,805
Inventories	128
Trade and other receivables	115,960
Deferred tax assets	44,650
Cash and cash equivalents	16,657
	546,311

Liabilities	2018 AED'000
Trade and other payables	168,152
Borrowings	18,266
Finance lease liabilities	11,511
Deferred tax liabilities	45,879
Provision for employees end of service benefits	2,393
Provisions	15,941
	262,142
Net assets	284,169

41. Disposal Group held for sale *(continued)*

41.5 Loss on disposal of subsidiary and associate

Liabilities	2018 AED'000
Consideration received	136,828
Impairment reversal	56,340
Net (assets) / liabilities disposed of	(284,169)
Cumulative exchange loss in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control.	(76,836)
Loss on disposal	(167,837)

The loss on disposal is included in the loss for the prior year from discontinued operations (see Note 40.2).

41.6 Net cash inflow on disposal of subsidiary and associate

	2018 AED'000
Consideration received in cash and cash equivalents	136,828
Less: cash and cash equivalent balances disposed of	(16,657)
	120,171

42. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when, and only when, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The criteria of legal enforceable right of set-off should be applicable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The following table presents the recognised financial assets and liabilities that are offset, as at 31 December 2019 and 31 December 2018.

	Gross amounts	Gross amounts set off	Net amount presented
	2019 AED '000	2019 AED '000	2019 AED '000
Financial assets			
Amounts due from other telecommunication administrators	9,306,453	(6,618,586)	2,687,867
Financial liabilities			
Amounts due to other telecommunication administrators	9,508,374	(6,618,586)	2,889,788
	Gross amounts	Gross amounts set off	Net amount presented
	2018 AED '000	2018 AED'000	2018 AED '000
Financial assets			
Amounts due from other telecommunication administrators	12,306,856	(7,991,977)	4,314,879
Financial liabilities			
Amounts due to other telecommunication administrators	11,828,212	(7,991,977)	3,836,235

43. Acquisition of subsidiaries
43.1. Acquisition of UTT

In prior year, Etisalat completed the acquisition of additional 35% stake in UTT, which was a joint venture, for consideration of AED 72 million, bringing its total shareholding in UTT to 85%.

43.2. Acquisition of Tigo Chad

On 1 July 2019, Maroc Telecom completed the acquisition of 100% shareholding in Tigo Chad from Millicom for a consideration of MAD 1,175 million (AED 443 million)

43.2.1. Identifiable assets acquired and liabilities assumed

The goodwill computation will be finalized and published in Maroc Telecom's consolidated financial statements for the first half of 2020. The following table summarises the fair value of net identifiable assets acquired, as of the acquisition date on a provisional basis.

	AED'000
Net identifiable assets acquired	139,602
Goodwill recognised on the basis of provisional fair values	303,563
Fair value of investment	443,165
Net cash inflow arising on acquisition:	
Cash and bank balances	22,301

43.2.2. Consideration transferred	AED'000
Consideration paid	443,165
Less: Cash and bank balances	(22,301)
	420,864

44. Reclassification of comparative figures

The below reclassifications have been made to the prior year numbers to conform with current year classifications:

	As previously reported	Reclassification	As Currently Reported
	AED'000	AED'000	AED '000
Consolidated statement of financial position as at 31 December 2018			
Current liabilities			
Provision for employees end of service benefits	-	109,292	109,292
Non-current liabilities			
Provision for employees end of service benefits	1,535,409	(109,292)	1,426,117
Consolidated statement of profit or loss for the year ended 31 December 2018			
Operating expenses	(32,592,628)	(145,937)	(32,738,565)
Operating profit	12,817,171	(145,937)	12,671,234
Finance and other income	987,477	(41,425)	946,052
Finance and other costs	(1,561,338)	187,362	(1,373,976)

NOTICE FOR ANNUAL GENERAL MEETING

The Board of Directors of Emirates Telecommunications Group Company PJSC ("Etisalat Group") has the pleasure to invite the esteemed shareholders to attend the Company's Annual General Meeting ("AGM") to be held on Tuesday, 24th March 2020, at 4:30 p.m. in Etisalat Group's Head Office building located at the intersection of Sheikh Zayed II Street and Sheikh Rashid Bin Saeed Al Maktoum Road in Abu Dhabi, to discuss the following agenda:

1. To hear and approve the report of the Board of Directors on the Company's activities and its financial position for the financial year ended 31st December 2019.
2. To hear and approve the External Auditor's report for the financial year ended 31st December 2019.
3. To discuss and approve the Company's consolidated financial statements for the financial year ended 31st December 2019.
4. To consider the Board of Directors' recommendation regarding the distribution of dividends amounting to 40 Fils per share for the second half of the year 2019 to bring the total dividend pay out per share for the financial year ended 31st December 2019 to 80 Fils per share (80% of the nominal value of the share).
5. To absolve the Members of the Board of Directors from liability for the financial year ended 31st December 2019.
6. To absolve the External Auditors from liability for the financial year ended 31st December 2019.
7. To appoint the External Auditor(s) for the year 2020 and to determine their fees.
8. To approve the proposal concerning the remunerations of the Board Members for the financial year ended 31st December 2019.
9. To be informed of Etisalat Group Dividend Policy.
10. To pass a Special Resolution in respect of approving a budget of not more than 1% of the Company's average net profits of the last two years (2018-2019) for voluntary contributions to the community (Corporate Social Responsibility), and to authorize the Board of Directors to effect payments of such contributions to beneficiaries to be determined at the Board's own discretion.

Notes:

1. Each shareholder is entitled to attend or to delegate to a proxy, who is not a Board Member, to attend the AGM on his/her behalf by virtue of a written special authorization/proxy made pursuant to the delegation form attached with the invitation dispatched by mail. All delegation forms shall be submitted to the Issuer Services Department and its address FAB Building-4th Floor Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, latest by 19th March 2020. Only original delegation forms will be accepted. For AGM quorum purposes, a Proxy holder may not represent a number of shareholders is in excess of 5% of the Company's capital. However, if the proxy is representing one single shareholder, his/her proxy may exceed 5% of the Company's capital. Minors and those who have no legal capacity shall be represented by their legal representatives.
2. Natural shareholders should submit UAE I.D.
3. The corporate shareholder may authorize one of its representatives or one of its management members by virtue of a resolution passed by its Board of Directors (or whoever carries out the duties of the Board of Directors) to represent it in the AGM. The authorized person shall have the powers as determined under the delegation decision.
4. The convention of the AGM shall only be deemed valid if attended by Shareholders representing, in person or by proxy, at least 66% of the Company's ordinary shares. In case the quorum is not achieved in the first meeting, a second meeting for AGM should be held on Monday, 30th March 2020, at the same time and venue. The second meeting shall then be considered quorate and duly held regardless of the number of attendees.
5. The owners of the shares registered on Monday, 23rd March 2020, shall be entitled to vote in the AGM. In case first meeting is inquorate and a second meeting is convened for the AGM on 30th March 2019, the owner of the shares registered on Sunday, 29th March 2019 shall be entitled to vote in the second meeting of the AGM.
6. Notwithstanding item 5 above and for the purposes of voting in the AGM, the votes of the Associated Persons (as defined in Article 1 of Etisalat's Articles of Association "AoA") shall be counted to the extent that they do not reach 5% of the ordinary shares represented in the AGM.
7. The shareholders can review the Company's financial information and the governance report on the website of the Company and the website of Abu Dhabi Securities Exchange (ADX).
8. The shareholders can browse and upload the Investors Rights Manual and The Company Dividend Policy through the below links:
   https://www.sca.gov.ae/ar/services/minority-investor-protection.aspx
   https://www.etisalat.com/en/ir/dividend/dividend-policy.jsp
9. The AGM's resolutions shall be passed by majority of 66% of the ordinary shares represented in the AGM by owners attending in person or by proxy, unless the votable matter requires a special resolution passable by votes of shareholders owning not less than three fourths of the shares represented in the meeting.
10. Attendance record shall be closed upon announcing the quorum of the meeting. Shareholder or proxy who attends thereafter shall neither be recorded in the list nor be eligible for voting on the matters addressable during the meeting.
11. The Shareholders should update their own contact numbers and their addresses at ADX to ensure appropriate receipt of their dividends; since distribution of dividends will be through ADX.
12. The closure of record for the 2019 second half dividends shall be on Sunday, 5th April 2020, and the date of the last day of share purchase that is entitled to dividends is 1st April 2020 and the date of share purchases exclusion from entitlement to dividends is 2nd April 2020. In case of convening a second AGM meeting due to inquorate 1st AGM meeting, then the closure of record for the 2019 second half dividends shall be on Thursday, 9th April 2020, and the date of the last day of share purchase that is entitled to dividends is 7th April 2020 and the date of share purchase exclusion from entitlement to dividends is 8th April 2020.

HEAD OFFICE

ETISALAT BUILDING

Intersection of Zayed The 1st Street and
Sheikh Rashid Bin Saeed Al Maktoum Street
P.O. Box 3838, Abu Dhabi, UAE