

Emirates Telecommunications Group Company PJSC

Review reports and condensed consolidated interim financial information
for the six month period ended 30 June 2023



Emirates Telecommunications Group Company PJSC

Review reports and condensed consolidated interim financial information for the six month period ended 30 June 2023

Contents	Page(s)
Management report	1
Independent auditors' report on review of condensed consolidated interim financial information	2 - 3
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of profit or loss and other comprehensive income	5
Condensed consolidated interim statement of financial position	6
Condensed consolidated interim statement of changes in equity	7
Condensed consolidated interim statement of cash flows	8
Notes to the condensed consolidated interim financial information	9 - 22

Emirates Telecommunications Group Company PJSC

Management report on the condensed consolidated interim financial information for the six month period ended 30 June 2023

Financial Review

1. Revenue, profit and earnings per share

e&'s financial performance for the six month period ended 30 June 2023 is summarised below:

- i) Consolidated revenue amounted to AED 26,617 million, representing an increase of AED 290 million (1.1 %) compared to the corresponding period in the prior year.
- ii) Profit attributable to the Owners of the Company amounted to AED 4,709 million, representing a decrease of AED 156 million (3.2 %) when compared to the corresponding period in the prior year.
- iii) Earnings per share from continuing operations decreased by AED 0.02 when compared to the corresponding period in the prior year.

2. Net assets

As compared to 31 December 2022, e&'s net assets decreased by AED 1,171 million to AED 48,828 million as at 30 June 2023.

3. Capital expenditure

e& incurred AED 3,040 million capital expenditure in the six month period ended 30 June 2023 (AED 3,474 million in the six month period ended 30 June 2022).

4. Dividends

On 11 April 2023, a final dividend for the year 2022 at the rate of AED 0.40 per share was approved for distribution to the shareholders registered at the close of business on 24 April 2023.

On 1 August 2023, the Board of Directors declared the first interim dividend for the year 2023 at the rate of AED 0.40 per share.



KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of the Emirates Telecommunications Group Company PJSC

Introduction

We have reviewed the accompanying 30 June 2023 condensed consolidated interim financial information of Emirates Telecommunications Group Company PJSC ("the Company") and its subsidiaries (together referred to as "the Group or collectively as e&"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2023;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2023; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Emirates Telecommunications Group Company PJSC
Independent Auditors' Report on
Review of Condensed Consolidated Interim Financial Information
30 June 2023

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

KPMG Lower Gulf Limited

Avtar Singh Jalif
Registration No.: 5413
Abu Dhabi, United Arab Emirates

Date: **01 AUG 2023**

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of profit or loss for the period

	Note	(Unaudited)			
		Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		AED'000	AED'000	AED'000	AED'000
Revenue	4	13,614,051	12,995,619	26,616,543	26,326,829
Operating expenses	5	(8,511,774)	(8,130,443)	(17,212,052)	(16,395,900)
Impairment loss on trade receivables and contract assets		(262,975)	(242,117)	(407,583)	(475,829)
Impairment (loss) / reversal on other assets and other losses (net)		(5,170)	16	(23,075)	16
Share of results of associates and joint ventures		167,046	89,420	307,853	100,400
Operating profit before federal royalty		5,001,178	4,712,495	9,281,686	9,555,516
Federal royalty	5	(1,410,970)	(1,449,669)	(2,752,705)	(2,876,891)
Operating profit		3,590,208	3,262,826	6,528,981	6,678,625
Finance and other income		489,118	291,532	1,024,497	503,475
Finance and other costs		(860,237)	(814,016)	(1,722,680)	(1,298,624)
Profit before tax		3,219,089	2,740,342	5,830,798	5,883,476
Income tax expenses		(430,563)	(441,050)	(739,750)	(832,639)
Profit for the period		2,788,526	2,299,292	5,091,048	5,050,837
Profit attributable to:					
Owners of the Company		2,522,472	2,431,165	4,709,232	4,864,988
Non-controlling interests		266,054	(131,873)	381,816	185,849
		2,788,526	2,299,292	5,091,048	5,050,837
Earnings per share					
Basic and diluted	7	AED 0.29	AED 0.28	AED 0.54	AED 0.56

The accompanying notes on pages 9 to 22 form an integral part of the condensed consolidated interim financial information. The independent auditors' review report is set out on pages 2 to 3.

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of profit or loss and other comprehensive income for the period

	Note	Unaudited			
		Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		AED'000	AED'000	AED'000	AED'000
Profit for the period		2,788,526	2,299,292	5,091,048	5,050,837
Other comprehensive (loss) / income					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligation - net of tax		2,956	8,859	12,956	28,153
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		392,107	(1,431,157)	(605,677)	(3,332,855)
(Loss) / Gain on net investment hedge during the period	17	(42,998)	527,940	(221,427)	658,294
Fair value gain arising on cash flow hedges during the period	17	(2,185)	39,083	(21,832)	142,574
Loss on revaluation of financial assets during the period		(2,394,099)	(484,500)	(1,530,972)	(478,932)
Total other comprehensive (loss) / income		(2,044,219)	(1,339,775)	(2,366,952)	(2,982,766)
Total comprehensive income for the period		744,307	959,517	2,724,096	2,068,071
Total comprehensive income attributable to:					
Owners of the Company		446,799	1,682,809	2,950,720	3,032,888
Non-controlling interests		297,508	(723,292)	(226,624)	(964,817)
		744,307	959,517	2,724,096	2,068,071

The accompanying notes on pages 9 to 22 form an integral part of the condensed consolidated interim financial information. The independent auditors' review report is set out on pages 2 to 3.

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of financial position

	Notes	(Unaudited)	(Audited)
		30 June	31 December
		2023	2022
		AED'000	AED'000
Non-current assets			
Goodwill and other intangible assets	8	22,664,931	22,339,232
Property, plant and equipment	9	38,533,834	39,925,299
Right-of-use assets	22	1,685,479	1,781,560
Investments in associates and joint ventures		8,795,226	8,266,101
Other investments	18	19,397,939	15,715,504
Trade and other receivables	10	430,785	446,248
Finance lease receivables		1,104,071	1,138,181
Derivative financial instruments	17	169,099	208,220
Contract assets		714,722	556,768
Deferred tax assets		288,394	220,111
		93,784,480	90,597,224
Current assets			
Inventories		1,162,299	972,875
Trade and other receivables	10	16,121,801	15,647,768
Current income tax assets		446,464	484,686
Finance lease receivables		108,028	195,533
Due from related parties	15	142,582	112,319
Contract assets		1,881,296	1,824,918
Other investments	18	1,165,496	2,407,143
Derivative financial instruments	17	8,115	3,357
Cash and bank balances	11	24,021,256	32,839,482
		45,057,337	54,488,081
Total assets		138,841,817	145,085,305
Non-current liabilities			
Trade and other payables	12	1,176,175	1,247,240
Borrowings	16	35,907,637	24,209,643
Payables related to investments and licenses		236,243	302,250
Deferred tax liabilities		1,645,927	1,645,275
Lease liabilities	23	2,463,542	2,602,977
Provisions		381,670	381,677
Provision for employees' end of service benefits	21	1,098,041	1,166,134
Contract liabilities		52,173	97,855
		42,961,408	31,653,051
Current liabilities			
Trade and other payables	12	26,873,844	30,583,955
Contract liabilities		2,779,862	2,991,721
Borrowings	16	11,309,625	23,744,566
Payables related to investments and licenses		12,603	13,686
Current income tax liabilities		299,535	415,036
Lease liabilities	23	555,949	542,233
Provisions		5,106,933	5,028,677
Provision for employees' end of service benefits	21	113,049	113,280
Derivative financial instruments	17	621	-
		47,052,021	63,433,154
Total liabilities		90,013,429	95,086,205
Equity			
Share capital	24	8,696,754	8,696,754
Reserves		18,468,656	20,240,124
Retained earnings		14,571,615	13,326,978
Equity attributable to the owners of the Company		41,737,025	42,263,856
Non-controlling interests		7,091,363	7,735,244
Total equity		48,828,388	49,999,100
Total liabilities and equity		138,841,817	145,085,305

To the best of our knowledge, the financial information included in this condensed consolidated interim financial information presents fairly, in all material respects, the financial position, results of operations and cash flows of e& as of, and for, the periods presented therein.

The accompanying notes on pages 9 to 22 form an integral part of the condensed consolidated interim financial information. The independent auditors' review report is set out on pages 2 to 3.

KB

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of changes in equity for the six month period ended 30 June 2023 (Unaudited)

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Notes	Share capital AED'000	Reserves AED'000	Retained earnings AED'000	Owners' equity AED'000		
Balance at 1 January 2022		8,696,754	28,598,188	10,291,094	47,586,036	9,977,786	57,563,822
Profit for the period		-	-	4,864,988	4,864,988	185,849	5,050,837
Other comprehensive (loss) / income for the period		-	(1,860,461)	28,361	(1,832,100)	(1,150,666)	(2,982,766)
Total comprehensive income/loss for the period		-	(1,860,461)	4,893,349	3,032,888	(964,817)	2,068,071
Other movements in equity		-	4,502	(9,419)	(4,917)	(23,307)	(28,224)
<i>Transaction with owners of the Company:</i>							
Dividends	6	-	-	(3,477,198)	(3,477,198)	(1,121,213)	(4,598,411)
Balance at 30 June 2022		8,696,754	26,742,229	11,697,826	47,136,809	7,868,449	55,005,258
Balance at 1 January 2023		8,696,754	20,240,124	13,326,978	42,263,856	7,735,244	49,999,100
Profit for the period		-	-	4,709,232	4,709,232	381,816	5,091,048
Other comprehensive income / (loss) for the period		-	(1,771,468)	12,956	(1,758,512)	(608,440)	(2,366,952)
Total comprehensive income/loss for the period		-	(1,771,468)	4,722,188	2,950,720	(226,624)	2,724,096
Other movements in equity		-	-	(353)	(353)	266,887	266,534
<i>Transaction with owners of the Company:</i>							
Acquisition of a subsidiary		-	-	-	-	52,310	52,310
Dividends	6	-	-	(3,477,198)	(3,477,198)	(736,454)	(4,213,652)
Balance at 30 June 2023		8,696,754	18,468,656	14,571,615	41,737,025	7,091,363	48,828,388

The accompanying notes on pages 9 to 22 form an integral part of the condensed consolidated interim financial information. The independent auditors' review report is set out on pages 2 to 3.

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of cash flows for the period

	Note	Unaudited six months ended 30 June	
		2023	2022
		AED'000	AED'000
Cash flows from operating activities			
Operating profit		6,528,981	6,678,625
<i>Adjustments for:</i>			
Depreciation		2,744,445	2,954,941
Amortisation		750,421	884,843
Impairment loss on other assets and other losses (net)		5,170	(16)
Share of results of associates and joint ventures		(307,853)	(100,400)
Provisions and allowances		161,021	191,685
Unrealised currency translation loss		77,079	89,767
Operating cash flows before changes in working capital		9,959,264	10,699,445
<i>Changes in working capital:</i>			
Inventories		(215,953)	(283,240)
Due from associates and joint ventures		(30,575)	216
Trade and other receivables including contract assets		(1,644,907)	(4,667,062)
Trade and other payables including contract liabilities		(3,956,477)	(1,378,172)
Cash generated from operations		4,111,352	4,371,187
Income taxes paid		(1,079,224)	(861,303)
Payment of employees' end of service benefits		(43,986)	(47,670)
Net cash generated from operating activities		2,988,142	3,462,214
Cash flows from investing activities			
Acquisition of a subsidiary (net of cash)		(51,814)	(60,554)
Investment in an associate		(221,272)	(638,889)
Acquisition of investment classified as fair value through OCI		(3,266,320)	(13,572,852)
Acquisition of investment classified as fair value through profit or loss		-	(72)
Proceeds from disposal of investment classified as fair value through profit or loss		1,129,250	314,181
Acquisition of other investments		(98,101)	(91,452)
Acquisition of investments at amortised cost		(2,493,303)	(92,018)
Disposal of investments at amortised cost		215,640	129,098
Purchase of property, plant and equipment		(2,406,567)	(2,747,981)
Proceeds from disposal of property, plant and equipment		32,746	115,138
Purchase of intangible assets		(633,118)	(726,244)
Proceeds from disposal of intangible assets		2,114	345
Dividend income received from associates and other investments	5	527,679	22,247
Term deposits made with maturities over three months	11	(4,949,391)	(14,956,811)
Term deposits matured with maturities over three months	11	13,318,229	6,602,349
Cash flows from unwinding of derivative financial instruments		7,238	(17,699)
Finance and other income received		972,476	444,348
Net cash generated from / (used in) investing activities		2,085,486	(25,276,866)
Cash flows from financing activities			
Proceeds from borrowings		21,804,197	21,105,674
Repayments of borrowings		(22,149,185)	(5,585,023)
Payment of lease liabilities		(383,090)	(251,400)
Dividends paid		(3,665,044)	(3,898,511)
Finance and other costs paid		(1,407,885)	(870,428)
Net cash (used in) / generated from financing activities		(5,801,007)	10,500,312
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		3,202,195	19,911,520
Effect of exchange rate fluctuations on cash held		277,991	(283,734)
Cash and cash equivalents at the end of the period	11	2,752,807	8,313,446

The accompanying notes on pages 9 to 22 form an integral part of the condensed consolidated interim financial information. The independent auditors' review report is set out on pages 2 to 3.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

1. General information

e& comprises Emirates Telecommunications Group Company PJSC (“the Company”), formerly known as Emirates Telecommunications Corporation (“the Corporation”) and its subsidiaries. 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 (Etisalat Law) 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 Federal-Decree Law No. 3 of 2015 (“the New Law”) has amended certain provisions of Etisalat Law 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 Etisalat Law or New AoA. Accordingly, the name of the corporation has been changed to Emirates Telecommunications Group Company PJSC. Etisalat Law was further amended by Federal Decree -Law No. 1 of 2021, which increased the Non-UAE nationals ownership cap from 20% to 49% of the Company share capital.

Federal Decree - Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021 with one-year grace period for the existing companies which are subject to its provisions to adjust their status. e& held a General Assembly meeting on 8th December 2021, which approved all the necessary amendments to the Articles of Association to be aligned with Federal-Decree Law No. 26 of 2020.

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. 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, natural or legal person, who are Non-UAE National 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 e& 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. e&’s Board of Directors, in its meeting on 20 January 2021, recommended to increase the foreign ownership limit from 20% to 49% of the Company’s share capital subject to the approval of e&’s General Assembly scheduled on 17 March 2021 and the approval of the competent authorities. On 29 August 2021, e& secured the required approvals for increasing the foreign ownership limit in its share capital to 49% and accordingly, the new foreign ownership limits have come into effect.

On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015. Companies have (1) one year from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021. The Company’s annual general assembly approved in its meeting held on 5th April 2022 the amendments to its Articles of Association, in order to be compliant with the UAE Federal Decree Law No. (32) of 2021, and such amendments were also approved by Telecommunications and Digital Government Regulatory Authority (TDRA) via its Chairman resolution No. 18 of 2022 dated 27 June 2022 and published in the Official Gazette No 730 issued on 30 June 2022.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

1. General information *(continued)*

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 condensed consolidated interim financial information as at and for the six month ended 30 June 2023 comprise the Company and its subsidiaries ('the Group' or collectively as 'e&').

This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 1 August 2023.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable requirements of the UAE Federal Law No. 32 of 2021.

On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015. Companies have (1) one year from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021. The Company's annual general assembly approved in its meeting held on 5th April 2022 the amendments to its Articles of Association, in order to be compliant with the UAE Federal Decree Law No. (32) of 2021, and such amendments were also approved by Telecommunications and Digital Government Regulatory Authority (TDRA) via its Chairman resolution No. 18 of 2022 dated 27 June 2022 and published in the Official Gazette No 730 issued on 30 June 2022.

The information presented herein should be read in conjunction with e&'s last annual consolidated financial statements as at and for the year ended 31 December 2022. This condensed consolidated interim financial information does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in e&'s financial position and performance since the last annual financial statements.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying e&'s accounting policies. Actual results may differ from these estimates and judgments. The significant judgements made by management in applying e&'s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

This condensed consolidated interim financial information is prepared under the historical cost convention except for the revaluation of certain financial instruments and in accordance with e&'s accounting policies as described in the last annual financial statements as at and for the year ended 31 December 2022.

The accounting policies applied in the condensed consolidated financial information are the same as those applied in e&'s consolidated financial statements as at and for the year ended 31 December 2022.

The condensed consolidated interim financial information is presented in UAE Dirhams (AED) which is the Company's functional and presentation currency, rounded to the nearest thousand except where otherwise indicated.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

3. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of e& for the year ended 31 December 2022.

a) New and amended standards adopted by e&

The following revised new and amended standards have been adopted in the condensed consolidated interim financial information.

- IFRS 17 Insurance contracts
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (*Amendments to IAS 12*)
- Disclosure of Accounting Policies (*Amendments to IAS 1 and IFRS Practice Statement 2*)
- Definition of Accounting Estimate (*Amendments to IAS 8*)

There has been no material impact on the condensed consolidated interim financial information of e& upon adoption of the above new and amended standards.

b) New and amended standards not effective and not yet adopted by e&

At the date of the condensed consolidated interim financial information, the following other standards, amendments and Interpretations have not been effective and have not been early adopted by e&:

New and amended standards not effective and not yet adopted by e&	Effective date
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Classification of liabilities as Current or Non-current (<i>Amendments to IAS 1</i>)	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely

These new and amended standards are not expected to have a significant impact on e&'s condensed consolidated interim financial information.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

4. Segmental information

Information regarding e&'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 e&'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

e& is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of e&'s revenues, profits and assets relate to its operations in the UAE. Outside of the UAE, e& 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 associated companies reporting the revenue. Inter-segment sales are charged at agreed terms and prices.

e&'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 e&'s Board of Directors ("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 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 Cash Generating Units. 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.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

4. Segmental information (continued)

	UAE AED'000	International				Eliminations AED'000	Consolidated AED'000
		Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000		
Six months ended 30 June 2023							
Revenue							
External revenue	17,203,691	2,996,408	1,687,286	1,156,424	3,572,734	-	26,616,543
Inter-segment revenue	134,549	229,878	26,197	58,532	53,427	(502,583)	-
Total revenue	17,338,240	3,226,286	1,713,483	1,214,956	3,626,161	(502,583)	26,616,543
Segment result	6,796,898	1,107,657	307,338	(93,404)	1,163,197	-	9,281,686
Federal royalty							(2,752,705)
Finance and other income							1,024,497
Finance and other costs							(1,722,680)
Profit before tax							5,830,798
Income tax expenses							(739,750)
Profit for the period							5,091,048
Total assets at 30 June 2023	73,322,896	29,305,457	6,638,706	9,520,996	32,944,194	(12,890,432)	138,841,817

Six months ended 30 June 2022

Revenue							
External revenue	15,911,729	3,326,476	2,498,619	1,365,431	3,224,574	-	26,326,829
Inter-segment revenue	127,262	153,407	24,702	58,213	49,082	(412,666)	-
Total revenue	16,038,991	3,479,883	2,523,321	1,423,644	3,273,656	(412,666)	26,326,829
Segment result	6,838,253	1,187,551	641,450	(111,554)	999,816	-	9,555,516
Federal royalty							(2,876,891)
Finance and other income							503,475
Finance and other costs							(1,298,624)
Profit before tax							5,883,476
Taxation							(832,639)
Profit for the period							5,050,837
Total assets at 31 December 2022	79,716,460	27,690,132	7,731,604	12,375,589	30,310,249	(12,738,729)	145,085,305

Breakdown of external revenue:

The following is an analysis of e&'s external revenue

Six months ended 30 June 2023							
Mobile	5,767,148	1,444,739	1,507,749	415,268	3,277,288	-	12,412,192
Fixed	5,684,670	1,239,349	107,834	528,436	225,516	-	7,785,805
Equipment	1,146,993	171,116	19,845	5,813	14,471	-	1,358,238
Others	4,604,880	141,204	51,858	206,907	55,459	-	5,060,308
Total	17,203,691	2,996,408	1,687,286	1,156,424	3,572,734	-	26,616,543
Six months ended 30 June 2022							
Mobile	5,655,405	1,790,992	2,044,704	444,857	2,988,216	-	12,924,174
Fixed	5,565,619	1,294,349	166,330	661,776	219,552	-	7,907,626
Equipment	898,808	111,595	38,739	7,114	7,489	-	1,063,745
Others	3,791,897	129,540	248,846	251,684	9,317	-	4,431,284
Total	15,911,729	3,326,476	2,498,619	1,365,431	3,224,574	-	26,326,829

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

5. Operating expenses and federal royalty	a) Operating expenses	Note	Three months ended 30 June		Six months ended 30 June	
			2023	2022	2023	2022
			AED'000	AED'000	AED'000	AED'000
			3,861,696	3,206,534	7,554,444	6,443,890
			1,083,650	1,109,003	2,195,597	2,247,252
			1,350,308	1,434,257	2,744,445	2,954,941
			707,422	650,469	1,401,907	1,387,082
			382,425	431,845	750,421	884,843
		(i)	345,928	363,999	705,473	753,866
			213,398	201,556	412,024	439,242
			161,440	153,435	294,296	309,386
			21,034	16,184	36,904	27,491
			112,144	100,719	226,699	204,982
			(4,118)	155,058	259,263	150,213
			276,447	307,384	630,579	592,712
			8,511,774	8,130,443	17,212,052	16,395,900

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 revenue annually.

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 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 (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 MoF announced the federal royalty scheme to be applied on e& for the periods 2017 to 2021 ("the new royalty scheme"). According to the new royalty scheme, e& 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. Consequent to the issuance of the new royalty scheme, clarifications were obtained and correspondences were exchanged between e& and MoF (the "Correspondence").

On 03 January 2022, the MoF issued new guidelines for the computation of federal royalty for the financial years 2022 to 2024 (the "new guidelines") with no changes to the guidelines issued previously in February 2017. Accordingly, there will be no change in the rates for payment of federal royalty by e& in the financial years 2022 to 2024.

The mechanism for the computation of federal royalty payable for the period ended 30 June 2023 was in accordance with the new guidelines and the Correspondence.

The federal royalty has been classified as an operating expense in the consolidated interim 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.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

6. Dividends

Amounts recognised as distribution to equity holders:	AED'000
Six months ended 30 June 2023	
Final dividend for the year ended 31 December 2022 of AED 0.40 per share	3,477,198
	3,477,198
Six months ended 30 June 2022	
Final dividend for the year ended 31 December 2021 of AED 0.40 per share	3,477,198
	3,477,198

7. Earnings per share

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
Earnings (AED'000)				
Earnings for the purposes of basic earnings per share being the profit attributable to the owners of the Company	2,522,472	2,431,165	4,709,232	4,864,988
Number of shares ('000)				
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,696,754	8,696,754	8,696,754	8,696,754
Earnings per share				
Basic and diluted	AED 0.29	AED 0.28	AED 0.54	AED 0.56

e& does not have potentially dilutive shares and accordingly, diluted earnings per share equals to basic earnings per share.

8. Goodwill and other intangible assets

The movement in the goodwill and other intangible assets is provided below:

	30 June 2023	31 December 2022
	AED'000	AED'000
Opening balance	22,339,232	25,830,041
Additions	633,118	1,289,877
Adjustment	263,563	-
Acquisition of subsidiaries	125,093	904,337
Disposals	(2,114)	(897)
Amortisation and impairment losses	(754,672)	(1,847,393)
Exchange difference	60,711	(3,836,733)
Closing balance	22,664,931	22,339,232

9. Property, plant and equipment

	30 June 2023	31 December 2022
	AED'000	AED'000
Opening balance	39,925,299	43,715,088
Additions	2,406,567	6,747,423
Transfers	-	(3,011)
Disposals	(8,969)	(860,004)
Depreciation	(2,481,345)	(5,231,181)
Impairment (reversals) / charge - net	(442)	(952)
Acquisition of subsidiaries	6,757	2,414
Exchange difference	(1,314,033)	(4,444,478)
Closing balance	38,533,834	39,925,299

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

10. Trade and other receivables	30 June 2023	31 December 2022
	AED'000	AED'000
Amount receivable for services rendered	10,934,699	10,165,615
Amounts due from other telecommunication operators/carriers	2,896,978	3,116,546
Total gross carrying amount	13,831,677	13,282,161
Lifetime expected credit loss	(3,422,257)	(3,153,474)
Net trade receivables	10,409,420	10,128,687
Prepayments	1,008,202	705,846
Accrued income	861,929	738,443
Advances to suppliers	1,243,924	1,168,158
Indirect taxes receivable	347,683	468,350
Dividend receivable	-	499,197
Other receivables	2,681,428	2,385,335
Net trade and other receivables	16,552,586	16,094,016
Total trade and other receivables	16,552,586	16,094,016
of which current trade and other receivables	16,121,801	15,647,768
of which non-current other receivables	430,785	446,248

11. Cash and bank balances	30 June 2023	31 December 2022
	AED'000	AED'000
Maintained in UAE	14,889,482	25,508,121
Maintained overseas, unrestricted in use	8,854,798	7,117,467
Maintained overseas, restricted in use	276,976	213,894
Cash and bank balances	24,021,256	32,839,482
Less: Deposits with maturities exceeding three months from the date of deposit	(21,268,449)	(29,637,287)
Cash and cash equivalents	2,752,807	3,202,195

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.

12. Trade and other payables	30 June 2023	31 December 2022
	AED'000	AED'000
Current		
Federal royalty	2,744,833	5,770,780
Trade payables	6,203,576	6,532,655
Amounts due from other telecommunication operators/carriers	3,405,400	3,487,196
Accruals	7,875,994	8,645,615
Other taxes payable	1,903,036	1,715,682
Advances from customers	335,691	354,993
Deferred income	168,479	189,218
Funds payable and amounts due to customers	2,260,496	2,108,522
Other payables and accruals	1,976,339	1,779,294
	26,873,844	30,583,955
Non-current		
Other payables	1,176,175	1,247,240
	1,176,175	1,247,240

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

13. Contingent liabilities

(i) e& 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 e&'s financial position and results from resolution of these disputes.

(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 Petitions were filed in Supreme Court of Pakistan by PTCL, the PTET and the GoP (together, the "Review Petitioners") against the Supreme Court Judgment.

The Supreme Court disposed the Review Petitions and directed the Review Petitioners to seek remedy under section 12(2) of the Civil Procedure Code (the "CPC"), 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.

The decision of the Appeals bench of the Supreme Court on 10 May 2018 clarified that voluntary separation scheme ("VSS") pensioners are excluded from any obligation on PTCL to pay them any additional increase in pension. Notwithstanding this development, many retirees, including VSS pensioners, have continued to submit petitions before the Supreme Court. The Chief Justice of Pakistan has decided to bring the matter back for a rehearing by the Supreme Court.

Separately, the Islamabad High Court (IHC) issued a decision on 3 March 2020, in which it upheld the rights of certain retirees ("T&T retirees") to benefit from periodic government increases in pensions and additional benefits, although it also held that the same did not apply to the VSS pensioners.

In response, PTCL and PTET raised an Intra Court Appeal against the exemption granted to the T&T retirees before the Divisional Bench at the Islamabad High Court. On 24 September 2020, the Intra Court appeals were adjourned for consolidation of all Intra court Intra Court appeals before one bench. On 16 December 2020, the Islamabad High Court granted a stay of execution in favour of PTCL and PTET and postponed the case until 14 July 2021.

Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Supreme court within the limitation.

The management of PTCL, on the advice of their lawyers, 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 this condensed consolidated interim financial information in respect of these proceedings.

(iii) Pursuant to the restatement of Etihad Etisalat Company (Mobily) of its 2014 Financial statement, aggrieved shareholders have submitted 94 claims totaling SAR 1.907 billion (US\$508million) against the 2013/2014 members of the Mobily Board (the "Defendants") and Mobily executives (the "Executives"), and these have been filed with the CRSD.

Some of the named Defendants were nominated, by Etisalat to the 2013/14 Mobily Board. Pursuant to such nomination, these individuals are entitled to be indemnified by Etisalat for any loss or damages due to third parties made against them.

The first substantial decision in relation to such claims was issued by the CRSD in November 2020, and subsequently upheld at the Appellate level (ACRSD) in a final and binding decision issued in late December 2020. The decision exonerated the Defendants and found former members of the Mobily executives liable to compensate shareholders for violating article 49a of the Capital Market Law.

This ruling has been reflected in further shareholder cases being dismissed and the CRSD finding that the former members of the board were not liable for any losses claimed by the shareholders.

Latest developments:

- 52 shareholders claims have been dismissed (final decisions) by the CRSD/ACRSD during 2021/2022 for a total value of US\$ 380 million/SAR 1.427 billion
- The financial exposure of Etisalat has now been reduced from US\$ 41.73 million to nil further to the dismissal/discontinuance of the 9 last pending claims in favour e& nominees Directors.

(iv) On 16 December 2021, Maroc Telecom received a notice from the Commercial Court of Rabat regarding a complaint filed by Wana on unbundling and claiming MAD 7.5 billion. The case is ongoing and the Court has appointed experts to present a report to the Court.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

14. Capital Commitments

e& has approved future capital projects and investment commitments to the extent of AED 4,766 million (2022: AED 3,703 million). e& has issued letters of credit amounting to AED 512 million (2022: AED 440 million).

15. Related party transactions and balances

Transactions between the Company and its subsidiaries and those between subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between e& and other related parties are disclosed below.

a) Federal Government and state controlled entities

As 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. e& provides telecommunication services to the Federal Government (including Ministries and local bodies). These transactions are at agreed terms. The principal management and other services provided to e&'s associates are set out below based on agreed contractual terms and conditions. The credit period allowed to Government customers ranges from 90 to 120 days. Trade receivables include an amount of AED 1,390 million (31 December 2022: AED 1,322 million), which are net of allowance for doubtful debts of AED 344 million (31 December 2022: AED 351 million), receivable from Federal Ministries and local bodies. See Note 5 for disclosure of the royalty payable to the Federal Government of the UAE.

In accordance with IAS 24 "Related Party Disclosures", e& 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 e& has with such related parties is the provision of telecommunication services and procurement of services.

b) Joint ventures and associates

	Associates		Joint Ventures	
	2023	2022	2023	2022
	AED '000	AED '000	AED '000	AED '000
Trading transactions for the six months ended 30 June				
Telecommunication services – sales	165,595	171,123	-	-
Telecommunication services – purchases	99,832	51,041	-	15,768
Management and other services	5,764	27,544	2,183	2,507
Due from related parties as at 30 June 2023 / 31 December 2022	122,440	86,852	20,142	25,467

Sales to related parties comprise of provision of telecommunication products and services (primarily voice traffic and leased circuits) by e& based on agreed terms. Purchases relate exclusively to the provision of telecommunication products and services by associates to e& based on normal commercial terms. The net amount due from related parties are unsecured and will be settled in cash.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

16. Borrowings

	Carrying Amounts	
	30 June 2023	31 December 2022
	AED'000	AED'000
Bank borrowings		
Short term bank borrowings	5,538,544	5,307,357
Bank loans	30,248,882	31,341,724
Other borrowings		
Bonds	10,586,985	10,374,199
Vendor financing	220,671	297,414
Others	79,904	91,239
	46,674,986	47,411,933
Advance from non-controlling interests	542,276	542,276
Total borrowings	47,217,262	47,954,209
of which due within 12 months	11,309,625	23,744,566
of which due after 12 months	35,907,637	24,209,643

The carrying values of e&'s bank and other borrowings, excluding bonds, approximate their fair values. Fair values of bonds are calculated using quoted market prices.

During the period, e& availed a new bank facility for an amount of AED 16.2 billion, which is repayable in 3 years and carries interest at EIBOR +45 bps. The proceeds from the new facility were used to prepay the outstanding amount of USD 4.4 billion under the bridge facility.

e& has listed a USD 7 billion (AED 25.7 billion) medium-term note programme which will be used to meet medium to long-term funding requirements. In 2014, e& issued the inaugural bonds under the GMTN programme in USD and Euro tranches amounting to USD 1 billion and Euro 2.4 billion in total, respectively. Further, in May 2015, e& issued additional bonds amounting to USD 400 million under the existing USD 5 year tranches.

During 2019, e& fully repaid USD 900 million notes in accordance with their maturity profile.

In May 2021, e& issued 7 and 12 years bonds under its established USD 10 billion GMTN Programme amounting to EUR 500 million each with annual yields of 0.375 % and 0.875% respectively. The net proceeds from the issuance of the bonds have been used for the repayment of the existing 7-year tranche amounting to EUR 1.2 billion which matured in June 2021.

As at 30 June 2023, the total amounts in issue under this programme split by currency are USD 0.5 billion (AED 1.84 billion) and Euro 2.2 billion (AED 8.76 billion) as follows:

	Nominal Value 2023 AED'000	Fair Value 2023 AED'000	Carrying Value 2023 AED'000
Bonds			
3.500% US Dollar 500 million notes due 2024	1,836,250	1,800,700	1,830,761
Bonds in net investment hedge relationship			
0.375% Euro 500 million notes due 2028	2,005,735	1,714,101	1,997,263
0.875% Euro 500 million notes due 2033	2,005,735	1,509,215	1,973,190
2.750% Euro 1,200 million notes due 2026	4,813,763	4,669,109	4,785,771
At 30 June	10,661,483	9,693,125	10,586,985
of which due within 12 months			1,830,761
of which due after 12 months			8,756,224
	Nominal Value 2022 AED'000	Fair Value 2022 AED'000	Carrying Value 2022 AED'000
Bonds			
3.500% US Dollar 500 million notes due 2024	1,836,250	1,802,757	1,830,760
Bonds in net investment hedge relationship			
0.375% Euro 500 million notes due 2028	1,959,503	1,654,584	1,950,381
0.875% Euro 500 million notes due 2033	1,959,503	1,447,641	1,926,196
2.750% Euro 1,200 million notes due 2026	4,702,806	4,593,231	4,666,862
At 31 December	10,458,062	9,498,213	10,374,199
of which due within 12 months			-
of which due after 12 months			10,374,199

KB

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

17. Hedge accounting and derivatives

In prior years, Euro bonds issued (refer to Note 16) 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

	Six months ended 30 June	
	2023	2022
Effective part directly recognized in other comprehensive income / (loss)	AED'000	AED'000
Other comprehensive income on net investment hedge	(221,427)	658,294
Other comprehensive income on cash flow hedges	(21,832)	142,574
Total effective part directly recognised in other comprehensive income	(243,259)	800,868

	30 June	31 December
	2023	2022
Fair value of derivative financial instruments	AED'000	AED'000
Fair value of forward contracts and options	39,544	47,047
Fair value of derivative swaps	137,049	164,530
	176,593	211,577
included in current assets	8,115	3,357
included in non-current assets	169,099	208,220
included in non-current liabilities	(621)	-

18. Other investments

	30 June	31 December
	2023	2022
	AED'000	AED'000
Fair value through profit & loss	789,176	2,087,017
Fair value through other comprehensive income	14,195,813	12,966,378
Amortised cost	5,578,446	3,069,252
Total other investments	20,563,435	18,122,647
included in current assets	1,165,496	2,407,143
included in non-current assets	19,397,939	15,715,504

19. Seasonality and cyclicity of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the periods ended 30 June 2023 or 30 June 2022.

20. Fair value disclosures

e& has Euro bonds and cross currency swaps which are designated as net investment hedges. e& has in place cross currency USD-EUR swaps which were designated as hedges of net investment. The fair value of the cross currency swaps were calculated by discounting the future cash flows to the net present value using appropriate market interest and prevailing foreign currency rates. The fair value of cross currency swaps represent Level 2 fair values. e& has quoted equity investments in listed equity securities. The fair values of these equity securities are derived from quoted prices in active markets for identical assets, which in accordance with IFRS 7 Financial Instruments: Disclosure, represent Level 1 fair values. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period.

21. Provision for employees' end of service benefits

	30 June	31 December
	2023	2022
	AED'000	AED'000
The movement in the provision for employees' end of service benefits is provided below:		
Opening balance	1,279,414	1,334,829
Additions	75,738	138,026
Payments - net of contributions received	(43,986)	(112,216)
Exchange difference	(94,665)	(111,701)
Unwinding of discounts	5,719	-
Remeasurement	(12,956)	18,345
Acquisition of subsidiaries	1,826	12,131
Closing balance	1,211,090	1,279,414
of which included in current liabilities	113,049	113,280
of which included in non-current liabilities	1,098,041	1,166,134

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

22. Right-of-use assets	Land and	Plant and	Motor vehicles,	Total
	buildings	equipment	computers, furniture	
	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2022	1,261,269	1,062,732	112,920	2,436,921
Additions	1,216,353	500,665	53,858	1,770,876
Disposals	(1,188,277)	(199,000)	(5,095)	(1,392,372)
Depreciation	(318,962)	(192,281)	(52,342)	(563,585)
Exchange difference	(118,272)	(329,520)	(25,087)	(472,879)
Acquisition of subsidiaries	2,599	-	-	2,599
Balance at 31 December 2022 / 1 January 2023	854,710	842,596	84,254	1,781,560
Additions	167,019	313,441	27,608	508,068
Disposals	(11,367)	(188,302)	(217)	(199,886)
Depreciation	(156,575)	(87,755)	(23,072)	(267,402)
Exchange difference	(38,432)	(103,177)	(4,801)	(146,410)
Acquisition of subsidiaries	9,549	-	-	9,549
Balance at 30 June 2023	824,904	776,803	83,772	1,685,479

23. Lease liabilities

	30 June 2023	31 December 2022
	AED'000	AED'000
Details of e&'s lease liabilities are as follows:		
Contractual undiscounted cash flow		
Within one year	709,216	693,973
Between 2 and 5 years	1,438,495	1,919,223
After 5 years	1,975,993	1,879,824
Total undiscounted lease liabilities	4,123,704	4,493,020
Lease liabilities included in the consolidated statement of financial position		
of which due within 12 months	555,949	542,233
of which due after 12 months	2,463,542	2,602,977

24. Share capital

	30 June 2023	31 December 2022
	AED'000	AED'000
Authorised:		
10,000 million (2022: 10,000 million) ordinary shares of AED 1 each	10,000,000	10,000,000
Issued and fully paid up:		
8,696.8 million (2022: 8,696.8 million) ordinary shares of AED 1 each	8,696,754	8,696,754

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2023

25. Acquisitions

Service Souk DMCC

On 6 February 2023, e& completed the acquisition of Service Souk DMCC ("Service Market"), acquiring 100% shareholding of the online marketplace. The acquisition value of Service Market is not expected to exceed AED 81 million, including payment linked to business performance portion due over a period of time.

The acquisition accounting has been done on a provisional basis as at the date of the authorization of these condensed consolidated interim financial information which may result in identification of certain intangible assets during the purchase price allocation exercise. As part of the consolidation, provisional goodwill of AED 89 million has been recognized.

Bespin Global

On 25 May 2023, e& completed the acquisition of 65% stake in Bespin Global Technologies Limited ("BGT"), offering public cloud managed and professional services. BGT is 65% owned by e& enterprise and 35% by Bespin Global Singapore PTE. Both shareholders contributed their existing businesses to BGT and contributed an initial cash injection of USD 10 million (AED 36.7 million) as capital on a pro-rata basis.

Accordingly, BGT has consolidated in e& consolidated financial statements effective from 25 May 2023. As part of the consolidation, goodwill of AED 36 million has been recognized on provisional basis which will be revisited after the purchase price allocation exercise.

Newberry Global Limited

e& invested USD 60 million in Newberry Global Limited in exchange for 10% stake.

26. UAE Federal corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The same law refers to a set of Cabinet/Minister decisions that will be released subsequently to clarify various aspects.

The CT regime will become effective for accounting periods beginning on or after 1 June 2023. For e&, the first accounting period to be subject to UAE CT will be 2024 given that e&'s financial year coincides with the calendar year.

In this respect, e& has started internal process for the CT impact assessment to be ready for the implementation.

27. Significant event

On 9 April 2023, e& signed a binding agreement with Uber Technologies, Inc. to acquire a majority stake of 50.03% in Careem's super-app business (the "Careem Super App", currently part of Careem Networks FZ LLC "Careem") in exchange for an investment of USD 400 million.

28. Subsequent events

(i) On 2 July 2023, e& announced it is in early stage of discussions with PPF Group on the formation of a potential partnership to explore strategic collaboration opportunities in central and southeastern Europe (excl. Czech Republic) that are mutually beneficial to both parties.

(ii) On 11 July 2023, e& announced that it is at an early stage of assessing a potential stake acquisition in Ethio Telecom.

(iii) On 31 July 2023, e& completed the acquisition of 63.3% stake in Beehive Group Holdings Limited, the first regulated online marketplace for peer-to-peer lending to SMEs in the MENA region, for an amount of USD 23.6 million.