



Ref. No.: HO/GCFO/152/352
Date : 25 October 2018

المرجع: ر م / ر ت م ش / 352/152
التاريخ: 25 أكتوبر 2018

Director General
Abu Dhabi Securities Exchange
PO Box 54500
Abu Dhabi, UAE
Fax No. 02-6128787

المدير التنفيذي
سوق أبوظبي للأوراق المالية
ص ب 54500
أبوظبي - الإمارات العربية المتحدة
فاكس رقم: 02 - 6128787

Dear Sir,

بعد التحية،

Resolutions of Etisalat Group's Board of Directors regarding Financial Information for the period ended 30 September 2018

قرارات مجلس إدارة مجموعة اتصالات المتطقة بالمعلومات المالية المرحلية الموجزة الموحدة للفترة المنتهية في 30 سبتمبر 2018

Further to our announcement dated 21 October 2018, kindly be informed that the Board of Directors of Emirates Telecommunications Group Company PJSC "Etisalat Group" held a meeting on Thursday 25 October 2018 at 9:00 am and approved the condensed consolidated interim financial information for the period ended 30 September 2018.

عطفاً على خطابنا بتاريخ 21 أكتوبر 2018، يرجى العلم بأن مجلس إدارة شركة مجموعة الإمارات للاتصالات ش.م.م. - "مجموعة اتصالات" قد عقد اجتماعه اليوم الخميس الموافق 25 أكتوبر 2018 وذلك في تمام الساعة التاسعة صباحاً، حيث وافق على المعلومات المالية المرحلية الموجزة الموحدة للفترة المنتهية في 30 سبتمبر 2018.

The condensed consolidated interim financial information has been prepared in compliance with International Financial Reporting Standards (IFRS) and reviewed by independent external auditors.

تم إعداد المعلومات المالية المرحلية الموجزة الموحدة طبقاً للمعايير الدولية للتقارير المالية، كما تم مراجعتها من قبل المدققين الخارجيين المستقلين.

Kind regards,

وتفضلوا بقبول فائق الاحترام والتقدير،

سرکان أوكاندان
الرئيس التنفيذي للشؤون المالية - مجموعة اتصالات
Serkan Okandan
Chief Financial Officer - Etisalat Group

Copy to :
Chief Executive Officer
Securities & Commodities Authority
P.O.Box No. 30744
Fax No. 02 - 6273332

نسخة إلى:
الرئيس التنفيذي
هيئة الأوراق المالية والسلع
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Emirates Telecommunications Group Company PJSC

**Review report and condensed consolidated interim financial information
for the nine month period ended 30 September 2018**

Emirates Telecommunications Group Company PJSC

Review report and condensed consolidated interim financial information for the nine month period ended 30 September 2018

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Emirates Telecommunications Group Company PJSC

Management report on the condensed consolidated interim financial information for the nine month period ended 30 September 2018

Financial Review

1. Changes to the provisions of the Federal Law no. 1 of 1991 and the Articles of Association

In accordance with the Decree by Federal Law No. 3 of 2015 amending some provisions of the Federal Law No. 1 of 1991 (the "New Law") and the new articles of association of Emirates Telecommunications Group Company PJSC (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.

2. Revenue, profit and earnings per share

The Group's financial performance for the nine month period ended 30 September 2018 is summarised below:

- i) Consolidated revenue amounted to AED 39,354 million, representing an increase of AED 1,174 million (3.1%) over the revenue of the corresponding period in the prior year.
- ii) Profit attributable to the equity holders of the Company amounted to AED 6,594 million, representing an increase of AED 155 million (2.4%) when compared to the corresponding period in the prior year.
- iii) Earnings per share from continuing operations increased by AED 0.01 when compared to the corresponding period in the prior year.

3. Group net assets

As compared to 31 December 2017, the Group's net assets decreased by AED 1,783 million to AED 56,423 million as at 30 September 2018.

4. Capital expenditure

The Group incurred AED 5,033 million on capital expenditure in the nine month period ended 30 September 2018 (AED 5,343 million in the nine month period ended 30 September 2017).

5. Dividends

A final dividend for the year 2017 at the rate of AED 0.40 per share was approved for distribution to the shareholders registered at the close of business on 21 March 2018. This brought the total dividend for the year 2017 to AED 0.80 per share.

On 24 July 2018, the Board of Directors declared the first interim dividend for the year 2018 at the rate of AED 0.40 per share.

6. International operations

Acquisition of additional 10% stake in Onatel S.A.

On 17 April 2018, Maroc Telecom completed the acquisition of an additional 10% stake in ONATEL S.A. on the Abidjan Regional Stock Exchange for EUR 41 million (AED 185 million), bringing its total shareholding in the Burkina Faso subsidiary to 61%.

Disposal Group assets held for sale/discontinued operations

Thuraya Telecommunications Company PJSC ("Thuraya")

Further to the announcement on 26th April 2018, Etisalat Group has 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") on 1st August 2018 after securing all regulatory approvals and Yahsat'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).

Etisalat Lanka (Pvt) Ltd ("ESL")

On 26 April 2018, Etisalat Group and CK Hutchison Group ("Hutch") signed Definitive Agreement to merge their mobile telecommunication operations in Sri Lanka.

The completion of the transaction is still subject to a number of conditions precedent, which include, among others, securing the necessary competition and regulatory approvals in Sri Lanka.



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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 condensed consolidated interim financial information of Emirates Telecommunications Group Company PJSC ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2018;
- the condensed consolidated interim statement of profit or loss for the three month and nine month periods ended 30 September 2018;
- the condensed consolidated interim statement of comprehensive income for the three month and nine month periods ended 30 September 2018;
- the condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2018;
- the condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2018; 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.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2018 condensed consolidated interim financial information of the Group is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter

The condensed consolidated interim financial information as at and for the three month and nine month periods ended 30 September 2017 and the consolidated financial statements as at and for the year ended 31 December 2017 were reviewed and audited, respectively, by another auditor who expressed an unmodified review conclusion on the condensed consolidated interim financial information as at and for the three month and nine month periods ended 30 September 2017 on 25 October 2017 and an unmodified audit opinion on the consolidated financial statements as at and for the year ended 31 December 2017 on 20 February 2018.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 25 October 2018

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of profit or loss for the nine month period ended 30 September 2018

(Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 AED'000	2017 (Restated) AED'000	2018 AED'000	2017 (Restated) AED'000
Continuing operations					
Revenue		13,150,456	12,889,499	39,353,718	38,179,478
Operating expenses	4	(8,538,780)	(8,036,470)	(25,409,263)	(24,226,026)
Impairment and other losses		(17,302)	(251)	(75,439)	(185,637)
Share of results of associates and joint ventures	5	(9,331)	(46,017)	(51,010)	(136,891)
Operating profit before federal royalty		4,585,043	4,806,761	13,818,006	13,630,924
Federal royalty	4	(1,553,240)	(1,678,171)	(4,601,115)	(4,947,122)
Operating profit		3,031,803	3,128,590	9,216,891	8,683,802
Finance and other income		257,596	440,709	775,646	947,991
Finance and other costs		(222,833)	(361,994)	(771,484)	(965,859)
Profit before tax		3,066,566	3,207,305	9,221,053	8,665,934
Income tax expenses		(370,548)	(339,236)	(1,127,492)	(999,196)
Profit for the period from continuing operations		2,696,018	2,868,069	8,093,561	7,666,738
Discontinued operations					
Profit/(loss) from discontinued operations	19	41,455	(75,189)	(15,656)	(165,063)
Profit for the period		2,737,473	2,792,880	8,077,905	7,501,675
Profit attributable to:					
The equity holders of the Company		2,282,023	2,377,321	6,593,505	6,439,003
Non-controlling interests		455,450	415,559	1,484,400	1,062,672
		2,737,473	2,792,880	8,077,905	7,501,675
Earnings per share					
From continuing and discontinued operations					
Basic and diluted	7	AED 0.26	AED 0.27	AED 0.76	AED 0.74
From continuing operations					
Basic and diluted	7	AED 0.25	AED 0.24	AED 0.77	AED 0.76

The accompanying notes on pages 9 to 29 form an integral part of the condensed consolidated interim financial information.
The independent auditors report is set out on pages 2 to 3

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of comprehensive income for the nine month period ended 30 September 2018
(Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 AED'000	2017 (Restated) AED'000	2018 AED'000	2017 (Restated) AED'000
Profit for the period		2,737,473	2,792,880	8,077,905	7,501,675
Other comprehensive income / (loss)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising during the period :					
Exchange differences on translation of foreign operations		(15,625)	549,335	(1,465,256)	1,886,851
Gain/(loss) on hedging instruments designated in hedges of the net assets of foreign operations	18	49,680	(482,556)	243,529	(1,073,869)
Fair value gain arising on cash flow hedge during the period		3,884	-	15,149	-
(Loss)/gain on revaluation of financial assets during the period		(1,669)	(135,917)	(9,571)	3,793
Items reclassified to profit or loss:					
Reclassification adjustment relating to financial assets on disposal		-	(519)	(211)	(535)
Total other comprehensive (loss) / income		36,270	(69,657)	(1,216,360)	816,240
Total comprehensive income for the period		2,773,743	2,723,223	6,861,545	8,317,915
Attributable to:					
The equity holders of the Company		2,341,235	2,120,567	6,149,612	6,584,006
Non-controlling interests		432,508	602,656	711,933	1,733,909
		2,773,743	2,723,223	6,861,545	8,317,915

The accompanying notes on pages 9 to 29 form an integral part of the condensed consolidated interim financial information.
The independent auditors report is set out on pages 2 to 3

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Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of financial position as at 30 September 2018

		(Reviewed) 30 September 2018	(Audited) 31 December 2017 (Restated)	(Audited) 1 January 2017 (Restated)
	Notes	AED'000	AED'000	AED'000
Non-current assets				
Goodwill	8	14,270,172	14,803,324	14,097,902
Intangible assets	9	14,937,787	15,437,454	14,710,048
Property, plant and equipment	10	42,300,856	43,666,804	42,356,207
Investment property		38,986	40,125	27,230
Investments in associates and joint ventures		4,152,979	4,306,733	4,414,352
Other investments		2,146,098	1,701,144	879,207
Other receivables	11	466,171	211,857	156,612
Finance lease receivables		185,850	209,491	-
Derivative financial instruments	18	23,545	10,481	331,313
Contract assets		402,270	221,711	205,270
Deferred tax assets		87,783	94,135	128,210
		79,012,497	80,703,259	77,306,351
Current assets				
Inventories		622,229	557,741	708,825
Trade and other receivables	11	17,734,378	17,803,890	18,224,245
Current income tax assets		639,192	673,557	593,270
Finance lease receivables		41,744	38,223	-
Due from associates and joint ventures		202,791	187,242	440,643
Contract assets		1,181,935	1,186,859	1,209,040
Derivative financial instruments	18	2,532	-	-
Cash and bank balances	12	24,253,841	27,125,158	23,676,170
Assets classified as held for sale	19	520,842	618,247	993,664
		45,199,484	48,190,917	45,845,857
Total assets		124,211,981	128,894,176	123,152,208
Non-current liabilities				
Other payables	13	2,352,710	1,477,540	1,564,114
Borrowings	17	15,288,859	20,035,133	18,203,902
Payables related to investments and licenses		106,981	90,353	542,968
Derivative financial instruments	18	-	79,149	-
Deferred tax liabilities		2,924,495	3,225,478	3,265,377
Finance lease liabilities		47	1,909	4,905
Provisions		177,820	187,566	149,143
Provision for end of service benefits	22	1,504,454	1,608,782	1,636,959
Contract liabilities		13,225	11,389	36,500
		22,368,591	26,717,299	25,403,868
Current liabilities				
Trade and other payables	13	26,702,724	29,811,330	27,893,274
Contract liabilities		3,172,797	3,075,112	2,921,470
Borrowings	17	9,059,566	4,670,208	4,074,738
Payables related to investments and licenses		2,990,792	3,269,516	3,255,327
Current income tax liabilities		283,485	225,282	257,492
Finance lease liabilities		2,608	3,273	5,512
Provisions		2,875,093	2,509,251	2,488,839
Deferred tax liabilities		-	-	6,345
Derivative financial instruments	18	59,068	-	2,830
Due to associates and joint ventures		1,137	-	-
Liabilities directly associated with the assets classified as held for sale	19	273,219	407,181	396,275
		45,420,489	43,971,153	41,302,102
Total liabilities		67,789,080	70,688,452	66,705,970
Net assets		56,422,901	58,205,724	56,446,238
Equity				
Share capital	23	8,696,754	8,696,754	8,696,754
Reserves		26,588,345	26,991,023	26,120,437
Retained earnings		8,382,619	8,829,020	8,393,466
Equity attributable to the equity holders of the Company		43,667,718	44,516,797	43,210,657
Non-controlling interests		12,755,183	13,688,927	13,235,581
Total equity		56,422,901	58,205,724	56,446,238

The accompanying notes on pages 9 to 29 form an integral part of the condensed consolidated interim financial information.
The independent auditors report is set out on pages 2 to 3

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2018 (Reviewed)

	Attributable to equity holders of the Company						Total equity AED'000
	Notes	Share capital AED'000	Reserves AED'000	Retained earnings AED'000	Owners' equity AED'000	Non-controlling interests AED'000	
Balance at 1 January 2017 (as previously reported)		8,696,754	26,121,149	7,883,501	42,701,404	13,213,374	55,914,778
Impact of changes in accounting policy	25	-	(712)	509,965	509,253	22,207	531,460
Balance at 1 January 2017 (as restated)		8,696,754	26,120,437	8,393,466	43,210,657	13,235,581	56,446,238
Total comprehensive income for the period		-	145,003	6,439,003	6,584,006	1,733,909	8,317,915
Other movements in equity		-	-	(6,337)	(6,337)	(6,955)	(13,292)
Transfer to reserves		-	65,836	(65,836)	-	-	-
Transfer from investment revaluation reserve to retained earnings		-	(47,687)	47,687	-	-	-
Transaction with owners							
Repayment of equity contribution to non-controlling interests for acquisition of a subsidiary		-	-	-	-	(76,091)	(76,091)
Dividends	6	-	-	(6,954,393)	(6,954,393)	(1,473,800)	(8,428,193)
Balance at 30 September 2017		8,696,754	26,283,589	7,853,590	42,833,933	13,412,644	56,246,577
Balance at 1 January 2018 (as previously reported)		8,696,754	26,988,837	8,356,613	44,042,204	13,661,772	57,703,976
Impact of changes in accounting policy	25	-	2,186	472,407	474,593	27,155	501,748
Balance at 1 January 2018 (as restated)		8,696,754	26,991,023	8,829,020	44,516,797	13,688,927	58,205,724
Total comprehensive income for the period		-	(443,893)	6,593,505	6,149,612	711,933	6,861,545
Other movements in equity		-	-	1,972	1,972	2,828	4,800
Transfer to reserves		-	69,750	(69,750)	-	-	-
Transaction with owners							
Repayment of advances to non-controlling interests		-	-	-	-	(29,780)	(29,780)
Acquisition of additional stake in subsidiary		-	(28,535)	(17,732)	(46,267)	(133,923)	(180,190)
Capital contribution by non-controlling interest		-	-	-	-	16,740	16,740
Acquisition of a subsidiary		-	-	-	-	30,939	30,939
Dividends	6	-	-	(6,954,396)	(6,954,396)	(1,532,481)	(8,486,877)
Balance at 30 September 2018		8,696,754	26,588,345	8,382,619	43,667,718	12,755,183	56,422,901

The accompanying notes on pages 9 to 29 form an integral part of the condensed consolidated interim financial information.

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Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2018

	Notes	Reviewed nine-month ended 30 September	
		2018 AED'000	2017 (Restated) AED'000
Operating profit including discontinued operations		9,129,986	8,528,903
Adjustments for:			
Depreciation		4,276,073	4,257,685
Amortisation		1,172,218	1,100,480
Impairment and other losses		75,363	188,391
Share of results of associates and joint ventures		51,010	161,467
Provisions and allowances		456,535	95,218
Unrealised currency translation (gain)/loss		(109,514)	361,149
Other non-cash movements		-	220,132
Operating cash flows before changes in working capital		15,051,671	14,913,425
Changes in working capital:			
Inventories		(82,410)	256,713
Due from associates and joint ventures		(10,736)	26,234
Trade and other receivables		(715,421)	1,773,055
Trade and other payables		(2,042,143)	(2,399,017)
Cash generated from operations		12,200,961	14,570,410
Income taxes paid		(1,303,036)	(1,165,482)
Payment of end of service benefits		(155,948)	(252,663)
Net cash generated from operating activities		10,741,977	13,152,265
Cash flows from investing activities			
Proceeds from disposal of investments at amortised cost/held-to-maturity investments		1,534	328,216
Acquisition of investments at amortised cost		(464,539)	-
Acquisition of subsidiary net of cash acquired	24	(4,197)	-
Acquisition of investment classified as fair value through profit or loss		(6,261)	(789,910)
Proceeds from disposal of investment classified as fair value through profit or loss		20,648	12,362
Acquisition of other investments		-	(18,021)
Disposal of investments at amortised cost		9,190	-
Acquisition of investment classified as fair value through OCI		(58,366)	-
Proceeds from disposal of investment classified as fair value through OCI		7,154	-
Acquisition of interest in associates		-	(106,484)
Proceeds from disposal of associates	5	136,828	-
Purchase of property, plant and equipment		(4,240,443)	(4,556,495)
Proceeds from disposal of property, plant and equipment		32,429	14,573
Purchase of other intangible assets		(792,744)	(786,258)
Proceeds from disposal of other intangible assets		352	208
Dividend income received from associates and other investments		2,324	22,328
Term deposits made with maturities over three months	12	(3,187,137)	(14,999,328)
Term deposits matured with maturities over three months	12	13,865,603	14,978,588
Proceeds from unwinding of derivative financial instruments	18	15,245	-
Finance and other income received		738,721	743,344
Net cash generated from / (used in) investing activities		6,076,341	(5,156,877)
Cash flows from financing activities			
Proceeds from borrowings and finance lease obligations		2,902,132	3,678,791
Repayments of borrowings and finance lease obligations		(2,801,961)	(2,443,207)
Capital contribution by non controlling interests		16,740	-
Equity repayment to non-controlling interests for acquisition of a subsidiary		(29,780)	(76,091)
Dividends paid		(8,412,571)	(8,418,219)
Finance and other costs paid		(770,953)	(974,549)
Net cash used in financing activities		(9,096,393)	(8,233,275)
Net increase / (decrease) in cash and cash equivalents		7,721,925	(237,887)
Cash and cash equivalents at the beginning of the period		3,863,568	3,022,907
Effect of foreign exchange rate changes		118,314	(187,839)
Cash and cash equivalents at the end of the period	12	11,703,807	2,597,181

The accompanying notes on pages 9 to 29 form an integral part of the condensed consolidated interim financial information. The independent auditors report is set out on pages 2 to 3

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Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

I. General information

The Emirates Telecommunications Group (“the Group”) comprises the holding company 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 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 (an agency of the federal Government of the United Arab Emirates) 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 restrictions on voting rights of foreign shareholders so that they shall enjoy the same rights of UAE-National. Management has not yet taken the necessary steps to incorporate the required changes to the Company’s Articles of Associations and not yet obtained the required approvals from competent authorities prior to and after the General Assembly to effect these changes. The Board’s recommendation remains subject to the approval of the General Assembly.

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

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, and is valid until 2025), its subsidiaries, associates and joint ventures.

These condensed consolidated interim financial information were approved by the Board of Directors and authorised for issue on 25 October 2018.

2. Significant accounting policies

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

a) Basis of preparation

The condensed consolidated interim financial information have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and the applicable provisions of UAE Federal Law No. (2) of 2015. The information presented herein should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017. This 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 the Group'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 the Group's accounting policies. Actual results may differ from these estimates and judgments. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for those related to the application of IFRS 15, which are described in Note 2(b).

The condensed consolidated interim financial information are prepared under the historical cost convention except for the revaluation of certain financial instruments and in accordance with the Group's accounting policies as described in the last annual financial statements as at and for the year ended 31 December 2017 of this financial information.

The accounting policies applied in the condensed consolidated financial information are the same as those applied in Group's consolidated financial statements as at and for the year ended 31 December 2017, except for the effects of adoption of IFRS 15 as described in Note 2(b). The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

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.

2. Significant accounting policies (continued)

b) New and amended standards adopted by the Group

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014 and was amended in April 2016. The framework establishes a comprehensive five step model for determining whether, how much and when revenue is recognised. It replaced existing IAS18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations to account for revenue arising from contracts with customers. The new revenue standard will supersede all current revenue recognition requirements under existing revenue recognition standards.

The Group has adopted IFRS 15 effective from 1 January 2018 using the full retrospective method. The adoption of IFRS 15 required changes in the Group's accounting policies and affected the recognition, measurement and presentation of certain amounts recognised in the consolidated statement of profit or loss and the consolidated statement of financial position.

Details of these new requirements as well as their impact on the Group's condensed consolidated interim financial information are described below.

Revenue recognition accounting policy

Revenue is measured at an amount that reflects the consideration, 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).

2. Significant accounting policies (continued)

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

IFRS 15 Revenue from Contracts with Customers (continued)

Nature and timing of satisfaction of performance obligation:

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	Performance obligations	Point of revenue recognition
Mobile services contracts	<ul style="list-style-type: none"> SIM activation, special number Value Added Service (VAS), voice, data, messaging Devices 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.
Unlocked devices contracts	Unlocked devices bundled in a service contract	Revenue is allocated to unlocked device in the ratio of relative standalone selling price and recognised on date of transfer of control, which is generally on the date of signing the contract.
Consumer Fixed (eLife) contracts	<ul style="list-style-type: none"> TV service Broadband Services Fixed Telephone Service Unlocked Devices (IP Phone and Routers) 	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)
Business Fixed contracts	<ul style="list-style-type: none"> Internet Service Gateway router Fixed Voice Office Application Security Solution and 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)
Business Solutions contracts	<ul style="list-style-type: none"> Connectivity service (IPVPN, leased lines, etc) Managed Services IPTV services, 	<p>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.</p> <p>If the customer cannot benefit from hardware on its own, then not considered distinct PO and revenue is recognised over the service period.</p>
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.
Miscellaneous	Installation services	Installation services provided for service fulfillment are not distinct PO and the amount charged for installation service is recognised over the service period.

2. Significant accounting policies (continued)

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

IFRS 15 Revenue from Contracts with Customers (continued)

Impact of adoption of IFRS 15 Revenue from Contracts with Customers on Determination of Distinct POs

• **Sale of SIM Cards**

Sale of SIM cards represent a distinct PO to connect the customers to Etisalat network and therefore revenue is recognised at point in time when the SIM card is sold and service is activated.

• **Loyalty points programme**

Under IFRIC 13 Customer Loyalty Programme, the Group allocates a portion of the consideration received to loyalty points that are redeemable against any future purchases of the Group's products. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expire. Under IAS 18, revenue was allocated between the loyalty programme and the equipment using the residual value method. That is, consideration was allocated to the loyalty programme based on the fair value of loyalty points and the remained of the consideration was allocated to the equipment.

Under IFRS 15, the Group will need to allocate a portion of the transaction price to the loyalty programme based on relative stand alone selling price ("SSP"). The adoption of IFRS 15 has only resulted in reallocation of revenues for the prior period in between the services and equipment.

• **Set-up and Installation fees**

Generally, the Group charges upfront set-up and installation fees for various consumer and business products. Under IAS 18, Revenue was recognised upfront when the installation was completed. Under IFRS 15, installation service has not been considered as a distinct PO. Hence, one-time fee pertaining to set-up and installation is added to the total transaction price and recognised over the period of service, resulting in the change in timing of revenue recognition.

Due to adoption of IFRS 15, revenue from upfront set-up and installation fee has been decreased by AED 1.6 million for the period ended 30 September 2017. Further, this has also resulted in decrease in opening retained earnings as at 1 January 2017 by an amount of AED 76 million.

Transaction price and related adjustments

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The group does not consider collectability when determining the transaction price. When determining the transaction price, the Group considers the effects of all of the following.

• **Variable Consideration**

Certain customer contracts include variable discounts and concessions, which are provided to the customers during the contract period. Variability arises due to contractual terms and conditions, whereby customers are provided discounts upon reaching certain volume threshold. In addition to the contractual terms, the Group also provides goodwill adjustments or service credits to certain customers in accordance with the customary business practices.

Under IFRS 15, if consideration promised in the contract (either explicit or implicit) includes a variable amount, then an entity shall estimate the amount and adjust the total transaction price at contract inception. This will result in the change in timing of revenue recognition.

2. Significant accounting policies (continued)

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

IFRS 15 Revenue from Contracts with Customers (continued)

• **Significant financing component**

Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

The Group is expected to have significant financing component in the arrangements involving provision of equipment and devices on instalment plans. The amount of financing component adjusted from total transaction price is AED 9 million for the period ended 30 September 2017. This has also resulted in increase in opening retained earnings as at 1 January 2017 by an amount of AED 2.2 million.

• **Non-cash consideration**

The Group determines the transaction price for contracts in which a customer promises consideration in a form other than cash and measures the non-cash consideration (or promise of non-cash consideration) at fair value. This does not have any significant implication in the adoption of IFRS 15.

• **Consideration payable to the customer**

Consideration payable to a customer includes cash amounts that an entity pays or expects to pay, to the customer (or to other parties that purchase the entity's goods or services from the customer). Consideration payable to a customer also includes credit or other items (for example, a coupon or voucher) that can be applied against amounts owed to the entity (or to other parties that purchase the entity's goods or services from the customer). The Group accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity. This does not have any significant implication in the adoption of IFRS 15.

Other considerations

• **Allocation of transaction price**

The transaction price is allocated between POs based on relative SSP as determined at contract inception. Since the amount of revenue recognised for distinct POs will often be dependent on the relative SSP, the determination of appropriate SSP is critical. The SSP of a performance obligation is the observable price for the good or service sold by Etisalat in similar circumstances to similar customers. Under IFRS 15, the impact on revenue due to SSP allocation was increase in device revenue by AED 27 million for the period ended 30 September 2017 and resulting decrease on the other SSP allocation amounting to AED 42 million for the period ended 30 September 2017. Overall impact of these adjustments resulted in an increase to opening retained earnings as at 1 January 2017 by AED 71 million.

• **Costs to acquire and costs to fulfill a contract**

Prior to the adoption of IFRS 15, contract costs related to commission (cost to acquire) and installation service (cost to fulfill) were expensed, as they did not qualify for recognition as an asset under any of the other accounting standards. However, under IFRS 15, these costs relate directly to the contract, require resources used in satisfying the contract and are expected to be recovered.

Under IFRS 15, these have been capitalised as contract costs and included in contract assets in the consolidated statement of financial position resulting in decrease in operating expenses for the period ended 30 September 2017 by AED 23 million and increase in opening retained earnings as at 1 January 2017 by AED 551 million. Capitalised contract costs are amortised over the customer contract period for postpaid segment and over customer life cycle (average months of 24 months) for prepaid segment.

2. Significant accounting policies (continued)

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

IFRS 15 Revenue from Contracts with Customers (continued)

• Gross versus Net presentation

When revenue is recognised in respect of goods or services provided by third parties it must be considered whether the Group acts as a principal or an agent.

Whether the Group is considered to be the principal or an agent in the transaction depends on management analysis of both the legal form and of the substance of the underlying agreement between the Group and its channel partners. Such judgements impacts the amount of reported revenue and operating expenses and does not have any impact on the reported assets, liabilities or cash flows. This does not have any significant implication in the adoption of IFRS 15.

Impact of the adoption of IFRS15

Refer to Note 25 for the details of the impact of transition to IFRS 15 as at 1 January 2017, 31 December 2017 and for the period ended 30 September 2017.

c) New and amended standards not effective and not yet adopted by the Group

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases- Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is applicable for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

IFRS 16 introduces a single comprehensive, on-balance sheet lease accounting model for lessees. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

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

New and amended standards not effective and not yet adopted by the Group	Effective date
IFRIC 23 <i>Uncertainty Over Income Tax Treatments</i>	1 January 2019
<i>Prepayment Features with Negative Compensation (Amendments to IFRS 9)</i>	1 January 2019
<i>Annual Improvements to IFRS 2015 – 2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)</i>	1 January 2019
<i>Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)</i>	1 January 2019
<i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>	Available for optional adoption/effective date deferred indefinitely

Management anticipates that the application of the above Standards and Interpretations in future periods will have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application with the exception of IFRS 16 *Leases* which management is currently assessing. However, it is not practicable to provide a reasonable estimate of the effects of the application of IFRS 16 until the Group performs a detailed review.

2. Significant accounting policies (continued)

d) 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 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 the 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 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 information 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 information only to the extent of Group's unrelated interests in its associates or joint ventures. Losses may provide an evidence of impairment on the asset transferred, in which case a respective charge is taken to the statement of profit and loss.

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.

e) IFRS 9 Financial instruments

The Group has early adopted IFRS 9 effective from 1 January 2017. As per IFRS 9, financial assets and liabilities are required to be recognised in the statement of financial position when the entity becomes a party to the contractual provisions of the instrument. Derecognition occurs when the contractual rights to the cash flows to the financial asset expire or is sold, based on whether the entity has transferred substantially all the risks and rewards of ownership of the financial asset. For financial liabilities, derecognition occurs when the obligation is paid off, cancelled or expired.

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, regardless of whether that price is directly observable or 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 OCI with recycling', 'fair value through OCI without recycling', '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.

2. Significant accounting policies (continued)

e) IFRS 9 Financial instruments (continued)

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 minus 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 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 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 an 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, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2. Significant accounting policies *(continued)*

e) IFRS 9 Financial instruments *(continued)*

vi) Fair value through profit and loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see 2 (iii to v)) 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 2 (i).

3. 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 in to the following operating segments:

- Pakistan
- Egypt
- Morocco
- 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.

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 Group'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 CGUs. 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 nine month period ended 30 September 2018

3. Segmental information (continued)

	International					Eliminations AED'000	Consolidated AED'000
	UAE AED'000	Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000		
Nine months ended 30 September 2018							
Revenue							
External revenue	23,889,401	5,583,578	2,012,216	2,897,700	4,970,823	-	39,353,718
Inter-segment revenue	209,782	509,178	62,438	47,826	105,013	(934,237)	-
Total revenue	24,099,183	6,092,756	2,074,654	2,945,526	5,075,836	(934,237)	39,353,718
Segment result	10,569,861	1,976,445	407,648	16,368	847,684	-	13,818,006
Federal royalty							(4,601,115)
Finance and other income							775,646
Finance and other costs							(771,484)
Profit before tax							9,221,053
Income tax expenses							(1,127,492)
Profit for the period from continuing operations							8,093,561
Total assets at 30 September 2018	61,901,551	32,736,047	7,747,411	16,933,232	18,096,394	(13,202,654)	124,211,981

Nine months ended 30 September 2017 (restated)

Revenue							
External revenue	23,541,041	5,204,595	1,699,509	3,113,814	4,620,519	-	38,179,478
Inter-segment revenue	206,107	367,552	33,695	8,062	133,929	(749,345)	-
Total revenue	23,747,148	5,572,147	1,733,204	3,121,876	4,754,448	(749,345)	38,179,478
Segment result	10,726,512	1,629,056	391,495	42,000	841,861	-	13,630,924
Federal royalty							(4,947,122)
Finance and other income							947,991
Finance and other costs							(965,859)
Profit before tax							8,665,934
Taxation							(999,196)
Profit for the period from continuing operations							7,666,738
Total assets at 31 December 2017	63,821,984	33,529,077	8,520,836	18,803,971	18,949,423	(14,731,115)	128,894,176

Breakdown of external revenue

The following is an analysis of the Group's revenue

Nine months ended 30 September 2018

Mobile	9,498,642	3,319,602	1,758,102	1,180,788	4,473,726	-	20,230,860
Fixed	8,408,627	1,972,003	89,591	1,379,012	393,181	-	12,242,414
Equipment	1,447,100	77,825	33,521	14,631	25,214	-	1,598,291
Others	4,535,032	214,148	131,002	323,269	78,702	-	5,282,153
Total revenue	23,889,401	5,583,578	2,012,216	2,897,700	4,970,823	-	39,353,718

Nine months ended 30 September 2017

Mobile	9,820,220	3,150,429	1,552,849	1,214,542	4,187,523	-	19,925,564
Fixed	8,198,560	1,785,382	66,022	1,598,581	368,984	-	12,017,529
Equipment	1,154,327	74,498	62,245	14,981	158	-	1,306,209
Others	4,367,934	194,286	18,393	285,710	63,854	-	4,930,177
Total revenue	23,541,041	5,204,595	1,699,509	3,113,814	4,620,519	-	38,179,478

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

4. Operating expenses and federal royalty

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
a) Operating expenses	AED'000	AED'000	AED'000	(Restated) AED'000
Direct cost of sales	3,122,599	3,057,449	9,561,716	9,054,145
Staff costs	1,261,268	1,175,229	3,732,950	3,729,977
Depreciation	1,392,570	1,415,707	4,215,551	4,172,417
Network and other related costs	666,083	639,582	1,935,525	1,775,061
Amortisation	377,968	353,969	1,152,839	1,087,358
Marketing expenses	217,933	215,793	646,447	636,958
Regulatory expenses (ii)	340,364	322,803	1,001,710	916,851
Operating lease rentals	97,130	96,603	286,666	276,125
Foreign exchange loss/(gain)	202,298	(151,868)	420,010	23,771
Net hedge ineffectiveness on net investment hedges	(5,294)	72,277	(74,890)	240,756
Loss on allowances (i)	246,853	332,984	791,848	800,460
Other operating expenses	619,008	505,942	1,738,891	1,512,146
Operating expenses (before federal royalty)	8,538,780	8,036,470	25,409,263	24,226,026

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
i) Loss on allowances	AED'000	AED'000	AED'000	AED'000
Trade receivables	215,810	332,984	681,886	800,460
Due from other telecommunication operators/carriers	38,860	-	121,796	-
Reversal of finance lease receivables	(7,817)	-	(11,834)	-
Total loss on allowances	246,853	332,984	791,848	800,460

ii) Regulatory expenses:

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

During the prior year, the Company received a letter from UAE Ministry of Finance clarifying that the ICT contribution shall be paid and calculated as 1% of the gross regulated revenues arising from UAE only and does not include any revenues generated outside the UAE and non regulated revenues in the UAE.

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 was 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 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 30 September 2018 was in accordance with the new royalty scheme.

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.

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

5. Share of results of associates and joint ventures

a) In February 2017, the Group undertook a corporate restructuring of its investment in Emerging Markets Telecommunication Services Limited ("EMTS") and signed a new Shareholders Agreement with the other two shareholders in EMTS Holding BV established in the Netherlands ("EMTS BV"). The result of the restructuring is that the Group's voting rights in EMTS (through its shareholding in EMTS BV) decreased to 25% through issuance of a new class of preferential shares in EMTS BV while increasing its stake in the ordinary shares with non voting rights to 45% through a debt to equity swap, thereby partially converting its shareholder loans into equity. In addition, the shareholders of EMTS BV also agreed to waive all the remaining outstanding shareholders loans given to EMTS up to the date of the corporate restructuring being 8 February 2017.

Further, during the previous year, EMTS defaulted on a facility agreement with a syndicate of Nigerian banks ("EMTS Lenders"), and discussions between EMTS and the EMTS Lenders did not produce an agreement on a debt-restructuring plan. Accordingly, EMTS received a Default and Security Enforcement Notice on 9 June 2017 requiring EMTS BV to transfer 100% of its shares in EMTS to United Capital Trustees Limited (the "Security Trustee" of the EMTS Lenders) by 23 June 2017. The transfer of all of EMTS shares held by EMTS BV to the Security Trustee has been made by EMTS BV, and the two Etisalat Group nominees resigned from the Board of Directors of EMTS on 22 June 2017. The legal formalities required under Nigerian law to give effect to the transfer of the shares have been completed as at the date of the condensed consolidated interim financial information.

The existing management and technical support related agreements between Etisalat Group and EMTS have been terminated effective from 30 June 2017. The agreements governing the use of Etisalat's brand and related IP rights have also terminated effective from 21 July 2017. Accordingly, since EMTS BV no longer controls EMTS, and the Group does not have significant influence on EMTS, the investment in the associate has been derecognised in the consolidated financial statements.

b) Further to the announcement on 26th April 2018, Etisalat Group has 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") on 1st August 2018 after securing all regulatory approvals and Yahsat'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 has been included in the results for the period from discontinued operation (note 19).

6. Dividends

Amounts recognised as distribution to equity holders:	AED'000
Nine months ended 30 September 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
Nine months ended 30 September 2017	
Final dividend for the year ended 31 December 2016 of AED 0.40 per share	3,477,198
Interim dividend for the year ended 31 December 2017 of AED 0.40 per share	3,477,198

7. Earnings per share	Three months ended 30 September		Nine months ended 30 September	
	2018	2017 (Restated)	2018	2017 (Restated)
Earnings (AED'000)				
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company	2,282,023	2,377,321	6,593,505	6,439,003
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				
From continuing and discontinued operations				
Basic and diluted	AED 0.26	AED 0.27	AED 0.76	AED 0.74
From continuing operations				
Basic and diluted	AED 0.25	AED 0.24	AED 0.77	AED 0.76

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

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

8. Goodwill

The movement in the Goodwill is provided below:

		30 September 2018	31 December 2017
	Note	AED'000	AED'000
Opening balance		14,803,324	14,097,902
Exchange difference		(533,152)	705,422
Closing balance		14,270,172	14,803,324

9. Intangible assets

The movement in other intangible assets is provided below:

		30 September 2018	31 December 2017
	Note	AED'000	AED'000
Opening balance		15,437,454	14,710,048
Additions		792,744	675,000
Transfer		-	720,257
Other non cash movements		-	2,787
Disposals		(352)	(3,013)
Amortisation and impairment losses		(1,172,218)	(1,632,788)
Reclassified as held for sale	19	4,211	11,905
Customer relationship on acquisition of UT Technology LLC ("UTT")	24	153,630	-
Exchange difference		(277,682)	953,258
Closing balance		14,937,787	15,437,454

10. Property, plant and equipment

		30 September 2018	31 December 2017 (Restated)
	Note	AED'000	AED'000
Opening balance		43,666,804	42,356,206
Additions		4,236,908	7,289,355
Transfers		-	(720,258)
Transfer to investment property		-	(17,148)
Disposals		(42,882)	(307,383)
Depreciation		(4,271,399)	(5,616,764)
Impairment losses		(19,024)	(382,275)
Reclassified as held for sale	19	82,147	155,929
Exchange difference		(1,351,698)	909,142
Closing balance		42,300,856	43,666,804

11. Trade and other receivables

		30 September 2018	31 December 2017 (Restated)
		AED'000	AED'000
Amount receivable for services rendered		11,682,855	10,272,890
Amounts due from other telecommunication operators/carriers		5,093,110	6,193,563
Total gross carrying amount		16,775,965	16,466,453
Lifetime expected credit loss		(3,232,232)	(2,594,631)
Net trade receivables		13,543,733	13,871,822
Prepayments		942,648	690,972
Accrued income		892,579	787,345
Advances to suppliers		254,263	164,997
Other receivables		2,567,326	2,500,611
Net trade and other receivables		18,200,549	18,015,747
Total trade and other receivables		18,200,549	18,015,747
of which current trade and other receivables		17,734,378	17,803,890
of which non-current other receivables		466,171	211,857

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

12. Cash and cash equivalents	Note	30 September 2018	31 December 2017
		AED'000	AED'000
of which maintained locally		22,713,590	24,344,342
of which maintained overseas, unrestricted in use		1,509,936	1,839,546
of which maintained overseas, restricted in use		46,907	956,205
Cash and bank balances		24,270,433	27,140,093
Reclassified as held for sale	19	(16,592)	(14,935)
Cash and bank balances from continuing operations		24,253,841	27,125,158
Less Deposits with maturities exceeding three months from the date of deposit		(12,566,626)	(23,276,525)
Cash and cash equivalents from continuing operations		11,687,215	3,848,633

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.

13. Trade and other payables	30 September 2018	31 December 2017
	AED'000	(Restated) AED'000
Current		
Federal royalty	4,602,434	5,735,532
Trade payables	6,371,680	6,603,303
Amounts due to other telecommunication administrators	4,004,537	5,425,492
Advances from customers	612,568	601,495
Deferred revenue	339,026	333,702
Other payables and accruals	10,772,479	11,111,806
	26,702,724	29,811,330
Non-current		
Other payables	2,352,710	1,477,540
	2,352,710	1,477,540

14. 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

ii) The Honorable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by PTCL, a subsidiary of the Group, 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 the High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. The Supreme Court has, however, decided to constitute a bench to examine this issue again. Under the circumstances, management of PTCL is of the view that it is not possible at this stage to estimate the financial exposure, if any, flowing from the referred decision of the Apex Court which could be disclosed in these condensed consolidated interim financial information.

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 legal cases were filed by Mobily against CITC at the Board of Grievances to oppose such resolutions of the CITC's committee in accordance with the Telecommunication regulations. The status of these legal cases as of 30 September 2018, was as follows:

- There are 781 legal cases filed by Mobily against CITC amounting to approximately AED 692 million (SAR 707 million);
- The Board of Grievance has issued 252 preliminary verdicts in favor of Mobily voiding 252 resolutions of the CITC's violation committee with total penalties amounting to approximately AED 464 million (SAR 474 million); and
- Some of these preliminary verdicts have now become conclusive (after they were affirmed by the appeal court) resulting in cancellation of penalties with an approximate total amount of AED 456 million (SAR 466 million).

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

14. Contingent liabilities (continued)

In addition, 27 legal cases were filed by Mobily against CITC in relation to the mechanism of calculating the governmental fees, regulatory resolutions and other subjects. 18 of these cases are specifically related to the governmental fees. Out of these cases, Mobily has received as of 30 September 2018, 2 preliminary favorable judgments, 7 final favorable judgments before the Administrative Court, in addition to 6 final judgments and 1 preliminary judgment stating that the subject matter of such cases falls under the jurisdiction of the Ministry of Finance. The remaining 2 cases are still being adjudicated before the Administrative Court. It is difficult to determine with a proper level of accuracy the due amount of claims due to the difference in the calculation method. Although Mobily believes that these claims have no legal basis and recent developments reinforced this position, they may have a material impact on Mobily's business in case of retroactive change in the regulatory framework which is difficult to assess. Mobily received additional claims from CITC during the three-months period ended 30 September 2018, considered the progress of the legal cases described above, and, on that basis, Mobily has reassessed the provisions required against the claims as at 30 September 2018 and has recorded the resulting appropriate amount of provisions.

Furthermore, there are 177 lawsuits filed by some of the shareholders against Mobily before the Committee for the Resolutions of Security Disputes ("CRSD") with some still being adjudicated by such committee. As of 30 September 2018, Mobily has received 5 preliminary verdicts and 148 final verdicts in its favor in these claims and 15 cases have been either dismissed or abandoned and 9 cases are on-going.

The Saudi Capital Market Authority ("CMA") had previously launched claims against the 2013/2014 members of the Board of Mobily ("Defendants") in January 2016. Pursuant to these proceedings, the CRSD Appellate Bench has upheld three of the seven claims brought up by the CMA and the Defendants have each been issued with a regulatory fine in respect of such finding.

In parallel with the CMA claim, Various shareholder claims (56) totaling AED 1.64 billion (SAR 1.67 billion) have been made against the Defendants and others, and these have been filed with the CRSD. These proceedings were suspended by the CRSD whilst the CMA claim was being pursued but the suspensions have since been lifted. Proceedings are currently at the procedural stage of the hearings and it is not possible at this stage to estimate the financial exposure, if any, flowing from the reactivation 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.

v) In April 2016, Etsalat Misr received notice of arbitration proceedings initiated by Vodafone Egypt Telecommunication Company (Vodafone). Vodafone is seeking to recover outstanding interconnection fees payable as a result of a principle set by the Egyptian Administrative Court's decision nullifying the National Telecommunication Regulatory Authority (NTRA) set tariffs imposed on operators plus interest dues. Based on the submitted arguments and supported documents presented, management believes that the recorded interconnection transactions have been fairly recognized in the consolidated financial information as at 30 September 2018.

15. Capital Commitments

The Group has approved future capital projects and investment commitments to the extent of AED 5,454 million (2017: AED 5,124 million). The Group has issued letters of credit amounting to AED 585 million (2017: AED 514 million).

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

16. 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

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. The Group provides telecommunication services to the Federal Government (including Ministries and local bodies). These transactions are at normal commercial terms. The credit period allowed to Government customers ranges from 90 to 120 days. Trade receivables include an amount of AED 1,568 million (2017: AED 1,334 million), which are net of allowance for doubtful debts of AED 240 million (2017: AED 197 million), receivable from Federal Ministries and local bodies. See Note 4 for disclosure of the royalty payable to the Federal Government of the UAE.

In accordance with IAS 24 (revised 2009) Related Party Disclosures, the Group has elected not to disclose 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.

b) Joint ventures and associates	Associates		Joint Ventures	
	2018 AED '000	2017 AED '000	2018 AED '000	2017 AED '000
Trading transactions for the nine months ended 30 September				
Telecommunication services – sales	160,926	109,835	-	-
Telecommunication services – purchases	86,201	77,969	1,333	-
Management and other services	46,974	107,271	567	1,300
Net amount due from related parties as at 30 September 2018 / 31 December 2017	134,984	146,059	66,670	41,183

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

During 2017, the Group signed a Technical Services and Support Agreement with Mobily. This agreement is for a period of five years.

During 2017, the Group acquired additional shareholding of 0.53% of total equity in Mobily.

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

17. Borrowings

	Note	Carrying Amounts	
		30 September 2018 AED'000	31 December 2017 AED'000
Bank borrowings			
Bank overdrafts		4,471,644	3,651,426
Bank loans		3,615,780	4,598,837
Other borrowings			
Bonds		15,229,217	15,528,641
Vendor financing		505,079	481,420
Others		4,208	4,082
		23,825,928	24,264,406
Advances from non-controlling interest		544,846	548,024
Total Borrowings as at 30 September 2018/ 31 December 2017		24,370,774	24,812,430
Reclassified as held for sale	19	(22,349)	(107,089)
Borrowings from continuing operations as at 30 September 2018/ 31 December 2017		24,348,425	24,705,341
of which due within 12 months		9,059,566	4,670,208
of which due after 12 months		15,288,859	20,035,133

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

Advances from non-controlling interests 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 of the condensed consolidated interim 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.

The Group 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, the Group 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, the Group issued additional bonds amounting to USD 400 million under the existing USD 5 year tranches. As at 30 September 2018, the total amounts in issue under this programme split by currency are USD 1.4 billion (AED 5.14 billion) and Euro 2.4 billion (AED 10.21 billion) as follows:

	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	3,305,250	3,288,030	3,305,232
3.500% US Dollar 500 million notes due 2024	1,836,250	1,805,768	1,820,641
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,103,648	5,318,461	5,073,422
2.750% Euro 1,200 million notes due 2026	5,103,648	5,594,976	5,029,922
At 30 September	15,348,796	16,007,235	15,229,217
of which due within 12 months			3,305,232
of which due after 12 months			11,923,985
	Nominal Value	Fair Value	Carrying Value
	2017 AED'000	2017 AED'000	2017 AED'000
Bonds			
2.375% US Dollar 900 million notes due 2019	3,306,600	3,313,510	3,306,576
3.500% US Dollar 500 million notes due 2024	1,837,000	1,885,019	1,820,230
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,529,970	5,222,511
2.750% Euro 1,200 million notes due 2026	5,263,680	5,848,317	5,179,324
At 31 December	15,670,960	16,576,816	15,528,641
of which due within 12 months			-
of which due after 12 months			15,528,641

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

18. Net investment hedge relationships

The Group has Euro bonds (refer to note 17) and cross currency swaps which are designated as net investment hedges.

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	AED'000	AED'000	AED'000	AED'000
Effective part directly recognised in other comprehensive (loss) / income	49,680	(482,556)	243,529	(1,073,869)

The Group has in place cross currency USD-EUR swaps which are designated as hedges of net investment. The fair value of the cross currency swaps are calculated by discounting the future cash flows to net present value using appropriate market interest and prevailing foreign currency rates. The fair value of swaps is as follows:

	30 September 2018	31 December 2017
	AED'000	AED'000
Fair value of forward contracts and options (derivative financial assets)	8,616	8,172
Fair value of interest rate swaps (derivative financial assets)	17,461	2,309
Fair value of derivative swaps (derivative financial liabilities)	(59,068)	(79,149)

In 2017, the Group executed unwinding of a USD - EUR cross currency swap and received cash of AED 173 million. During the period, one of the derivatives matured and the Group received cash of AED 15 million.

19. Disposal Group held for sale / Discontinued operations

The results of operations included in the profit for the period from discontinued operations are set out below.

19.1 Analysis of loss for the period from discontinued operations

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017 (Restated)	2018	2017 (Restated)
	AED'000	AED'000	AED'000	AED'000
Revenue	42,249	52,095	136,235	185,255
Operating expenses	(68,064)	(117,019)	(223,140)	(315,581)
Share of results of associates and joint ventures	(7,440)	(6,677)	(5,829)	(24,576)
Operating loss	(33,255)	(71,601)	(92,734)	(154,902)
Finance and other income	5,998	401	13,998	1,101
Finance costs	(1,603)	(3,989)	(8,922)	(11,262)
Loss before tax	(28,860)	(75,189)	(87,658)	(165,063)
Taxation	-	-	1,686	-
	(28,860)	(75,189)	(85,972)	(165,063)
Gain on disposal of associate	5(b) 70,314	-	70,314	-
Profit/(loss) for the period from discontinued operations	41,455	(75,189)	(15,656)	(165,063)

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Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

19. Disposal Group held for sale/ Discontinued operations (continued)

19.2 The disposal group comprised the following assets and liabilities:

	As at	
	30 September 2018	31 December 2017
	AED'000	AED'000
Assets classified as held for sale		
Other intangible assets	10,300	14,511
Property, plant and equipment	321,565	403,712
Deferred tax assets	47,195	52,171
Inventories	157	389
Trade and other receivables	125,033	132,530
Cash and bank balances	16,592	14,934
Assets classified as held for sale	520,842	618,247
	As at	
	30 September 2018	31 December 2017
	AED'000	AED'000
Liabilities classified as held for sale		
Trade and other payables	172,305	217,517
Borrowings	22,349	107,089
Provision for end of service benefits	2,451	2,709
Provision	15,713	16,950
Deferred tax liabilities	48,495	53,607
Finance lease obligation	11,906	9,309
Liabilities associated with assets classified as held for sale	273,219	407,181
Net assets classified as held for sale	247,623	211,066
	Nine months ended 30 September	
	2018	2017
	AED'000	AED'000
Cash flows from discontinued operations		
Net cash (outflows) / inflows from operating activities	(402,816)	12,218
Net cash outflows from investing activities	(11,188)	(30,647)
Net cash (outflows) / inflow from financing activities	(84,343)	9,423
Net cash outflows	(498,347)	(9,006)

Cumulative income or expense recognised in other comprehensive income

There are no cumulative income or expenses recognised in other comprehensive income relating to the disposal group.

20. Seasonality and cyclical nature of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the periods ended 30 September 2018 and 2017.

21. Fair value disclosures

The Group has Euro bonds and cross currency swaps which are designated as net investment hedges. The Group 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. The Group 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 the fair value hierarchy 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.

		30 September 2018	31 December 2017
	Note	AED'000	AED'000
22. Provision for end of service benefits			
The movement in the provision for end of service benefits is provided below.			
Opening balances		1,608,782	1,636,959
Additions		138,910	226,648
Payments		(155,948)	(245,613)
Exchange difference		(91,836)	(17,532)
Unwinding of discounts		4,216	5,355
Remeasurement		-	3,043
Acquisition of UT Technology LLC ("UTT")		72	-
Reclassified as held for sale	19	258	(78)
Closing balances		1,504,454	1,608,782

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

23. Share Capital

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 to buyback 5% of the subscribed shares which amounted to 434,837,700 shares. As at 30 September 2018, no buyback transaction had taken place.

24. Acquisition of UT Technology LLC ("UTT")

On 1 May 2018, 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%.

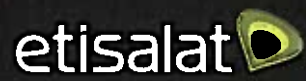
The following table summarises the fair values of the assets acquired, liabilities assumed, as of the acquisition date on a provisional basis.

	Fair values based on provisional basis AED'000
Intangible assets	138
Cash and bank balances	67,993
Trade and other receivables	35,197
Due from Related Parties	13,050
Trade and other payables	(52,174)
Due to Related Parties	(11,367)
Provision for end of service benefits	(72)
Net identifiable assets acquired	52,765
Non-controlling interests in the acquiree	(30,939)
Customer relationships	153,491
Fair value of investment	175,317
Net cash inflow arising on acquisition:	
Cash and bank balances	67,993
Net cash outflow on acquisition of UTT	AED'000
Consideration paid	72,190
Less: Cash and bank balances	(67,993)
	4,197

25. Restatements of comparative figures

The below restatements have been made to the prior year numbers to comply with the requirement of IFRS 15 and associate held for sale

	As previously reported	Adjustments	As restated
	AED'000	AED'000	AED'000
Consolidated statement of financial position as at 31 December 2017			
Property, plant and equipment	43,806,335	(139,531)	43,666,804
Trade and other receivables	18,690,834	(675,087)	18,015,747
Contract assets	-	1,408,570	1,408,570
Inventory	541,290	16,451	557,741
Trade and other payables	34,287,120	(2,998,250)	31,288,870
Contract liabilities	-	3,086,501	3,086,501
Deferred tax liability	3,205,407	20,071	3,225,478
Reserves	26,988,837	2,186	26,991,023
Retained earnings	8,356,613	472,407	8,829,020
Non-controlling interests	13,661,772	27,155	13,688,927
Consolidated statement of financial position as at 1 January 2017			
Property, plant and equipment	42,450,127	(93,920)	42,356,207
Trade and other receivables	19,069,703	(688,846)	18,380,857
Contract assets	-	1,414,310	1,414,310
Trade and other payables	32,331,043	(2,873,655)	29,457,388
Contract liabilities	-	2,957,970	2,957,970
Deferred tax liability	3,255,952	15,770	3,271,722
Reserve	26,121,149	(712)	26,120,437
Retained earnings	7,883,501	509,965	8,393,466
Non-controlling interests	13,213,374	22,207	13,235,581
Condensed consolidated interim statement of profit or loss for the nine month period ended 30 September 2017			
Revenue	38,185,089	(5,611)	38,179,478
Operating expenses	24,231,787	(5,761)	24,226,026
Share of results of associates and joint ventures	(161,467)	24,576	(136,891)
Operating profit before federal royalty	13,606,199	24,725	13,630,924
Finance and other income	939,421	8,570	947,991
Finance and other costs	(926,138)	(39,721)	(965,859)
Taxation	993,460	5,736	999,196
Loss from discontinued operations	(140,487)	(24,576)	(165,063)
Profit for the period	7,538,413	(36,738)	7,501,675



EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC 'ETISALAT GROUP'

EARNINGS RELEASE THIRD QUARTER 2018

25 OCTOBER 2018

INVESTOR RELATIONS
ir@etisalat.ae

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ETISALAT BUILDING
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Jan

FINANCIAL HIGHLIGHTS FOR Q3 2018

- Aggregate subscriber base reached 144 million, representing a year over year increase of 3%;
- Consolidated revenues amounted to AED 13.2 billion, representing an increase of 2% year over year;
- Consolidated EBITDA totaled AED 6.6 billion, representing an increase of 1% year over year and resulting in EBITDA margin of 50%, 1 point lower than prior year;
- Consolidated net profit after Federal Royalty amounted to AED 2.3 billion resulting in a net profit margin of 17%;
- Consolidated capital spending increased by 3% to AED 1.6 billion, representing 12% of the consolidated revenues; and
- Improved full year capex guidance while delivering against revenue and EBITDA margin guidance.

KEY DEVELOPMENTS IN Q3 2018

- Etisalat Group successfully completed the sale of its shareholding in Thuraya for a final consideration of USD 37 million equivalent of AED 137 million;
- Etisalat Group was granted the approval of the Securities and Commodities Authority on the share buyback program;
- Etisalat Group's board of directors recommended lifting restrictions on foreign shareholders voting rights;
- Etisalat connects Expo 2020 Dubai to 5G network;
- Etisalat Misr and Telecom Egypt signed the first MoU for virtual fixed voice services;
- Etisalat Misr Et Ericsson launched Egypt's First Voice Over LTE (VoLTE) services; and
- JCR-VIS Credit Rating Company Limited assigned initial long term entity rating of 'AAA' and short term rating of 'A-1+' to PTCL.

STATEMENT FROM SALEH AL ABDOOLI, CEO OF ETISALAT GROUP

Engineer Saleh Al Abdooli, Group Chief Executive Officer, Etisalat Group, said: "Etisalat Group continues to deliver a solid performance in the third quarter thanks to our continued focus and effort in the digitalisation of services and solutions. As we move into the 5G era, our network and talented teams are well equipped to lead the ever-changing requirements of our consumers and the telecom industry.

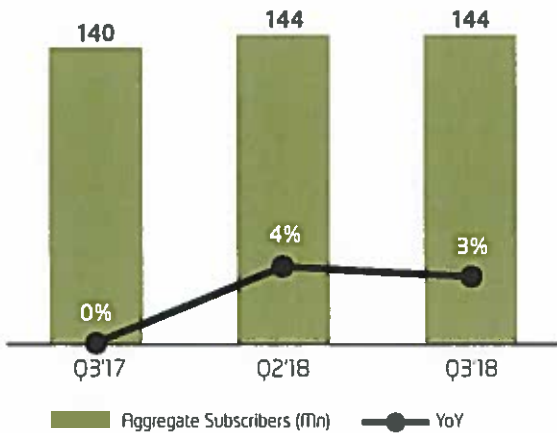
In keeping the momentum of our success and focusing on adding value to our customers and shareholders, we remain committed to bring innovative solutions and provide value propositions for the digital age. Our efforts have helped build a dynamic ecosystem that will drive future growth and pave the way for our digital ambitions and implementation of futuristic technologies.

Etisalat is confidently moving forward and progressing positively in enabling societies across its operations. We will continue to focus on creating innovative services, capitalizing on opportunities for new revenue streams and enhancing overall customer experience while delivering long-term value for all our stakeholders.

Etisalat is thankful to the vision of the wise leadership of UAE in positioning the country among the most digitally advanced globally, inspiring us to deliver world class networks and innovative services. We also extend appreciation to our shareholders and loyal customers, to whom we owe more success and greater achievements.



SUBSCRIBERS



Etisalat Group aggregate subscribers as at 30 September 2018 was 144 million reflecting a net gain of 4.5 million during the last 12 month period, due to strong subscriber growth in the Morocco, Ivory Coast, Mali, Togo, Niger, Benin, Burkina Faso, and Pakistan. Quarter over quarter active subscriber base grew by 0.3%.

In the **UAE**, the active subscriber base grew to 12.5 million subscribers in the third quarter of 2018 representing a year on year growth of 0.4%. The mobile subscriber base grew year on year by 1% to 10.7 million subscribers representing a net addition of 70 thousand subscribers of which 55% was in the higher ARPU postpaid

segment. eLife segment continued to drive consistent growth with 5% year on year increase to over 1 million subscribers. Total broadband segment grew by 4% year on year to 1.2 million subscribers. However, quarter over quarter, active subscriber base declined by 2% attributed mainly to summer seasonality effect that impacted mobile prepaid segment.

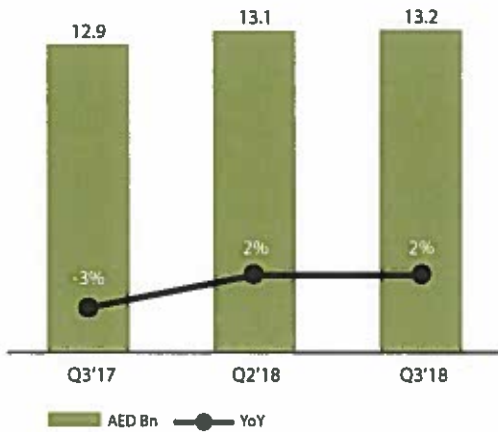
For **Maroc Telecom**, the subscriber base reached 61.0 million customers as at 30 September 2018, representing a year over year growth of 8%. This growth is mainly attributable to the operations in Morocco, Mali, Ivory Coast, Togo, Benin, Niger, and Burkina Faso.

In **Egypt**, subscriber base decreased by 7% year over year to 31.0 million mainly due to stricter regulatory requirements for subscriber acquisitions through indirect channels and increased competitiveness in the market.

In **Pakistan**, subscriber base increased by 9% year over year and 2% quarter over quarter to 23.6 million. This increase is attributed to the mobile segment.

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REVENUE



Etisalat Group's consolidated revenue for the third quarter of 2018 amounted to AED 13.2 billion, representing an increase of 2% in comparison to the same period last year and was flat quarter over quarter.

In the **UAE**, revenue in the third quarter increased year on year by 2% to AED 7.8 billion, as a result of growth of fixed segment by AED 122 million attributed to internet, data and broadcast television revenues and growth in Other segment by AED 136 million attributed mainly to digital services, visitor roaming, wholesale and handset revenues. However, mobile segment revenues declined by AED 111 million due to increased competitive intensity and pricing pressure. Quarter over quarter, revenue declined by 1% attributed to summer seasonality and increased promotions.

Revenues of **International consolidated operations** for the third quarter of 2018 increased year over year by 2% to AED 5.3

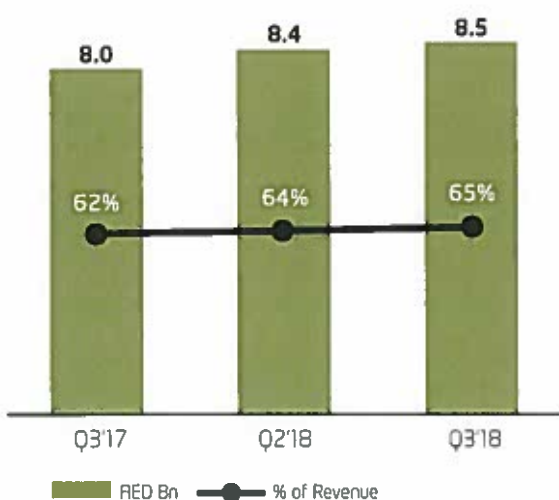
billion. Revenues from International operations represented 40% of Group consolidated revenue.

Maroc Telecom consolidated revenue for the third quarter of 2018 amounted to AED 3.4 billion representing a year over year increase of 3% attributed mainly to domestic operations. In Morocco, revenue increased year over year in local currency by 6% attributed to 8% growth in mobile segment and 1% growth in the fixed segment. The growth in the mobile and fixed segments is due to increase in subscriber base and strong growth in data. Revenue from international operations was flat year over year, resulting in 44% contribution to Maroc Telecom Group's consolidated revenue.

In **Egypt**, revenue for the third quarter of 2018 was AED 0.7 billion, an increase of 18% year on year and 7% quarter over quarter. Third quarter year on year growth is attributed to mobile data, international incoming voice and national roaming.

In **Pakistan**, revenue for the third quarter decreased by 6% to AED 1.0 billion as compared to the same period in 2017 and increased by 1% as compared to the second quarter of 2018. Revenue growth is impacted by unfavourable exchange rate movements of Pakistani Rupees against AED. In local currency, revenue growth for the quarter is 10% mainly attributed to mobile segment, Broadband DSL and Charji (LTE) segments.

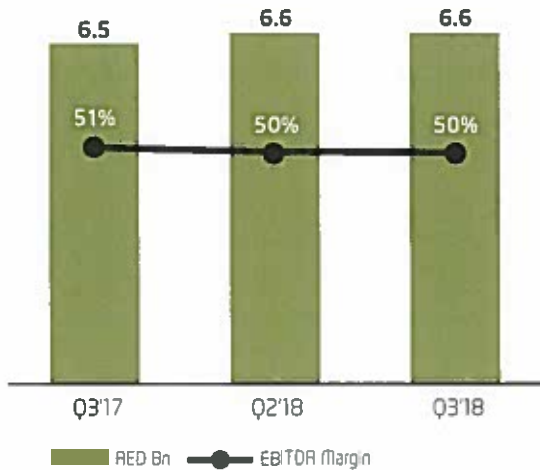
OPERATING EXPENSES



Consolidated operating expenses for the third quarter of 2018 was AED 8.5 billion, an increase of 6% from the same quarter of the previous year and 2% from the second quarter of 2018. The year over year increase is attributed to higher cost of sales, higher staff costs, higher network costs, forex losses as compared to forex gain in prior year and higher other operating expenses. Key components of operating expenses are:

- Direct cost of Sales** increased year over year by 2% to AED 3.1 billion in the third quarter of 2018 while decreased by 3% quarter over quarter. As a percentage of revenues direct cost of sales remained stable at 24% of revenues in the third quarter as compared to prior year.
- Staff expenses** increased by 7% to AED 1.3 billion for the third quarter of 2018 as compared to the same period of last year and increased by 2% quarter over quarter. As a percentage of revenue staff costs remained
- stable at 10% in comparison to the same period of prior year and previous quarter.
- Depreciation and Amortization expenses** was stable at AED 1.8 billion in the third quarter of 2018 as compared to the same period in 2017, while decreased quarter over quarter by 1%. As a percentage of revenues, depreciation and amortization expenses remained flat at 13% in the third quarter.
- Network costs** increased by 4% to AED 0.7 billion in the third quarter of 2018 as compared to the same period in 2017 and by 3% as compared to the second quarter of 2018. As a percentage of revenues, network costs represented 5% of revenues, similar to third quarter of prior year.
- Marketing expenses** increased by 1% to AED 0.2 billion in the third quarter of 2018 as compared to the same period in 2017 while declined by 4% in comparison to the second quarter of 2018. Marketing expenses represented 2% of the third quarter revenues, similar to third quarter of prior year.
- Other operating expenses** increased by 27% year over year to AED 1.5 billion in the third quarter and increased by 21% quarter over quarter. This increase is mainly attributed to forex losses. Other operating expenses represented 11% of the quarter revenues, 2 percentage points higher than prior year and previous quarter.

EBITDA



Group Consolidated EBITDA for the third quarter of 2018 increased year on year by 1% to AED 6.6 billion, resulting in EBITDA margin of 50%, 1 percentage point lower than prior year as a result of change in revenue mix. Quarter on quarter EBITDA in absolute term and EBITDA margin were stable.

In the **UAE**, EBITDA in the third quarter of 2018 was AED 4.0 billion decreasing year-over-year by 1% leading to an EBITDA margin of 52% in comparison to 53% in the previous year. The year over year decrease is mainly attributed to higher interconnection and termination costs, higher roaming costs, higher cost of devices and higher network and staff costs. EBITDA decreased by 5% with EBITDA margin down by 2 percentage points in comparison to the second quarter of 2018. This is mainly attributed to summer seasonality and promotion activities in the market.

EBITDA of **International consolidated operations** increased year over year by 5% to AED

2.5 billion in the third quarter, resulting in a 38% contribution to Group consolidated EBITDA.

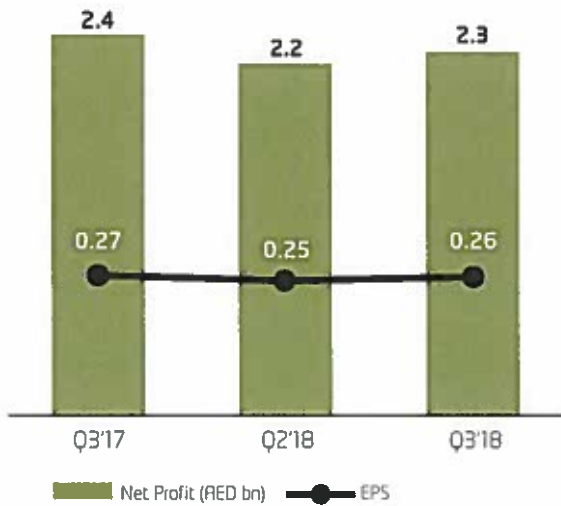
Maroc Telecom's consolidated EBITDA in the third quarter of 2018 increased year over year by 4% to AED 1.8 billion, resulting in EBITDA margin of 53%, an increase of 1 percentage point. In local currency, EBITDA in absolute terms increased by 4% attributed to growth in Morocco operations that grew by 9% due to higher revenue trend while EBITDA of international operations declined year over year by 3% impacted by introduction of new taxes and regulatory fees..

In **Egypt**, EBITDA in the third quarter increased year on year by 34% to AED 0.3 billion and EBITDA margin by 5 percentage point to 45%. Quarter over quarter, EBITDA increased by 33% and EBITDA margin increased by 9 percentage points. EBITDA growth is attributed to enhanced revenue trend and positive impact from a one-off item related to stamp taxes. Excluding this impact, EBITDA margin would have been 39%.

In **Pakistan** EBITDA in the third quarter of 2018 decreased year on year by 5% to AED 0.3 billion with EBITDA margin flat at 33%. Quarter over quarter EBITDA increased by 3% and EBITDA margin by 1 percentage point. During the quarter, EBITDA was negatively impacted by unfavourable exchange rate movements of Pakistani Rupees against AED. In local currency, EBITDA growth for the quarter is 10% mainly attributed to higher revenue and lower costs of sales.



NET PROFIT & EPS

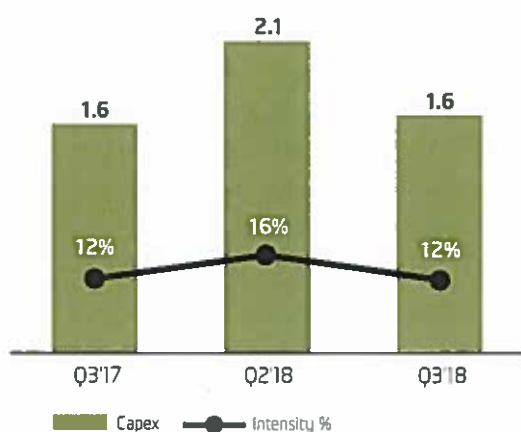


Consolidated net profit after Federal Royalty decreased year over year by 4% to AED 2.3 billion in the third quarter of 2018 resulting in profit margin of 17%, 1 percentage points lower than prior year. The third quarter net profit is negatively impacted by forex losses as compared to forex gains in the prior year.

Earnings per share (EPS) amounted to AED 0.26 in the third quarter of 2018, an decrease of 4% as compared to EPS of the same period of last year.

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CAPEX



Consolidated capital expenditure increased year over year by 3% to AED 1.6 billion in the third quarter of 2018 resulting in a capital intensity ratio of 12%. This increase is attributed to domestic operations.

In the **UAE**, capital expenditure in the third quarter was focused on building capabilities supporting new revenue streams, enhancing network capacity and network maintenance. Capital expenditure during the quarter amounted to AED 0.8 billion, a 171% increase in comparison to the same period last year and 14% higher than the second quarter of 2018. Capital intensity ratio was 11%, representing 7 percentage points higher than the same quarter of the prior year and 1 percentage points higher than the second quarter of 2018.

Capital expenditures in **consolidated international operations** in the third quarter of 2018 decreased by 38% to AED 0.8 billion

compared to the same period last year and prior quarter and represented 49% of total Group capital expenditure.

In **Maroc Telecom**, capital expenditure for the third quarter decreased by 56% year over year to AED 0.4 billion resulting in a capital intensity ratio of 12%. This decrease is attributed to both domestic and international operations. Capex spend in Morocco decreased year over year by 69% focusing on network enhancements and 4G deployment that reached 98% of population. Capex in international operations decreased year over year by 41% and focused on network expansion and capacity enhancements.

In **Egypt** capital expenditure for the third quarter decreased by 29% year over year to AED 0.1 billion resulting in a capital intensity ratio of 20%, 13 percentage point lower than the same period of prior year. Capital spending focused on upgrading network capacity and deployment of 4G network.

In **Pakistan**, capital expenditure for the second quarter increased by 111% year over year to AED 0.2 billion resulting in a capital intensity ratio of 22% up by 12 percentage points as compared to prior year. Capital spending focused on fixed network transformation and efficiencies for providing higher speed data and IPTV services.

DEBT

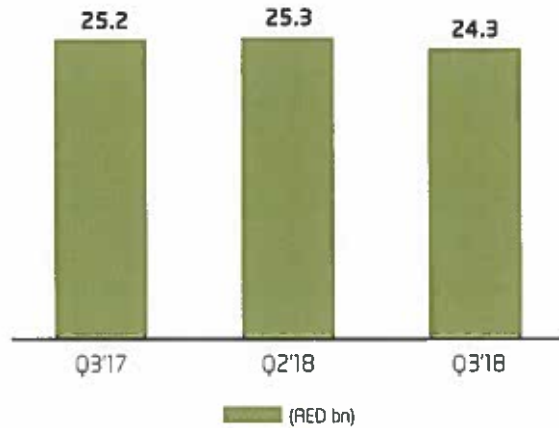
Total consolidated debt amounted AED 24.3 billion as of 30 September 2018, as compared to AED 24.7 billion as at 31 December 2017; a decrease of AED 0.4 billion.

Consolidated debt breakdown by operations as of 30 September 2018 is as following:

- Etisalat Group (AED 15.8 billion)
- Maroc Telecom Group (AED 5.6 billion)
- Etisalat Misr (AED 1.6 billion)
- PTCL Group (AED 1.4 billion)

More than 59% of the debt balance is of long-term maturity that is due beyond 2020.

Currency mix for external borrowings is 41% in Euros, 29% in US Dollars, 16% in MAD and 14% in various currencies.



Consolidated cash balance amounted to AED 24.3 billion as of 30 September 2018 leading to a net debt position of AED 0.1 billion.

PROFIT & LOSS SUMMARY

(AED m)	Q3'17	Q2'18	Q3'18	QoQ	YoY
Revenue	12,889	13,099	13,150	0%	+2%
EBITDA	6,543	6,600	6,579	0%	+1%
EBITDA Margin	51%	50%	50%	OPP	-1PP
Federal Royalty	(1,678)	(1,491)	(1,553)	+4%	-7%
Net Profit	2,377	2,199	2,282	+4%	-4%
Net Profit Margin	18%	17%	17%	+1PP	-1PP

BALANCE SHEET SUMMARY

(AED m)	December 2017	September 2018
Cash & Bank Balances	27,125	24,254
Total Assets	128,894	124,212
Total Debt	24,705	24,348
(Net Cash / (Debt	2,420	(95)
Total Equity	58,206	56,423

CASH FLOW SUMMARY

(AED m)	September 2017	September 2018
Operating		
Investing		
Financing		
Net change in cash		
Effect of FX rate changes		
Reclassified as held for sales		
Ending cash balance		

Foreign Exchange Rates	Average Rates			Closing Rates		
	Q3'17	Q3'18	YOY	Q3'17	Q3'18	YOY
EGP - Egyptian Pounds	0.2028	0.2055	1.31%	0.2028	0.2054	1.28%
SAR - Saudi Riyals	0.9794	0.9792	-0.02%	0.9794	0.9792	-0.02%
CFA - Central African Francs	0.0066	0.0065	-1.17%	0.0066	0.0065	-1.26%
PKR - Pakistani Rupees	0.0349	0.0299	-14.26%	0.0349	0.0299	-14.45%
AFA - Afghanistan Afghani	0.0537	0.0501	-6.73%	0.0537	0.0497	-7.36%
LKR - Sri Lankan Rupees	0.024	0.0227	-5.33%	0.024	0.0225	-6.38%
MAD - Moroccan Dirham	0.3893	0.3890	-0.09%	0.3895	0.3894	-0.02%

RECONCILIATION OF NON-IFRS FINANCIAL MEASUREMENTS

We believe that EBITDA is a measurement commonly used by companies, analysts and investors in the telecommunications industry, which enhances the understanding of our cash generation ability and liquidity position, and assists in the evaluation of our capacity to meet our financial obligations. We also use EBITDA as an internal measurement tool and, accordingly, we believe that the presentation of EBITDA provides useful and relevant information to analysts and investors.

Our EBITDA definition includes revenue, staff costs, direct cost of sales, regulatory expenses, operating lease rentals, repairs and maintenance,

general financial expenses, and other operating expenses.

EBITDA is not a measure of financial performance under IFRS, and should not be construed as a substitute for net earnings (loss) as a measure of performance or cash flow from operations as a measure of liquidity. The following table provides a reconciliation of EBITDA, which is a non-IFRS financial measurement, to Operating Profit before Federal Royalty, which we believe is the most directly comparable financial measurement calculated and presented in accordance with IFRS.

(AED m)	Q3'17	Q2'18	Q3'18
EBITDA	6,543	6,600	6,579
Depreciation Et Amortization	(1,770)	(1,796)	(1,771)
Exchange Gain/ (Loss) Et Hedge ineffectiveness	80	(79)	(197)
Share of Associates and JV's results	(46)	(20)	(9)
Impairment and other losses	(0)	(55)	(17)
Operating Profit before Royalty	4,807	4,650	4,585

DISCLAIMER

Emirates Telecommunications Group Company PJSC and its subsidiaries ("Etisalat Group" or the "Company") have prepared this presentation ("Presentation") in good faith, however, no warranty or representation, express or implied is made as to the adequacy, correctness, completeness or accuracy of any numbers, statements, opinions or estimates, or other information contained in this Presentation.

The information contained in this Presentation is an overview, and should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after

making such investigations and taking such advice as may be deemed necessary.

Where this Presentation contains summaries of documents, those summaries should not be relied upon and the actual documentation must be referred to for its full effect.

This Presentation includes certain "forward-looking statements". Such forward looking statements are not guarantees of future performance and involve risks of uncertainties. Actual results may differ materially from these forward looking statements.

ABOUT ETISALAT GROUP

Etisalat Group is an international, blue-chip organisation with operations in 16 countries across the Middle East, Africa and Asia. It is one of the leading telecom operators with one of the largest market capitalization among Middle East, African and Asian telcos. It is a highly rated telecom company with ratings from Standard & Poor's and Moody's (AA-/Aa3).

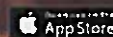
Etisalat Group's shareholding structure consists of 60% held by the Emirates Investment Authority

and 40% free float. Etisalat (Ticker: Etisalat) is quoted on the Abu Dhabi Stock Exchange (ADX).

Investors:
Investor Relations
Email: ir@etisalat.ae
Website: www.etisalat.com

Etisalat's financial and corporate
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