Emirates Telecommunications Group Company PJSC

Review report and condensed consolidated interim financial information

for the nine month period ended 30 September 2021

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Emirates Telecommunications Group Company PJSC

Review reports and condensed consolidated interim financial information for the nine month period ended 30 September 2021

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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 2021

Financial Review

1. Revenue, profit and earnings per share

The Group's financial performance for the nine month period ended 30 September 2021 is summarised below:

i) Consolidated revenue amounted to AED 39,729 million, representing an increase of AED 1,085 million (2.8%) compared to the corresponding period in the prior year.

ii) Profit attributable to the Owners of the Company amounted to AED 7,181 million, representing an increase of AED 203 million (2.9%) when compared to the corresponding period in the prior year.

iii) Earnings per share from continuing operations amounted to AED 0.83 representing an increase of AED 0.03 when compared to the corresponding period in the prior year.

2. Net assets

As compared to 31 December 2020, the Group's net assets decreased by AED 3,418 million to AED 57,132 million as at 30 September 2021.

3. Capital expenditure

The Group incurred AED 5,425 million capital expenditure in the nine month period ended 30 September 2021 (AED 4,152 million in the nine month period ended 30 September 2020).

4. Dividends

Further to declaration of first two interim dividends for the year 2020 on 21 April 2020 and 21 July 2020 at the rate of AED 0.25 and AED 0.15 per share respectively, a final dividend for the year 2020 at the rate of AED 0.40 per share was approved for distribution to the shareholders registered at the close of business on 31 March 2021. In addition, a one-time special dividend of AED 0.40 per share was also approved. This brought the total dividend for the year 2020 to AED 1.20 per share.

On 29 July 2021, the Board of Directors declared the first interim dividend for the year 2021 at the rate of AED 0.40 per share.

5. International operations

On 17 August 2021, Etisalat Group signed an agreement with Abu Dhabi Fund For Development (ADFD) to acquire their stake of 8.7% in Etisalat Investment North Africa L.L.C. (EINA) increasing Etisalat Groups' ownership to 100% *(the acquisition)*. EINA holds 100% investment in Société de Participation dans les Télécommunications (SPT) that holds 53% investment in Maroc Telecom Group.

On 28 October 2021 *(the completion date)* , the Group has successfully completed the acquisition and related financial impacts will be reflected in books of the Group effective from the completion date. Following this acquisition , Etisalat Group's effective ownership in Maroc Telecom Group has increased from 48.4% to 53.0%.

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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 30 September 2021 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 2021;
- the condensed consolidated interim statement of profit or loss for the three month and nine month periods ended 30 September 2021;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2021;
- the condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2021;
- the condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2021; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and fair 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 condensed 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 2021 condensed consolidated interim financial information of the Group is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 31 October 2021

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of profit or loss for the period

		(Reviewed)			
		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
	Note	AED'000	AED'000	AED'000	AED'000
Revenue	4	13,293,943	13,038,755	39,729,394	38,644,297
Operating expenses	5	(8,351,473)	(7,753,274)	(25,055,914)	(23,235,440)
Impairment loss on trade receivables and contract assets		(312,592)	(267,488)	(741,414)	(950,716)
Impairment (loss) / reversal on other assets and other losses (net)		(356)	299	(468)	227
Share of results of associates and joint ventures		78,248	57,658	208,183	137,506
Operating profit before federal royalty		**4,707,770**	**5,075,950**	**14,139,781**	**14,595,874**
Federal royalty	5	(1,435,154)	(1,475,189)	(4,237,944)	(4,439,298)
Operating profit		**3,272,616**	**3,600,761**	**9,901,837**	**10,156,576**
Finance and other income		364,712	247,303	849,668	692,689
Finance and other costs		(271,247)	(491,061)	(847,403)	(1,831,609)
Profit before tax		**3,366,081**	**3,357,003**	**9,904,102**	**9,017,656**
Income tax expenses		(494,667)	(409,328)	(1,391,426)	(1,005,640)
Profit for the period		**2,871,414**	**2,947,675**	**8,512,676**	**8,012,016**
Profit attributable to:					
Owners of the Company		2,436,337	2,412,078	7,181,496	6,978,526
Non-controlling interests		435,077	535,597	1,331,180	1,033,490
		2,871,414	**2,947,675**	**8,512,676**	**8,012,016**
Earnings per share					
Basic and diluted	7	AED 0.28	AED 0.28	AED 0.83	AED 0.80

The accompanying notes on pages 9 to 21 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 profit or loss and other comprehensive income for the period

		(Reviewed)			
		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
	Note	AED'000	AED'000	AED'000	AED'000
Profit for the period		2,871,414	2,947,675	8,512,676	8,012,016
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligation - net of tax		11,710	(3,591)	(26,306)	24,684
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(795,962)	1,036,154	(803,288)	441,127
Gain / (loss) on net investment hedge during the period	17	301,943	(380,477)	584,502	(202,948)
Fair value gain / (loss) arising on cash flow hedges during the period		10,960	12,338	56,760	(89,363)
(Loss) / gain on revaluation of financial assets during the period		(1,376)	5,308	(3,826)	(877)
Total other comprehensive (loss) / income		**(472,725)**	**669,732**	**(192,158)**	**172,623**
Total comprehensive income for the period		**2,398,689**	**3,617,407**	**8,320,518**	**8,184,639**
Total comprehensive income / (loss) attributable to:					
Owners of the Company		2,412,417	2,772,616	7,469,606	7,190,323
Non-controlling interests		(13,728)	844,791	850,912	994,316
		2,398,689	**3,617,407**	**8,320,518**	**8,184,639**

The accompanying notes on pages 9 to 21 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 financial position as at

	Notes	(Reviewed) 30 September 2021 AED'000	(Audited) 31 December 2020 AED'000
Non-current assets			
Goodwill and other intangible assets	8	26,046,434	26,276,442
Property, plant and equipment	9	44,284,571	45,803,436
Right-of-use assets	20	2,494,626	2,700,102
Investments in associates and joint ventures		4,348,758	4,250,007
Other investments		3,286,953	3,160,512
Other receivables	10	392,854	343,459
Lease receivables		144,519	159,535
Contract assets		446,152	450,242
Deferred tax assets		156,694	175,489
		81,601,561	**83,319,224**
Current assets			
Inventories		744,851	704,908
Trade and other receivables	10	15,447,615	14,572,812
Current income tax assets		680,739	630,896
Other investments		469,747	1,074,823
Due from related parties	15	212,480	75,300
Contract assets		1,348,389	1,295,065
Lease receivables		14,584	-
Cash and bank balances	11	24,916,780	31,344,883
		43,835,185	**49,698,687**
Total assets		**125,436,746**	**133,017,911**
Non-current liabilities			
Other payables	12	1,378,659	1,407,792
Borrowings	16	17,281,526	13,819,946
Payables related to investments and licenses		503,188	73,155
Derivative financial instruments	17	3,535	16,027
Deferred tax liabilities		2,260,582	2,540,592
Lease liabilities	21	2,135,229	2,211,130
Provisions		346,170	345,572
Provision for employees' end of service benefits		1,215,807	1,194,993
Contract liabilities		28,425	30,885
		25,153,121	**21,640,092**
Current liabilities			
Trade and other payables	12	27,070,357	29,040,664
Contract liabilities		3,134,432	3,055,458
Borrowings	16	7,266,542	12,881,074
Payables related to investments and licenses		114,549	11,022
Current income tax liabilities		270,348	278,074
Lease liabilities	21	553,649	573,748
Provisions		4,544,663	4,652,246
Provision for employees' end of service benefits		104,343	102,376
Derivative financial instruments	17	88,516	149,053
Due to related parties	15	3,995	84,083
		43,151,394	**50,827,798**
Total liabilities		**68,304,515**	**72,467,890**
Net assets		**57,132,231**	**60,550,021**
Equity			
Share capital	22	8,696,754	8,696,754
Reserves		28,695,400	28,400,580
Retained earnings		8,680,383	11,936,605
Equity attributable to the owners of the Company		**46,072,537**	**49,033,939**
Non-controlling interests		11,059,694	11,516,082
Total equity		**57,132,231**	**60,550,021**

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

The accompanying notes on pages 9 to 21 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 changes in equity for the nine month period ended 30 September 2021 (Reviewed)

		Attributable to owners of the Company					
		Share capital	Reserves	Retained earnings	Owners' equity	Non-controlling interests	Total equity
	Notes	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2020 (Audited)		**8,696,754**	**27,812,896**	**10,101,659**	**46,611,309**	**11,155,790**	**57,767,099**
Profit for the period		-	-	6,978,526	6,978,526	1,033,490	8,012,016
Other comprehensive income / (loss) for the period		-	187,113	24,684	211,797	(39,174)	172,623
Other movements in equity		-	5,794	(5,482)	312	1,375	1,687
Transaction with owners of the Company:							
Dividends	6	-	-	(6,954,396)	(6,954,396)	(1,343,032)	(8,297,428)
Balance at 30 September 2020 (Reviewed)		**8,696,754**	**28,005,803**	**10,144,991**	**46,847,548**	**10,808,449**	**57,655,997**
Balance at 1 January 2021 (Audited)		**8,696,754**	**28,400,580**	**11,936,605**	**49,033,939**	**11,516,082**	**60,550,021**
Profit for the period		-	-	7,181,496	7,181,496	1,331,180	8,512,676
Other comprehensive income / (loss) for the period		-	294,216	(6,106)	288,110	(480,268)	(192,158)
Other movements in equity		-	604	(18)	586	(142)	444
Transactions with owners of the Company:							
Repayment of advances to non-controlling interests		-	-	-	-	(67,274)	(67,274)
Dividends	6	-	-	(10,431,594)	(10,431,594)	(1,239,884)	(11,671,478)
Balance at 30 September 2021 (Reviewed)		**8,696,754**	**28,695,400**	**8,680,383**	**46,072,537**	**11,059,694**	**57,132,231**

The accompanying notes on pages 9 to 21 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 2021

		(Reviewed) Nine months ended 30 September	
	Note	2021 AED'000	2020 AED'000
Operating profit		9,901,837	10,156,576
Adjustments for:			
Depreciation		4,657,177	4,517,939
Amortisation		1,352,391	1,237,933
Impairment charge / (reversal) and other losses		468	(227)
Share of results of associates and joint ventures		(208,183)	(137,506)
Provisions and allowances		98,257	(1,409,505)
Unrealised currency translation (gain) / loss		(748,662)	204,254
Operating cash flows before changes in working capital		**15,053,285**	**14,569,464**
Changes in:			
Inventories		(51,559)	64,876
Due from related parties		(137,180)	12,402
Trade and other receivables		(1,229,163)	102,137
Trade and other payables		(1,073,187)	(2,728,696)
Cash generated from operations		**12,562,196**	**12,020,183**
Income taxes paid		(1,701,269)	(1,408,186)
Payment of employees' end of service benefits		(65,894)	(106,026)
Net cash generated from operating activities		**10,795,033**	**10,505,971**
Cash flows from investing activities			
Proceeds from disposal of investments at amortised cost		183,958	-
Acquisition of a subsidiary (net of cash)		-	(153,059)
Acquisition of investments classified as fair value through profit or loss		(761,691)	(1,172,784)
Proceeds from disposal of investments classified as fair value through profit or loss		1,842,915	617,536
Acquisition of other investments - net		(70,657)	(43,398)
Acquisition of investments at amortised cost		(649,278)	(454,593)
Acquisition of investment classified as fair value through other comprehensive income		(451)	(3,094)
Proceeds from disposal of investment classified as fair value through other comprehensive income		2,106	13,645
Purchase of property, plant and equipment		(3,618,302)	(3,527,508)
Proceeds from disposal of property, plant and equipment		22,455	63,958
Purchase of intangible assets		(1,807,079)	(624,143)
Proceeds from disposal of intangible assets		645	49,563
Dividend income received from associates and other investments		124,340	67,780
Term deposits made with maturities over three months		(9,863,710)	(14,613,809)
Term deposits matured with maturities over three months		20,992,376	24,773,736
Proceeds from unwinding of derivative financial instruments		3,413	11,591
Finance and other income received		693,685	837,190
Net cash generated from investing activities		**7,094,725**	**5,842,611**
Cash flows from financing activities			
Proceeds from borrowings		8,053,679	4,192,893
Repayments of borrowings		(9,193,755)	(2,707,334)
Payment of lease liabilities		(449,562)	(550,217)
Equity repayment to non-controlling interests for acquisition of a subsidiary		(67,274)	-
Dividends paid		(11,568,574)	(8,369,445)
Finance and other costs paid		(704,070)	(1,246,977)
Net cash used in financing activities		**(13,929,556)**	**(8,681,080)**
Net increase in cash and cash equivalents		**3,960,202**	**7,667,503**
Cash and cash equivalents at the beginning of the period		13,205,530	2,827,314
Effect of foreign exchange rate changes		781,396	(186,658)
Cash and cash equivalents at the end of the period	11	**17,947,128**	**10,308,159**

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1. General information

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

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

Federal Decree - Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the applicable requirements thereof no later than one year from the date on which the amendments came into effect.

Under the New Law and the New AoA: i) Two types of share have been introduced, i.e. ordinary shares and one Special Share held by the Emirates Investment Authority (“the Special Shareholder”) which carries certain preferential rights related to the passing of certain decisions by the Company or the ownership of the UAE telecommunication network. ii) The minimum number of ordinary shares held by any UAE government entity in the Company has been reduced from at least 60% of the Company’s share capital to not less than 51%, unless the Special Shareholder decides otherwise. iii) Shareholders, natural or legal person, who are Non UAE National may own up to 20% of the Company’s ordinary shares, however, the shares owned by such persons / entities shall not hold any voting rights in the Company’s general assembly, although holders of such shares may attend such meeting. On 11 October 2018, the Board of Directors of Etisalat Group approved by circulation to lift the restrictions on voting rights of foreign shareholders so that they shall enjoy the same voting rights of UAE citizens. Accordingly, a special resolution was passed during the Annual General Meeting held on 20 March 2019 to that effect, all required approvals were obtained and all necessary amendments were incorporated in the New AoA to put the aforesaid resolution in place. Etisalat Group’s Board of Directors, in its meeting on 20 January 2021, recommended to increase the foreign ownership limit from 20% to 49% of the Company’s share capital which was approved in Etisalat Group’s Annual General Meeting held on 17 March 2021 subject to the approval of competent authorities. On 6 September 2021, Etisalat Group secured the required approvals for increasing the foreign ownership limit in its share capital to 49% and accordingly, the new foreign ownership limits have come into effect.

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

This condensed consolidated interim financial information as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as ‘the Group’).

This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 31 October 2021.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable requirements of the UAE Federal Law No. 2 of 2015 (as amended). 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 2020. This condensed consolidated interim financial information does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in 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

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2. Basis of preparation *(continued)*

accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

This condensed consolidated interim financial information is prepared under the historical cost convention except for the revaluation of certain financial instruments and in accordance with the Group's accounting policies as described in the last annual financial statements as at and for the year ended 31 December 2020.

The accounting policies applied in the condensed consolidated financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

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.

3. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended 31 December 2020.

a) New and amended standards adopted by the Group

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

- Interest Rate Benchmark Reform – *Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

- IFRS 16 Leases – *COVID 19 Rent Concessions – Relief for Lessees*

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

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

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

New and amended standards not effective and not yet adopted by the Group	**Effective date**
Onerous Contracts – *Cost of Fulfilling a Contract (Amendments to IAS 37)*	1 January 2022
COVID-19-Related Rent Concessions beyond 30 June 2021 *(Amendment to IFRS 16)*	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use *(Amendments to IAS 16)*	1 January 2022
Reference to the Conceptual Framework *(Amendments to IFRS 3)*	1 January 2022
IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 17	1 January 2023
Classification of liabilities as current or non-current *(Amendments to IAS 1)*	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction *(Amendments to IAS 12)*	1 January 2023
Disclosure of Accounting Policies *(Amendments to IAS 1 and IFRS Practice Statement 2)*	1 January 2023
Definition of Accounting Estimate *(Amendments to IAS 8)*	1 January 2023

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3. Significant accounting policies *(continued)*

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

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

4. Segmental information

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

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

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

- Morocco
- Egypt
- Pakistan
- International - others

Revenue is attributed to an operating segment based on the location of the 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 Cash Generating Units. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

The segment information has been provided on the following page.

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4. Segmental information *(continued)*

		International					
	UAE AED'000	Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	Eliminations AED'000	Consolidated AED'000
Nine months ended 30 September 2021							
Revenue							
External revenue	22,947,039	5,568,014	3,623,586	2,310,221	5,280,534	-	39,729,394
Inter-segment revenue	196,334	254,148	36,841	58,003	77,251	(622,577)	-
Total revenue	**23,143,373**	**5,822,162**	**3,660,427**	**2,368,224**	**5,357,785**	**(622,577)**	**39,729,394**
Segment result	**9,926,802**	**1,968,117**	**943,609**	**44,821**	**1,256,432**	**-**	**14,139,781**
Federal royalty							(4,237,944)
Finance and other income							849,668
Finance and other costs							(847,403)
Profit before tax							**9,904,102**
Income tax expenses							(1,391,426)
Profit for the period							**8,512,676**
Total assets at 30 September 2021	66,231,461	31,676,947	10,548,236	12,170,329	18,537,421	(13,727,648)	125,436,746
Nine months ended 30 September 2020							
Revenue							
External revenue	23,185,062	5,467,289	3,002,633	2,102,446	4,886,867	-	38,644,297
Inter-segment revenue	155,401	334,289	43,753	66,692	51,981	(652,116)	-
Total revenue	**23,340,463**	**5,801,578**	**3,046,386**	**2,169,138**	**4,938,848**	**(652,116)**	**38,644,297**
Segment result	**10,617,169**	**2,202,396**	**677,080**	**(16,673)**	**1,115,902**	**-**	**14,595,874**
Federal royalty							(4,439,298)
Finance and other income							692,689
Finance and other costs							(1,831,609)
Profit before tax							**9,017,656**
Taxation							(1,005,640)
Profit for the period							**8,012,016**
Total assets at 31 December 2020	71,411,942	34,083,374	10,328,705	11,890,144	18,950,804	(13,647,058)	133,017,911
Breakdown of external revenue:							
The following is an analysis of the Group's external revenue							
Nine months ended 30 September 2021							
Mobile	7,969,254	3,090,386	2,980,197	813,719	4,830,041	-	19,683,597
Fixed	8,340,039	2,098,746	223,211	1,109,368	361,109	-	12,132,473
Equipment	1,433,713	181,773	57,989	12,035	13,285	-	1,698,795
Others	5,204,033	197,109	362,189	375,099	76,099	-	6,214,529
Total	**22,947,039**	**5,568,014**	**3,623,586**	**2,310,221**	**5,280,534**	**-**	**39,729,394**
Nine months ended 30 September 2020							
Mobile	8,151,267	3,250,572	2,520,102	755,391	4,451,118	-	19,128,450
Fixed	8,404,781	1,984,853	162,707	1,010,354	365,897	-	11,928,592
Equipment	1,254,120	88,949	53,196	8,850	10,426	-	1,415,541
Others	5,374,894	142,915	266,628	327,851	59,426	-	6,171,714
Total	**23,185,062**	**5,467,289**	**3,002,633**	**2,102,446**	**4,886,867**	**-**	**38,644,297**

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5. Operating expenses and federal royalty

a) Operating expenses

		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
	Note	AED'000	AED'000	AED'000	AED'000
Direct cost of sales		3,130,666	3,088,139	9,551,416	9,053,619
Staff costs		1,161,789	1,104,702	3,517,595	3,389,769
Depreciation		1,561,733	1,527,480	4,657,177	4,517,939
Network and other related costs		699,682	671,465	2,091,848	1,938,535
Amortisation		437,471	427,228	1,352,391	1,237,933
Regulatory expenses	(i)	408,314	356,844	1,164,063	1,035,762
Marketing expenses		251,986	180,662	725,209	588,105
Consultancy cost		141,074	129,785	460,134	453,854
Operating lease rentals		8,249	9,092	29,250	27,698
IT costs		113,118	93,938	289,399	231,262
Foreign exchange (gain) / loss		112,208	(68,627)	206,060	(71,715)
Other operating expenses		325,183	232,566	1,011,372	832,679
Operating expenses (before federal royalty)		**8,351,473**	**7,753,274**	**25,055,914**	**23,235,440**

i) Regulatory expenses:

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

b) Federal royalty

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

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

On 25 February 2015, the MoF issued revised guidelines (which were received by the Company on 1 March 2015) for the computation of federal royalty for the financial years ended 31 December 2014, 2015 and 2016 (the "Guidelines"). In accordance with the Guidelines, the royalty rate for 2016 was reduced to 30% of net profit after deduction of the 15% royalty fee on the UAE regulated revenues.

On 20 February 2017, the MoF announced the federal royalty scheme to be applied on 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. Consequent to the issuance of the new royalty scheme, clarifications were obtained and correspondences were exchanged between the Group and MoF (the "Correspondence"). The mechanism for the computation of federal royalty payable for the period ended 30 September 2021 was in accordance with the new royalty scheme and the Correspondence.

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

6. Dividends

Amounts recognised as distribution to equity holders:	AED'000
Nine months ended 30 September 2021	
First interim dividend for the year ending 31 December 2021 of AED 0.40 per share	3,477,198
Final dividend for the year ended 31 December 2020 of AED 0.40 per share	3,477,198
One-time special dividend for the year ended 31 December 2020 of AED 0.40 per share	3,477,198
Total amount recognised during the period as distribution to equity holders	**10,431,594**
Nine months ended 30 September 2020	
Final dividend for the year ended 31 December 2019 of AED 0.40 per share	3,477,198
First interim dividend for the year ended 31 December 2020 of AED 0.25 per share	2,173,249
Second interim dividend for the year ended 31 December 2020 of AED 0.15 per share	1,303,949
Total amount recognised during the period as distribution to equity holders	**6,954,396**

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7. Earnings per share

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Earnings (AED'000)				
Earnings for the purposes of basic earnings per share being the profit attributable to the owners of the Company	2,436,337	2,412,078	7,181,496	6,978,526
Number of shares ('000)				
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,696,754	8,696,754	8,696,754	8,696,754
Earnings per share				
Basic and diluted	AED 0.28	AED 0.28	AED 0.83	AED 0.80

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

8. Goodwill and other intangible assets

	30 September 2021	31 December 2020
	AED'000	AED'000
Opening balance	26,276,442	24,966,218
Additions	1,807,079	1,021,819
Transfer	-	554,133
Acquisition of a subsidiary	-	164,296
Disposals	(645)	(1,998)
Amortisation and impairment losses	(1,376,407)	(2,060,038)
Exchange difference	(660,035)	1,632,012
Closing balance	26,046,434	26,276,442

9. Property, plant and equipment

	30 September 2021	31 December 2020
	AED'000	AED'000
Opening balance	45,803,436	45,069,729
Additions	3,618,302	6,071,561
Transfer to intangible assets	-	(554,133)
Disposals	(11,100)	(99,642)
Depreciation	(4,225,645)	(5,628,654)
Impairment (charge) / reversal - net	(468)	37,937
Acquisition of a subsidiary	-	2,586
Exchange difference	(899,954)	909,116
Other movements	-	(5,064)
Closing balance	44,284,571	45,803,436

10. Trade and other receivables

	30 September 2021	31 December 2020
	AED'000	AED'000
Amount receivable for services rendered	11,919,834	10,924,677
Amounts due from other telecommunication operators/carriers	2,566,315	2,211,372
Total gross carrying amount	14,486,149	13,136,049
Lifetime expected credit loss	(3,798,669)	(3,209,253)
Net trade receivables	10,687,480	9,926,796
Prepayments	747,308	583,630
Accrued income	959,301	800,326
Advances to suppliers	1,016,655	1,234,203
Indirect taxes receivable	412,719	472,280
Other receivables and advances	2,017,006	1,899,036
Net trade and other receivables	15,840,469	14,916,271
Total trade and other receivables	15,840,469	14,916,271
of which current trade and other receivables	15,447,615	14,572,812
of which non-current other receivables	392,854	343,459

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11. Cash and cash equivalents

	30 September 2021 AED'000	31 December 2020 AED'000
Maintained in UAE	20,224,779	25,413,663
Maintained overseas, unrestricted in use	4,628,693	5,858,376
Maintained overseas, restricted in use	63,308	72,844
Cash and bank balances	**24,916,780**	**31,344,883**
Less: Deposits with maturities exceeding three months from the date of deposit	(6,969,652)	(18,139,353)
Cash and cash equivalents from continuing operations	**17,947,128**	**13,205,530**

Cash and cash equivalents comprise cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are denominated primarily in UAE Dirham, with financial institutions and banks. Interest is earned on these investments at prevailing market rates. The carrying amount of these assets approximates to their fair value.

12. Trade and other payables

	30 September 2021 AED'000	31 December 2020 AED'000
Current		
Federal royalty	4,237,831	5,594,311
Trade payables	7,116,788	7,664,028
Amounts due to other telecommunication operators/carriers	2,961,176	2,575,938
Accruals	7,720,670	8,042,874
Dividend payable	95,960	17,220
Other taxes payable	2,044,904	2,118,999
Advances from customers	355,943	365,545
Deferred income	322,205	499,672
Other payables and accruals	2,214,880	2,162,077
	27,070,357	**29,040,664**
Non-current		
Other payables	1,378,659	1,407,792
	1,378,659	**1,407,792**

13. 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 disputes.

ii) In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on 12 June 2015 the Apex Court decided the case in the interest of pensioners.

On 13 July 2015, Review Petitions were filed in Supreme Court of Pakistan by PTCL, the PTET and the GoP (together, the "Review Petitioners") against the Supreme Court Judgment.

The Supreme Court disposed the Review Petitions and directed the Review Petitioners to seek remedy under section 12(2) of the Civil Procedure Code (the "CPC"), and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts.

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

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

PTCL and PTET did raise an Intra Court Appeal against the exemption granted to the T&T retirees before the Divisional Bench at the Islamabad High Court. On 24 September 2020, the Intra Court appeals were adjourned for consolidation of all Intra Court appeals before one bench. On 16 December 2020, the Islamabad High Court granted a stay of execution in favour of PTCL and PTET and postponed the case until 14 July 2021. Hearing for both parties arguments were held on 27 July 2021 and the Court has reserved its judgement.

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13. Contingent liabilities *(continued)*

The management of PTCL, on the advice of their lawyers, believes that PTCL's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunications (Re-Organization) Act, 1996 and the Pension Trust rules of 2012 and accordingly, no provision has been recognized in this condensed consolidated interim financial information in respect of these proceedings.

iii) Pursuant to the restatement of Group's associate's, Etihad Etisalat Company (Mobily), financial statements for 2014, aggrieved shareholders have filed 192 lawsuits against Mobily before the Committee for the Resolutions of Security Disputes (the "CRSD"), some of which are still being adjudicated. Most claims have been dismissed and as at 30 September 2021, there are 6 claims which remain ongoing. Total amount of remaining claims has been evaluated at about SAR 5.8 million (AED 5.7 million).

In addition, 86 shareholder claims totaling SAR 1.9 billion (AED 1.86 billion) have been made against the 2013/2014 members of the Mobily Board (the "Defendants") and Mobily executives (the "Executives"), and these have been filed with the CRSD. The proceedings are currently at various stages of the hearings and it is not possible at this stage to estimate the financial exposure, if any, flowing from such proceedings.

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

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

This ruling has been reflected in 26 further shareholder cases being dismissed by the CRSD (between March and September 2021) with the CRSD finding that the former members of the board were not liable for any losses claimed by the shareholders. Out of the 26 recently dismissed claims, there are so far 21 decisions which are final and binding decisions in favor of the Defendants, either after appeal or where the original CRSD decision has not been challenged.

Flowing from these final and binding decisions, the Defendants potential exposure of SAR 1.9 billion, arising from submitted shareholder claims, has now been reduced by an amount of SAR 908 million (AED 889 million).

In separate proceedings, the CRSD confirmed on 28 December 2020, the launch of a class action claim against both (i) former members of the Mobily Board who were previously named as defendants in the May 2018 ACRSD final (1462) decision and (ii) former members of the Mobily executives who were named as defendants in the October 2020 ACRSD final (1997) decision. Claimants who purchased shares in Mobily after the release of its financial statement for Q2, 2013 and held onto such shares until 29 October 2014 are eligible to join in the class action claim.

The window for submitting claims and joining in this class action claim closed on 4 June 2021, and whilst we understand that 35 Mobily shareholders have joined the class action, the CRSD has not released details about the final number of claimants nor has it released the quantum of claim.

(iv) Etisalat Group sold its 85% holding in Zantel to Millicom in 2015. The SPA contains a Reverse Earn Out obligation under which Etisalat would be required to pay US$15 million (the Reverse Earn Out amount) to Millicom in the event the Reverse Earn Out Period (REP) EBIDTA was not achieved in each of 12 financial quarters from 1 January 2017 to 31 Dec 2019 and provided certain other conditions relating to the management and operation of the Zantel business by Milicom were satisfied.

On 1 February 2021, Millicom commenced arbitration proceedings under the SPA by filing a Request for Arbitration under the DIFC LCIA rules, in which it claims payment of for the Reverse Earn Out amount payment. On 17 March 2021 Etisalat submitted its Response to the Request for Arbitration, in which it alleges that Millicom has breached the SPA and is not entitled to payment of the Reverse Earn Out amount.

Etisalat has submitted its Statement of Defense and Counterclaim on 30 July 2021. Parties have further submitted their documents production requests and the arbitral tribunal has ordered Millicom to provide Etisalat with most of Etisalat requested documents with some limitations in scope.

Arbitration proceedings are ongoing and Etisalat has retained a strong team of legal and telecommunications experts to mount a robust defense.

14. Capital commitments

The Group has approved future capital projects and investment commitments to the extent of AED 6,857 million (2020: AED 5,743 million). The Group has issued letters of credit amounting to AED 377 million (2020: AED 306 million).

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15. Related party transactions and balances

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 agreed terms. The principal management and other services provided to the Group's associates are set out below based on agreed contractual terms and conditions. The credit period allowed to Government customers ranges from 90 to 120 days. Trade receivables include an amount of AED 1,798 million (31 December 2020: AED 1,685 million), which are net of allowance for doubtful debts of AED 440 million (31 December 2020: AED 310 million), receivable from Federal Ministries and local bodies. See Note 5 for disclosure of the royalty payable to the Federal Government of the UAE.

In accordance with IAS 24 "Related Party Disclosures", the Group has elected to disclose qualitatively the transactions with the UAE Federal Government and other entities over which the Federal Government exerts control, joint control or significant influence. The nature of the transactions that the Group has with such related parties is the provision of telecommunication services and procurement of services.

b) Joint ventures and associates	**Associates**		**Joint Ventures**	
	2021	**2020**	**2021**	**2020**
	AED '000	**AED '000**	**AED '000**	**AED '000**
Trading transactions for the nine months ended 30 September				
Telecommunication services – sales	206,731	150,125	-	-
Telecommunication services – purchases	34,016	28,088	16,604	23,516
Management and other services	114,200	158,819	4,814	5,857
Due from related parties as at 30 September 2021 / 31 December 2020	184,831	46,346	27,649	28,954
Due to related parties as at 30 September 2021 / 31 December 2020	-	79,642	3,995	4,441

Sales to related parties comprise provision of telecommunication products and services (primarily voice traffic and leased circuits) by the Group based on agreed 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.

The principal management and other services provided to the Group's associates are set out below based on agreed contractual terms and conditions.

i. Etihad Etisalat Company

Pursuant to the Communications and Information Technology Commission’s (CITC) licensing requirements, Mobily entered into a management agreement (“the Agreement”) with the Company as its operator from 23 December 2004. Amounts invoiced by the Company relate to annual management fees, fees for staff secondments and other services provided under the Agreement. The term of the Agreement was for a period of seven years and could be automatically renewed for successive periods of five years unless the Company served a 12 month notice of termination or Mobily served a 6 month notice of termination prior to the expiry of the applicable period.

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

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16. Borrowings

	30 September 2021 AED'000	31 December 2020 AED'000
Bank borrowings		
Short term bank borrowings	5,365,804	5,823,852
Bank loans	7,271,523	7,334,621
Other borrowings		
Bonds	11,082,953	12,580,935
Vendor financing	280,032	414,029
Others	5,480	5,307
	24,005,792	**26,158,744**
Advance from non-controlling interests	542,276	542,276
Total borrowings	**24,548,068**	**26,701,020**
of which due within 12 months	7,266,542	12,881,074
of which due after 12 months	17,281,526	13,819,946

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.

Advance from non-controlling interests represents advance 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 advance 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.

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

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

As at 30 September 2021, the total amounts in issue under this programme split by currency are USD 0.5 billion (AED 1.84 billion) and Euro 2.2 billion (AED 9.7 billion) as follows:

	Nominal Value 2021 AED'000	Fair Value 2021 AED'000	Carrying Value 2021 AED'000
Bonds			
3.500% US Dollar 500 million notes due 2024	1,837,000	1,979,661	1,826,758
Bonds in net investment hedge relationship			
0.375% Euro 500 million notes due 2028	2,197,260	2,153,718	2,114,353
0.875% Euro 500 million notes due 2033	2,197,260	2,131,198	2,086,265
2.750% Euro 1,200 million notes due 2026	5,263,680	5,788,966	5,055,577
At 30 September	**11,495,200**	**12,053,543**	**11,082,953**
of which due within 12 months			-
of which due after 12 months			11,082,953

	Nominal Value 2020 AED'000	Fair Value 2020 AED'000	Carrying Value 2020 AED'000
Bonds			
3.500% US Dollar 500 million notes due 2024	1,837,000	2,014,568	1,825,472
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,473,374	5,402,479
2.750% Euro 1,200 million notes due 2026	5,263,680	6,184,417	5,352,984
At 31 December	**12,364,360**	**13,672,359**	**12,580,935**
of which due within 12 months			5,402,479
of which due after 12 months			7,178,456

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17. Hedge accounting and derivatives

In prior years, Euro bonds issued and interest rate swaps have been designated as net investment hedge and cash flow hedges respectively.

During the period, upon repayment of the EUR 1.2 billion bond on 17 June 2021, EUR 1.2 billion out of EUR 2.4 billion of existing net investment hedge has been discontinued and the EUR 1.2 billion remained on the hedge relationship until maturity date in 2024. Also, on 17 June 2021, Etisalat Group designated the new bonds of EUR 1 billion as net investment hedge.

The effective portion of the hedge instruments reported in the other comprehensive income is as follows:

	Nine months ended 30 September	
	2021	2020
Effective part directly recognized in other comprehensive income / (loss)	AED'000	AED'000
Other comprehensive gain / (loss) on net investment hedge	584,502	(202,948)
Other comprehensive gain / (loss) on cash flow hedges	56,760	(89,363)
Total effective part directly recognised in other comprehensive income / (loss)	**641,262**	**(292,311)**

	30 September	31 December
	2021	2020
Fair value of derivative financial instruments	AED'000	AED'000
Fair value of forward contracts and options	7,213	(15,304)
Fair value of derivative swaps	(99,264)	(149,776)
	(92,051)	**(165,080)**

18. Seasonality and cyclicality of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the periods ended 30 September 2021 and 30 September 2020.

19. Fair value disclosures

The Group has quoted equity investments in listed equity securities. The fair values of these equity securities are derived from observable quoted prices in active markets for identical assets, which in accordance with IFRS 7 *Financial Instruments: Disclosure* , represent Level 1 fair values. The Group also holds derivative instruments which are measured by calculating the present value of estimated future cash flows and option pricing models based on appropriate market sourced data. The fair value of those derivatives represent Level 2 fair value.

The fair value of other investments are classified as Level 2 and Level 3 in accordance with generally accepted pricing models based on discounted cash flows at rates derived from observable and unobservable market sourced data. There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the period.

20. Right-of-use assets	Land and buildings	Plant and equipment	Motor vehicles, computers, furniture	Total
	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2020	**1,549,119**	**1,139,498**	**55,715**	**2,744,332**
Additions	187,645	273,764	161,334	622,743
Disposals	(56,961)	(158,481)	(8,635)	(224,077)
Depreciation	(248,353)	(178,521)	(69,200)	(496,074)
Exchange difference	17,152	28,424	5,933	51,509
Acquisition of a subsidiary	1,669	-	-	1,669
Balance at 31 December 2020 / 1 January 2021	**1,450,271**	**1,104,684**	**145,147**	**2,700,102**
Additions	160,877	91,315	25,695	277,887
Disposals	(81,774)	-	(5,494)	(87,268)
Depreciation	(183,924)	(132,740)	(38,802)	(355,466)
Exchange difference	(36,649)	(3,006)	(974)	(40,629)
Balance at 30 September 2021	**1,308,801**	**1,060,253**	**125,572**	**2,494,626**

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21. Lease liabilities

Details of the Group's lease liabilities are as follows:	2021 AED'000	2020 AED'000
Contractual undiscounted cash flow		
Within one year	632,181	668,323
Between 2 and 5 years	1,782,158	1,933,370
After 5 years	2,047,444	2,111,860
Total undiscounted lease liabilities	**4,461,783**	**4,713,553**
Lease liabilities included in the consolidated statement of financial position		
of which due within 12 months	553,649	573,748
of which due after 12 months	2,135,229	2,211,130

22. 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 and subsequently renewed on 13 October 2019 to buyback 5% of the subscribed shares which amounted to 434,837,700 shares.

On 22 February 2021, the Board of Directors proposed the cancellation of the share buyback program and instead proposed a one-time special dividend of AED 0.40 per share which were both approved in the Etisalat Annual General Meeting held on 17 March 2021.

23. Impact of COVID-19 pandemic

Business outlook since first quarter of 2020 has been affected by risks and uncertainties caused by a multitude of factors, some of which were beyond the Group's control.

In this context the Group highlights the health emergency due to the recent spread of the COVID-19 virus, which was declared a pandemic by the World Health Organization during the quarter ended 31 March 2020. To contain the adverse implications for humanity and businesses, governments around the world, including the a majority of the countries where we operate and the United Arab Emirates, have in response to this outbreak announced various support measures and imposed to varying degrees restrictions on the movement of people and goods. Whilst the restriction of people and goods has adversely impacted some businesses, at present the extent of those future impacts is unclear as they will be determined by various factors, including the success of the support measures introduced by governments, businesses' ability to manage their operations during these times and the timing and manner of the easing of the restrictions.

The Group's existing documented business continuity plan was activated to ensure the safe and stable continuation of its business operations. Business Continuity Planning Committees have been formed to determine and oversee the implementation of all business continuity plans associated with the effects of COVID-19, including measures to address and mitigate any identified key operational and financial issues.

The Group has performed its assessment of the COVID-19 impact and noted that the lockdown measures led to mobility and travel restrictions. This impacted the way the Group conducts its business and put pressure on revenue as a result of stores closure, affecting the mobile prepaid segment and handset sales in addition to loss of roaming revenue due to the travel ban. Moreover, additional provisions related to trade receivables and contract assets were booked during the prior year.

In the third and fourth quarters of prior year, as restrictions began to ease, commercial activities improved gradually. However, due to weaker macroeconomics that continued to pressure consumer and corporate spending, they remained below their pre-COVID-19 levels.

In response to the top-line pressure, the Group was agile in implementing cost optimization initiatives to face the impact of COVID-19. At the same time, it remained focused on initiatives for the future.

Also, COVID-19 led to the reduction in certain financial investments carried at fair value. Based on the overall assessment, the Group has concluded that significant changes are not required as of 30 June 2021 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2020, except for updating the forward-looking assumptions relating to the macroeconomic environment used to determine the likelihood of credit losses and those underlying impairment testing computations for various CGUs.

In 2020, along with other groups in Morocco, Etisalat Group's subsidiary, Maroc Telecom, contributed an amount of MAD 1.5 billion (AED 551 million) to the special fund dedicated to manage the coronavirus pandemic which is included in Finance and other costs.

The effects of COVID-19 on humanity and businesses continues to evolve, hence there are potential risks and uncertainties associated with its future impact on businesses, though the Group continues to update its plans to seek to respond to them.

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24. Subsequent events

(a) On 20 October 2021, the Group signed a binding agreement with Group42 (G42) to combine their data centers businesses in the United Arab Emirates through creation of a new entity (NewCo) in which the Group will own 40% of shareholding while G42 will own the remaining 60% (the transaction). This is in line with the Group's digital strategy and will allow the Group to increase the value of its infrastructure assets contributed to NewCo while also optimizing process and resource utilization, without impacting its commercial positioning, client relationships and leading market positions.

Upon completion of the transaction, the accounting treatment for NewCo will be based on the equity method by consolidating Etisalat Group's share of the NewCo's net profit.

Closing of the transaction is subject to customary closing conditions, including finalization of transaction documentation, regulatory approvals and certain administrative procedures.

(b) On 28 October 2021 , the Group has successfully completed the acquisition of Abu Dhabi Fund For Development's stake in Etisalat Investment North Africa LLC (EINA) of 8.7%, increasing Etisalat Groups' ownership in EINA to 100%. EINA holds investment in Société de Participation dans les Télécommunications (SPT) that holds investment in Maroc Telecom Group. This acquisition ultimately increased Etisalat Group's effective ownership in Maroc Telecom Group from 48.4% to 53.0%.

The final consideration paid amounted to AED 1.86 billion which was financed by bank borrowings. The financial impact of the transaction will be reflected in the books of Etisalat Group effective from 28 October 2021.

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