

# **Emirates Telecommunications Group Company PJSC**

**Review report and condensed consolidated interim financial information**

**for the nine month period ended 30 September 2020**

# Emirates Telecommunications Group Company PJSC

Review reports and condensed consolidated interim financial information for the nine month period ended 30 September 2020

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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 2020**

#### **Financial Review**

##### **1. Revenue, profit and earnings per share**

The Group's financial performance for the nine month period ended 30 September 2020 is summarised below:

- i) Consolidated revenue amounted to AED 38,644 million, representing a decrease of AED 202 million (0.5%) compared to the corresponding period in the prior year.
- ii) Profit attributable to the Owners of the Company amounted to AED 6,979 million, representing an increase of AED 249 million (3.7%) when compared to the corresponding period in the prior year.
- iii) Earnings per share from continuing operations increased by AED 0.03 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 111 million to AED 57,656 million as at 30 September 2020.

##### **3. Capital expenditure**

The Group incurred AED 4,152 million capital expenditure in the nine month period ended 30 September 2020 (AED 4,881 million in the nine month period ended 30 September 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.

On 21 July 2020, the Board of Directors declared the second interim dividend for the year 2020 at the rate of AED 0.15 per share.

## Emirates Telecommunications Group Company PJSC

### Condensed consolidated interim statement of profit or loss for the period

	Note	(Reviewed)			
		Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
		AED'000	AED'000	AED'000	AED'000
<b>Continuing operations</b>					
<b>Revenue</b>	4	13,038,755	12,976,964	38,644,297	38,845,819
Operating expenses	5	(7,753,274)	(7,849,378)	(23,235,440)	(23,655,719)
Impairment loss on trade receivables and contract assets		(267,488)	(275,969)	(950,716)	(746,990)
Impairment and other losses (net)		299	174	227	2,045
Share of results of associates and joint venture		57,658	11,938	137,506	328
<b>Operating profit before federal royalty</b>		<b>5,075,950</b>	<b>4,863,729</b>	<b>14,595,874</b>	<b>14,445,483</b>
Federal royalty	5	(1,475,189)	(1,627,732)	(4,439,298)	(4,798,963)
<b>Operating profit</b>		<b>3,600,761</b>	<b>3,235,997</b>	<b>10,156,576</b>	<b>9,646,520</b>
Finance and other income		247,303	345,061	692,689	1,005,529
Finance and other costs		(491,061)	(454,884)	(1,831,609)	(1,428,938)
<b>Profit before tax</b>		<b>3,357,003</b>	<b>3,126,174</b>	<b>9,017,656</b>	<b>9,223,111</b>
Income tax expenses		(409,328)	(427,826)	(1,005,640)	(1,286,924)
<b>Profit for the period</b>		<b>2,947,675</b>	<b>2,698,348</b>	<b>8,012,016</b>	<b>7,936,187</b>
Profit attributable to:					
Owners of the Company		2,412,078	2,286,025	6,978,526	6,730,015
Non-controlling interests		535,597	412,323	1,033,490	1,206,172
		<b>2,947,675</b>	<b>2,698,348</b>	<b>8,012,016</b>	<b>7,936,187</b>
<b>Earnings per share</b>					
Basic and diluted	7	AED 0.28	AED 0.26	AED 0.80	AED 0.77

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.

## Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of profit or loss and other comprehensive income for the nine month period ended 30 September 2020

	Note	(Reviewed)			
		Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
		AED'000	AED'000	AED'000	AED'000
<b>Profit for the period</b>		2,947,675	2,698,348	8,012,016	7,936,187
<b>Other comprehensive income / (loss)</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of defined benefit obligation - net of tax		(3,591)	18,807	24,684	3,510
<b>Items that may be reclassified to profit or loss:</b>					
Exchange differences on translation of foreign operations		1,036,154	(71,166)	441,127	(900,529)
(Loss)/gain on net investment hedges	17	(380,477)	249,980	(202,948)	261,721
Fair value gain / (loss) arising on cash flow hedge during the period		12,338	1,134	(89,363)	(11,648)
Gain / (loss) on revaluation of financial assets during the period		5,308	(4,714)	(877)	(3,908)
Reclassification of fair value gain on disposal of financial assets		-	-	-	2
<b>Total other comprehensive income / (loss)</b>		<b>669,732</b>	<b>194,041</b>	<b>172,623</b>	<b>(650,852)</b>
<b>Total comprehensive income for the period</b>		<b>3,617,407</b>	<b>2,892,389</b>	<b>8,184,639</b>	<b>7,285,335</b>
Attributable to:					
Owners of the Company		2,772,616	2,534,523	7,190,323	6,651,140
Non-controlling interests		844,791	357,866	994,316	634,195
		<b>3,617,407</b>	<b>2,892,389</b>	<b>8,184,639</b>	<b>7,285,335</b>

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.

# Emirates Telecommunications Group Company PJSC

## Condensed consolidated interim statement of financial position

		(Reviewed)	(Audited)
		30 September	31 December
		2020	2019
	Notes	AED'000	AED'000
<b>Non-current assets</b>			
Goodwill and other intangible assets	8	25,157,866	24,966,218
Property, plant and equipment	9	44,539,631	45,069,729
Right of use assets	21	2,620,128	2,744,332
Investments in associates and joint ventures		4,214,886	4,077,380
Other investments		2,881,131	3,018,182
Other receivables	10	344,379	320,219
Finance lease receivables		169,374	167,922
Contract assets		445,731	478,750
Deferred tax assets		108,131	65,188
		<b>80,481,257</b>	<b>80,907,920</b>
<b>Current assets</b>			
Inventories		715,480	783,020
Trade and other receivables	10	15,008,409	14,640,653
Current income tax assets		746,179	612,944
Finance lease receivables		4,601	4,838
Due from associates and joint ventures		100,450	112,852
Contract assets		1,310,332	1,547,510
Other investments	25	1,025,050	-
Cash and bank balances	11	26,951,683	29,656,596
		<b>45,862,184</b>	<b>47,358,413</b>
<b>Total assets</b>		<b>126,343,441</b>	<b>128,266,333</b>
<b>Non-current liabilities</b>			
Other payables	12	1,436,890	2,203,389
Borrowings	16	12,862,138	17,349,932
Payables related to investments and licenses		72,679	-
Derivative financial instruments	17	19,073	51,331
Deferred tax liabilities		2,511,013	2,637,109
Lease liabilities	22	2,129,380	2,159,210
Provisions		350,739	422,735
Provision for end of service benefits	20	1,237,459	1,287,639
Contract liabilities		15,929	44,053
		<b>20,635,300</b>	<b>26,155,398</b>
<b>Current liabilities</b>			
Trade and other payables	12	26,392,692	28,097,830
Contract liabilities		3,097,298	3,119,051
Borrowings	16	13,165,486	6,539,159
Payables related to investments and licenses		11,022	11,022
Current income tax liabilities		220,999	280,502
Lease liabilities	22	539,683	549,773
Provisions		4,354,648	5,619,093
Provision for end of service benefits	20	93,553	112,537
Derivative financial instruments	17	174,141	14,321
Due to related parties		2,622	548
		<b>48,052,144</b>	<b>44,343,836</b>
<b>Total liabilities</b>		<b>68,687,444</b>	<b>70,499,234</b>
<b>Net assets</b>		<b>57,655,997</b>	<b>57,767,099</b>
<b>Equity</b>			
Share capital	23	8,696,754	8,696,754
Reserves		28,005,803	27,812,896
Retained earnings		10,144,991	10,101,659
<b>Equity attributable to the owners of the Company</b>		<b>46,847,548</b>	<b>46,611,309</b>
Non-controlling interests		10,808,449	11,155,790
<b>Total equity</b>		<b>57,655,997</b>	<b>57,767,099</b>

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 21 form an integral part of the condensed consolidated interim financial information.

The independent auditors' report is set out on pages 2 to 3.

## Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2020 (Reviewed)

	Attributable to equity owners of the Company						Non-controlling interests	Total equity
	Notes	Share capital AED'000	Reserves AED'000	Retained earnings AED'000	Owners' equity AED'000	AED'000		
<b>Balance at 1 January 2019</b>		<b>8,696,754</b>	<b>26,904,769</b>	<b>9,345,503</b>	<b>44,947,026</b>	<b>12,298,376</b>	<b>57,245,402</b>	
Profit for the period		-	-	6,730,015	6,730,015	1,206,172	7,936,187	
Other comprehensive loss for the period		-	(99,357)	20,482	(78,875)	(571,977)	(650,852)	
Other movements in equity		-	-	(48,782)	(48,782)	19,832	(28,950)	
Transaction with owners:								
Repayment of advance to non-controlling interest		-	-	-	-	(23,839)	(23,839)	
Dividends	6	-	-	(6,954,396)	(6,954,396)	(1,584,992)	(8,539,388)	
<b>Balance at 30 September 2019</b>		<b>8,696,754</b>	<b>26,805,412</b>	<b>9,092,822</b>	<b>44,594,988</b>	<b>11,343,572</b>	<b>55,938,560</b>	
<b>Balance at 1 January 2020</b>		<b>8,696,754</b>	<b>27,812,896</b>	<b>10,101,659</b>	<b>46,611,309</b>	<b>11,155,790</b>	<b>57,767,099</b>	
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:								
Dividends	6	-	-	(6,954,396)	(6,954,396)	(1,343,032)	(8,297,428)	
<b>Balance at 30 September 2020</b>		<b>8,696,754</b>	<b>28,005,803</b>	<b>10,144,991</b>	<b>46,847,548</b>	<b>10,808,449</b>	<b>57,655,997</b>	

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## Emirates Telecommunications Group Company PJSC

Condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2020

Reviewed nine-months ended  
30 September

	Note	2020 AED'000	2019 AED'000
<b>Operating profit</b>		10,156,576	9,646,520
<i>Adjustments for:</i>			
Depreciation		4,517,939	4,328,144
Amortisation		1,237,933	1,205,377
Impairment charge / (reversal) and other losses		(227)	(2,045)
Share of results of associates and joint ventures		(137,506)	(328)
Provisions and allowances		(1,409,505)	98,371
Unrealised currency translation loss / (gain)		204,254	(419,096)
<b>Operating cash flows before changes in working capital</b>		<b>14,569,465</b>	<b>14,856,943</b>
<i>Changes in:</i>			
Inventories		64,876	112,288
Due from associates and joint ventures		12,402	32,719
Trade and other receivables		102,137	(109,447)
Trade and other payables		(2,728,696)	(2,519,911)
<b>Cash generated from operations</b>		<b>12,020,184</b>	<b>12,372,592</b>
Income taxes paid		(1,408,186)	(1,524,863)
Payment of end of service benefits		(106,026)	(155,811)
<b>Net cash generated from operating activities</b>		<b>10,505,972</b>	<b>10,691,918</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments at amortised cost		-	245,306
Acquisition of a subsidiary (net of cash)		(153,059)	(446,785)
Acquisition of investment classified as fair value through profit or loss		(1,172,784)	(285)
Proceeds from disposal of investment classified as fair value through profit or loss		617,536	-
Acquisition of other investments - net		(43,398)	(31,346)
Acquisition of investments at amortised cost		(454,593)	(109,997)
Acquisition of investment classified as fair value through other comprehensive income		(3,094)	(10,526)
Proceeds from disposal of investment classified as fair value through other comprehensive income		13,645	731
Purchase of property, plant and equipment		(3,527,508)	(3,831,585)
Proceeds from disposal of property, plant and equipment		63,958	26,132
Purchase of intangible assets		(624,143)	(1,049,534)
Proceeds from disposal of intangible assets		49,563	157
Dividend income received from associates and other investments		67,780	3,758
Term deposits made with maturities over three months		(14,613,809)	(24,991,473)
Term deposits matured with maturities over three months		24,773,736	17,993,419
Proceeds from unwinding of derivative financial instruments		11,591	42,867
Finance and other income received		837,190	589,486
<b>Net cash generated from / (used in) investing activities</b>		<b>5,842,611</b>	<b>(11,569,675)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		4,192,893	7,146,375
Repayments of borrowings		(2,707,334)	(6,064,816)
Payment of lease liabilities		(550,217)	(508,686)
Equity repayment to non-controlling interests for acquisition of a subsidiary		-	(23,839)
Dividends paid		(8,369,445)	(8,524,358)
Finance and other costs paid		(1,246,977)	(553,488)
<b>Net cash used in financing activities</b>		<b>(8,681,080)</b>	<b>(8,528,811)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>7,667,503</b>	<b>(9,406,568)</b>
Cash and cash equivalents at the beginning of the period		2,827,314	10,819,008
Effect of foreign exchange rate changes		(186,658)	504,142
<b>Cash and cash equivalents at the end of the period</b>	11	<b>10,308,159</b>	<b>1,916,582</b>

The accompanying notes on pages 9 to 21 form an integral part of the condensed consolidated interim financial information.  
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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.

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 nine months ended 30 September 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 October 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 16 <i>Leases – COVID 19 Rent Concessions – Relief for Lessees</i>	Periods beginning on or after 1 June 2020 (earlier application permitted)
Onerous Contracts – Cost of Fulfilling a Contract ( <i>Amendments to IAS 37</i> )	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use ( <i>Amendments to IAS 16</i> )	1 January 2022
Reference to the Conceptual Framework ( <i>Amendments to IFRS 3</i> )	1 January 2022
IFRS 17 <i>Insurance contracts</i>	1 January 2023
<i>Amendments to IFRS 17</i>	1 January 2023
Classification of liabilities as current or non-current ( <i>Amendments to IAS 1</i> )	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture ( <i>Amendments to IFRS 10 and IAS 28</i> )	Optional

### **3. Significant accounting policies (continued)**

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

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 Units. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

The segment information has been provided on the following page.

# Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 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		
<b>Nine months ended 30 September 2020</b>							
<b>Revenue</b>							
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)	-
<b>Total revenue</b>	<b>23,340,463</b>	<b>5,801,578</b>	<b>3,046,386</b>	<b>2,169,138</b>	<b>4,938,848</b>	<b>(652,116)</b>	<b>38,644,297</b>
<b>Segment result</b>	<b>10,617,169</b>	<b>2,202,396</b>	<b>677,080</b>	<b>(16,673)</b>	<b>1,115,902</b>	<b>-</b>	<b>14,595,874</b>
Federal royalty							(4,439,298)
Finance and other income							692,689
Finance and other costs							(1,831,609)
<b>Profit before tax</b>							<b>9,017,656</b>
Income tax expenses							(1,005,640)
<b>Profit for the period</b>							<b>8,012,016</b>
Total assets at 30 September 2020	66,352,634	33,267,186	9,406,002	11,166,919	18,992,843	(12,842,143)	126,343,441

## Nine months ended 30 September 2019

<b>Revenue</b>							
External revenue	23,767,821	5,584,686	2,440,890	2,376,212	4,676,210	-	38,845,819
Inter-segment revenue	170,225	384,586	47,442	56,041	182,579	(840,873)	-
<b>Total revenue</b>	<b>23,938,046</b>	<b>5,969,272</b>	<b>2,488,332</b>	<b>2,432,253</b>	<b>4,858,789</b>	<b>(840,873)</b>	<b>38,845,819</b>
<b>Segment result</b>	<b>10,855,003</b>	<b>2,153,421</b>	<b>538,311</b>	<b>37,349</b>	<b>861,399</b>	<b>-</b>	<b>14,445,483</b>
Federal royalty							(4,798,963)
Finance and other income							1,005,529
Finance and other costs							(1,428,938)
<b>Profit before tax</b>							<b>9,223,111</b>
Taxation							(1,286,924)
<b>Profit for the period</b>							<b>7,936,187</b>
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

### 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
<b>Total</b>	<b>23,185,062</b>	<b>5,467,289</b>	<b>3,002,633</b>	<b>2,102,446</b>	<b>4,886,867</b>	<b>-</b>	<b>38,644,297</b>

### Nine months ended 30 September 2019

Mobile	9,216,508	3,387,981	2,125,606	969,938	4,164,800	-	19,864,833
Fixed	8,461,677	1,902,006	111,183	1,094,584	353,660	-	11,923,110
Equipment	1,421,919	88,360	48,587	9,780	20,553	-	1,589,199
Others	4,667,717	206,339	155,514	301,910	137,197	-	5,468,677
<b>Total</b>	<b>23,767,821</b>	<b>5,584,686</b>	<b>2,440,890</b>	<b>2,376,212</b>	<b>4,676,210</b>	<b>-</b>	<b>38,845,819</b>

## Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

### 5. Operating expenses and federal royalty

a) Operating expenses	Note	Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
		AED'000	AED'000	AED'000	AED'000
Direct cost of sales		3,088,139	3,060,386	9,053,619	9,193,042
Staff costs		1,104,702	1,181,385	3,389,769	3,648,444
Depreciation		1,527,480	1,438,439	4,517,939	4,329,418
Network and other related costs		671,465	658,104	1,938,535	1,903,161
Amortisation		427,228	425,432	1,237,933	1,230,006
Regulatory expenses	(i)	356,844	350,147	1,035,762	1,013,342
Marketing expenses		180,662	213,774	588,105	674,064
Consultancy cost		129,785	191,360	453,854	570,392
Operating lease rentals		9,092	7,090	27,698	19,853
IT costs		93,938	103,384	231,262	301,427
Foreign exchange (gain) / loss		(68,627)	38,811	(71,715)	90,661
Other operating expenses		232,566	181,066	832,679	681,909
<b>Operating expenses (before federal royalty)</b>		<b>7,753,274</b>	<b>7,849,378</b>	<b>23,235,440</b>	<b>23,655,719</b>

#### 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 30 September 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.

### 6. Dividends

Amounts recognised as distribution to equity holders:	AED'000
<b>Nine months ended 30 September 2020</b>	
Final dividend for the year ended 31 December 2019 of AED 0.40 per share	3,477,198
First interim dividend for the year ending 31 December 2020 of AED 0.25 per share	2,173,249
Second interim dividend for the year ending 31 December 2020 of AED 0.15 per share	1,303,949
<b>Total amount recognised during the period as distribution to equity holders</b>	<b>6,954,396</b>
<b>Nine months ended 30 September 2019</b>	
Final dividend for the year ended 31 December 2018 of AED 0.40 per share	3,477,198
Interim dividend for the year ended 31 December 2019 of AED 0.40 per share	3,477,198
<b>Total amount recognised during the period as distribution to equity holders</b>	<b>6,954,396</b>

## Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

### 7. Earnings per share

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
<b>Earnings (AED'000)</b>				
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company	2,412,078	2,286,025	6,978,526	6,730,015
<b>Number of shares ('000)</b>				
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
<b>Earnings per share</b>				
Basic and diluted	AED 0.28	AED 0.26	AED 0.80	AED 0.77

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

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

	30 September 2020	31 December 2019
	AED'000	AED'000
<b>Opening balance</b>	<b>24,966,218</b>	<b>27,622,092</b>
Additions	624,143	986,096
Transfer	(7,415)	334,870
Acquisition of a subsidiary	168,188	447,026
Disposals	(49,563)	(135)
Amortisation and impairment losses	(1,261,392)	(4,251,483)
Exchange difference	717,687	(172,248)
<b>Closing balance</b>	<b>25,157,866</b>	<b>24,966,218</b>

### 9. Property, plant and equipment

	30 September 2020	31 December 2019
	AED'000	AED'000
<b>Opening balance</b>	<b>45,069,729</b>	<b>43,242,703</b>
Additions	3,527,508	7,850,028
Transfer from / (to) intangible assets	7,415	(330,093)
Transfer from investment property	-	31,413
Disposals	(42,155)	(204,782)
Depreciation	(4,102,567)	(5,418,187)
Impairment losses	227	(23,556)
Acquisition of a subsidiary	(4,816)	423,628
Exchange difference	84,290	(501,425)
<b>Closing balance</b>	<b>44,539,631</b>	<b>45,069,729</b>



## Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

10. Trade and other receivables	30 September	31 December
	2020	2019
	AED'000	AED'000
Amount receivable for services rendered	11,666,768	10,696,743
Amounts due from other telecommunication operators/carriers	2,468,540	2,687,867
<b>Total gross carrying amount</b>	<b>14,135,308</b>	<b>13,384,610</b>
Lifetime expected credit loss	(3,580,293)	(2,737,393)
<b>Net trade receivables</b>	<b>10,555,015</b>	<b>10,647,217</b>
Prepayments	687,876	571,074
Accrued income	860,591	894,411
Advances to suppliers	1,199,009	1,054,396
Indirect taxes receivable	437,814	406,008
Other receivables and advances	1,612,483	1,387,766
<b>Net trade and other receivables</b>	<b>15,352,788</b>	<b>14,960,872</b>
<b>Total trade and other receivables</b>	<b>15,352,788</b>	<b>14,960,872</b>
of which current trade and other receivables	15,008,409	14,640,653
of which non-current other receivables	344,379	320,219

11. Cash and cash equivalents	30 September	31 December
	2020	2019
	AED'000	AED'000
Maintained in UAE	25,208,275	28,334,349
Maintained overseas, unrestricted in use	1,723,495	1,259,502
Maintained overseas, restricted in use	19,913	62,745
<b>Cash and bank balances</b>	<b>26,951,683</b>	<b>29,656,596</b>
Less: Deposits with maturities exceeding three months from the date of deposit	(16,643,524)	(26,829,282)
<b>Cash and cash equivalents from continuing operations</b>	<b>10,308,159</b>	<b>2,827,314</b>

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	31 December
	2020	2019
	AED'000	AED'000
<b>Current</b>		
Federal royalty	4,439,200	5,830,457
Trade payables	7,105,510	6,704,643
Amounts due to other telecommunication operators/carriers	2,505,433	2,889,788
Accruals	7,560,395	8,358,880
Indirect taxes payable	1,547,671	1,457,721
Advances from customers	350,147	313,722
Other payables and accruals	2,884,336	2,542,619
	<b>26,392,692</b>	<b>28,097,830</b>
<b>Non-current</b>		
Other payables	1,436,890	2,203,389
	<b>1,436,890</b>	<b>2,203,389</b>

## Emirates Telecommunications Group Company PJSC

### Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

#### 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 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 (410) lawsuits filed by Mobily against CITC amounting to SAR 493 (AED 483) million as of 30 September 2020.
- The Board of Grievance has issued (147) verdicts in favor of Mobily voiding (147) resolutions of the CITC's violation committee with a total penalties amounting to SAR 376 (AED 368) million as of 30 September 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 376 (AED 368) million as of 30 September 2020.

Furthermore, there are 17 remaining (out of 183) 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 the nine-months period ended 30 September 2020, Mobily has received (3) preliminary favorable verdicts and there are no new cases filed against it.

Various Mobily shareholder claims (91) 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 30 May 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. On 28 May 2020, the CCJA rejected SARCI's request to annul the Court of Appeal of Cotonou's decision of 30 May 2018, which had annulled a 2015 arbitration award rendered against AT. This is the end of the arbitration proceedings initiated by SARCI against AT and it gives full satisfaction to AT.

#### 14. Capital Commitments

The Group has approved future capital projects and investment commitments to the extent of AED 5,155 million (2019: AED 5,663 million). The Group has issued letters of credit amounting to AED 268 million (2019: AED 403 million).



## Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

### 15. 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 1,949 million (2019: AED 1,536 million), which are net of allowance for doubtful debts of AED 214 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
<b>Trading transactions for the nine months ended 30 September</b>				
Telecommunication services – sales	70,736	214,134	-	-
Telecommunication services – purchases	24,424	41,774	23,516	25,763
Management and other services	158,819	140	5,857	32,851
<b>Due from related parties as at 30 September 2020 / 31 December 2019</b>	<b>57,452</b>	<b>53,060</b>	<b>42,998</b>	<b>59,791</b>
<b>Due to related parties as at 30 September 2020 / 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>2,622</b>	<b>548</b>

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.

## Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

### 16. Borrowings

	Carrying Amounts	
	30 September	31 December
	2020	2019
	AED'000	AED'000
<b>Bank borrowings</b>		
Short term bank borrowings	6,343,284	4,850,186
Bank loans	6,706,504	6,458,898
<b>Other borrowings</b>		
Bonds	12,063,974	11,607,130
Vendor financing	366,347	424,422
Others	5,239	4,980
	<b>25,485,348</b>	<b>23,345,616</b>
Advances from non-controlling interest	542,276	543,475
<b>Total Borrowings</b>	<b>26,027,624</b>	<b>23,889,091</b>
of which due within 12 months	13,165,486	6,539,159
of which due after 12 months	12,862,138	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 30 September 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	Fair	Carrying
	Value	Value	Value
	2020	2020	2020
	AED'000	AED'000	AED'000
<b>Bonds</b>			
3.500% US Dollar 500 million notes due 2024	1,837,000	2,007,352	1,823,013
<b>Bonds in net investment hedge relationship</b>			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,226,754	5,144,013
2.750% Euro 1,200 million notes due 2026	5,263,680	5,845,899	5,096,948
<b>At 30 September</b>	<b>12,364,360</b>	<b>13,080,005</b>	<b>12,063,974</b>
of which due within 12 months			5,144,013
of which due after 12 months			6,919,961
	Nominal	Fair	Carrying
	Value	Value	Value
	2019	2019	2019
	AED'000	AED'000	AED'000
<b>Bonds</b>			
3.500% US Dollar 500 million notes due 2024	1,837,000	1,922,811	1,823,013
<b>Bonds in net investment hedge relationship</b>			
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
<b>At 31 December</b>	<b>12,364,360</b>	<b>12,684,959</b>	<b>11,607,130</b>
of which due within 12 months			-
of which due after 12 months			11,607,130

## Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

### 17. Hedge accounting and derivatives

In prior years, Euro bonds issued and interest rate swap have been designated as net investment hedges and cash flow hedges respectively. The effective portion of the hedge instruments in the other comprehensive income is as follows:

	Nine months ended 30 September	
	2020	2019
	AED'000	AED'000
<b>Effective part directly recognized in other comprehensive (loss) / income</b>		
Other comprehensive income on net investment hedge	(202,948)	261,721
Other comprehensive loss on cash flow hedge	(89,363)	(11,648)
Total effective part directly recognised in other comprehensive income	<b>(292,311)</b>	<b>250,073</b>

	30 September	31 December
	2020	2019
	AED'000	AED'000
<b>Fair value of derivative financial instruments</b>		
Fair value of forward contracts and options	724	(178)
Fair value of derivative swaps	(193,938)	(65,474)
	<b>(193,214)</b>	<b>(65,652)</b>

### 18. Seasonality and cyclical nature of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the periods ended 30 September 2020 and 30 September 2019.

### 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.

	30 September	31 December
	2020	2019
	AED'000	AED'000
<b>20. Provision for end of service benefits</b>		
The movement in the provision for end of service benefits is provided below:		
<b>Opening balances</b>	<b>1,400,176</b>	<b>1,535,409</b>
Additions	88,144	39,734
Payments	(106,026)	(98,724)
Exchange difference	(38,316)	(66,436)
Unwinding of discounts	6,933	-
Remeasurement	(23,393)	(12,072)
Acquisition of a subsidiary	3,494	2,265
<b>Closing balances</b>	<b>1,331,012</b>	<b>1,400,176</b>
of which included in current liabilities	93,553	112,537
of which included in non-current liabilities	1,237,459	1,287,639

## Emirates Telecommunications Group Company PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

21. Right of use assets	Land and buildings	Plant and equipment	Motor vehicles, computers, furniture	Total
	AED'000	AED'000	AED'000	AED'000
<b>Balance at 1 January 2019</b>	<b>1,303,679</b>	<b>890,250</b>	<b>41,387</b>	<b>2,235,316</b>
Additions	566,011	353,015	40,996	960,022
Disposals	(33,347)	-	-	(33,347)
Depreciation	(227,103)	(176,067)	(22,929)	(426,099)
Exchange difference	(60,121)	72,300	(3,739)	8,440
<b>Balance at 31 December 2019 / 1 January 2020</b>	<b>1,549,119</b>	<b>1,139,498</b>	<b>55,715</b>	<b>2,744,332</b>
Additions	136,920	112,672	117,902	367,494
Disposals	(62,990)	(83,614)	-	(146,604)
Depreciation	(180,347)	(125,612)	(50,611)	(356,570)
Acquisition of a subsidiary	1,669	-	-	1,669
Exchange difference	(13,389)	19,326	3,870	9,807
<b>Balance at 30 September 2020</b>	<b>1,430,982</b>	<b>1,062,270</b>	<b>126,876</b>	<b>2,620,128</b>

## 22. Lease liabilities

Details of the Group's lease liabilities are as follows:	Carrying Value	
	2020	2019
	AED'000	AED'000
<b>Contractual undiscounted cash flow</b>		
Within one year	638,909	662,851
Between 2 and 5 years	1,873,047	1,791,391
After 5 years	2,056,017	2,002,823
<b>Total undiscounted lease liabilities</b>	<b>4,567,973</b>	<b>4,457,065</b>
<b>Lease liabilities included in the consolidated statement of financial position</b>		
of which due within 12 months	539,683	549,773
of which due after 12 months	2,129,380	2,159,210

## 23. Share Capital

On 21 March 2018, the Etisalat Annual General Meeting approved the Company's buyback of its shares within a maximum of 5% of its paid-up capital, for the purpose of cancelling or re-selling such shares, after obtaining approval of competent authorities. The Company obtained the approval from the Securities and Commodities Authority on 13 October 2019 to buyback 5% of the subscribed shares which amounted to 434,837,700 shares. As at 30 September 2020, no buyback transaction had taken place.

## 24. Acquisition of subsidiaries

### 24.1. 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)

#### 24.1.1. Identifiable assets acquired and liabilities assumed

During the period, Maroc Telecom completed the fair valuation of identifiable assets acquired and liabilities assumed which is summarized in the following table:

	AED'000
Net identifiable assets acquired	141,658
Goodwill recognised	302,332
<b>Fair value of investment</b>	<b>443,990</b>
<b>Net cash inflow arising on acquisition:</b>	
Cash and bank balances	29,844
<b>24.1.2. Consideration transferred</b>	
Consideration paid	443,990
Less: Cash and bank balances	(29,844)
	<b>414,146</b>

## Emirates Telecommunications Group Company PJSC

### Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2020

#### 24. Acquisition of subsidiaries (continued)

##### 24.2. 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.

##### 24.2.1. 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)
<b>Net identifiable assets acquired</b>	<b>81,513</b>
Goodwill recognised on the basis of provisional fair values	162,123
<b>Fair value of investment</b>	<b>243,636</b>
<b>Net cash inflow arising on acquisition:</b>	
Cash and bank balances	19,069

#### 25. Other investments

During the period, Etisalat Group acquired investments in highly liquid mutual funds which are redeemable on demand. Such investments have been classified as fair value through profit or loss with fair value of AED 1,025 million as at 30 September 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 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 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 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 and additional provisions related to trade receivables and contract assets. In the third quarter of 2020, as restrictions began to ease, the Group noted a gradual improvement in the commercial activities; however, remaining below pre-COVID-19 levels as a result of weaker macro-economics.

In response to the top-line pressure, Etisalat Group was agile in implementing cost optimization initiatives to face the impact of COVID-19, while developing new 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 September 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 contributed 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 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.