

Emirates Telecommunications Group Company PJSC

Review reports and condensed consolidated interim financial information

for the three month period ended 31 March 2020

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Emirates Telecommunications Group Company PJSC

Review reports and condensed consolidated interim financial information for the three month period ended 31 March 2020

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Emirates Telecommunications Group Company PJSC

Management report on the condensed consolidated interim financial information for the three month period ended 31 March 2020

Financial Review

1. Revenue, profit and earnings per share

The Group's financial performance for the three month period ended 31 March 2020 is summarised below:

i) Consolidated revenue amounted to AED 13,113 million, representing an increase of AED 124 million (1.0 %) compared to the corresponding period in the prior year.

ii) Profit attributable to the Owners of the Company amounted to AED 2,179 million, representing a decrease of AED 33 million (1.5 %) when compared to the corresponding period in the prior year.

iii) Earnings per share remained the same at AED 0.25 when compared to the corresponding period in the prior year.

2. Net assets

As compared to 31 December 2019, the Group's net assets decreased by AED 1,693 million to AED 56,074 million as at 31 March 2020.

3. Capital expenditure

The Group incurred AED 1,079 million capital expenditure in the three month period ended 31 March 2020 (AED 1,586 million in the three month period ended 31 March 2019).

4. Dividends

A final dividend for the year 2019 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 2020. This brought the total dividend for the year 2019 to AED 0.80 per share.

On 21 April 2020, the Board of Directors declared the first interim dividend for the year 2020 at the rate of AED 0.25 per share.





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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 31 March 2020 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 31 March 2020;
- the condensed consolidated interim statement of profit or loss for the three month period ended 31 March 2020;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three month period ended 31 March 2020;
- the condensed consolidated interim statement of changes in equity for the three month period ended 31 March 2020;
- the condensed consolidated interim statement of cash flows for the three month period ended 31 March 2020; 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 consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Emirates Telecommunications Group Company PJSC

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

31 March 2020

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2020 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

Note 26 of the condensed consolidated interim financial statements describes the risks and uncertainties that may impact the Group's business and its operations resulting from the CoVid-19 pandemic. The CoVid-19 pandemic is an unprecedented challenge for humanity and the global economy and, at the date of this report, the related future financial impact and duration cannot be reasonably estimated. We have evaluated the disclosure on uncertainties as described in the aforementioned note and consider it to be adequate. However, a review cannot predict the unknowable factors or all possible future implications for a business, and this is particularly the case in relation to CoVid-19.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 21 April 2020

Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of profit or loss for the three month period ended 31 March 2020

	Notes	(Reviewed)	
		Three months ended 31 March	
		2020	2019
		AED'000	AED'000
Continuing operations			
Revenue	4	13,113,445	12,989,427
Operating expenses	5	(8,027,767)	(8,050,246)
Impairment loss on trade receivables and contract assets		(354,040)	(210,155)
Impairment and other losses		(96)	(570)
Share of results of associates and joint venture	6	30,712	(9,511)
Operating profit before federal royalty		4,762,254	4,718,945
Federal royalty	5	(1,455,177)	(1,586,952)
Operating profit		3,307,077	3,131,993
Finance and other income		90,844	384,712
Finance and other costs		(505,319)	(494,319)
Profit before tax		2,892,602	3,022,386
Income tax expenses		(357,702)	(398,692)
Profit for the period		2,534,900	2,623,694
Profit attributable to:			
Owners of the Company		2,178,616	2,212,044
Non-controlling interests		356,284	411,650
		2,534,900	2,623,694
Earnings per share			
Basic and diluted	8	AED 0.25	AED 0.25

The accompanying notes on pages 9 to 22 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 profit or loss and other comprehensive income for the three month period ended 31 March 2020

	Notes	(Reviewed)	
		Three months ended 31 March	
		2020	2019
		AED'000	AED'000
Profit for the period		2,534,900	2,623,694
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation - net of tax		5,497	1,239
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(882,204)	(131,509)
Gain on net investment hedges	18	382,715	138,905
Fair value loss arising on cash flow hedge during the period		(83,305)	(5,173)
Loss on revaluation of financial assets during the period		(5,350)	(298)
Total other comprehensive (loss) / income		(582,647)	3,164
Total comprehensive income for the period		1,952,253	2,626,858
Attributable to:			
Owners of the Company		1,978,495	2,295,407
Non-controlling interests		(26,242)	331,451
		1,952,253	2,626,858

The accompanying notes on pages 9 to 22 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 financial position as at 31 March 2020

		(Reviewed) 31 March 2020 AED'000	(Audited) 31 December 2019 AED'000
	Notes		
Non-current assets			
Goodwill and other intangible assets	9	24,344,196	24,966,218
Property, plant and equipment	10	43,614,635	45,069,729
Right of use of assets	22	2,662,423	2,744,332
Investments in associates and joint ventures		4,108,093	4,077,380
Other investments		2,876,645	3,018,182
Other receivables	11	323,836	320,219
Finance lease receivables		172,804	167,922
Contract assets		477,492	478,750
Deferred tax assets		58,502	65,188
		78,638,626	80,907,920
Current assets			
Inventories		769,363	783,020
Trade and other receivables	11	14,833,306	14,640,653
Current income tax assets		588,336	612,944
Finance lease receivables		4,946	4,838
Due from associates and joint ventures		258,783	112,852
Contract assets		1,384,827	1,547,510
Cash and bank balances	12	33,574,469	29,656,596
		51,414,030	47,358,413
Total assets		130,052,656	128,266,333
Non-current liabilities			
Other payables	13	1,475,718	2,203,389
Borrowings	17	17,241,334	17,349,932
Payables related to investments and licenses		71,508	-
Derivative financial instruments	18	22,294	51,331
Deferred tax liabilities		2,448,577	2,637,109
Lease liabilities	23	2,134,451	2,159,210
Provisions		395,858	422,735
Provision for end of service benefits	21	1,312,102	1,287,639
Contract liabilities		26,211	44,053
		25,128,053	26,155,398
Current liabilities			
Trade and other payables	13	33,273,906	28,097,830
Contract liabilities		3,073,853	3,119,051
Borrowings	17	7,111,278	6,539,159
Payables related to investments and licenses		51,167	11,022
Current income tax liabilities		322,312	280,502
Lease liabilities	23	484,484	549,773
Provisions		4,268,424	5,619,093
Provision for end of service benefits	21	99,274	112,537
Derivative financial instruments	18	162,931	14,321
Due to related parties		3,169	548
		48,850,798	44,343,836
Total liabilities		73,978,851	70,499,234
Net assets		56,073,805	57,767,099
Equity			
Share capital	24	8,696,754	8,696,754
Reserves		27,607,278	27,812,896
Retained earnings		8,809,477	10,101,659
Equity attributable to the owners of the Company		45,113,509	46,611,309
Non-controlling interests		10,960,296	11,155,790
Total equity		56,073,805	57,767,099

To the best of our knowledge, the financial information included in these 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 22 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 three month period ended 31 March 2020 (Reviewed)

	Attributable to equity owners of the Company						Total equity
	Notes	Share capital	Reserves	Retained earnings	Owners' equity	Non-controlling interests	
		AED'000	AED'000	AED'000	AED'000	AED'000	
Balance at 1 January 2019		8,696,754	26,904,769	9,345,503	44,947,026	12,298,376	57,245,402
Profit for the period		-	-	2,212,044	2,212,044	411,650	2,623,694
Total other comprehensive income for the period		-	81,142	2,221	83,363	(80,199)	3,164
Other movements in equity		-	-	(3,156)	(3,156)	(2,240)	(5,396)
Transfer to reserves		-	339	(339)	-	-	-
Transaction with owners:							
Dividends	7	-	-	(3,477,198)	(3,477,198)	(127,239)	(3,604,437)
Balance at 31 March 2019		8,696,754	26,986,250	8,079,075	43,762,079	12,500,348	56,262,427
Balance at 1 January 2020		8,696,754	27,812,896	10,101,659	46,611,309	11,155,790	57,767,099
Profit for the period		-	-	2,178,616	2,178,616	356,284	2,534,900
Total other comprehensive loss for the period		-	(205,618)	5,497	(200,121)	(382,526)	(582,647)
Other movements in equity		-	-	903	903	4,149	5,052
Transaction with owners:							
Dividends	7	-	-	(3,477,198)	(3,477,198)	(173,401)	(3,650,599)
Balance at 31 March 2020		8,696,754	27,607,278	8,809,477	45,113,509	10,960,296	56,073,805

The accompanying notes on pages 9 to 22 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 cash flows for the three month
period ended 31 March 2020

	Notes	Reviewed three-month ended 31 March	
		2020 AED'000	2019 AED'000
Operating profit		3,307,077	3,131,993
Adjustments for:			
Depreciation		1,545,013	1,365,298
Amortisation		404,534	475,087
Impairment and other losses		96	570
Share of results of associates and joint ventures		(30,712)	9,511
Provisions and allowances		(1,267,484)	81,170
Unrealised currency translation (gain)/loss		(324,077)	(49,824)
Operating cash flows before changes in working capital		3,634,447	5,013,805
Changes in working capital:			
Inventories		2,066	104,783
Due from associates and joint ventures		(145,931)	(1,079)
Trade and other receivables including contract assets		23,965	(648,922)
Trade and other payables including contract liabilities		1,070,501	535,201
Cash generated from operations		4,585,047	5,003,788
Income taxes paid		(402,032)	(495,495)
Payment of end of service benefits		(9,141)	(11,483)
Net cash generated from operating activities		4,173,874	4,496,810
Cash flows from investing activities			
Acquisition of a subsidiary (net of cash)	25	(153,059)	-
Acquisition of investment classified as fair value through profit or loss		(142,065)	(3,062)
Proceeds from disposal of investment classified as fair value through profit or loss		-	19,589
Acquisition of investments at amortised cost		-	(109,997)
Disposal of investments at amortised cost		-	6,240
Purchase of property, plant and equipment		(788,406)	(838,462)
Proceeds from disposal of property, plant and equipment		21,647	3,562
Purchase of intangible assets		(290,797)	(747,994)
Proceeds from disposal of intangible assets		33,460	(355)
Dividend income received from associates and other investments		49,555	122
Term deposits made with maturities over three months	12	(5,955,787)	(1,700,958)
Term deposits matured with maturities over three months	12	19,000,080	9,787,645
Proceeds from unwinding of derivative financial instruments		8,139	-
Finance and other income received		364,486	313,280
Net cash generated from investing activities		12,147,254	6,729,610
Cash flows from financing activities			
Proceeds from borrowings		1,946,673	1,267,406
Repayments of borrowings		(1,032,990)	(973,206)
Payment of lease liabilities		(247,461)	(224,434)
Dividends paid		(13,773)	(59,554)
Finance and other costs paid		(213,129)	(206,836)
Net cash generated from / (used in) financing activities		439,320	(196,624)
Net increase in cash and cash equivalents		16,760,447	11,029,796
Cash and cash equivalents at the beginning of the period		2,827,314	10,819,008
Effect of foreign exchange rate changes		227,844	71,079
Cash and cash equivalents at the end of the period	12	19,815,605	21,919,883

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

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.

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

The address of the registered office 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.

This condensed consolidated interim financial information as at and for the three months ended 31 March 2020 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 21 April 2020.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. 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 2019. 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 accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2. Basis of preparation (continued)

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 2019.

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 2019.

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

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.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (*Amendments to IFRS 3*)
- Definition of Material (*Amendments to IAS 1 and IAS 8*)
- Interest Rate Benchmark Reform (*Amendments to IFRS 9, IAS 39 and IFRS 7*)

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
IFRS 17 <i>Insurance contracts</i>	1 January 2021
Classification of liabilities as current or non-current (<i>Amendments to IAS 1</i>)	1 January 2022
Sale or contribution of assets between an investor and its associate or joint venture (<i>Amendments to IFRS 10 and IAS 28</i>)	Optional

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

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 in to 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 Unitss. 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 three month period ended 31 March 2020

4. 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		
Three months ended 31 March 2020							
Revenue							
External revenue	7,937,861	1,821,253	986,241	724,953	1,643,137	-	13,113,445
Inter-segment revenue	53,958	128,086	17,186	22,425	21,261	(242,916)	-
Total revenue	7,991,819	1,949,339	1,003,427	747,378	1,664,398	(242,916)	13,113,445
Segment result	3,558,832	656,245	206,006	(32,680)	373,851	-	4,762,254
Federal royalty							(1,455,177)
Finance and other income							90,844
Finance and other costs							(505,319)
Profit before tax							2,892,602
Income tax expenses							(357,702)
Profit for the period from continuing operations							2,534,900
Total assets at 31 March 2020	73,402,785	31,931,655	9,889,531	10,942,228	16,728,139	(12,841,682)	130,052,656

Three months ended 31 March 2019

Revenue							
External revenue	7,994,322	1,847,532	739,987	862,097	1,545,489	-	12,989,427
Inter-segment revenue	62,297	152,082	15,294	19,032	22,644	(271,349)	-
Total revenue	8,056,619	1,999,614	755,281	881,129	1,568,133	(271,349)	12,989,427
Segment result	3,590,364	686,329	135,282	44,052	262,918	-	4,718,945
Federal royalty							(1,586,952)
Finance and other income							384,712
Finance and other costs							(494,319)
Profit before tax							3,022,386
Taxation							(398,692)
Profit for the period from continuing operations							2,623,694
Total assets at 31 December 2019	70,107,231	33,381,997	9,316,313	11,700,297	16,952,664	(13,192,169)	128,266,333

Breakdown of external revenue;

The following is an analysis of the Group's external revenue

Three months ended 31 March 2020							
Mobile	2,868,466	1,084,550	838,603	269,081	1,456,634	-	6,517,335
Fixed	2,780,267	626,937	49,765	340,602	120,044	-	3,917,615
Equipment	458,068	47,381	18,998	3,501	3,609	-	531,558
Others	1,831,060	62,385	78,875	111,769	62,849	-	2,146,937
Total	7,937,861	1,821,253	986,241	724,953	1,643,137	-	13,113,445
Three months ended 31 March 2019							
Mobile	3,052,212	1,061,748	641,813	369,797	1,390,555	-	6,516,125
Fixed	2,867,952	650,016	33,724	383,167	125,265	-	4,060,124
Equipment	562,432	58,522	21,443	3,499	3,852	-	649,748
Others	1,511,726	77,246	43,007	105,634	25,817	-	1,763,430
Total	7,994,322	1,847,532	739,987	862,097	1,545,489	-	12,989,427

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Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

5. Operating expenses and federal royalty

	Note	Three months ended 31 March	
		2020	2019
a) Operating expenses		AED'000	AED'000
Direct cost of sales		3,033,351	3,130,992
Staff costs		1,229,792	1,246,661
Depreciation		1,545,013	1,367,658
Network and other related costs		639,519	619,342
Amortisation		404,534	486,430
Regulatory expenses	(i)	358,832	335,988
Marketing expenses		233,828	215,232
Consultancy cost		168,097	207,799
Operating lease rentals		9,411	3,303
IT costs		69,118	94,088
Foreign exchange loss		34,055	33,440
Other operating expenses		302,217	309,313
Operating expenses (before federal royalty)		8,027,767	8,050,246

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

On 20 February 2017, the UAE Ministry of Finance announced the federal royalty scheme to be applied on the Group for the periods 2017 to 2021 ("the new royalty scheme"). According to the new royalty scheme, the Group will pay 15% royalty fees on the UAE regulated revenue and 30% royalty fees on profit generated from regulated services after deduction of the 15% royalty fees on the UAE regulated revenue. Royalty fees on profits from international operations shall be considered only if similar fees paid in the country of origin are less than the fees that could have been imposed in the UAE. The mechanism for the computation of federal royalty payable for the period ended 31 March 2020 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 three month period ended 31 March 2020

6. Share of results of associates and joint ventures

a) During the previous year, the 15 % stake in Hutch has been classified as investment in associate on account of the significant influence Etisalat Group has over the financial and operational decisions making through its voting rights in Board meetings of Hutch.

b) On 23 September, 2018, Etisalat Group has entered into an agreement with Noor Bank PJSC for establishment of “Digital Financial Services LLC (DFS)”, that will perform digital wallet services. Under this arrangement, Etisalat Group and Noor Bank PJSC are the owners of 49.99% and 50.01% respective shareholding in DFS. In accordance with the requirements of IAS 28 and based on review of the relevant agreements, it has been determined that Etisalat Group has significant influence over DFS. Accordingly, the shareholding in DFS has been classified as investment in associate.

7. Dividends

Amounts recognised as distribution to equity holders:

AED'000

Three months ended 31 March 2020

Final dividend for the year ended 31 December 2019 of AED 0.40 per share	3,477,198
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Three months ended 31 March 2019

Final dividend for the year ended 31 December 2018 of AED 0.40 per share	3,477,198
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8. Earnings per share

Three months ended 31 March

	2020	2019
Earnings (AED'000)		
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company	2,178,616	2,212,044
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,696,754	8,696,754
Earnings per share		
Basic and diluted	AED 0.25	AED 0.25

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

9. Goodwill and other intangible assets

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

	31 March 2020	31 December 2019
Opening balance	24,966,218	27,622,092
Additions	290,797	986,096
Transfer	-	334,870
Acquisition of a subsidiary	164,237	447,026
Disposals	(33,460)	(135)
Amortisation and impairment losses	(412,378)	(4,251,483)
Exchange difference	(631,216)	(172,248)
Closing balance	24,344,196	24,966,218

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Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

10. Property, plant and equipment	31 March 2020	31 December 2019
	AED'000	AED'000
Opening balance	45,069,729	43,242,703
Additions	788,406	7,850,028
Transfer to intangible assets	-	(330,093)
Transfer from investment property	-	31,413
Disposals	(11,538)	(204,782)
Depreciation	(1,404,150)	(5,418,187)
Impairment losses	(96)	(23,556)
Acquisition of a subsidiary	25 2,586	423,628
Exchange difference	(830,301)	(501,425)
Closing balance	43,614,635	45,069,729

11. Trade and other receivables	31 March 2020	31 December 2019
	AED'000	AED'000
Amount receivable for services rendered	10,943,575	10,696,743
Amounts due from other telecommunication operators/carriers	2,686,026	2,687,867
Total gross carrying amount	13,629,601	13,384,610
Lifetime expected credit loss	(3,027,222)	(2,737,393)
Net trade receivables	10,602,379	10,647,217
Prepayments	732,041	571,074
Accrued income	787,665	894,411
Advances to suppliers	1,074,735	1,054,396
Indirect taxes receivable	321,155	406,008
Other receivables	1,639,167	1,387,766
Net trade and other receivables	15,157,142	14,960,872
Total trade and other receivables	15,157,142	14,960,872
of which current trade and other receivables	14,833,306	14,640,653
of which non-current other receivables	323,836	320,219

12. Cash and cash equivalents	31 March 2020	31 December 2019
	AED'000	AED'000
Maintained in UAE	31,977,633	28,334,349
Maintained overseas, unrestricted in use	1,536,776	1,259,502
Maintained overseas, restricted in use	60,060	62,745
Cash and bank balances	33,574,469	29,656,596
Less: Deposits with maturities exceeding three months from the date of deposit	(13,758,864)	(26,829,282)
Cash and cash equivalents from continuing operations	19,815,605	2,827,314

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.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

13. Trade and other payables

	31 March 2020	31 December 2019
	AED'000	AED'000
Current		
Federal royalty	7,286,252	5,830,457
Trade payables	7,178,000	6,704,643
Amounts due from other telecommunication operators/carriers	2,964,548	2,889,788
Accruals	7,590,925	8,358,880
Indirect taxes payable	1,404,999	1,457,721
Advances from customers	366,281	313,722
Other payables and accruals	6,482,901	2,542,619
	33,273,906	28,097,830
Non-current		
Other payables	1,475,718	2,203,389
	1,475,718	2,203,389

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 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 Petition was filed in Supreme Court of Pakistan against the Judgment of 12 June 2015.

The Honorable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by PTCL, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated 17th May 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2), CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated 12 June 2015 have been directed by the Apex Court to approach the appropriate forum on 10 May 2018. Under the circumstances, management of PTCL, on the basis of legal advice believes that PTCL's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunications (Re-Organization) Act, 1996 and the Pension Trust rules of 2012 and accordingly, no provision has been recognized in these 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 lawsuits were filed by Mobily against CITC at the Board of Grievances in order to oppose to such resolutions of the CITC's violation committee in accordance with the Telecom Status and its regulations, as follows:

- There are (833) lawsuits filed by Mobily against CITC amounting to SAR 711 (AED 696) million as of 31 March 2020.
- The Board of Grievance has issued (190) verdicts in favor of Mobily voiding (190) resolutions of the CITC's violation committee with a total penalties amounting to SAR 506 (AED 495) million as of 31 March 2020.
- Some of these preliminary verdicts have become conclusive (after they were affirmed by the appeal court) cancelling penalties with a total amounting to SAR 505 (AED 494) million as of 31 March 2020.

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

14. Contingent liabilities (continued)

Furthermore, there are 17 lawsuits filed by some of the shareholders against Mobily before the Committee for the Resolutions of Security Disputes and still being adjudicated by such committee. During period ended 31 March 2020, Mobily has received (1) preliminary favorable verdict.

Various Mobily shareholder claims (83) totaling SAR 1.8 (AED 1.76) billion have been made against the 2013/2014 members of the Board of Mobily ("Defendants") and others, and these have been filed with the CRSD. Proceedings are currently at various stages of the hearings and it is not possible at this stage to estimate the financial exposure, if any, flowing from the proceedings of the hearings

iv) In the prior years, Atlantique Telecom SA, a subsidiary of the Group ("AT"), has been engaged in arbitration proceedings against SARCI Sarl ("SARCI"), a minority shareholder of one of its subsidiaries, Telecel Benin where SARCI was seeking compensation for alleged damages caused to Telecel Benin by AT during the period from 2002 till 2007. Two arbitration proceedings on the same issue had been cancelled upon AT's request in 2008 and 2013. In November 2015, the Arbitral Tribunal of a third proceeding launched in 2013 has awarded SARCI damages amounting to approximately EURO 416 million (AED 1.6 billion). On May 30, 2018, the Court of Appeal of Cotonou has annulled the November 2015 award. AT has notified SARCI with the Appeal Court decision on 16 August 2018. SARCI has initiated in October 2018 an appeal against this decision to the CCJA (Federal Ohada Court in Abidjan) where the proceedings have been pending since. The Execution proceedings against AT that were initiated by SARCI in Benin and other countries have been cancelled with the exception of Togo.

15. Capital Commitments

The Group has approved future capital projects and investment commitments to the extent of AED 5,990 million (2019: AED 5,663 million). The Group has issued letters of credit amounting to AED 274 million (2019: AED 403 million).

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 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 1,576 million (2019: AED 1,536 million), which are net of allowance for doubtful debts of AED 173 million (2019: AED 147 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	
	2020 AED '000	2019 AED '000	2020 AED '000	2019 AED '000
Trading transactions for the three months ended 31 March				
Telecommunication services – sales	59,435	95,747	-	-
Telecommunication services – purchases	13,577	26,516	7,208	4,713.86
Management and other services revenue	157,546	140	-	-
Due from related parties as at 31 March 2020 / 31 December 2019	206,918	53,060	51,865	59,791
Due to related parties as at 31 March 2020 / 31 December 2019	-	-	3,169	548

Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

16. Related party transactions (continued)

b) Joint ventures and associates (continued)

Sales to related parties comprise of 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.

17. Borrowings

	Carrying Amounts	
	31 March 2020	31 December 2019
	AED'000	AED'000
Bank borrowings		
Short term bank borrowings	5,531,313	4,850,186
Bank loans	6,419,833	6,458,898
Other borrowings		
Bonds	11,464,658	11,607,130
Vendor financing	388,214	424,422
Others	5,119	4,980
	23,809,137	23,345,616
Advances from non-controlling interest	543,475	543,475
Total Borrowings	24,352,612	23,889,091
of which due within 12 months	7,111,278	6,539,159
of which due after 12 months	17,241,334	17,349,932

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.

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

As at 31 March 2020, the total amounts in issue under this programme split by currency are USD 0.5 billion (AED 1.84 billion) and Euro 2.4 billion (AED 9.9 billion) as follows:

	Nominal Value	Fair Value	Carrying Value
	2020	2020	2020
	AED'000	AED'000	AED'000
Bonds			
3.500% US Dollar 500 million notes due 2024	1,837,000	1,885,957	1,823,013
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	4,920,915	4,842,175
2.750% Euro 1,200 million notes due 2026	5,263,680	5,486,751	4,799,470
At 31 March	12,364,360	12,293,623	11,464,658
of which due within 12 months			-
of which due after 12 months			11,464,658

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Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

17. Borrowings (continued)

	Nominal Value	Fair Value	Carrying Value
	2019	2019	2019
	AED'000	AED'000	AED'000
Bonds			
3.500% US Dollar 500 million notes due 2024	1,837,000	1,922,811	1,823,013
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,077,054	4,913,727
2.750% Euro 1,200 million notes due 2026	5,263,680	5,685,094	4,870,390
At 31 December	12,364,360	12,684,959	11,607,130
of which due within 12 months			-
of which due after 12 months			11,607,130

In 2019, the Group signed a facility agreement with a bank for an amount of US\$ 725 million towards general corporate and working capital purposes (including to refinance existing bonds of the Group maturing in June 2019). As at 31 March 2020, the Group has utilized the full amount of the loan facility.

18. Hedge accounting and derivatives

In prior years, Euro bonds issued (refer to Note 28) and interest rate swap have been designated as net investment hedges and cash flow hedges respectively. The effective portion of the hedge instruments is reported in the other comprehensive income is as follow:

	Three months ended 31 March	
	2020	2019
	AED'000	AED'000
Effective part directly recognized in other comprehensive (loss) / income		
Other comprehensive income on net investment hedge	382,715	138,905
Other comprehensive loss on cash flow hedge	(83,305)	(5,173)
Total effective part directly recognised in other comprehensive income	299,410	133,732
	31 March 2020	31 December 2019
	AED'000	AED'000
Fair value of derivative financial instruments		
Fair value of forward contracts and options	(2,399)	(178)
Fair value of derivative swaps	(182,826)	(65,474)
	(185,225)	(65,652)

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Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

19. Seasonality and cyclical nature of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the periods ended 31 March 2020 and 31 March 2019.

20. 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 IFRS 7 *Financial Instruments: Disclosure*, represent Level 1 fair values. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period.

21. Provision for end of service benefits	31 March 2020	31 December 2019
	AED'000	AED'000
The movement in the provision for end of service benefits is provided below:		
Opening balances	1,400,176	1,535,409
Additions	48,032	39,734
Payments	(9,141)	(98,724)
Exchange difference	(43,364)	(66,436)
Unwinding of discounts	2,210	-
Remeasurement	(5,391)	(12,072)
Acquisition of a subsidiary	3,494	2,265
Reclassifications	15,360	-
Closing balances	1,411,376	1,400,176
of which included in current liabilities	99,274	112,537
of which included in non-current liabilities	1,312,102	1,287,639

22. 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 for the period	53,657	108,418	17,421	179,495
Disposals for the period	(33,086)	(66,071)	-	(99,157)
Depreciation for the year	(71,534)	(63,489)	(5,530)	(140,553)
Exchange difference	(28,146)	4,240	733	(23,173)
Acquisition of a subsidiary	1,479	-	-	1,479
Balance at 31 March 2020	1,471,489	1,122,595	68,339	2,662,423

23. Lease liabilities

	Carrying Value	
	2020	2019
	AED'000	AED'000
Details of the Group's lease liabilities are as follows:		
Contractual undiscounted cash flow		
Within one year	481,334	662,851
Between 2 and 5 years	1,449,358	1,791,391
After 5 years	1,946,927	2,002,823
Total undiscounted lease liabilities	3,877,619	4,457,065
Lease liabilities included in the consolidated statement of financial position		
of which due within 12 months	484,484	549,773
of which due after 12 months	2,134,451	2,159,210

24. 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 13 October 2019 to buyback 5% of the subscribed shares which amounted to 434,837,700 shares. As at 31 March 2020, no buyback transaction had taken place.

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Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

25. Acquisition of subsidiaries

25.1. Acquisition of Tigo Chad

On 1 July 2019, Maroc Telecom completed the acquisition of 100% shareholding in Tigo Chad from Millicom for a consideration of MAD 1,175 million (AED 443 million)

25.1.1. Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of net identifiable assets acquired, as of the acquisition date on a provisional basis:

	AED'000
Net identifiable assets acquired	139,602
Goodwill recognised on the basis of provisional fair values	303,563
Fair value of investment	443,165
Net cash inflow arising on acquisition:	
Cash and bank balances	22,301
25.1.2. Consideration transferred	
Consideration paid	443,165
Less: Cash and bank balances	(22,301)
	420,864

25.2. Acquisition of Help AG's businesses

During 2019, the Group signed an agreement to acquire 100 % of the Help AG's businesses in United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). The transaction was completed on 17 February 2020 after satisfying all Conditions Precedent and Completion deliverables. Accordingly, Help AG UAE and KSA have been consolidated into these condensed consolidated interim financial information , effective February 2020.

25.2.1. Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of net identifiable assets acquired, as of the acquisition date on a provisional basis:

	AED'000
Intangible assets	2,113
Cash and bank balances	19,069
Trade and other receivables	127,452
Inventories	711
Property , plant and equipment	2,586
Right of use of assets	1,669
Trade and other payables	(66,873)
Lease liabilities	(1,720)
Provision for employees end of service benefits	(3,494)
Net identifiable assets acquired	81,513
Goodwill recognised on the basis of provisional fair values	162,123
Fair value of investment	243,636
Net cash inflow arising on acquisition:	
Cash and bank balances	19,069

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Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2020

26. Impact of COVID-19 pandemic

Business outlook for 2020 could be affected by risks and uncertainties caused by a multitude of factors, some of which will be 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 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 will adversely impact 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 has a documented business continuity plan that has been 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, which include measures to address and mitigate any identified key operational and financial issues.

The Group has performed its assessment of the COVID-19 impact and concluded that there are no significant changes in its financial position and performance as at and for the period ended 31 March 2020, except for the reduction in certain financial investments carried at fair value. Based on that assessment the Group has concluded that significant changes are not required as of 31 March 2020 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2019, except for updating the forward-looking assumptions relating to the macroeconomic environment used to determine the likelihood of credit losses.

Along with other groups in Morocco, Etisalat Group's subsidiary, Maroc Telecom, has committed to contribute an amount of MAD 1.5 billion (AED 551 million) to the special fund dedicated to manage the coronavirus pandemic.

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

