

Annual  
Report  
2018

eitc



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# Chairman's Statement

Dear Shareholders,  
On behalf of the Board of Directors of the Emirates Integrated Telecommunications Company PJSC (EITC), it is my honour and privilege to present our annual Board report which covers the financial results for the year ended 31 December 2018.

The year has been characterised by the continued rapid transformation and disruption of the telecom sector, with its impact felt in our home market and around the world. New business models and new players have emerged globally to test customer loyalty, with new challenges interrogating the sector's agility in the face of an increasingly demanding consumer.

"Transformation and sustainability can be seen as opposing each other. In our business, they work hand in hand to position our organisation for future success and keep our customers at the centre of everything we do."

**Mohamed Al Hussaini**  
Chairman

# Governance remains a priority of our Board of Directors

## Transformation of the industry. Transformation of our business.

In the UAE, however, the telecom sector is fortunate to be a key enabler in the ambitious agenda set out by the nation's leadership, mandating digital transformation as a tool to develop and sustain a knowledge-based economy. This agenda has made our opportunities easier to identify. It has triggered our own process of transformation, which rests on two central pillars.

The first pillar is our efficiencies. This has required reassessing and reorganising the way we work, cost structures and other dynamic elements that have driven our core business. Although initiated in 2017, this process continued in 2018 and impacted positively on our annual financial results for the year.

The second pillar goes beyond our core business of connectivity, as we seek to diversify our services and revenue streams by isolating and implementing

growth opportunities in domains adjacent to our traditional services. Our ability to extract revenue from new streams residing in offering end-to-end solutions to our large enterprise and government customers will add substantial value for our shareholders, while also bolstering EITC's reputation as the innovative and customer-centric telecom, ICT and content leader in the UAE.

## Exceptional support from across our organisation

The foundations that provide our pillars of transformation with integral support are our outstanding people, robust technical infrastructure and sustainable business practices.

Since the launch of du in 2006, we have made it a strategic priority to provide opportunities for employment and development for Emiratis. We are especially pleased, therefore, to report that we have effectively doubled the number of UAE nationals employed since inception, and in 2018 the highest percentage of employees of all 65 cultures that enrich our human capital are Emiratis.

In 2018, our brand du was awarded the MOHRE Emiratization Award in recognition of our outstanding efforts and success in promoting and nurturing Emirati talent. Under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, we won the award in the Advanced Technology Companies category for implementing notable policies to promote Emiratization and support the government's vision to establish

an advanced economy based on knowledge and innovation.

We also value the diversity that is fundamental to the success of our company and our nation.

In the past year, du participated in a number of community initiatives dedicated to the Year of Zayed, 2018. We will continue to promote diversity at every level in 2019, the Year of Tolerance in the UAE.

For the fifth consecutive year, EITC has won the Gallup Great Workplace Award. This is a global award and we view it as high recognition for the work environment we've put into place that generates happiness, productivity and commitment.

In 2018, we also placed new managers in key roles to implement our restructuring and deliver on our ambitions in digital transformation and customer experience fronts.

Sustainability is at the heart of our business and a guiding principle that informs everything we do. From green protocols that drastically reduce reliance on resources at every level of our

business to our numerous Smart Dubai partnerships, we continued to enhance our innovative sustainability practices in 2018. As an Emirati company we consider our performance to be example-setting.

2018 also witnessed significant progress in our capability to anticipate and mitigate potential risks. Our dedicated Risk & Compliance function, along with more robust risk management capabilities and culture, are of particular importance to our business in the face of a disrupted and rapidly evolving marketplace.

Governance remains a priority of our Board of Directors; its practices have far-reaching effects on our business, our brands and the continued trust of our investors and stakeholders. Along with our strategic partnerships and our recognition as a caring employer, our governance practices continue to align with our government's vision for 2021.

AED **13.41** Billion  
**Revenue**

AED **1.75** Billion  
**Net profit After Royalty**

AED **0.39**  
**Earnings per share**

**Strong financial performance**

During 2018, we achieved solid financial results, with revenue reaching an all-time high of AED 13.41 billion and net profit after royalty increasing to AED 1.75 billion, equating to earnings per share of AED 0.39. The Board of Directors has recommended a final annual cash dividend for the year of AED 0.22 per share, bringing total dividend for the year to AED 0.35 per share.

The future holds significant challenges but even greater opportunities for EITC. If we conduct ourselves with the same restless drive to be more efficient and

innovative, with the same diligence and attention to the needs of our customers and the people of the UAE, we shall prevail as a profitable entity playing a vital role in the economic and social matrix of the UAE.

I take this opportunity to thank the leadership of the UAE for their continued support to the telecommunications sector. I thank our shareholders and strategic partners for their contribution and trust vested in us in 2018.

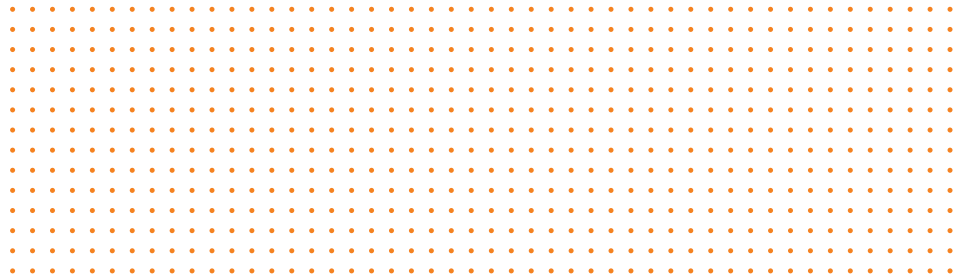
I thank my fellow Board members for their dedication and support to EITC and its management team. I would also like to thank the management team and all employees for their commitment and dedicated work to deliver the successes of 2018 and for paving the way for future growth.



# Board of Directors



**Mohamed Al Hussaini**  
Chairman



**Khaled Balama**  
Vice Chairman



**Masood Mahmood**  
Board Member



**Malek Al Malek**  
Board Member



**Khaled Al Qubaisi**  
Board Member



**Mohamed Al Suwaidi**  
Board Member



**Ziad Galadari**  
Board Member



**Mohamed Al Shehi**  
Board Member

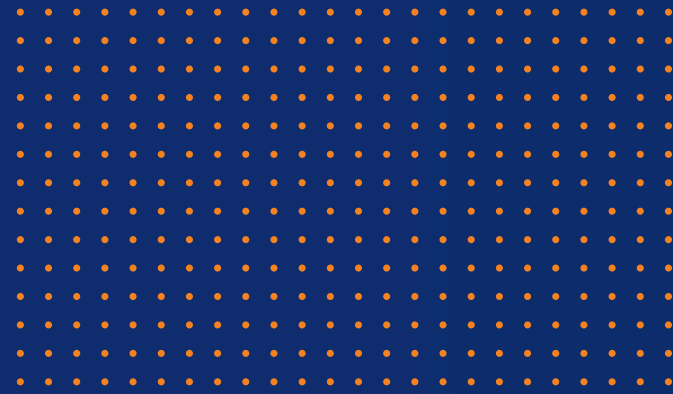


**Ahmad Julfar**  
Board Member



**Kaj-Erik Relander**  
Board Member

# CEO's Message



“2018 has proven to us that, given the right capabilities, focus and will, challenges are just opportunities waiting to be seized.”

**Osman Sultan**  
Chief Executive Officer EITC

Dear Shareholders,  
2018 heralded a new Chairman and Board Members who have devoted their time and energies to propelling EITC forward, adding impetus to, and fine-tuning, the strategy approved by our shareholders, while guiding its implementation.

After the changes of 2017, which saw EITC effect profound structural changes and cost reductions across all areas of our operations, 2018 brought us to the threshold of a new and tremendously exciting frontier in servicing the needs of UAE consumers, business and Government.



An area that continues to be at the heart of everything we do is customer experience.

### Building a telco fit for the future

Challenged by squeezed margins in our traditional area of providing connectivity, as any other telco in the world, we were motivated to seek new avenues for growth and additional revenue streams.

Traditionally, telcos have been in the business of selling connectivity and have done so to the consumer and the business community (including Government entities). For more than a decade, this has been the core business of EITC; a focus on operational efficiency and delivery excellence in the areas of mobile, voice and data for consumers and enterprise.

But the rate of transformation incurred by increasing business reliance on the internet has been so rapid that the expectations of what a company such as EITC should deliver has expanded

beyond all recognition since our inception. So we continue to venture beyond the core as a strategic imperative: focused on delivering services adjacent to connectivity, from managed services and the cloud, hosting to data security and more. This is what UAE enterprises are calling for – a complete end-to-end solution with a trusted, innovative partner.

The deep and diverse partnership between Smart Dubai and EITC continued in 2018, with rapid development of the integrated systems that set a global standard for technology in true service of community. Currently, there are 17 projects underway, which cover everything from safety to efficiency to sustainability for the citizens, residents and businesses of the UAE.

### The customer will always be our focus

An area that continues to be at the heart of everything we do is customer experience. As customer demands and expectations grow, so too must the demands we make of ourselves.

This is the central premise of our Customer First programme, which remains a central pillar of our strategy and training initiatives throughout the company, from planning to implementation at every touchpoint from the call centre to the shop floor.

### A most disruptive new brand

The dual brand strategy, which saw the introduction of Virgin Mobile to the UAE, also gave a new public face to a company previously only recognised by the du brand.

On the subject of Virgin Mobile, 2018 was a solid first year for this globally-beloved brand. The strategic decision to disrupt the market with Virgin Mobile was based on serving a growing sector of the mobile market that was being underserved yet held vast potential. I'm referring to the 'tech-savvy' niche who are the first adopters of new technologies.

By going digital first and offering a highly flexible bouquet of mobile plans, based on a digital-only platform and experience, Virgin captured a decent part of this market in its first year, gaining not only the trust of today's most discerning consumers, but also immensely high-profile partners such as Apple and Netflix.

Modelled as a separate business unit within the EITC stable, with a distinct team and culture, Virgin Mobile is fast becoming a prominent fixture in the UAE telco landscape.



Preparing our network to be upgraded to 5G, plus the IT structure that will support this new ultrafast technology.

### **Taking connectivity to the next level**

The exciting threshold mentioned earlier has, at its epicentre, a network that has been pushed to its technological limit. Preparing our network to be upgraded to 5G, plus the IT structure that will support this new ultrafast technology, was a priority for EITC in 2018.

5G and IoT will be the platform for many disruptions to come and, if we believe that we have seen huge and disruptive change over the last two years, you can be sure that it is nothing compared to the social and business transformation that 5G and IoT will trigger.

### **A smarter organisation**

An injection of fresh executive talent has created a great deal of momentum in those strategic areas in which the need to embrace transformation was most pressing, such as digitisation and customer experience.

This influx will be augmented in 2019, a year in which the ever-accelerating transformation all around us will be met with innovation at every level of our organisation.

### **Focus on efficiency and a healthy financial position**

In 2018, our RESET programme was already two years in the running. But this was the year it showed its true value. As a programme that is at the centre of our business transformation, RESET restructured our organisation where necessary, and re-evaluated cost structures within EITC, proving to be a good contributor to our healthy financial results as well.

During 2018, we delivered solid financial results under our strategy to drive more efficiency in our core business, while capturing new areas of growth through ICT and end-to-end solutions. Revenues reached an all-time high of AED 13.41 billion, up by 3.2% from 2017. Net Profit after Royalty was solid at AED 1.75 billion, an increase of 2.4% compared to 2017. EBITDA was up by 5.6% to AED 5.49 billion in 2018.

During 2018 we invested around AED 1 billion in capital expenditure. We have a healthy balance sheet with a strong capital position, enabling us to make the right investments to grow our business.

Overall, EITC has risen in profile in 2018 as a company capable of and committed to serving the growing needs of people, businesses and Government entities in the United Arab Emirates.

I would like to thank the Chairman and all Board Members for their support of EITC's many bold initiatives and strategic direction. I thank our customers for their continued trust in EITC. To our valued shareholders, your vote of confidence in our continued growth as a pillar of the UAE economy is inspiring to me and all our management team and employees, whose dedication and drive have delivered the success of today and the foundation for an even greater tomorrow.

My gratitude goes to all of them.



# Management Team



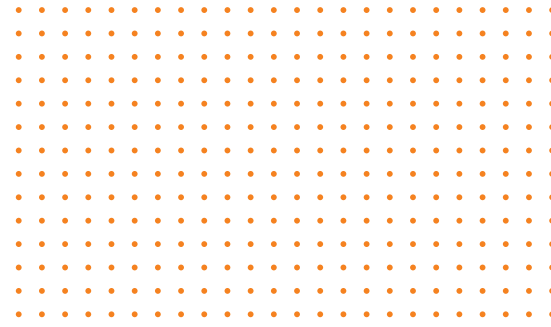
**Osman Sultan**  
 Chief Executive Officer  
 EITC



**Farid Faraidooni**  
 Deputy CEO - Enterprise Solutions



**Fahad Al Hassawi**  
 Deputy CEO - Telco Services



**Saleem Alblooshi**  
 Chief Infrastructure Officer



**Amer Kazim**  
 Chief Financial Officer



**Ehab Hassan**  
 Chief Human Resources Officer



**Ananda Bose**  
 Chief Wholesale &  
 Corporate Affairs Officer



**Eddy Skaf**  
 Chief Strategy Officer



**Anthony Shiner**  
 Chief Digital Lifestyle & Innovation  
 Officer



**Abdulwahed Juma**  
 Executive Vice President Brand  
 and Corporate Communications



**Dr. Anthony Hatton**  
 Head of Risk and Compliance



**Karim Benkirane**  
 Managing Director  
 Virgin Mobile UAE

# Our journey from challenger to champion

The launch of **EITC** heralds the introduction of competition in the UAE's telecommunications sector.

The official launch of **du**, EITC's public face, provides UAE customers with a second network operator offering mobile and home services.

EITC invests in the building of the Europe Indian Gateway, thus vastly increasing voice traffic volumes and data capacity throughout the Middle East.

EITC launches the DC-HSPA+ (3.5G), nationwide making the UAE the 6th nation globally to deploy this technology

EITC assumes control and management of the region's first submarine cable, opening up UAE business to far-reaching connectivity.

EITC launches **du Live!** giving local musicians a bigger stage and bringing international talent to the UAE.

The first Arabian data hub, **datamena**, is launched by EITC.



2006



2007



2008



2009



2010



2011



2012



In an era of accelerated digital transformation and an ever-increasing global profile for the UAE, EITC has never lost its ambition to be a technology and service pathfinder for the nation and its people.

du launches WiFi UAE, affirming its belief that connectivity is a right, not a privilege.

EITC bridges East and West by creating a data link through the UAE that increases data capacity exponentially.

The reality of Dubai as a Smart City is realised through Smart Lighting and Smart Healthcare, the first of many partnered projects.

du becomes the number one rated network in the UAE.

EITC launches Virgin Mobile, the UAE's only all-digital telco.

EITC records its highest-ever annual revenue since its launch.



2013



2014



2015



2016



2017



2018

# Market Overview

Globally, the telecom industry continues to face a set of headwinds in the core mobile business and growth opportunities in adjacencies. The combination of pressure from OTT (Over-the-top) and VoIP (Voice over Internet protocol) players, as well as increased competition among telecom players in the market resulted in continued pressure on revenues and margins. These global challenges are reflected in the region and our home market in the UAE.

A recent report conducted by a leading market intelligence firm covering over 40 large global operator groups has shown that industry aggregate revenue (including changes of scope at several companies) was up 2.5% in Q3 2018 (vs. Q3 2017); excluding such scope changes, underlying revenues are broadly stable. The industry EBITDA margin was 34.7% in Q3 2018, rising slightly versus Q3 2017 (34.4%).

The UAE telecom market continued to grow overall in 2018. This growth was largely derived from fixed line segment growth, along with ICT growth on the back of increasing demand for digital solutions to help deliver the digital transformation agenda, part of the UAE Vision 2021.

The mobile segment remained under pressure, with the number of mobile subscriptions in the UAE dropping to 19.37 million, down 1.6% year-on-year as of November 2018, and due to strong competition in the pre-paid market. We are operating in a mature telecommunications market with one of the highest penetration rates in the world, with fibre reaching more than 94% of UAE households, and mobile penetration at more than 200% in 2018, indicating exceptional telecom adoption by the people of the UAE.

19.37 million  
Active Mobile Subscriptions

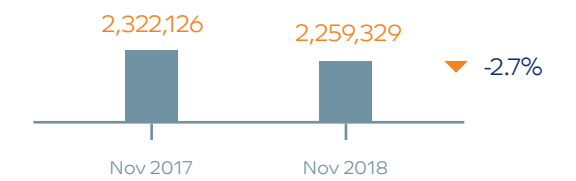
2.26 million  
Fixed Lines

## UAE active mobile subscriptions and fixed lines

Active Mobile Subscriptions



Fixed Lines



Source: UAE Telecommunications Regulatory Authority





# Strategic Review 2018

Through 2018, we remained steadfastly focused on our strategic priorities of protecting and optimising the 'core' business while seeking growth in 'adjacencies' beyond the core. We launched innovative new products and services, enhanced the scalability of our network and advanced our digital transformation agenda, whilst cementing our evolution to a fully integrated ICT player.

Highlights of our solid progress along the strategic priorities are noted below

## **Data-Centric Monetisation**

We continued to invest in enhancing our mobile coverage to support the growing needs of customers. Mobile data usage growth was monetised in a more-for-more approach, resulting in data revenues growth that partially offset the decline in voice revenues.

## **Efficiency**

We maintained tight control on costs, optimised our capex spend and improved efficiencies across the business, resulting in margin improvement in the core business and reflecting the continued success of our efficiency programme.

## **Transformation**

We enhanced customer experience by expanding and enriching our digital footprint through an all-new du app, the redesign and relaunch of du.ae webpages and the introduction of new du customer care channel Web Chat for improved digital interaction. We enabled the growing penetration of self-care, online bill payments and renewal of mobile registration online. We launched an automated online process for du dealer registration. Through Virgin Mobile, we introduced a number of new innovations such as recommendation for the right package, in-app chat for customer service and a new pricing model.

## **Digital Lifestyle Services**

We offered advanced smart home networking and automation services and continue to evaluate vertical specific digital services for launch in the future.

## **Fixed Access**

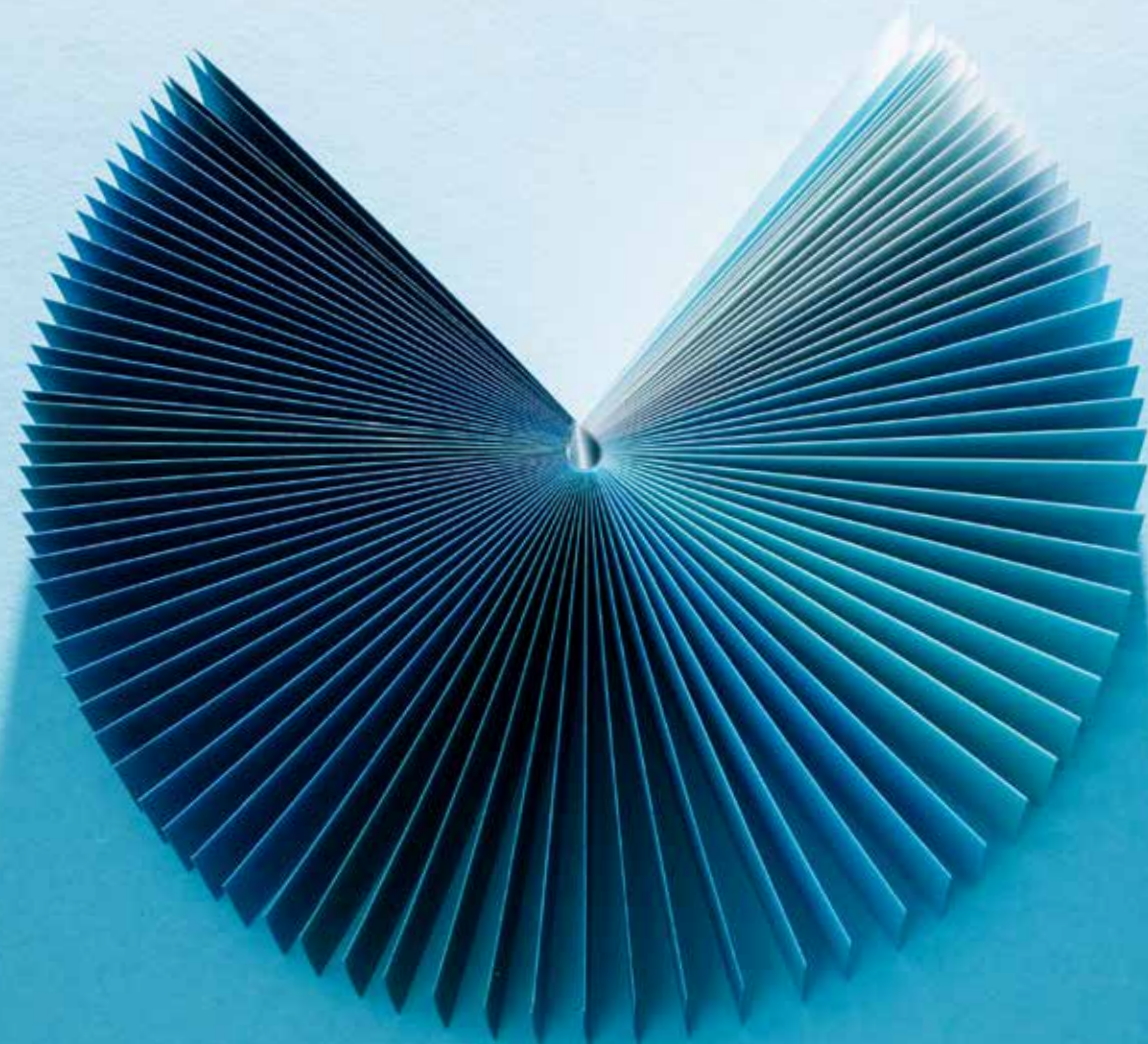
We continued to expand our fibre-based GPON (Gigabit Passive Optical Network) to reach more homes/businesses and remained focused on upgrading any legacy copper-based services to the new state-of-the-art network. By successfully extending our presence from our established areas to new services areas in the UAE, we were able to target new households with relevant fixed line service offerings. We launched an entirely new home service portfolio with enhanced content offerings, utilising our IPTV and OTT platforms throughout the entire UAE.

## **More for More**

We exclusively partnered with Netflix and Amazon Prime Video to offer customised entertainment options. We also connected people across boundaries with unlimited video and voice calls through the Internet Calling Pack.

## **ICT Solutions**

We established the Enterprise Solutions Division, which combined the Enterprise connectivity and ICT solutions divisions, enabling us to offer end-to-end one-stop-shop services and strengthen our position as a "Smart ICT Partner" in the region. du is proud to partner with major government entities to offer a variety of solutions through the Dubai Pulse platform, including Infrastructure as a Service, Platform as a Service, and Data Science as a Service, etc.





# Key Performance Indicators 2018

Over the years, the Balanced Scorecard has encouraged our staff and management to think and act strategically and link productivity and profitability with our corporate strategy. This ensures that we work towards enhancing all areas of the business linking back to the Strategic priorities and directions of the company. A set of key performance indicators (KPIs) tracks progress against the strategic objectives and are cascaded across relevant business units.

Our performance management framework remains robust whilst continuing to evolve in line with the changing nature of the business to consistently deliver on our commitment for sustainable growth and value creation to our shareholders.

“ In addition to financial KPIs, we use operational KPIs to determine the effectiveness of achieving our business priorities ”

## Financial KPIs

1

Revenue

2

EBITDA

3

Net Income  
After Royalty

4

Free Cash Flow

## Operational KPIs (examples)

1

Infrastructure quality index  
(network quality and performance)

2

Digitalisation index  
(customer facing as well as internal process automation)

3

Customer experience index  
(number of trouble tickets raised, first call resolution, Service Level Agreement adherence, etc.)

4

Net Promoter Score  
(touchpoints, network, tariff, product etc.)

5

Brand mindshare for Consumers and Enterprises

6

IT systems transformation

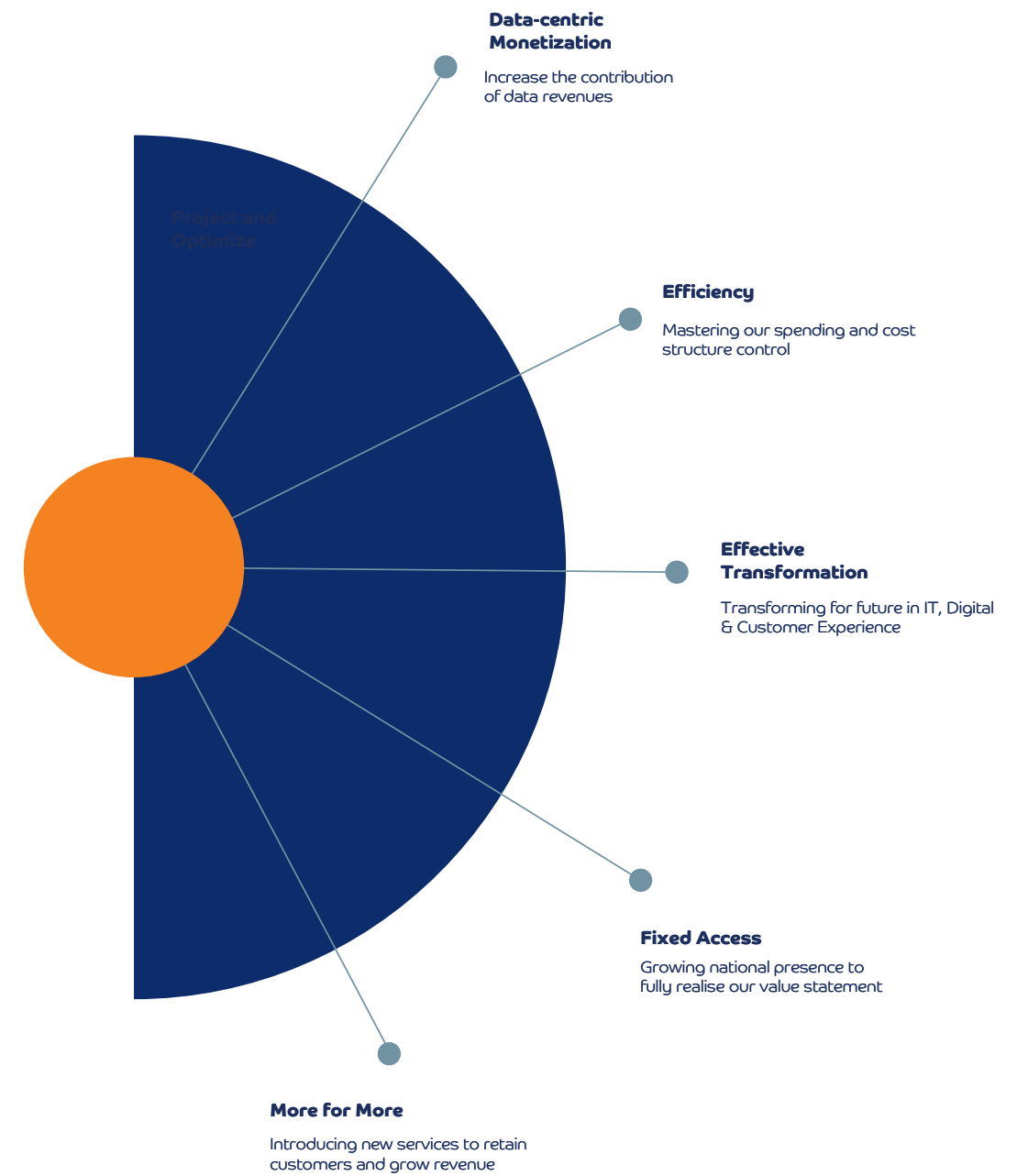
# Strategic guidelines 2019 and beyond

We are operating in an environment characterised by rapid change and disruptive innovations and are proud to be at the forefront of the digital revolution. Going forward in 2019, we will continue to deliver on our strategic priorities with increased focus on:

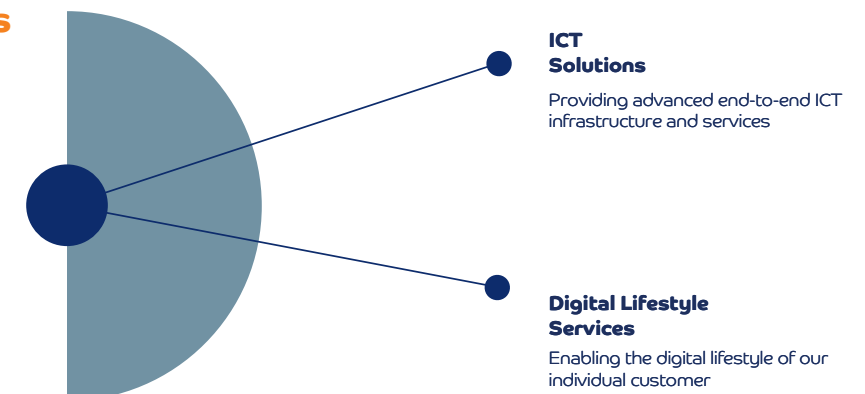
- Comprehensive and integrated transformation of Customer Experience, Digital and IT
- Acceleration of growth in Fixed and ICT business

## Strategic Priorities

### Core (Protect and Optimize)



### Adjacencies (Growth)

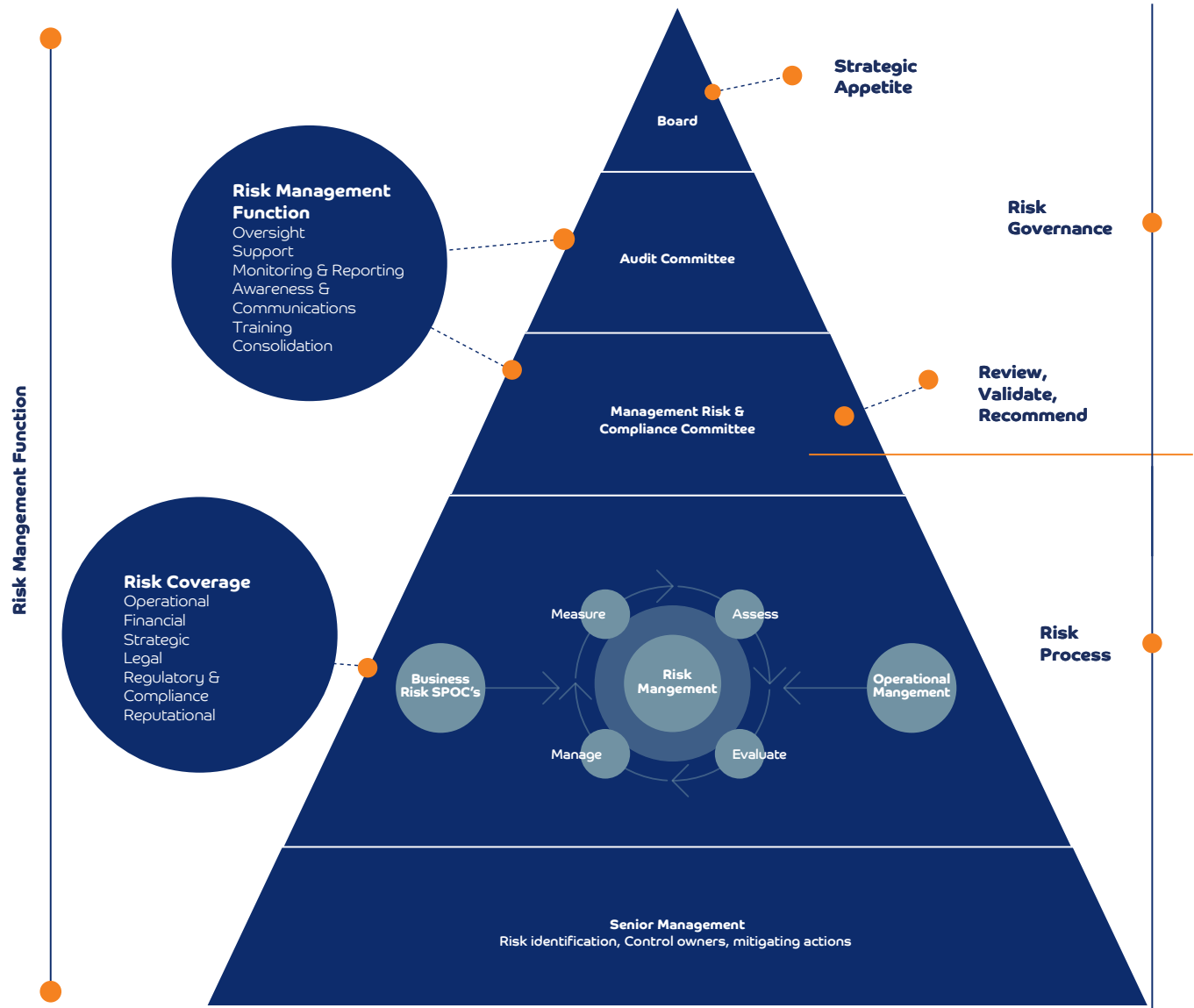


# Risk Management & Compliance

EITC has established an effective risk management and compliance frameworks, aligned to global good practice, which enables us to maintain oversight of the risks we face whilst

supporting the execution of our strategic objectives and delivering our long-term vision. Good risk management underpins everything we do, promoting a strong and sustainable organisation.

## Our risk management framework



## Risk governance

In line with the Board of Directors' commitment to ensure a strong and effective system of corporate governance, we have established management level risk governance committee.

Working synergistically, these governance committees ensure we have the correct focus, accountability, and prioritisation of treatment strategies for our key risk and compliance requirements.

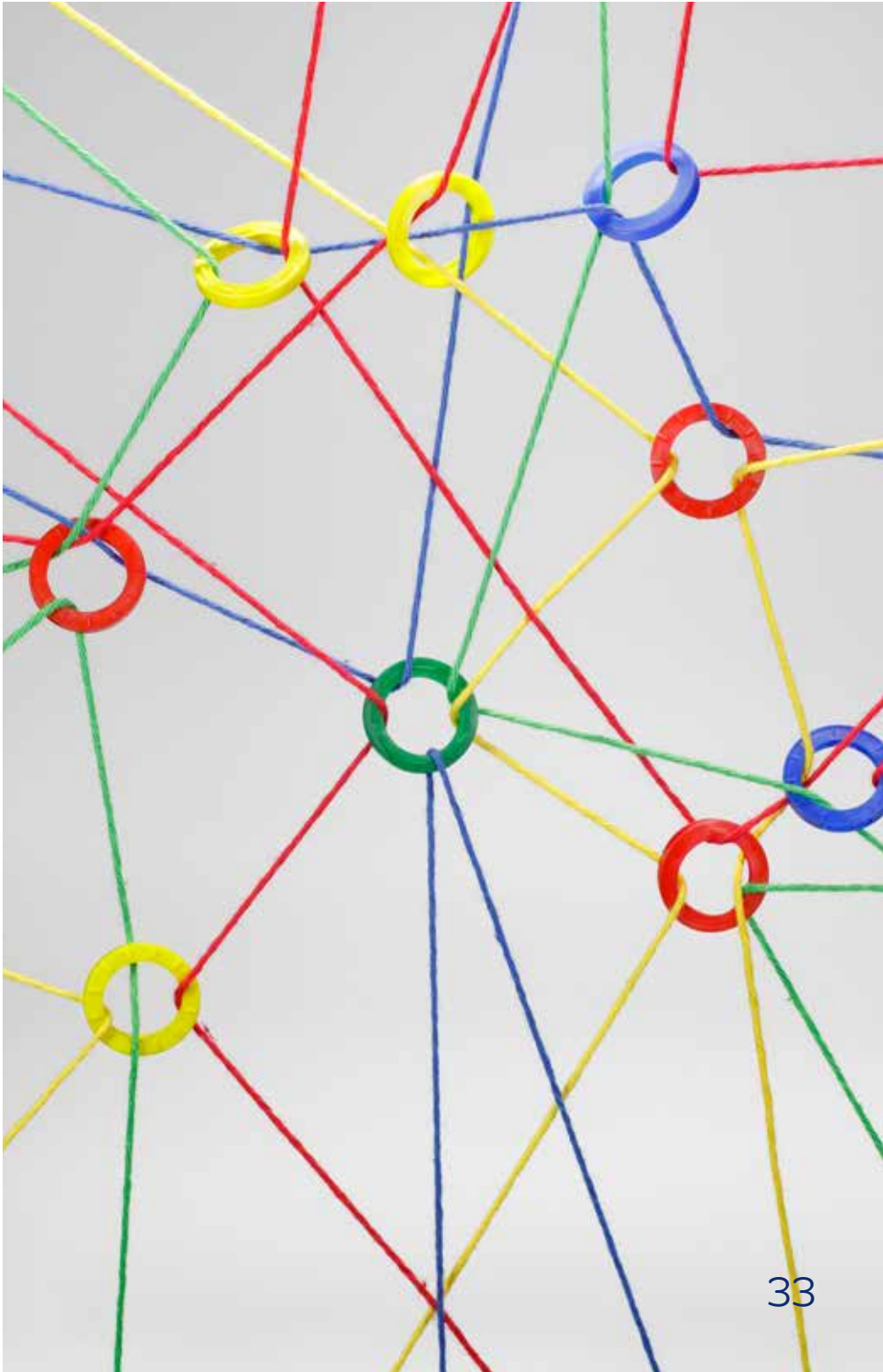
## Our focus in 2019

Throughout 2019, we will focus on controls transformation and automation of our risk management processes. We will continue to strengthen and enhance our risk management capabilities and actively adapt our risk management processes to our changing business needs.

## Major developments in 2018

In 2018, we continued to enhance and strengthen our risk management and compliance capabilities by:

- Establishing a dedicated Risk & Compliance function, reporting directly to the CEO, to drive traction on risk and compliance deliverables across the business
- Streamlining our risk management and regulatory compliance methodologies, focusing on value-add by supporting EITC strategic business objectives
- Implementing a Risk & Compliance Committee, a management-level governance forum to enhance operational and strategic oversight of our key risk and compliance status
- Embedding risk management into major EITC change initiatives, ensuring strong risk governance over our major projects
- Implementing a robust risk engagement model, supporting the seamless integration of risk management within our business processes and establishing clear roles and responsibilities
- Developing a suite of Key Risk Indicators to support the proactive monitoring of our key risks







**Our key risks are listed below:**

Principal risks	Risk Category	Mitigating Factors
<p><b>IT Transformation:</b> Our IT transformation initiatives may not deliver the expected benefits or significantly impact our service offerings and future NPS.</p>	Operational Risk	We have established strong governance around all our IT transformation projects and programmes to ensure effective execution and oversight.
<p><b>Evolving Compliance Requirements Rapidly:</b> Coupled with increased regulatory complexities, place unique challenges on the way we conduct our business.</p>	Regulatory Risk	<p>We closely monitor our regulatory requirements through an effective compliance assurance programme with governance and oversight implemented at both management and Board level.</p> <p>We maintain continuous contact with regulatory and legislative bodies to proactively manage our compliance exposures.</p>
<p><b>Customer Experience Ensuring:</b> An inspiring end-to-end customer experience is vital for our long-term growth and profitability, and requires concerted efforts against potential impediments.</p>	Operational Risk	Our comprehensive customer experience roadmap drives coordinated efforts to support customer loyalty through the consistent improvement of experience across all our customer touch-points. We place the customer at the heart of everything we do.
<p><b>Cyber Security:</b> At a global level, risks associated with cyber security are on the rise. A successful cyber-attack against our company may result in network outages and subsequent reputational and financial impacts.</p>	Operational Risk	We have adopted adequate strength in depth across all our security domains and work continuously to ensure our control environment is of sound design and operation. 24/7 monitoring of our security controls, coupled with effective response mechanisms, helps ensure optimal protection against cyber threats.
<p><b>Ability to Embrace Innovation:</b> Rapidly evolving and disruptive technologies challenge our ability to provide customer-centric products and services, and maintain profitability and sustainability. Our ability to effectively innovate and keep pace with new and emerging technologies will significantly contribute to increasing our customer base and/or retaining our existing customers.</p>	Strategic Risk	Our increasing digital footprint coupled with internal emerging innovation forums defines our commitment and seriousness to develop innovation as a core organisational capability. We consistently review the market, both locally and globally, and ensure we have the agility and preparedness to respond and react to rapid changes in our competitor's service offerings.

Principal risks	Risk Category	Mitigating Factors
<p><b>Key Suppliers and Vendors:</b> For day-to-day execution of our core services, we place significant reliance on our key strategic suppliers. A failure or deterioration of service from one or more of these suppliers may impact our ability to provide uninterrupted and stable service to our customers.</p>	Operational Risk	Key vendor relationships are governed through an approved risk-based process. We monitor on-going performance of our key vendors and partners to ensure consistent operation and to provide the ability to detect, and respond quickly to, any performance issues.
<p><b>Service Interruption:</b> The network and IT systems which support the ongoing operation of our voice, data, mobile and fixed services may be impacted by outages (due to e.g. physical disruption, malicious activity, power failures). This may lead to reputational and financial loss plus increased customer churn.</p>	Operational Risk	We have implemented dedicated teams tasked with the responsibility for embedding resilience within our core network and IT systems. Our in-house business continuity, disaster recovery and crisis management teams have been established to enable rapid detection and response to major incidents and events.
<p><b>Financial Viability:</b> A regional and / or global economic slowdown, resulting in impacts on revenue, debt and access to liquidity, may lead to increased levels of financial stress.</p>	Financial Risk	We have established strong financial planning and liquidity management practices to manage risks associated with our financial exposures. These processes are monitored and reviewed both internally and through external partners.



# Spotlight on our businesses

- **Telco services division**
- **Enterprise solutions division**
- **Infrastructure division**
- **Digital lifestyle and innovation**
- **Virgin Mobile U.A.E**



# Telco Services Division

EITC's Telco Services Division arose from our 2017 restructuring process in the drive for greater efficiencies and heightened customer engagement. The mandate of this division is to deliver innovation to the consumer marketplace whilst increasing EITC's revenue and profitability.

The channels through which we do this are du, one of the world's fastest growing brands and for twelve years EITC's public face, and Virgin Mobile, the second brand operating under EITC, successfully launched in 2017. These brands do not compete; du is our mass market brand while Virgin Mobile is a niche brand catering to the fast growing 'tech savvy' market.

## A focused and rewarding year for du

Every industry sector in the UAE approached 2018 with caution. This is primarily due to the introduction of VAT for goods and services, which added uncertainty to the market. With stagnation in the consumer mobile category an ongoing concern, EITC was prepared for a very challenging year ahead.

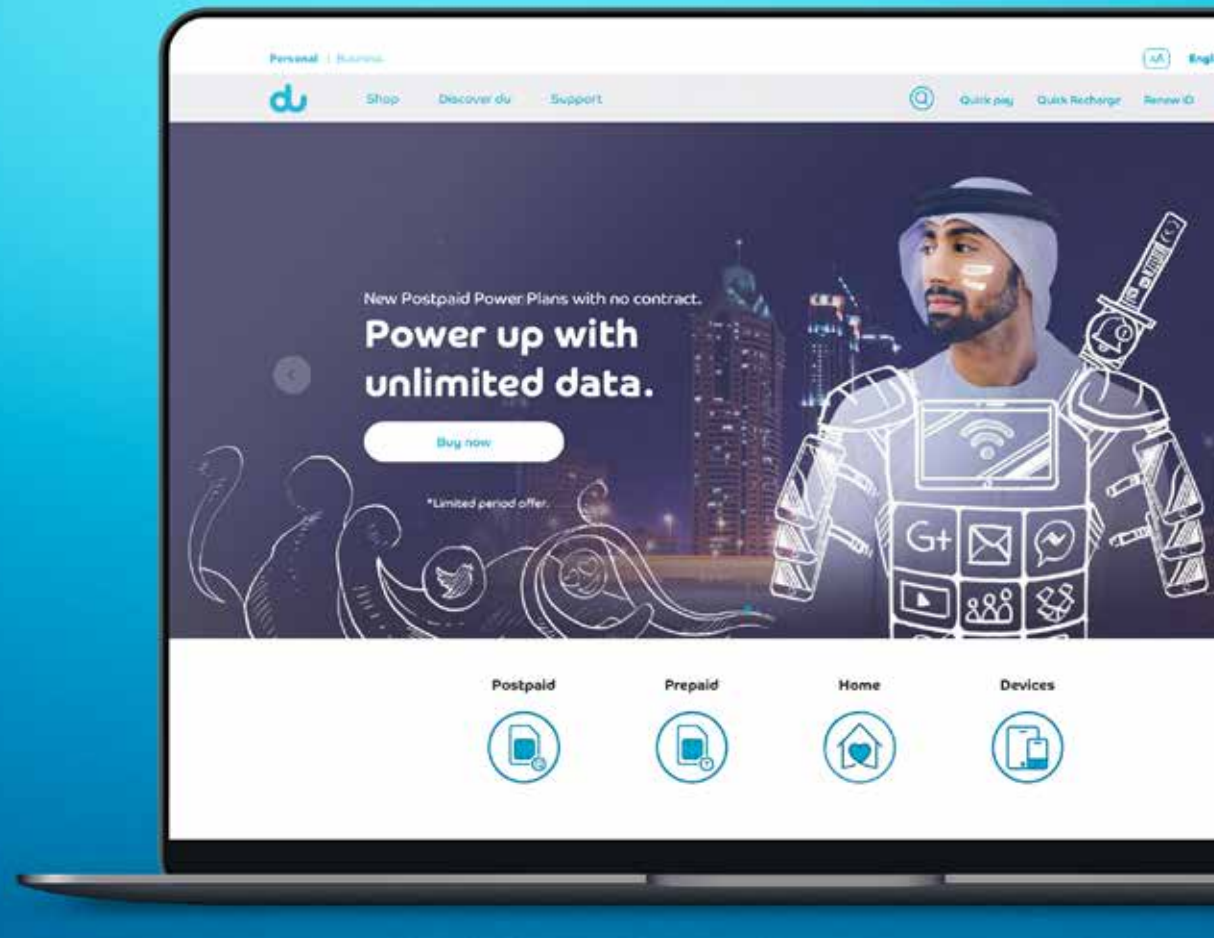
We met this challenge with enhanced focus at every level of our business. We focused on reviewing and restructuring our costs, and on sustaining quality revenue. From a customer experience perspective, we focused on transparency and satisfaction.

We are pleased to note the strategic decision to concentrate on cost reduction and areas of profitable revenue yielded very good results. These areas of focus were augmented by evolving customer operations to a more consumer-centric model, which gave us an immediate link between improved service and problem resolution. This, in turn, reflected in increased revenue and more positive customer engagement.

With the mobile category showing challenging growth last year, we sought other revenue streams such as content and value-added services. But 2017 revealed that the fixed category held the greatest potential for growth. This potential was exploited in 2018 in numerous newly-developed residential zones around the UAE.

The mandate of this division is to deliver innovation to the consumer marketplace whilst increasing EITC's revenue and profitability.





### Setting ideas in motion

As part of a streamlining and restructuring process that began in 2017, our RESET programme designed to transform our operating procedures through a process of cost reductions and digitization continued in 2018. Working in tandem with RESET was our ongoing mission to improve customer experience at every touchpoint. This has resulted in many cost-saving and customer re-engagement benefits.

For example, we've automated dealer registration, which now takes place online. The time and resource saving of this simplified process on our business cannot be underestimated.

As of this year, we're now able to monitor customer transactions across our sales channels so we can constantly improve our interactions. This is a vital step forward, because assessments can be made in real time concerning the quality of our products and the quality of our customer-facing staff.

We've also created Webchat, which eases the load on call centres by rerouting customer calls through digital channels. Easing the load, too, is our more efficient du website, the new du mobile app and refined IVR mechanisms.

Of particular significance is the considerable growth of Transactional Net Promoter Score (TNPS) in Q3 and Q4 across both retail and franchise, as a result of our sustained focus on staff education, training and incentives. The exponential and advocacy value of this growth, if continued, is beyond measure.

The exponential and advocacy value of this growth, if continued, is beyond measure.

### Adding life to 2018

Despite a stagnant mobile market, du demonstrated its agility in 2018 with a high level of innovative engagement with customers and prospects, underscoring its premise as the brand of choice in the UAE.

By introducing customised mobile offers in 2018, which complemented our existing portfolio, we attracted new customers and increased revenue per user from our high value customers. This was not only through the application of innovative thinking, but also by maintaining an active philosophy of listening to the needs of the marketplace, our major differentiator for the last twelve years.

Our fixed services performed exceptionally well due to our expansion into new residential areas. The potential for further growth is enormous, as the regularity of new residential zones becoming available is synced to the attractiveness of the UAE to expatriates and the growing National population. Our current penetration is expected to

grow significantly, not least because of our new home service portfolio, launched for our triple-, and double-play customers, and the recently-signed partnership with Netflix.

A progressively improved website is one of the more visible ambassadors of our digitization process. It is extremely simple to navigate and already showing a marked increase in both the numbers of click-throughs and cross-selling. It is also, along with the launch of our new mobile app and E-Shop, swiftly gaining more trust in the online transactional process, thereby alleviating in-store traffic.

We added nine new locations and four new stores in Abu Dhabi and the Northern Emirates in 2018 to increase our visibility and offer greater convenience to our customers. This is important for two reasons: the growing momentum of the du brand in the capital is in recognition of our new customer engagement initiatives, and the Northern Emirates are a thus-far

underdeveloped market, with vast potential for growth.

Internet Call Pack was launched, with a free 15-day trial for our customers to connect through unlimited video and voice calls with their families. This innovation is in alignment with the sector of the population who do not have the privilege of being in the company of their families for large periods of time. We are particularly pleased with this proposition, because it reinforces our charter of providing 'What Matters Most' to the market.

Our 'More For More' strategy has sought to offer greater benefits to our high value customers through value-added services and a greater availability of content. The response to this strategy has not only generated more revenue from the highly sought-after market segment, but also increased customer bonding to the du brand.





**World-class partners to serve our customers better**

The exclusive partnership entered into with Netflix was a highlight of 2018. Now considered the most high-profile media company in the world, Netflix is a brand that has revolutionised home entertainment and it should be of little surprise that our new duo- and triple-play products provide Netflix with a competitively advantageous platform.

Our new partnership with Amazon Prime adds a further dimension to the home platform we now offer to customers across the UAE. The programming and content creation of the global media company is acknowledged as being among the highest quality available anywhere in the world.

Every game of FIFA World Cup 2018 was broadcast live into the homes of the UAE's fan community, courtesy of our partnership with beIN. The quality of presentation of the Russian-hosted event made for riveting viewing, featuring unsurpassed analysis and commentary of every game.

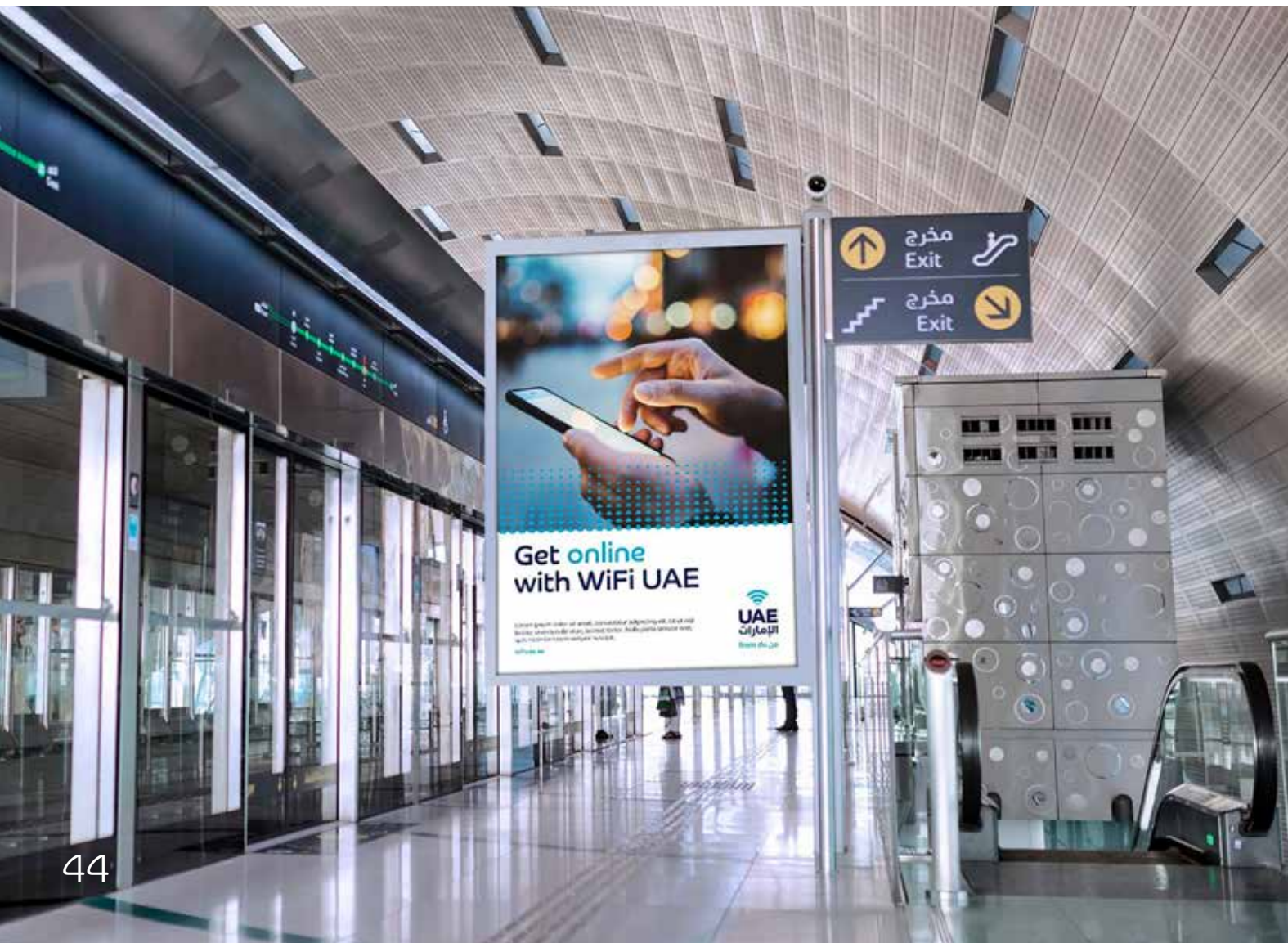
2018 also saw du consolidate and even strengthen our partnership with Samsung, the world's biggest supplier of handsets and certainly the UAE's most popular brand. The already rich innovation stream this allows us to deliver to our customers will continue into the future.

Ethihad Airways, the capital's premium airline with the world's newest fleet and a globally-widening destination portfolio, became our partner, with a

combined loyalty programme aimed at our high value post-paid customers. Residents flying out of and into Abu Dhabi now have further incentive to avail themselves of du's products and services.

Our expansion of WiFi UAE saw du enter into various partnerships to be available on the Dubai Metro and Tram services, Emaar Boulevard in Downtown Dubai, as well as the installation of Smart Palms in parks and on beaches across Dubai. We also expanded WiFi UAE into malls around the country.

We entered in to an exclusive partnership with the UAE Ministry of Human Resources to ensure labourers have access to pre-paid connectivity. This is a vital pillar for the Government's vision of creating the happiest country on Earth.



**Marks of distinction and recognition from government and industry**

du is proud of the numerous awards, accolades and certifications we received in 2018, which included:

**Emiratization Award 2018**  
from the Ministry of Human Resources

**Best Community Engagement Award**  
by Contact Centre

**Employee Happiness Award**  
in Contact Centre

**Outstanding Catalyst Innovation Award**  
from TM Forum

**5 Star Rated Service Centre**  
from TRA for Al Salam HQ Store

**ISO 9001**  
for Product Lifecycle Management process

**ISO 27001**  
Recertification for IT

**PCI-DSS**  
Recertification of key applications



# Enterprise Solutions Division

Enterprise Solutions is a new division rising from the integration of Enterprise Telco and ICT Solutions. The ongoing desire for greater efficiencies plus the competitive advantage of offering one full suite of telco and ICT solutions for our clients were the motivation behind this organisational realignment in 2018.

In 2018, the mandate for the Enterprise Solutions Division was to consolidate our innovation and service-driven culture in our core business, while also venturing beyond the core to support the UAE Government and business community to meet evolving challenges and opportunities.

In line with this objective, we increased our capabilities to provide Government entities and the private sector with more advanced and scalable end-to-end infrastructure, bespoke services and advisory, and a competitive innovation stream.

To successfully engage with the business community now and in the future, we're continuing to build the highest levels of trust in our capability and dedicated service. To this end, we seek continuity in the market's perception that we are a one stop shop.

Our focus during the year was on advances in the areas of Enterprise Networks, Cloud, Data Security, Data Centre Services, Smart City Services, Internet of Things (IoT), Data Science, Blockchain, Platform as a Service, and Artificial Intelligence (AI).

The Enterprise Solutions Division, which remains within the du brand following this year's internal re-organisation, is aligned with, and wholly committed to, the UAE Government's vision of digital transformation as an enabler for the people and economy.



We're continuing to build the highest levels of trust in our capability and dedicated service.

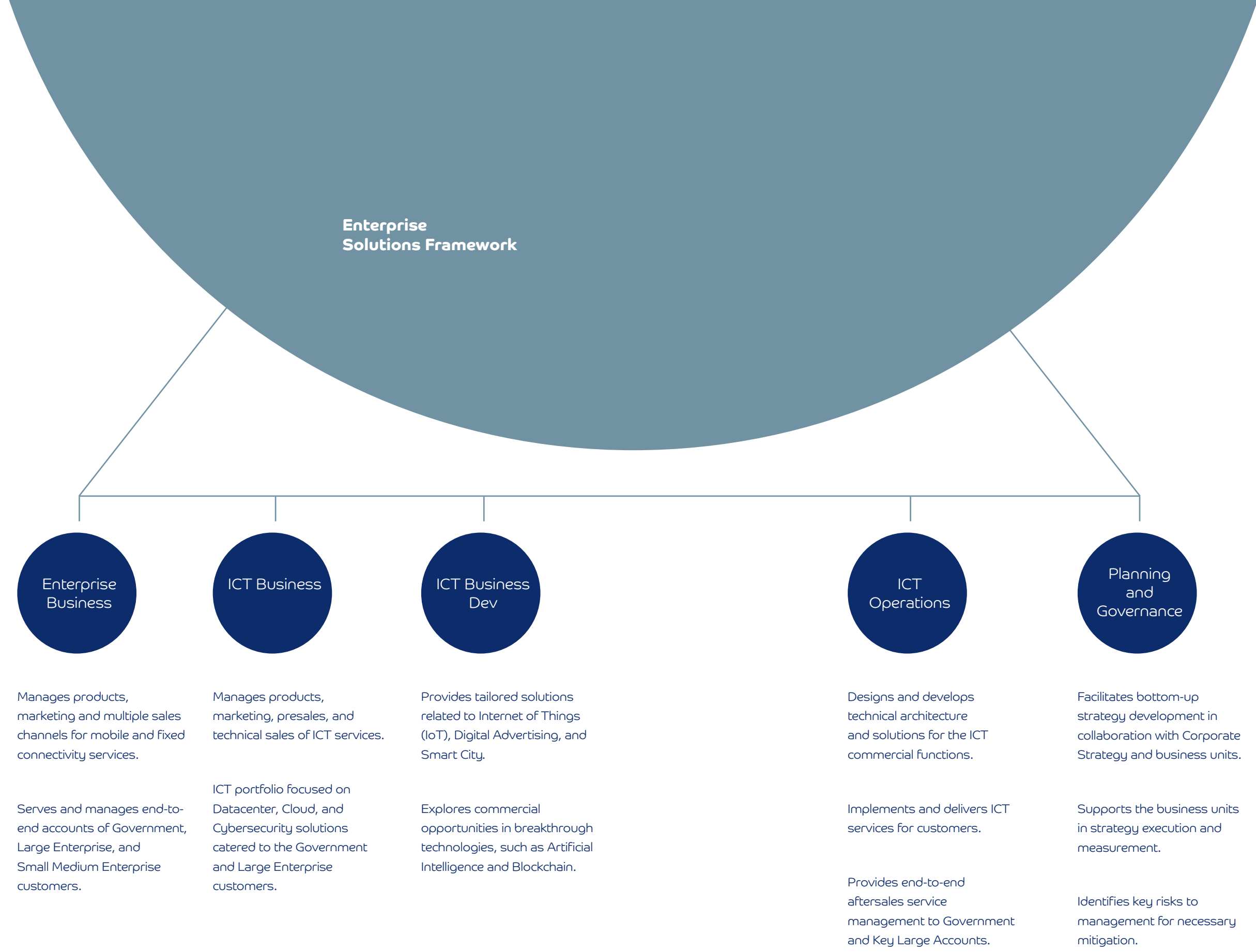
## Restructure vindicated by solid growth and performance

Our business results for 2018 were strong and indicative of our ability to understand and support the business landscape of the UAE and the vision of our leadership, as we move towards Vision 2021 as the nation's next milestone.

Particular note should be made of our focus on IoT and M2M (machine to machine), as these are the drivers for virtually every business sector in the UAE in the years to come.

We've also created the Idea Hub at our head office to showcase solutions to our clients and gather learnings, and continue to build partnerships with global tech companies to maintain our obligation to provide UAE business with best-in-class solutions.

And we launched a new enterprise brand promise through our latest campaign that provides accountability and leverages the one guiding insight for all successful business relationships. Known as 'Our business is trust', its implementation has already been greeted with positive engagement by the business community.





## Transforming UAE's technology landscape

We have established and grown a wide range of successful and evolving partnerships between Enterprise Solutions and the UAE government and private sector in 2018. However, our contribution to UAE Society is even broader than this. The following initiatives are just some examples of the desire and capability of EITC to enhance its growing stature as a national asset.

**Dubai Pulse** is already being referred to as the new digital backbone of Dubai. We have been appointed as the strategic partner with Smart Dubai Office and have assumed responsibility for building its operating system, the aforementioned Dubai Pulse. Simply, it will connect all private, public and government entities in one unbreachable, secure location. It is so-named because at one touch, any information about Dubai can be obtained. This technological coupling of city services, IoT, cloud services and Big Data is a prime example of the Dubai Government's vision of 'transformation that serves humanity'. Dubai Pulse is the most comprehensive exchange for government and private sector services yet imagined.

**Dubai Silicon Park** is the first Smart District in the UAE. To achieve such a distinction, the integration process to marry technology to every aspect of business and personal life in an advanced, yet eco-friendly community was both ambitious and incalculable a few years ago. We are the master systems integrator for the district, ensuring that Dubai Silicon Park is a functioning, fault-free model of a boldly-envisioned future for the UAE.

The provision and integration of technology to ensure Dubai's continued status as a Smart City is the responsibility of this division. The roll-out of 5G and expansion of IoT are assisting us to realise the dream of Dubai as a single organism whose every, and only, function is to serve its citizens. The transformation of Dubai to a community where buildings, car parks, hospitals, street lights, roads, even bus schedules are infused with smart technology – ensuring safety, convenience, economy and environmental benefits stands as one of the proudest achievements in our 12-year history.





## Beyond 2018, beyond the core

As we look towards 2019, within our core business, our horizontal offerings will continue to introduce innovative products and services as a spur to our clients' growth. We will also focus on vertical solutions across different sectors in the large enterprise and SME segments, whilst deepening our partnership with both the Federal and Local Governments.

Transformation is a constant. It will continue to guide every aspect of our business. Moving beyond the core will give Enterprise Solutions a clear competitive advantage, as the strategic goals and business needs of our clients and partners evolve.

## Marks of Distinction

We are proud of the recognition and acknowledgment we've received from the local and regional telecommunications industry, our partners and our clients.



### Best Smart Cities Initiative

Telecoms World Middle East  
Dubai Pulse

### Most Innovation Solution

Telecom Review Summit  
BPaaS

### Best New Smart City Initiative

Telecom Review Summit  
Crowd Management Solution

### Recognition Award

FVC Awards  
Idea Hub

### Best Business Solution Of The Year

Recognition from Judges Panel  
MEEDS  
IoT Solutions

### Satellite Service Innovation Of The Year

Digital Studio Awards



# Infrastructure Division

With its commitment to consolidate its core business and move beyond the core through transformational business practices, EITC maintained a focus on restructuring and diversification in 2018. Underlying this transformation was the

remodelling of the Infrastructure Division to maximise efficiencies, deliver 'faster time to market' and ensure a higher quality of product and service.

We refer to the new operating model as a factory. As depicted below, EITC's four business units, which deal directly with customers are 'fed' with innovative products and plans by the main factory.

**The model provides what is depicted as the "main factory"; which consists of the following**

- The Infrastructure Planning Function; subdivided into "Telco Planning" & "ICT & Cloud Planning"
- The Infrastructure Implementation
- The Infrastructure Service Operations & Optimization

**The model also provides technical security across EITC, whilst its support functions include**

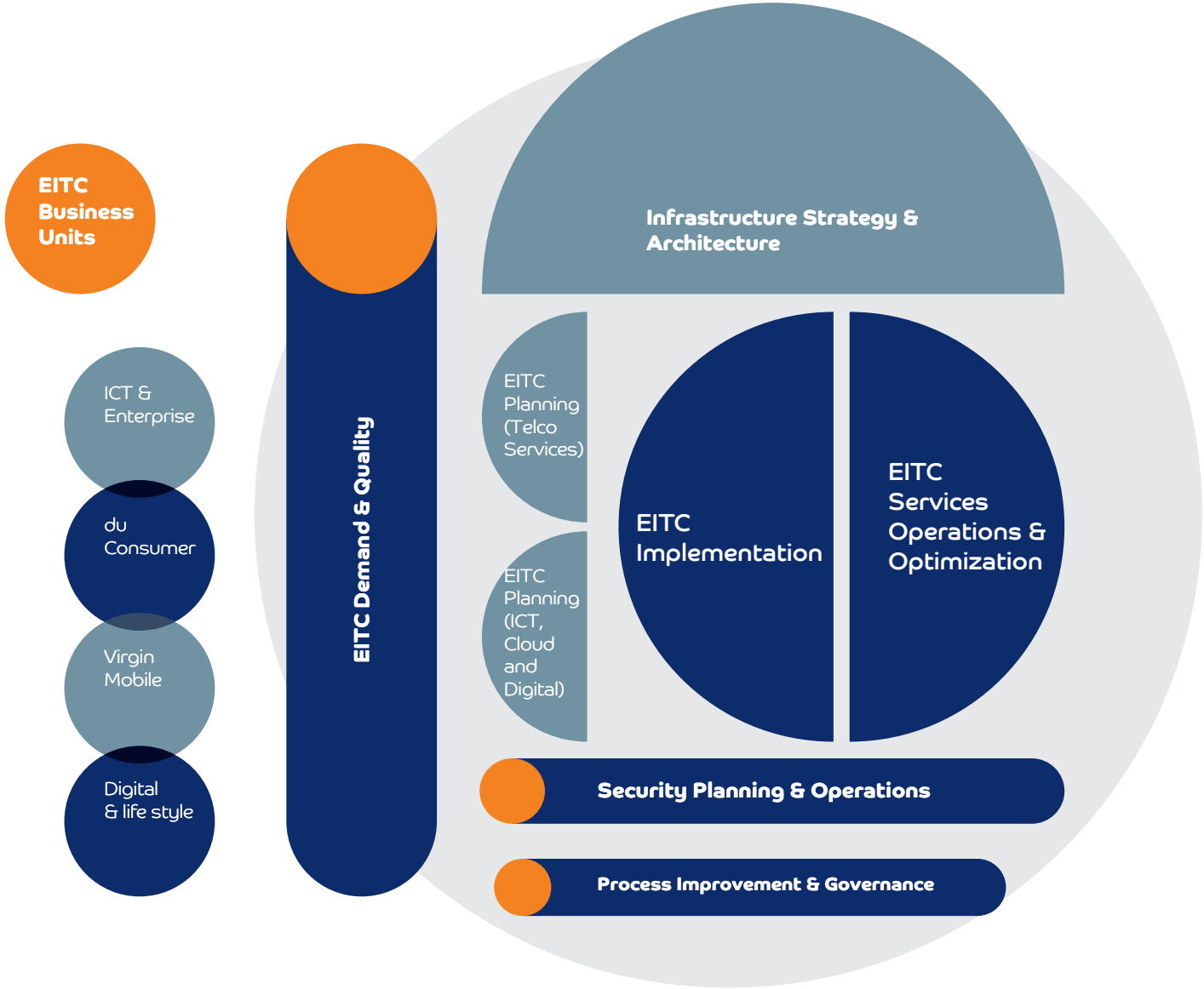
- Strategy & Architecture, dedicated to the company's future operations
- Demand & Quality which interfaces directly with our customers and their demands
- Process Improvement & Governance, responsible for financial and deliverable governance



**We are pleased to note that since restructuring, we've delivered significant improvements in all three of our objectives**

- Greater efficiency
- Speed
- Quality

**Infrastructure Operating Model**



**Delivering change from within**

The single most significant step in our remodelling process has been the Technology Blueprint Programme. This programme has removed legacy protocols, fragmented procedures and outdated manual operations, and replaced them with cloud-based virtualisation functions, automated & centralised data management and heightened data security.



**Cloudification Enablement**

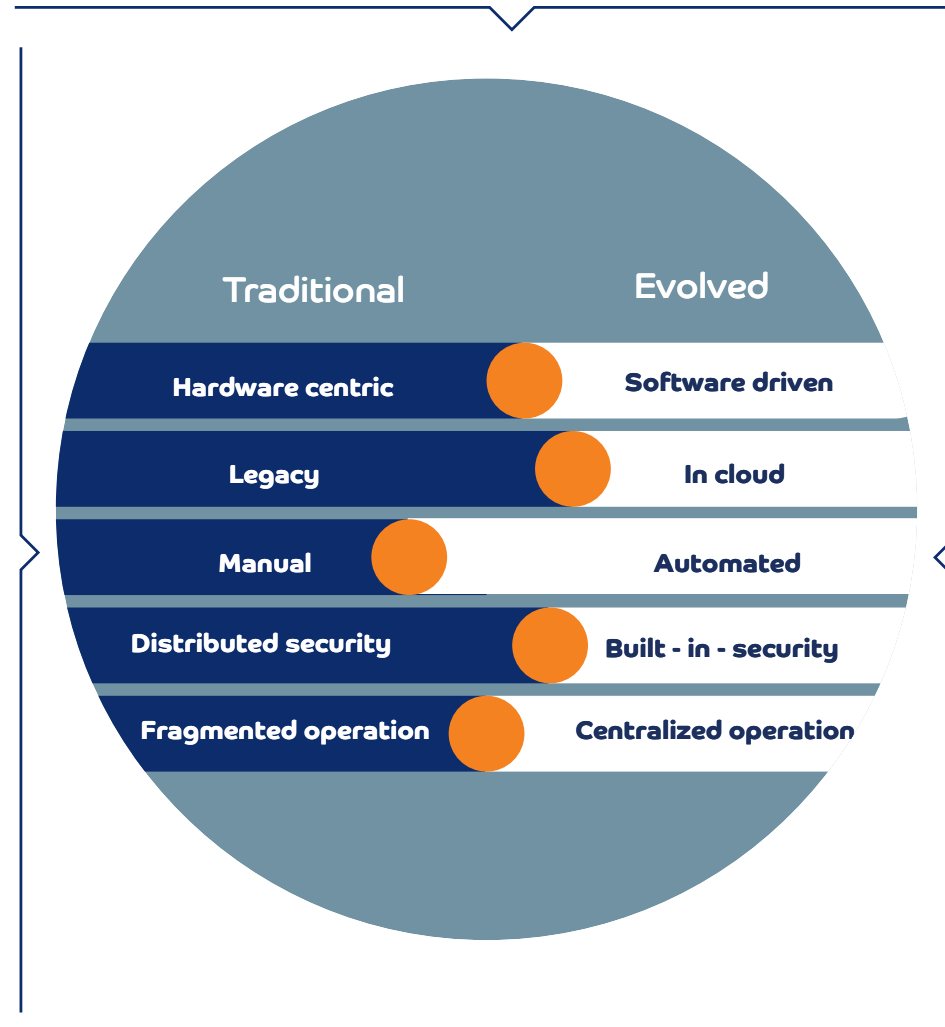
Fast product, service and resource bundling through automated orchestration of a catalogue driven service offering and easy onboarding

**Process Excellence**

Automated E2E processes, enhancing effectiveness, reducing root causes of errors and improving flexibility.

**Service Excellence**

From fault management approach to highly automat senice & customer focused operation that delivers proactive resolutions.



**Next Generation Security**

Security plans for and proactivity address cyber threats and fraud, handling emerging tech security and information security governance.

**Next Generation Network**

Allowing agile delivery of new digital services with virtualisation and focus on future access and transport technology evolution.

**Business Enablement**

Fluid, flexible and agile business framework to capture new growth opportunities and manage a 360 degree view of customer journey



**Of the five streams identified to achieve our goals, in 2018 we achieved**



The Technology Blueprint Programme has been recognised across all sectors of EITC as having produced the first tangible enabling of the company’s “innovation leadership” drive into the future.

**Continuing to strengthen our robust core**

Our fibre network, a cornerstone of our upcoming 5G network implementation, was enlarged by an additional 12% (measured in kilometres) to cover crucial areas of the UAE and an extension which now covers more than 50% of our mobile sites. This is a milestone figure, as we are planning to reach 90% in the near future.

Today, 70% of our Fixed Services and Triple Play customers are on GPON (Gigabit Passive Optical Network). GPON was designed to deliver a dramatic leap in digital technology for fixed services, both for the home and the enterprise. We’ve also exceeded our yearly target for the installation

of GPON for homes and business by 53%. The complete move from legacy copper-based network to this fibre-based network is ahead of target by 31%. Taawun, our joint agreement with Etisalat, in which we share common fixed services infrastructure for the benefit of new communities, has seen EITC’s contribution increase to over 190% compared to 2017.

12%

Our fibre network was enlarged by an additional 12% to cover crucial areas of the UAE for the upcoming 5G network.

70%

Home and Enterprise fixed services are on GPON.

53%

Exceed yearly target installation of GPON for home and enterprise.

31%

Ahead of target that moved from legacy copper to fibre-based network.

190%

EITC contribution increase within Taawun project.

Not only did our Mobile Services manage a 38% increase in data traffic in 2018, but our 4G LTE mobile indoor coverage was also improved to reach 95% of the UAE population.

Our In-Building Solutions (IBS) recorded a leap in deployment in major UAE property developments, including the eight stadiums hosting 2019's Asian Cup. This denotes a 52% increase in data usage, and a superior mobile signal. Residents and companies in selected areas benefited from an unprecedented 350 Mbps in 2018 through our upgrade of our state-of-the-art LTE network to LTE-Advanced Technology. And the extension of our 4G network along all major highways right up to UAE border posts boosted traffic by over 150% amongst In-Bound Roamers.

The incredible speed and enhanced all-round experience of 5G were demonstrated to our customers at EITC headquarters, GITEX and at the annual Jumeirah Golf Tournament. Speeds of 1.4 Gbps were greeted with astonishment, as were the displays of Augmented Reality, Holography, Virtual reality and 3D streaming. These were tantalising showcases of a very exciting future for EITC and its customers.

### Innovation and opportunities beyond the core

The strategic decision made by EITC to merge ICT with Enterprise and go beyond our core business is reaping huge benefits for the advance of technology in service of the UAE and its economy.

### Some of our 2018 innovations include:

- Cloudification through SD-WAN (Software-Defined Wide Area Network)
- Narrow Band IoT, the forerunner of tomorrow's machine to machine connectivity
- Artificial Intelligence (AI), to enhance digitisation within our infrastructure, including EITC's first robot employee Pic of robot

We have also built a Use Case Catalogue to align our technological innovation with our business roadmap in relevant industries. This has had a measured impact on three streams within EITC. These are time to market, which helps to minimize Capex. Better efficiency, by reducing logistical costs. And innovation, the most notable benefit being the various applications in development,

**38%**  
increase in the data traffic

**95%**  
improvement in indoor mobile 4G LTE

**350 Mbps**  
350 Mbps achieved through upgrade to LTE-Advanced Technology

in partnership with Smart Dubai as well as other partners.

In parallel to doubling our data centre capacity eight months ahead of schedule, we have accelerated our Green Energy mandate. Many of our sites are using our sustainability technology "Free Cooling" now consume 15% less electricity and we've increased our solar powered sites in 2018 by 40%.

- EITC is proud to play a regional leadership role in upholding telecommunications industry standards, through its prominent role within GCF, GSMA & ITU, in cooperation with the TRA. Awqaf, which provides free access to the Ministry of Religion App and Friday prayer
- Parental Control, ensuring families browse and interact on the internet responsibly

**150%**  
In-Bound roamers post boosted traffic by over 150% in major highways up to UAE border

**1.4 Gbps**  
1.4 Gbps were demonstrated of 5G

- Cloudification through SD-WAN (Software-Defined Wide Area Network)
- Narrow Band IoT, the forerunner of tomorrow's machine to machine connectivity
- Artificial Intelligence (AI), to enhance digitisation within our infrastructure, including EITC's first robot employee

### On all fronts, a great year for service operations

Our investment to expand our mobile network – by 8% in 2018 - is already yielding results. The vast majority of our new sites are 4G LTE. EITC managed a 38% increase in data traffic and 10% increase in users, whilst improving user experience. Inbound and Outbound Roamers also increased; the former by 18% over last year and the latter by a marginal 0.2%. So too has our fixed services traffic grown in 2018: national voice traffic by 23% and data traffic by 40%.

As the year drew to a close, our infrastructure teams ensured that celebrations around the country were enjoyed with zero outages despite a 28% increase in data traffic, thanks to the deployment of mobile towers to major New Years' events.

Every year we're benchmarked on the quality of our network. This is conducted by the TRA and a 3rd party, called the P3 Benchmark. On both occasions, significant improvements against 2017 were noted. In the case of the TRA Benchmark, our network KPI's exceeded all predetermined thresholds. Further, the P3 Benchmark ranked EITC in the top 20 of the 180 networks benchmarked throughout the world.

### Picking up speed in 2019

2018 was a milestone year in our transformation to a more efficient company, offering better and more innovative services to our customers.

In 2019, this journey will continue to accelerate. We will drive improvements in fiberisation, fixed and mobile services, while launching 5G with speeds up to 2.5Gbps and furthering automation across our operations.



**38%**  
New 4G LTE sites catered for 38% increase in data traffic



**18%**  
Inbound and Outbound Roamers increased by 18%

Our Fixed traffic increased as follow



**23%**  
National voice



**40%**  
Data traffic

—Offering better and more innovative services to our customer, was our main milestone to be one of the world wide telecom in 2018

— Our Journey will continue in 2019 to achieve up to 2.5Gbps while launching 5G.



# Digital Lifestyle & Innovation

2018 proved to be a progressive year.

EITC launched a dedicated Digital Lifestyle & Innovation Division in 2018, which is a key driver and enabler of the holistic digital transformation that began in 2017 and will continue to set the pace of change moving forward.

EITC must harness the potential of the digital era to ensure our services and solutions are delivered in a simple, easy

## Our digital transformation journey began by looking at ourselves

2018 made us look long and hard at the barriers preventing us from moving forward to meet the ever-increasing demands of our consumer and enterprise customers. To better understand the needs of our customers and their service expectations, we took a close look at how our previous culture and staff mindset needed changing, through attitude and products.

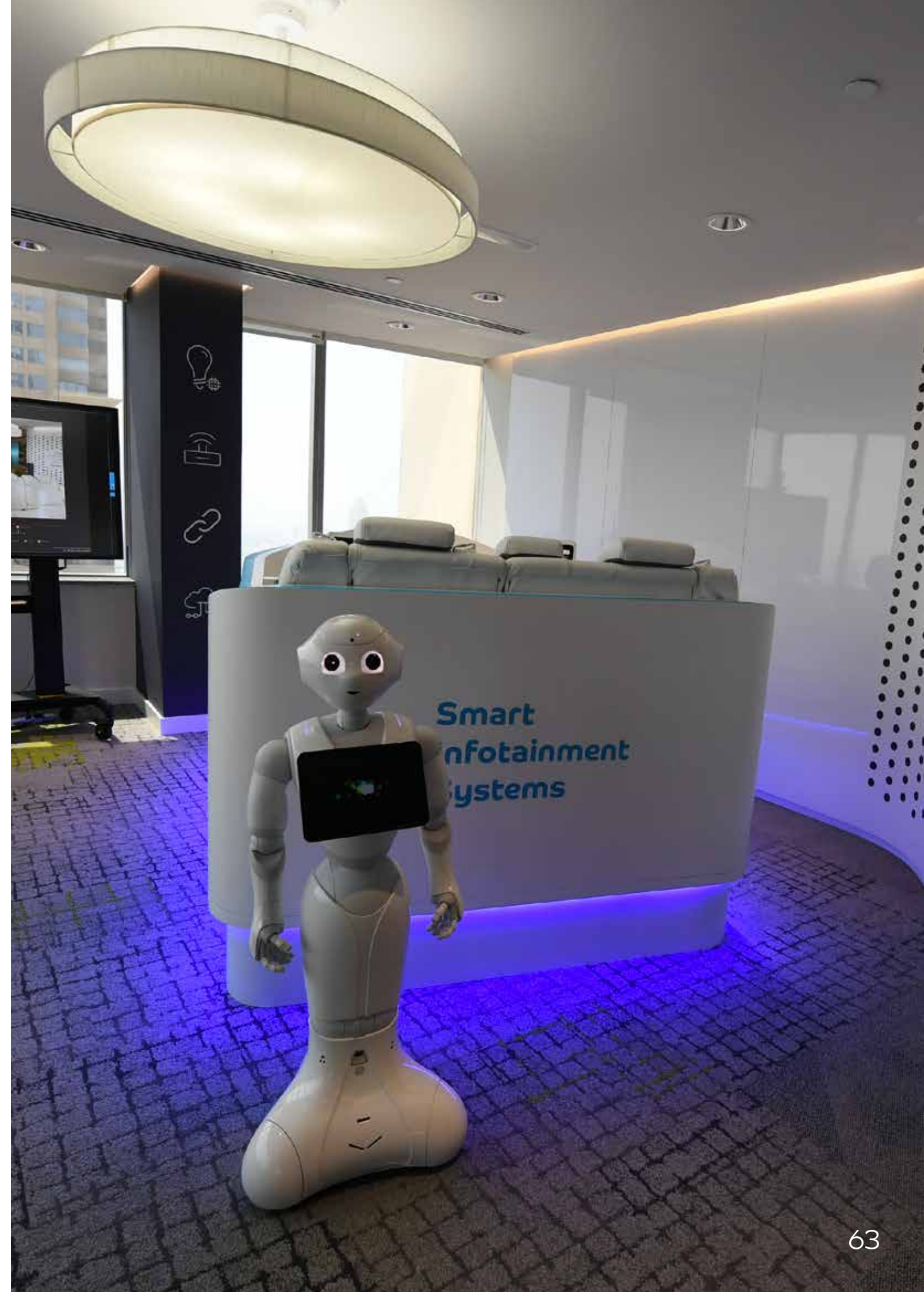
Looking at how the UAE is a pace-setter in enabling new technologies, we took this mission to heart and we recognised that our digital set up was not up to the expected standard of our customers. A seamless mobile experience, fast and reliable website performance, and an end-to-end eShop experience were all on our agenda for 2018.

and effortless manner, both for our customers and ourselves.

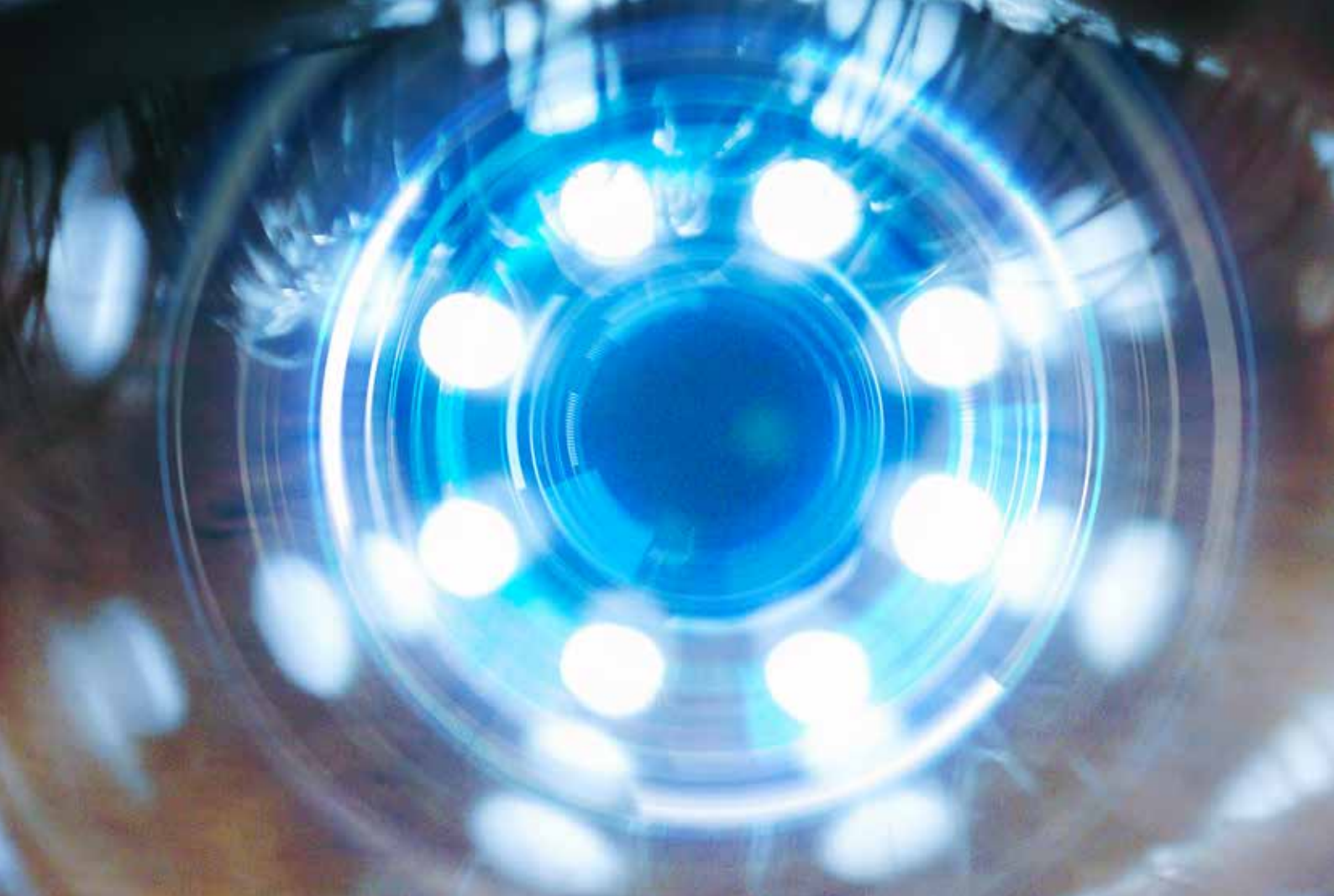
2018 proved to be a progressive year in this regard. We moved from assessing the broken and outdated, to creating a completely new machinery delivering automation and customer service unparalleled in our industry and the region.

The ambitions as a division, and of EITC overall, have been so broad that new revenue, sales and service, business analytics and customer service all have been examined and reimaged. The need for transformation in the thinking and processes driving these areas of business have required us to begin re-engineering the company from the ground up.

Overall, our investigation helped us assess missing capabilities as a leading global technology company, to lay out a clear path going forward, and to accelerate its delivery.







We are using robotics to automate around 200 processes across the entire organisation, enabling a more efficient way of working.

### **Building capabilities for effortless, customer-centric solutions**

At every level of the organisation, we put our customers at the heart of our business. Our brand ensures that our people keep the needs of our customers in focus at all times, with every digital interaction designed and built to further strengthen that bond.

Our interactions with our customers are deep and varied; we listen to them, apply the data and insights that emerge, and co-create intuitive digital experiences and capabilities with them to ensure their relationship with du is effortless and enjoyable.

We laid the foundation for digitising our core in 2018, launching a number of internal transformation initiatives, starting with the introduction of new tools and skill sets, such as building in-house robotic process automation capabilities.

We are using robotics to automate around 200 processes across the entire organisation, enabling a more efficient way of working. This, in turn, results in faster process execution, quicker response time and enhanced quality for our customers.

Around 20% of our corporate process universe across du has been automated thus far. This has resulted in an average reduction in process time of around 70 to 80% per transaction, which has created huge efficiencies and enables du to reallocate its staff to activities that truly add value for our customers.

Regardless of role, a high percentage of our workforce is now using personalised robots to assist them in their day-to-day work, thus reducing repetitive work and allowing them to spend more time on customer-focused activities.

We also built and launched du's first in-house eCommerce platform, implementing the 'best in breed' eShop, a SAP Hybris platform, for Consumer Pre-paid, Post-paid, Home and Enterprise customers.

Our website and processes were also optimised, utilising industry best-practice technologies to improve responsiveness, page load speeds and the digital payments success rate.

All of this will play a central role in the coming years, as we aim to satisfy our customers desire for more digital, customer-centric solutions.



## Automating and enhancing our customer interactions

As we become more efficient, our customers benefit through better and faster service, sales and support. With a number of important projects and milestones delivered in 2018, we remain focused on accelerating growth through new digital capabilities.

The algorithms we developed allow us to predict 95% of the issues and queries posed by our customers online. In real terms, this is furthering our ambition to conduct every customer interaction within a couple of minutes and have a resolution in the shortest time possible.

A brand new du mobile app was launched in the second half of last year, which saw a fully customer-centric design approach. It has now been downloaded by 60% of our customers. Our eShop was launched in Q4, reducing customer effort and enabling

an end-to-end digital experience for our Consumer and Enterprise customers, with further capability set to be added throughout 2019.

Our website is also amongst the simplest and easiest to navigate. This has important ramifications for the customer onboarding process and all transactions thereafter. The value of this was quickly evident during the 2018 FIFA World Cup, with over 15,000 activations handled by our webshop. In addition, over 1,000 home service (inzone) orders were completed through automated online order execution during the year.

We're moving very quickly towards the figure of 30% of all sales being digital. And now over 20% of all ID renewals are conducted online, driven by a new experience launched to facilitate this process. Furthermore, around 70% of all credit check verification requests

were handled entirely by robotics in 2018 and will become fully automated from 2019 onwards.

Our new customer chatbot is now live, enabling customers to interact with du 24/7, with response times within seconds.

In addition, 24-hour delivery for online orders of all mobiles, including both SIMs and devices, is now a guarantee for eligible customers across EITC.

Of particular note are our 2018 partnerships with Netflix and Amazon, both firsts in the region, who regarded the ease and speed of the digital relationships and channels we are building with our customers as fully aligned with their own ambitions in the region.

## Record numbers of online transactions

+127%

### Recharge value

+33%

### Bill payment volume

## Scaling up our digital ambition for our customers, partners and employees

The challenge for the Digital Lifestyle and Innovation division thus far has been assessment, enhancement and innovation. But this is just the beginning. A cultural shift has occurred within EITC, which recognises transformation as a constant.

## Enjoying the benefits of self-service

+27%

### App Downloads

+18%

### App active base

In 2019, we will build on the foundation we have established to deliver on our digital ambition across all internal and customer-facing channels. We will invest in new AI platforms that will enable du to implement and launch new services, with the goal of truly digitising our core

and creating exceptional value for all our stakeholders.

With our customers placed front and centre, we must continue to drive transformation, remain innovative, and deliver value for our customers and shareholders.

# Virgin Mobile

There are few brands around the world which can generate as much excitement on arrival as the Virgin brand. Challenging, innovative and a champion of the consumer.

Virgin Mobile has become a global icon of customer experience transformation. So, when EITC launched Virgin Mobile as part of our dual brand strategy in 2017, the UAE market responded in 2018 with a level of engagement befitting the nation's own character of future-facing enthusiasm and optimism.



Emirates Integrated Telecommunications Company PJSC

## 3 pillars for digital transformation and unique customer experience

In a country where customer choice was introduced by EITC's du brand twelve years ago, the mandate of Virgin Mobile – the UAE's third mobile brand – was to add incremental value to a mature market, complementing du's value proposition while driving innovation and digitisation. As such, in 2018 we maintained our focus on:

# 1

### Serving the 'Underserved'

Virgin Mobile defined and targeted the high end of each of the defined customer profiles, known as the 'tech savvy' segment. This segment is still recording healthy growth in a marketplace approaching 200% mobile saturation.

In order to effectively capture this market, Virgin Mobile's business model has been built on two foundations: each customer must have a credit card, so that they can enjoy the subscription-based pricing model, and they need to download the Virgin Mobile app, as all customer interactions and transactions take place on the app.

This focus has enabled Virgin Mobile to rapidly grow a new unique customer base in 2018, extracting revenue from a new market sector.

# 2

### Build a digital lab designed to create market leading digital customer experiences

Virgin Mobile's app-based methodology provides a direct and steady stream of innovative technological and service offerings whilst maintaining a lower cost operating model, which is aligned with EITC's overall drive for increased efficiency.

The tech-savvy customer does not want to take time going to a store, instead trusting the digital domain for all transactional experiences and service information. From onboarding onwards, Virgin Mobile takes a complete digital journey with its customers.

Virgin Mobile is not keeping pace with transformation. It is defining the transformation.

# 3

### Driving innovation in a controlled environment

EITC's dual brand strategy mandates that innovation for one brand cannot be at the expense of the other. Every new service, every new innovation and every new pricing proposition is conceived to work in concert with du's mass market positioning, not in conflict. In this way, each EITC brand grows and supports the other.

Virgin has become a global icon of customer experience transformation

The UAE market responded in 2018 with a level of engagement befitting the nation's own character of future-facing enthusiasm and optimism.



## Delivering a challenge to the telco ecosystem

Virgin Mobile set a new standard for telcos around the world in 2018, by introducing home delivery of SIM cards in under one hour. Not only did this redefine convenience as an experience, it also reinforced Virgin Mobile's position as a champion for tech-savvy customers across the UAE.

## Introducing market-leading services to customers

EITC's dual brand strategy was vindicated in 2018 by Virgin Mobile adding clear and significant value to EITC and the broader telco marketplace.

The year saw many firsts for our brand, that validated the digital engagement business model. These included:

- Launching in-app chat, which replaced traditional voice calls in customer support.
- Pioneering new innovative and differentiated pricing models by discounting 6- and 12-month upfront financial commitments from our customers.
- Allowing customers to change from a physical SIM to an eSIM with a simple click in the Virgin Mobile App.
- Allowing customers to transfer their mobile number from other brands in the market to Virgin Mobile with a simple click in the App.
- Developing intuitive features that help drive customer satisfaction – such as the “recommend” option, that communicates better plan value to customers ahead of their renewal so that they are constantly on the best plan for them.

Our journey of continuous innovation and market disruption keeps us vigilant in attracting the very best digital talent and thus, maintaining a meaningful relationship with our target market segment.

## Setting the pace in 2019

Having set the pace for digital innovation and customer service for our market segment, we need to maintain our leadership in 2019. The coming year will see Virgin Mobile continuing to introduce exciting services to attract new customers and offer them a unique experience, while supporting EITC's ongoing innovation and digital transformation. We will also keep focus on attracting top digital talent to support our culture and having the flexibility to adapt our business model according to the dynamics of the market.





**Bringing the world's best to our customers.**

The unique operating model of Virgin Mobile UAE, plus the growing empirical evidence of our efficiency and innovation, drew the attention of the most high-profile media company in the world and the most valuable company in the world in 2018.



Netflix needed a local mobile partner to provide a new platform that delivered a customer experience completely aligned with their own.



### Apple

Apple was looking to put its new iPhone XS handset in the hands of customers across the UAE in only ten days. The logistics of this task were incalculable, and the infrastructure to do so non-existent.

They found their solution with Virgin Mobile UAE. By adapting the traditional roll-out protocols we were able to obtain upfront payment for the new iPhone, ensuring quick delivery. We avoided the industry standard of a delayed booking and queuing system.

The benefits to Apple were the non-disruptive flow of new technology to an impatient market where speed of delivery is at the top of the loyalty chain. To EITC, further proof of our alignment with Apple to keep the consumer at the heart of everything we do. And to the consumer, the satisfaction of being the first to own the latest innovation from Apple.

### NETFLIX

#### Netflix

Netflix needed a local mobile partner to provide a new platform that delivered a customer experience completely aligned with their own.

They found their solution with Virgin Mobile. Although the initial engagement with Netflix was during our start-up phase, their investigation of all options brought them to the conclusion that our customer experience was, globally, the best they had ever seen.

The benefit to Netflix is having a new channel of communication with the fastest growing market sector in the UAE. To EITC, the reputational value in partnering Netflix. And to the tech savvy consumer, easy access to the most sought-after bouquet of entertainment on the planet.



# Awards & Recognition

In 2018, we were proud to receive a number of prestigious awards and honours, recognising our hard work and unique offering in the market.

**Outstanding Customer Service 2017**

CommsMEA Awards

**Most Innovative New Service of the Year 2017**

CommsMEA Awards

**Best BSS 2017**

Telecom Review Awards

**Best App 2017**

Gulf Customer Experience Awards

**Best Digital Experience – Overall winner 2017**

Gulf Customer Experience Awards

**Newcomer of the Year 2018**

Customer Experience Management Telecoms Awards Middle East

**Best Brand Experience, Gold 2018**

Transform Awards

**Best Implementation of a Brand Development Project**

Bronze 2018, Transform Awards

**Best Implementation of a Brand Development Project Across Multiple Markets**

Silver 2018, Transform Awards

**Best Localisation of an International Brand**

Silver 2018, Transform Awards

**Best Creative Strategy**

Silver 2018, Transform Awards

**Best Visual Identity from the Technology, Media and Telecommunications Sector**

Silver 2018, Transform Awards

**Best Rebrand of a Digital Property**

Silver 2018, Transform Awards

**Best Digital Service 2018**

Telecom World Awards

**Telecommunication Category 2018**

Future Enterprise Awards

**Best Use of Digital and Social Media for Customer Experience 2018**

Customer Happiness Awards

**Outstanding Customer Service 2018**

CommsMEA Awards

**Most Innovative New Service of the Year 2018**

CommsMEA Awards

**Best App 2018**

Gulf Customer Experience Awards

**Customer Happiness 2018**

Gulf Customer Experience Awards







# Sustainability at EITC



EITC is committed to serve as a responsible corporate citizen, while delivering the benefits of ICT to everyone, and making our people and communities happier.

We are the official strategic partner of the Smart Dubai Office and the platform provider for Smart Dubai. Among many other partnerships and associations, we are a signatory to the UN Global Compact, and are also a member of the Dubai Chamber of Commerce & Industry's Chamber for Responsible Business.

#### Our sustainability pillars

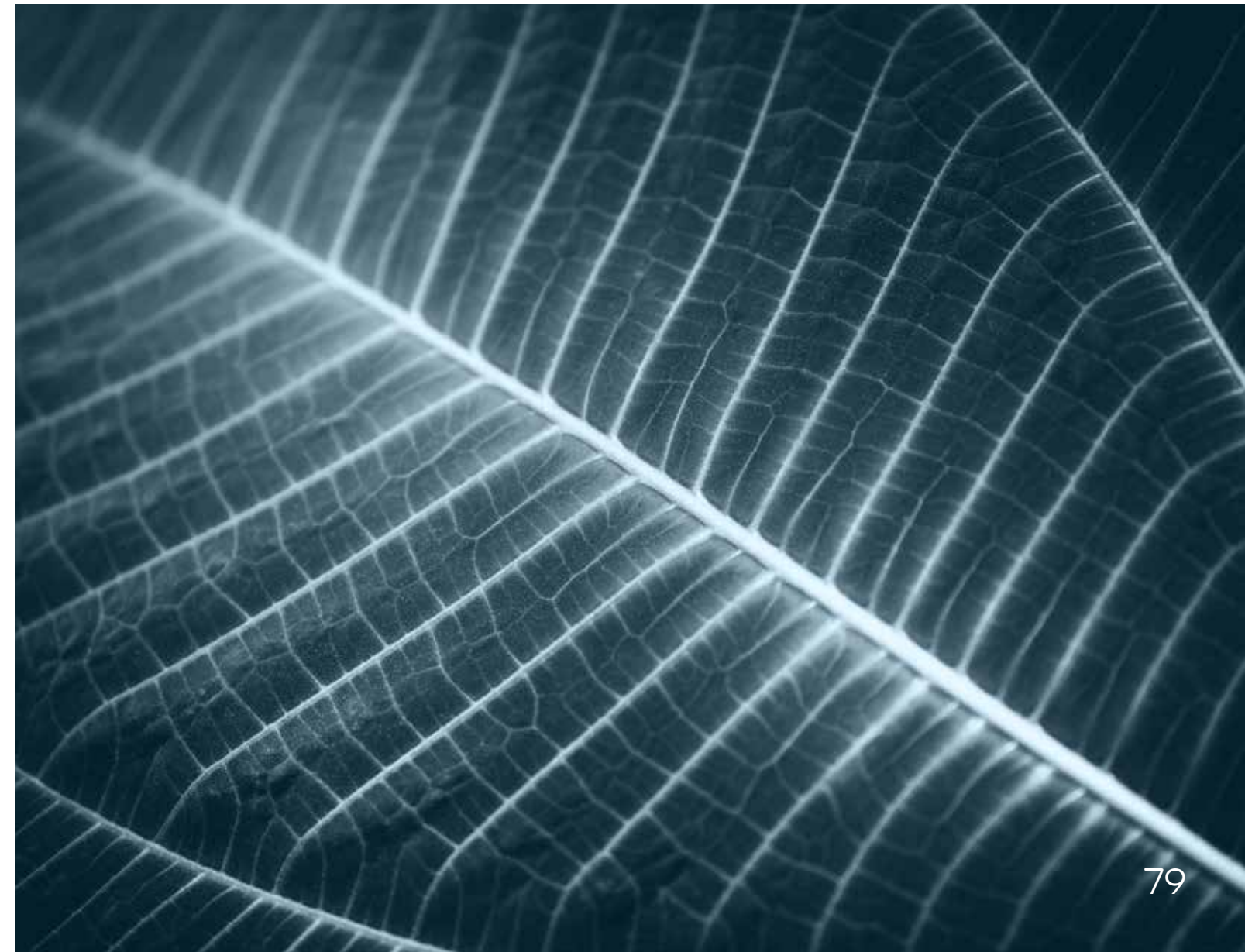


Our sustainability pillars help us develop strategies to make our business more innovative and responsible.

- **Pillar 1** relates to our core business and what we do to enhance people's lives every day.
- **Pillar 2** is about making our staff and the community we operate in happier.
- **Pillar 3** relates to our operations, and the spirit of strong governance and transparency.

These sustainability pillars have been established to address sustainability issues that have been identified and deemed material by our internal and external stakeholders, and of course, to our existing business strategy and operations, as well as the UAE Government's directives.

We engage with a range of stakeholders – our employees, investors, customers, media and others – to understand their concerns and requirements. During 2018, we conducted a stakeholder engagement study to re-evaluate our material issues. The topics in the materiality matrix help us determine the topic boundaries and the content of our annual sustainability report.

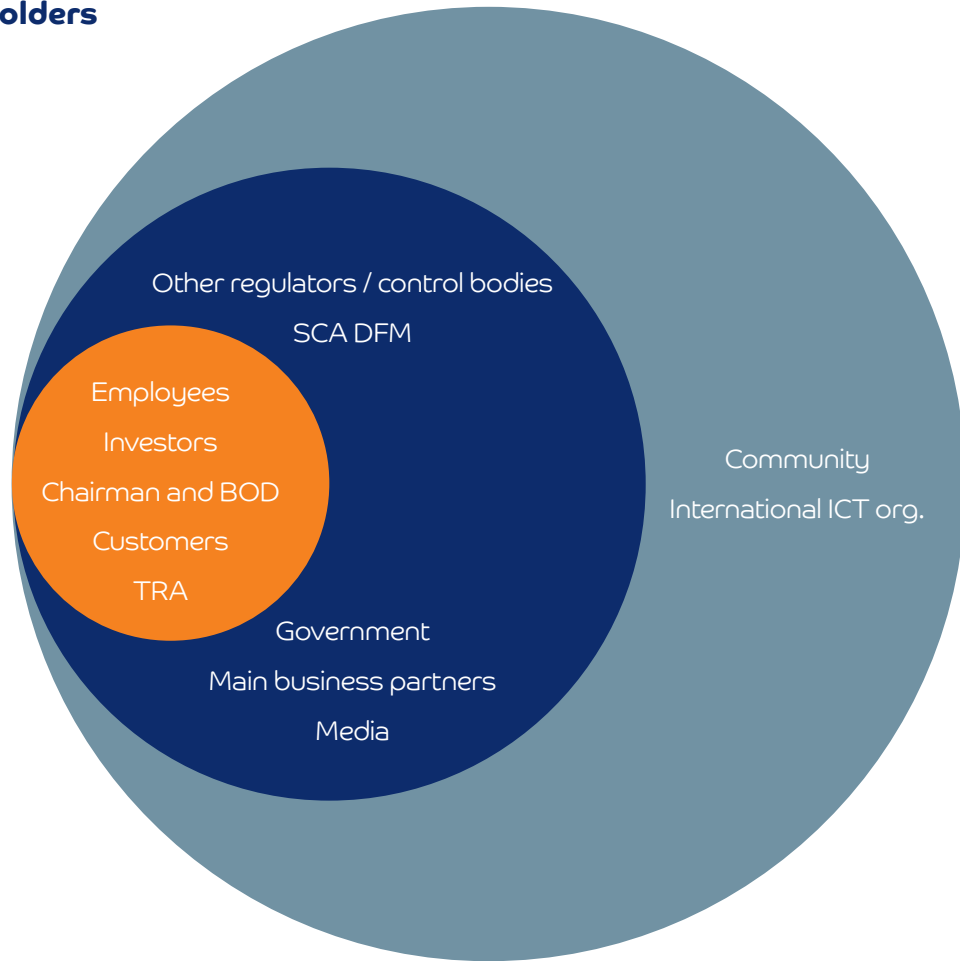


The material issues that have been identified as part of our stakeholder engagement process help us to prioritise the Sustainable Development

Goals to which we are in a position to influence and contribute. Our goal is to continue engaging with stakeholders and strengthening

our performance with regards to the prioritised material issues and SDGs.

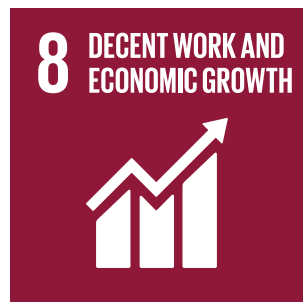
### Our stakeholders



This document was prepared in accordance with the GRI G4 Standards: 'Comprehensive' option, and attempts to capture our

performance against our sustainability pillars, material sustainability issues and the prioritised Sustainable Development Goals.

The most important SDGs for our business are:



Our contribution towards employment and the UAE's economic growth



ICT has the potential to reduce inequality through services that benefit everyone



Our responsibility towards developing ICT infrastructure for the UAE's development



ICT and Smart services can deliver embedded sustainability benefits to the UAE

### Materiality matrix

Level of concern to stakeholders	Most important			Privacy and security of customer data	Customer satisfaction & happiness Innovative products & technical services
	Very important	Management of our electronic and hazardous waste	Health impact of our base transceiver stations/signal towers Energy-efficiency measures and/or increase in usage of renewable energy sources	Employee wellness, happiness and safety Employee training and development opportunities	Good corporate governance and business ethics
	Important	Management of our greenhouse gas emissions Management of our office waste	Equal opportunities for all Digital inclusion of all society members Human and labour rights principles	Efficiency in use of materials for our products and packaging Community needs and social development Education and capacity building initiatives	Marketing and advertising that is clear and not misleading Financial performance that delivers shareholder value
	Somewhat important	Water conservation measures	Fair play in sourcing of goods and services, including use of local & SME suppliers	Entrepreneurs and SME development	
		Somewhat important	Important	Very important	Most important

Current / potential impact on business



# Delivering the benefits of ICT to everyone

## #PostWisely

With the resounding success of our public service announcements in 2016 - 17, we launched the second phase of #PostWisely, our campaign to raise awareness around conscientious social media usage, under the theme, If it were your pain, would you share it.

Through a series of hard-hitting videos, based on true stories, the campaign focuses on the negative impact of posting people's misfortunes online and questioned the motives of the people behind the camera lens.

These videos illustrated the harmful and unethical nature of sharing pictures and videos of negative situations such as accidents, bullying, pranks, and other ill-fated incidents on social media – a behaviour that has become increasingly prevalent.

As part of this campaign, and in line with the Ministry of Education's recently launched anti-bullying programmes in schools across the UAE, we arranged a number of sessions during the year to speak to hundreds of students at schools and universities in the UAE.

We also partnered with Disney's "Ralph Breaks The Internet" to educate children of the UAE about cybersecurity. This was done by inviting a number of children to the opening screening of the animated movie.

## BabNoor

We continued our initiative to assist the ongoing development of communication skills for children of determination in the UAE. We distributed the BabNoor app to a number of special needs centres across the UAE, benefiting more than 2,600 students with special needs.

Through specialist monitoring of students' progress and teachers' feedback, we will continue to measure the impact that the app is having on the lives of its users, and continue to train teachers and parents to allow children to benefit from BabNoor.

The BabNoor app features include an Arabic interface and vocabulary – enhanced by provision for localised dialects; cloud-based libraries of content and picture cards – with the ability for users to personalise or create their own cards; as well as ongoing updates to improve the app based on monitored case studies.

BabNoor's impact helped us win 2018's Gulf Sustainability & CSR Awards in the 'People of Determination' category

“Putting simplicity and transparency at the heart of the app redesign”

## Customer experience

### Customer experience at centre of app redesign

During the year, we launched our revamped mobile app with superior design and functionality for an enhanced user experience. The app delivers instant access to a number of features including biometric payments on Android and iOS, balance reports, itemised bills, online support, ID renewal and much more.

It also allows users to consolidate multiple du accounts under a single ID, pay for family and friends' bills using one account, access improved roaming features, and book appointments at du stores through the online portal.

### “You Know What You Pay, You Know What You Get”

We focused on how our customers were understanding the products and services they were purchasing from us, and as a result redesigned the customer experience to improve transparency and trust by applying the principles of “You Know What You Pay, You Know What You Get.”

Under this campaign, we revamped all our product cards to simplify the presentation of our product, detailing benefits, tariffs and charges in an easy-to-understand format.

We are the first telco in the region to receive the Crystal Mark certification. This seal of excellence recognises our commitment to customers by providing clearer, simpler information in English across documents on all channels.

During the year, we also invested a significant amount of work into revamping the mobile on-boarding experience. New customers now receive an SMS and an email containing details about the service they signed up for, complete with commitments, benefits, and how early cancellation fees are calculated.

We also introduced a new tool to allow customer-facing agents to view and explain a customer's data consumption / behaviour (such as messaging, web browsing, social media, email, etc.), thus helping customers understand how they used their mobile data.

## Innovative offerings

### WeCare™ Programme

To encourage our front-end agents to ensure that they effectively engage with all our customers and enhance their experience at our shops and contact centre, we launched the WeCare™ Programme.

This programme is built around six pillars: Reward, Transparency, Performance Review, Training & Coaching, Employee Engagement and Mystery Observations.

The programme has seen significant results in customer experience – Transactional Net Promoter Score (TNPS) improvement of 32% for retail shops and 12% at the contact centre.

### Presenting the GOV2071 Guidebook Experience

We strengthened our strategic relationship with the World Government Summit by unveiling the much-anticipated 'Government in 2071' Guidebook Experience at GITEX Technology Week 2018.

The 'Government in 2071' experience invited individuals to explore reflections of what the future may hold, based on societal and technological megatrends. Visitors to the experience were invited to step into the shoes of a fresh graduate, a young family or a retired couple and see first-hand how the projected changes will influence the lives of individuals over the years. Future generations both in the UAE and globally can expect to see communities living in space and under water, amongst other eye-opening illustrations.

### Making eSIM a reality in the UAE

We launched our eSIMs for our customers making us one of the first telecommunications service providers in the Middle East region to offer eSIM services to our customers over smartphones.

With the launch of eSIMs, our customers are appreciating the simplified user experience such as a shorter time required to connect a device to the du network. Users can also expect overall simplified handling and more reliability since the eSIM is embedded in the device itself.

### Business Complete Plan – the all-in-one solution for enterprises

We launched our Business Complete Plan which will allow UAE enterprises to benefit from higher network speeds and free voice minutes in addition to the many bundled features du's enterprise customers already enjoy.

This one-stop-shop solution which includes faster broadband speeds, a business device with a discount worth up to AED 2,200, unlimited national calls, the latest Microsoft Office 365 tools (including business-class email, the latest versions of Office Online applications and 1 TB of cloud storage in OneDrive) and 24/7 customer support.

### Strengthening SME payment solutions The EITC Idea Hub

During the year, we announced a significant strategic partnership with leading payment solutions provider Network International to introduce innovative payment solutions to serve business customers across the UAE.

This agreement will facilitate our rapid digital change and solidifies its market presence as a credible, reliable contributor to business growth in the UAE. Like us, Network International is dedicated to curating best-in-class payment solutions and we welcome the enrichments to the UAE's digital transformation expected to come as a direct result of this union.

H.E. Omar Sultan AlOlama, UAE Minister of State for Artificial Intelligence inaugurated the "EITC's Idea Hub" at our company's headquarters which aims to showcase integrated ICT services, connecting people, knowledge, devices and information to support the UAE Artificial Intelligence Strategy 2031.

The EITC Idea Hub will showcase futuristic technologies, smart city use cases and real-life applications from EITC and its partners. The current showcases represent the upcoming and current projects in the areas of Smart City, IoT, Blockchain, AI & Machine Learning etc.

### Innovation thru Infra-Idol

During the year, we organised the company's Infra-Idol competition – an internal campaign designed to engage network infrastructure employees in crafting ideas and solutions to address real world issues.

With the help of the Infra-Idol competition, myriad thought-provoking ideas were presented with the aim of improving time-to-market, process interfaces, network design, infrastructure quality and the efficiency and morale of the EITC infrastructure division's human capital.

The Infra-Idol competition was built into three phases from project idea generation to presentation and finally, project implementation under the support of EITC's management. Under the theme "Program 200", this internal competition was celebrated with a healthy number of new project ideas from our full-time employees, full-time contractors and Edara business divisions.

### Providing affordable 4G smartphone devices

Continuously striving to provide services for businesses in the UAE, we announced our new Budget Smartphone Offer to allow companies to buy affordable devices for their employees through easy interest-free instalment plans of 12 or 24 months, starting from AED 10 per month and with zero upfront payments on selected budget 4G smartphones.

With this special offer, we aim to provide innovative products that enable productivity and mobility at an affordable price, catering to the needs of business owners in the UAE.

"We are proud to partner with du to bring this future-forward experience to life here in the UAE. The Government in 2071: Guidebook aims to help both government and private sector leaders, such as du, align their strategies with projected dramatic shifts in the coming decades. After all, with proper planning and agile decision making, leaders today can play a positive role in shaping the future of their companies or countries."

**His Excellency Omar Sultan Al Olama,**  
Minister of State for Artificial Intelligence  
and Managing Director of the  
World Government Summit.



## Network infrastructure

### Fast making 5G a reality

In line with the vision of the UAE's Telecom Regulatory Authority (TRA), we are actively working with our partners Nokia to trial 5G technology, and subsequently deploy live 5G sites in selected areas in the UAE.

5G – expected to be commercially available by 2019 – will enable extreme broadband for industrial applications and use-cases such as Augmented Reality (AR), Virtual Reality (VR), e-health, Machine-to-Machine (M2M) communications and critical communications to enable smart cities and the Internet of Things (IoT) and many more previously-inconceivable use cases.

We also recently expanded our growing infrastructure by launching a new teleport facility designed to accommodate up to 50 earth station antenna systems in order to meet the growing demand of our customers locally and internationally. The new site has larger antennas, ensuring robust signal levels in transmission and reception.

### U5GIG Innovation lab

U5GIG is a pioneering consortium of technical and academic organisations in the UAE, as well as global telecom vendors. Collectively, the consortium aims to pool their expertise to define and develop a global 5G network and IoT/AI use cases and services.

U5GIG allows universities and technical organisations across the UAE to work together and participate in the development of the 5G ecosystem. It also exists for academia and industry players to test applications and technologies in a real-world setting.

### Global recognition for our network infrastructure

We proved our position as a leading global provider of broadcast services according to the World Teleport Association (WTA) as it ranked our teleport in the top ten in its most recent annual rankings, the Top Teleport Operators of 2017.

According to these rankings, we improved our position in two of the rankings' listings: The Independent Top Twenty (9th) and the 'Fast Twenty' (9th). Through our teleport, we serve regional and international broadcasting customers, and being located in Dubai, we are in the prime location for satellite visibility covering five continents, enabling near global coverage.

We also received the 'Satellite Services Innovation of the Year' award during the 2018 Digital Studio Awards in Dubai for seamlessly integrating satellite, fibre networks, digital asset management and over-the-top (OTT) services to remove the limits on delivering content, providing a critical link between customers and end users no matter what device, platform or technology they are using.





## Digital transformation

We are focusing on providing services beyond connectivity that can digitally transform the UAE and enable its residents to live a smarter and happier life that is aligned with the UAE Vision 2021. To facilitate the fast-paced

disruption, we are concentrating on building the economy and businesses with technologies that include IoT, data science, blockchain platform as a service and artificial intelligence.

## Major initiatives we have been involved in aiding the digital transformation and creating a Smart City include:

### Dubai Pulse – the digital backbone of Dubai

One of our important roles as the Strategic Partner for Smart Dubai Office is to deploy the central operating system for the city; this will help connect all the private, public and government entities in one place for high security. It will benefit everyone with open and shared city data, effective decision making and cost savings.

Dubai Pulse is now providing services to government entities like the Dubai Department of Economic Development, Dubai Health Authority and Community Development Authority, who were signed by du during the year to help them benefit from the full suite of solutions that include customised live dashboards and analytics tools in a real-time app environment.

### National Customer Relationship Management (NCRM) Platform

NCRM is another initiative in which du is playing a major role with the TRA. It consists of creating a CRM platform that will integrate all federal authorities in the UAE. This will act as a one stop platform for all federal entities.

Combining the best of next-generation technology to the UAE's leadership and Federal Government Entities (FGEs) to anticipate and deliver, du will be supporting the UAE's Smart Government transformation journey seeking to make government services personalised for people and increase their happiness.

### Dubai Silicon Park – the first truly Smart District in the UAE

This project is being developed by Dubai Silicon Oasis Authority which is powered by du, where we are acting as a master systems integrator. The development aims to build sustainable and innovative initiatives that enrich communities and individual lives, promote environmentally friendly living and enable Smart Dubai's vision.

Silicon Park is a mixed-use development comprising of residential, commercial and hospitality buildings. We will be offering solutions across a wide spectrum – government services, public services, smart parking, smart metering and many more.

### Blockchain Platform as a Service (BPaaS)

Playing a leading role to meet and support the UAE Blockchain Strategy, du has launched an initiative to build the first Blockchain Platform as a Service (BPaaS) in the UAE, to improve the everyday life of the citizens of Dubai and acknowledge the Government of Dubai's pioneering blockchain vision. Document attestation facilitates and automates governmental entities' processing of attesting documents and Patient Safety validates medicines and vaccines before use.

These are a few cases that have been built on the BPaaS. Estimated to produce AED 5.5 billion in annual savings for document processing alone, du is proud to lead the fruition of this immense incentive for the betterment of all sectors of the UAE, supporting the Paperless Economy Vision of the country.



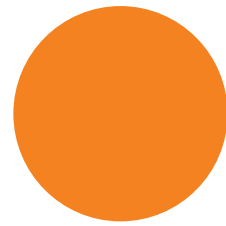
## WiFi UAE

WiFi UAE is our country-wide initiative to provide WiFi access to the public, in line with UAE Vision 2021. It is available to all users with a WiFi-enabled device, including smartphones, laptops and tablets.

During the year, WiFi UAE contributed in a big way to the UAE community and its connectivity – the total usage sessions for 2018 increased by 53% over 2017, to 26.3 million. The number of unique users throughout the year totalled 1.33 million, representing 14% of the UAE population.

At GITEX, we also signed a deal with Dubai's Roads and Transport Authority (RTA) to install the free Wi-Fi service in all of Dubai's 10,800 taxis – a move that aims to make clients' mobility on board Dubai taxis an enjoyable experience. This is in addition to the availability of WiFi UAE in the Dubai Metro, Dubai Tram and Dubai Smart Bus Shelters.

In order to allow users to enjoy connecting with family and friends, we boosted the WiFi speed during Eid Al Fitr, Eid Al Adha and National Day holidays. We also extended WiFi coverage to seven mosques during Ramadan, allowing both volunteers and visitors free connectivity during the distribution of free Iftar and Suhoor meals.





# Making our people and communities happier

## Volunteering

**#duVolunteers** continued to make their mark by volunteering in a range of community and environmental initiatives. During the year, hundreds of our staff and their friends and family members contributed their time and skills towards activities ranging from training community organisations, planting trees, engaging with children of determination, speaking to students about their career pathways and more.

Mawaed Al Rahman was once again our flagship volunteering activity this year, through which we packed and supplied food to thousands of families across the UAE, fed people visiting the mosques and distributed gifts to a children's hospital.

In celebration of World NGO Day and to raise awareness about the importance of health and safety in the workplace, we collaborated with the Dubai Chamber's Center for Responsible Business to host a health and safety session for local community organisations and charitable foundations.

This was our fifth installment in a series of free-of-cost workshops led by our staff volunteers for community organisations, with previous sessions focusing on social media, strategic communication and PR, brand protection, and driving organisational

performance in the community sector. The health and safety workshop is designed for people working in human resource management or related fields within community organizations.

With the help of some of our colleagues, we also organised a fun and educational power workshop for children of EITC staff members during the year and spoke about issues such as fitness, cyber safety, sustainability, positive thinking and more.





## Youth empowerment

Through our youth council, du Football championships, partnership with Emirates Foundation and other initiatives, we continue to encourage the youth to contribute to the UAE's economic and social development.

We partnered with Nokia to enable the youth in the UAE to better understand and leverage technological trends and their impact. This collaboration with Nokia will help us drive the UAE's smart future by encouraging the youth to contribute to digital transformation, and help make the UAE the best country in the world in line with the goals of UAE Vision 2021 and the UAE Centennial Plan 2071.

Our du Football Champions international youth scouting platform helps provide football talents across the UAE with a unique opportunity to receive the highest standard of football training, equivalent to the level of training and development they would receive from La Liga in Spain. During the year, we selected our top talents for the 2017-2018 season, who visited Spain for the coveted annual 21-day Scouting Camp.

## Education and awareness

Upholding our commitment to add life to life, we joined the UAE's largest employers at the Fair for Future Jobs 2018 hosted by the Ministry of Finance under the theme of #ShapeYourFuture. At the event, we illustrated how a progressive ICT solutions provider such as EITC is best placed to harness the digital tsunami sweeping across all aspects of society.

The audience were updated on the known and unknown potential of the digital revolution and were urged to remain open minded and agile in their approach to learning and professional development.

We also organised a Telecom Knowledge Series session titled "Breaking Down the Blockchain Barricade" for our media stakeholders. This educative session demystified blockchain, a technology that is consuming strategic planning cycles of decision makers across various industries.

The session further demonstrated best practices of how this technology can be used to address the challenges of trust, accountability and transparency in our smart city future, and the next steps industries must take in the adoption of this technology.

## Mawaed Al Rahman

Throughout the Holy Month of Ramadan, we encouraged volunteers from all walks of life to join our Mawaed Al Rahman initiative and distribute food items to thousands of underprivileged families across the UAE. Additionally, we supported the Community Development Authority's "Their Suhoor On Us" initiative and connected loved ones through surprise air tickets.

We called on people from all over the UAE to join our flagship annual Mawaed al Rahman volunteer initiative which brings volunteers together to distribute boxes of essential food items to thousands of underprivileged families across the UAE so they can enjoy hearty and home cooked Iftars throughout the holy month.

Our volunteers, as well as those from other companies, helped pack Suhoor meals, which were delivered to mosques across the Emirates for the UAE labour community. WiFi UAE was also made available at these locations to enhance communications between labourers and their loved ones here and abroad. #duvolunteers also visited Al Jalila Children's Hospital where we engaged with the children and distributed Eid gifts.

## UAE heritage and culture – #UAEBlessings

We take immense pride in celebrating the UAE's heritage and culture by marking events of national importance. One of our key campaigns was to invite people from all over the UAE to recount their blessings ahead of the country's national day.

Centring on the four key pillars of Happiness, Harmony, Safety and Opportunity, our campaign restated how lucky the people of the UAE are to live and thrive in a land of endless opportunity.

Ahead of the 47th National Day, we also hosted an inspiring session for our employees to hear from H.E Mohammed Abdul Jalil Al Fahim, the current Chairman of Al Fahim Group. Mr. Fahim shared memorable and colourful stories, including anecdotes about his life and career experience, his relationship and past involvement with Sheikh Zayed, and his hopes and future advice for the UAE's next generation of Emiratis.

We also partnered with the Emirates Foundation and their volunteers to distribute 5,000 UAE flags to help residents of the UAE celebrate Flag Day. These flags were distributed to our customers, schools, homes and businesses.

We ended the year by setting a Guinness Record for creating the world's largest mosaic in partnership with the Sharjah University. The mosaic was a monumental Year of Zayed logo made from 50,000 du-branded envelopes, with recharge cards inserted inside them. These recharge cards will be distributed free-of-cost to labour camps in the country as part of our CSR initiatives.



## Emiratisation

We take immense pride in giving opportunities and helping to develop the careers of UAE nationals. Our Roeya Graduate Trainee programme – which took in 25 Emiratis this year – is an initiative that supports a number of young UAE nationals to kickstart their career at one of the best places to work in the UAE.

During the year, we also launched a part-time employment programme for UAE Nationals and continued our partnership with a number of local universities for internships and summer trainee opportunities. We also partnered with KPMG in a secondment programme to build the capacity of two Emirati employees from our Finance team.

These initiatives and much more helped us receive the "Emiratisation Award 2018" by the Ministry of Human Resources and Emiratisation in the category of "Higher Technology Establishments". Currently, 34% of our entire staff and 40% of our senior management (Vice President and above) are Emiratis.

The Emirati call centre that we launched in 2011 in the Emirate of Fujairah continues to be operated by UAE nationals for UAE Nationals (89% of the workforce here is female).

All our UAE & GCC National employees are entitled to the Statutory Pension Scheme. UAE National Employees contribute 5% and du contributes a further 15% from the total of the employee's basic salary, living allowance and UAE National allowance. This is paid to the UAE Pension Authority which administers the scheme.





## Employee wellness

The role of health and wellness is central for the engagement of our colleagues. It is a platform that allows colleagues to strengthen their bonds with each other as they participate in various fitness activities and events together.

In 2018, we participated in more than 30 events and initiatives ranging from the Standard Chartered Marathon to the Ajman Run, from the Spartan Race in Hatta to the Shaikha Hend tournament for women. Our passion for fitness was also evident in the Dubai Fitness Challenge with 70% of our staff actively participating and logging in nine million

moves during the 30-day event – helping us achieve second place in the main private corporate category.

Our engagement for wellness also observed an increase in the year as our internal survey scores for employee engagement around fitness related initiatives rose from 4.6 in 2017 to 4.66 in 2018. The impact of our wellness initiatives is also evident in our reduced medical insurance premiums.

## Employee engagement

Our focus in the year was to continue building a work culture that is engaging and fosters high performance, innovation and opportunities for everyone to grow and excel in their respective areas. Our efforts in 2017 helped us receive the Gallup Great workplace award for the fifth consecutive year in 2018.

In addition to our annual employee engagement survey – which covered all EITC employees including Virgin Mobile UAE – we also conducted a baseline survey for our outsourced employees (i.e. our approximately 4,000 front line and customer facing staff).

The survey was one of the indicators that influenced the revamp of our rewards and recognition incentive schemes, system and process improvements, training focus, all of which result in an enhanced experience for our customers.

### Key fitness-related highlights during the year include:

- Mental wellbeing and positivity training for our retail staff
- More than 50 female colleagues (biggest team from private sector) participating across 10 different sports at the Shaikha Hend tournament
- More than 150 female colleagues participating for a full day of fitness and relaxation activities on Women's Day
- 200 colleagues losing more than 1000 kg in total for our "Biggest Winner Weight Loss Challenge"
- 16 teams across du, Virgin Mobile and Edara participating in our Ramadan Football Tournament





## Training and development

Investing in our people is critical to our success. Each of our colleagues undergoes formal performance development reviews and are encouraged to nurture their skills through our various training opportunities.

Our EITC University offers a range of corporate learning programmes such as the School of Leadership, the Sales Executive Development Programme, the School of Technology and more. In 2018, we launched our Marketing Academy to further enhance the skills of our Enterprise teams. We also facilitated a unique "Walk in their shoes" programme that gives our executives and senior managers the experience to spend time in our retail stores as "trainees".

Moving forward, the MoU's signed with the University of Manchester and the Hult International Business School will greatly enhance the range of corporate training we offer to our colleagues.

During the year, we placed a lot of emphasis on product and technical learning by creating educational templates to be used in releasing marketing products and offers. We also conducted training and knowledge audits for our offshore teams to ensure that any gaps were addressed effectively.

In 2018, we focused on developing and engaging with our workforce by offering access to internal and external coaches. A number of our HR colleagues were trained on the ORSC™ (Organization and Relationship Systems Coaching) model, giving them skills to effectively manage conflicts at the workplace. This training will also help us formulate our coaching framework for this organisation.

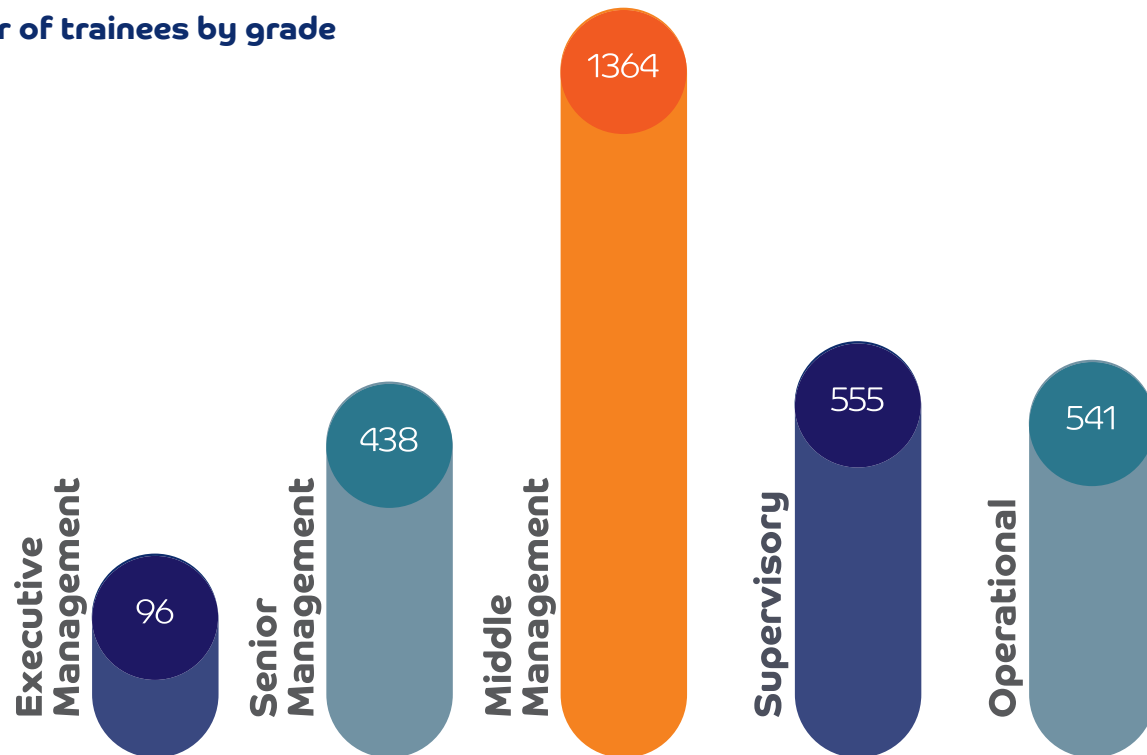
Our expat colleagues benefited from 2,291 training days and our Emirati colleagues benefited from 1,100 training days during the year. A total of nearly 3,000 employees benefited from our 220 online courses. A breakdown of these trainees based on their grade can be found below:

## Event experiences

du Live!, our music and live performances platform, provides a number of memorable VIP experiences to the UAE across all genres and audiences. Last year, this included performances by Dave Chappell, one of the leading stand-up comedians, The Weeknd, Post Malone, Sam Smith and Guns and Roses at our own venue, du Arena. Our association with Dubai Opera also brought in amazing shows; this association has helped cement du Live! as a leader for live entertainment in the UAE.

du Tuesday, our 2-for-1 cinema experience, continued to wow our customers, not only by providing value, but also offering a number of fantastic premieres and money-can't-buy experiences such as international trips to attend international premieres.

## Number of trainees by grade





## Diversity

EITC is committed to creating amazing career opportunities for both Emiratis and expats. The company endeavours to be an equal opportunity employer and displays no discrimination regarding age, gender, colour or religion in its decisions to recruit or develop careers.

We support a gender balanced workforce and equal opportunities at all levels. This helps us achieve a vibrant workforce with diverse experiences, strengths and perspectives that help drive innovation and engagement across the organisation.

To strengthen our commitment to empowering women at the workplace, in 2018, we launched the UAE telco sector's first Women's Council. The launch of this council puts us in a healthier position to empower our female employees, which make up 29% of our workforce. This is complemented by that fact that that 40% of our new recruits are female.

We recognise that there are valuable and productive abilities in people of various abilities. We support people of determination to build long-term opportunities at our organisation. We currently have colleagues that have special physical needs at du:

- One is working on reduced working hours
- One has been provided with visual aid to support the disability

- Two are working normal working hours similar to the rest of their du colleagues

We also recognise that there are various requirements for people with families, and offer generous maternity leave to our female colleagues three months (90 calendar days) covering the period before and after delivery. On expiry of maternity leave and in the event of an illness related to pregnancy or delivery,

an employee may avail unpaid leave for a maximum period of one hundred consecutive or intermittent calendar days.

There was one case whereby the concerned colleague opted to resign from the organisation two months after returning from her maternity leave.

## Diversity of staff in the three organisations

du				Edara				Virgin Mobile			
Permanent		Fixed Term Contract		Permanent		Fixed Term Contract		Permanent		Fixed Term Contract	
1620		272		859		0		61		2	
M	F	M	F	M	F	M	F	M	F	M	F
1149	471	213	59	665	194	0	0	33	28	2	0

## New hires by gender

du		Edara		Virgin Mobile	
M	F	M	F	M	F
95	60	63	241	13	5

## New hires by age

Age	du	Edara	Virgin Mobile
Below 25	26	11	1
25 - 35	67	193	7
35 - 45	54	90	10
45 - 55	8	9	0
Above 55	0	1	0
Grand Total	155	304	18

## Leavers by gender

du		Edara		Virgin Mobile	
M	F	M	F	M	F
114	38	91	56	8	11

## Leavers by age

Age	du	Edara	Virgin Mobile
Below 25	1	6	0
25 - 35	51	95	11
35 - 45	74	45	5
45 - 55	22	1	3
Above 55	4	0	0
Grand Total	152	147	19

## Employee benefits

Our employee benefits are focused on building a workplace that is engaging, inclusive, and one that gives our employees the trust to believe in our vision. During the year, we have reviewed and maintained our employee benefits across all levels and grades to stay in line with the local market that has helped us remain an employer of choice.

Our employee benefits enable employees to achieve a positive work-life balance by offering them flexible timings, in-house facilities such as a gym, pool and clinics, as well as monetary benefits such as telecom discounts, airfare, and education allowance. Rewards schemes such as spot awards are regularly exercised to engage and motivate employees.

Keeping our focus on the transformational objectives and to take us to higher success in the long term, we have revised our existing rewards accelerators to raise the bar to reward stretched performance. Further to this, strengthening our pay for performance framework, variable pay scheme was launched for our Retail colleagues.

We also redefined our long-term incentive plan that helps guide our leadership to achieve high targets for the organisation. This plan will be launched in 2019 and will deliver significant improvements in how we incentivise our senior management.

Our employee benefits are focused on building a workplace that is engaging, inclusive, and one that gives our employees the trust to believe in our vision.

# Operating ethically and responsibly





## Energy efficiency in our network

As in the case of most telecommunications service providers, our network – with its base transceiver stations and data centres continues to be the biggest consumer of energy for our services.

To address this key sustainability issue, we have invested in a number of energy-efficient technologies that reduce our consumption of energy, either through the grid or through diesel generators. These technologies not only help us cut costs, but also reduce our dependence on fossil fuels and help us mitigate our greenhouse gas emissions.

As of 2018, we have 190 sites (previously running on diesel generators) that now run on smart energy hybrid systems. This system helps reduce diesel consumption by up to 50%.

At the start of 2018, we had 460 of our Base Transceiver Station (BTS) sites running on generators (56% on diesel generators and 44% on hybrid generators). However, over the course of year, we connected 103 BTS sites to the main grid. A further 90+ generator-run sites have been shifted from 30 KVA generators to 12 KVA.

Today, we have a total of 350 BTS sites running on generators and, of these, 190 run on hybrid generators and the remaining on diesel generators.

All this has helped us reduce diesel consumption in our generators from more than 8.9 million litres to 7.3 million litres – equating to savings of more than 18%.

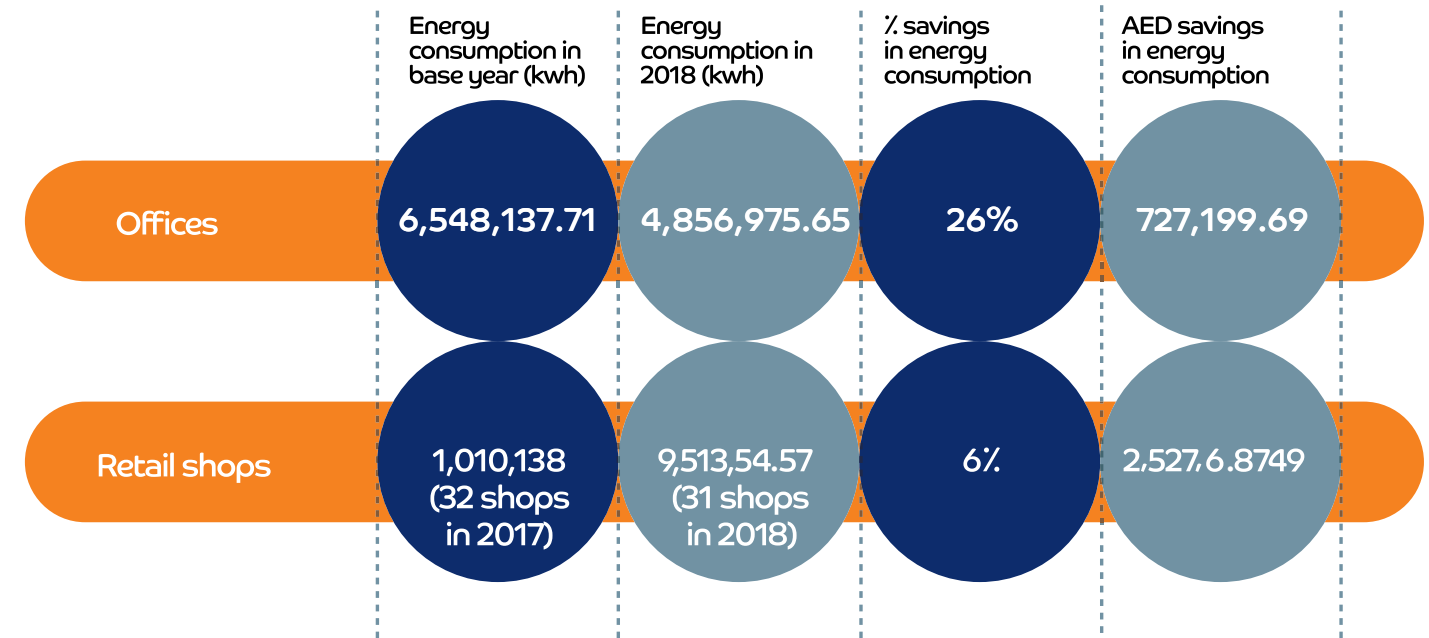
We have added 500 new sites in 2018 with free cooling systems – in cold seasons, this system pulls in cooler air inside the shelters and extracts hot air to reduce our energy bill by 15% per site (equivalent to 5700kWH per site per year).

We also have 17 sites that run completely on solar panels – six new solar sites were installed in our network in Abu Dhabi's Western region in 2018. These six sites will result in total diesel savings of approximately 90,000 litres per year (a carbon footprint reduction of 225 tonnes).

## Energy efficiency in our non-technical sites

In addition to the energy consumed by our network infrastructure, we also operate a number of shops, offices, warehouses and call centres that consume electricity and diesel. To minimise our environmental impact in these sites, we have a number of electricity reduction strategies.

In 2018, our energy-efficiency strategies at the office have mainly focused on replacing current lights with LEDs in almost all places – resulting in immediate savings. We even replaced the high wattage lights in our huge 'du' logo at our head office in Salam Tower with LED lights.



In addition to the savings mentioned in the table above, we have saved close to 433,000 kilowatts of energy at our three LEED Platinum Certified stores, saving us close to AED 178,000 to date in terms of energy spending.

We are in the process of recertifying our retail store under LEED certification's new rating system for existing interiors. We are pursuing highest rating-LEED platinum for Fujairah City Center, Mirdiff City Center and Me'aisem City Center stores.

The new rating system (called LEED v4.1 O+M) includes additional credits that address sustainable operations and best practices that further improve the performance of LEED projects.

Our other retail stores (in Dubai Mall and Mall of the Emirates) our Khazna data centre as well as our Fujairah call centre all experienced savings in energy consumption by changing the CFL lamps and Halogen lights to LED fittings. We also reduced consumption of petrol in our office vehicles by 9% (from more than 200,000 litres to 182,000 litres).

In 2018, we launched our Environmental Efficiency Index which focuses on improving the energy-efficiency of our core technology sites, through determining our Power Usage Effectiveness Index.

This allowed us to apply specific energy reduction initiatives to better optimise various sites. During the year, we identified two specific data centres where we aim to reduce energy consumption by 30 to 50%.

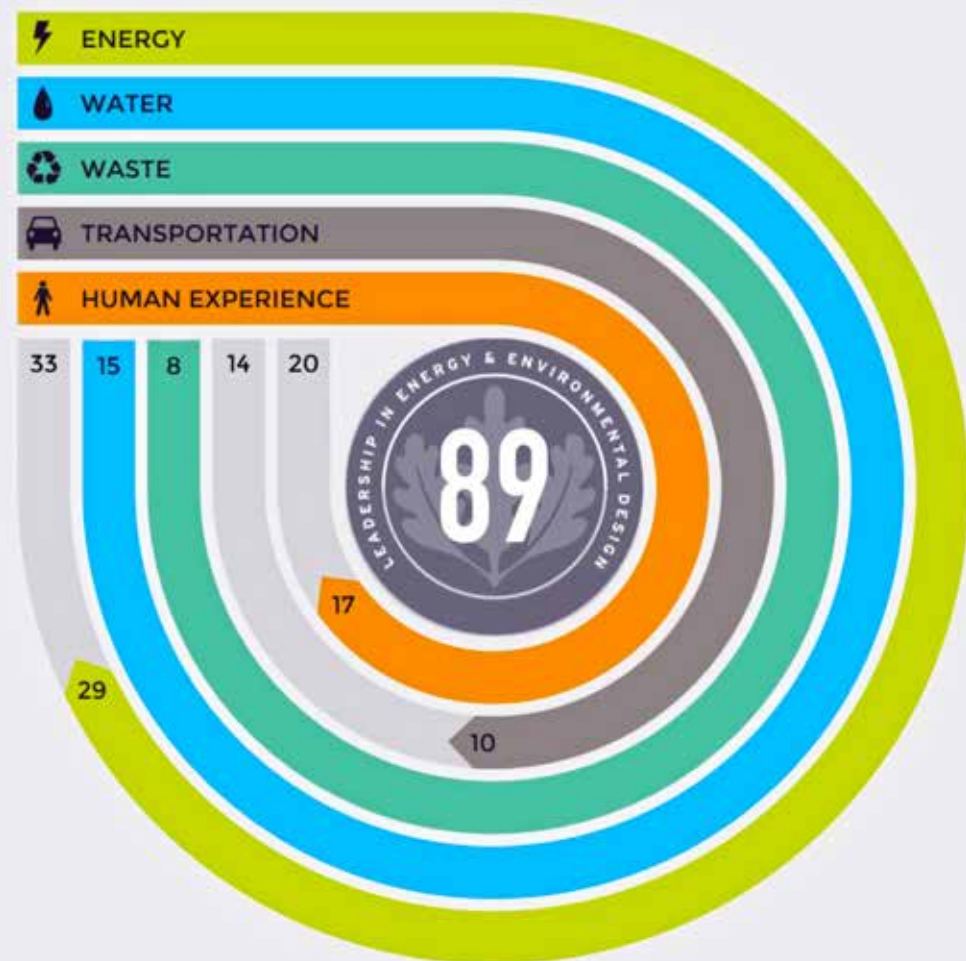
Further in 2018, our operations – which includes both our technical and non-technical sites – consumed a total of 30 million litres of water. The waste water is discharged as per the existing sewage distribution networks by the relevant utility provider, which is then treated at the local municipality water treatment plants.

## Greenhouse gas emissions

Through our various energy-efficiency measures, we are committed to reducing our greenhouse gas emissions. In 2018, our Scope 1 emissions – from our diesel generators and fleet vehicles – resulted in 35,897.73 tCO<sub>2</sub>e. A slight increase from 2017 which was mainly attributed to the refrigerant gas replacement that was undertaken in 2018. Even though we have had significant fuel savings, our gas emissions due to cooling demands increased.

Our Scope 2 emissions which captures our indirect energy emissions – from our grid connected mobile and fixed sites, offices, shops and other subsidiaries, to our energy intensive data centres, have resulted in 299,223.78 tCO<sub>2</sub>e. The slight increase was attributed to expansion of our network and services within the region. We have added more mobile sites to provide better coverage. New data centres and POP sites have also been added to the fixed services network.

## Latest LEED score of our retail store in Fujairah City Center



## Reduction in petrol consumption (litres)

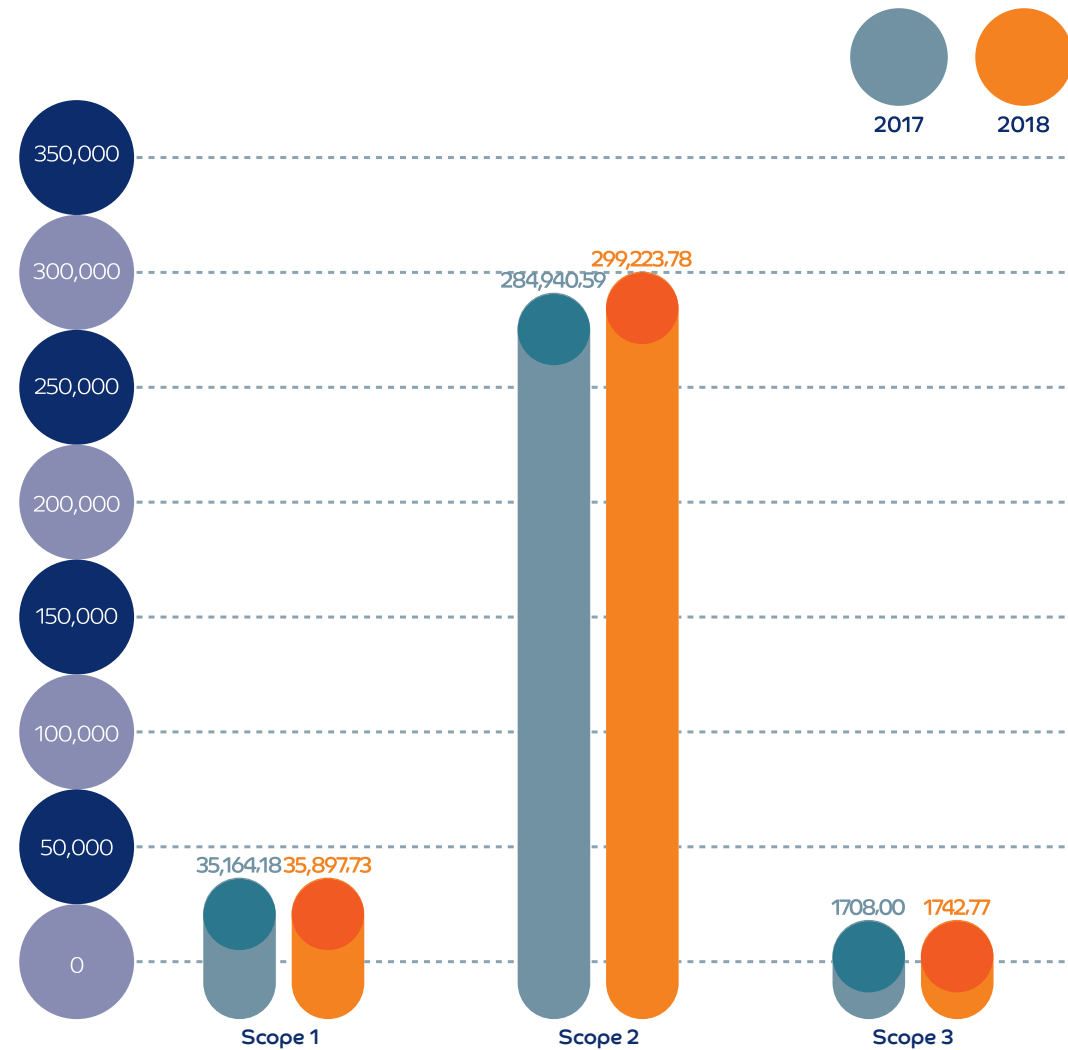




Finally, our Scope 3 emissions – from our office waste, business consumables, third-party electricity, water and business travel – resulted in a slight increase from 2017 to 1,742.77 tCO2e. Our overall GHG emission intensity is 0.035 tCO2e per customer which is attributed to our progress and momentum on our sustainable practices.

We tested 30 sites running on generators for ozone depleting substances or NOX, SOX and other significant air emissions. 90% of the sites had all parameters within the limits. There were also no major spillages, except for two minor vehicle spills – these had no impact the environment (land or water systems).

### Greenhouse gas emission data in tCO2e



### Waste management

We aim to minimise waste across our operations; and one of the most important initiatives in this aspect has been the waste management of key materials that we consume (i.e. paper, plastic and cardboard).

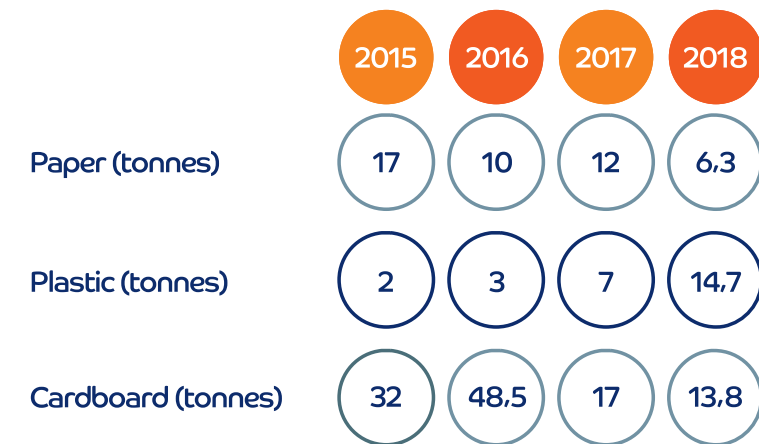
During the year, we launched an awareness campaign of our recycling efforts – this resulted in an increase of about 50% in the overall recycled plastic materials. Compared to 2017, we have collected more than double the amount of plastic for recycling.

We used a total of 23 tonnes of paper for our office use. 98% of this paper was from recycled sources (virgin paper is used only for external communication).

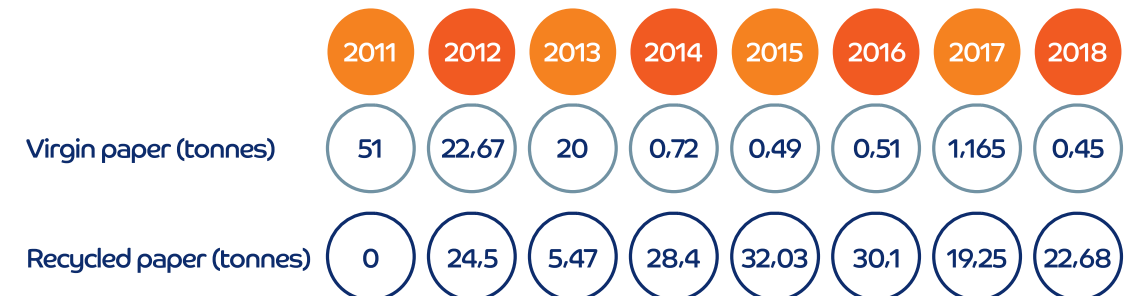
We have also designed our SIM cards as well as scratch cards to reduce their size to ensure they consume less material.

We continue our e-billing initiative to reduce printing and paper consumption. Since 2015, we have consistently decreased the consumption of our printed bills. Compared to 2017, the printing of our bills in 2018 has decreased by 21%.

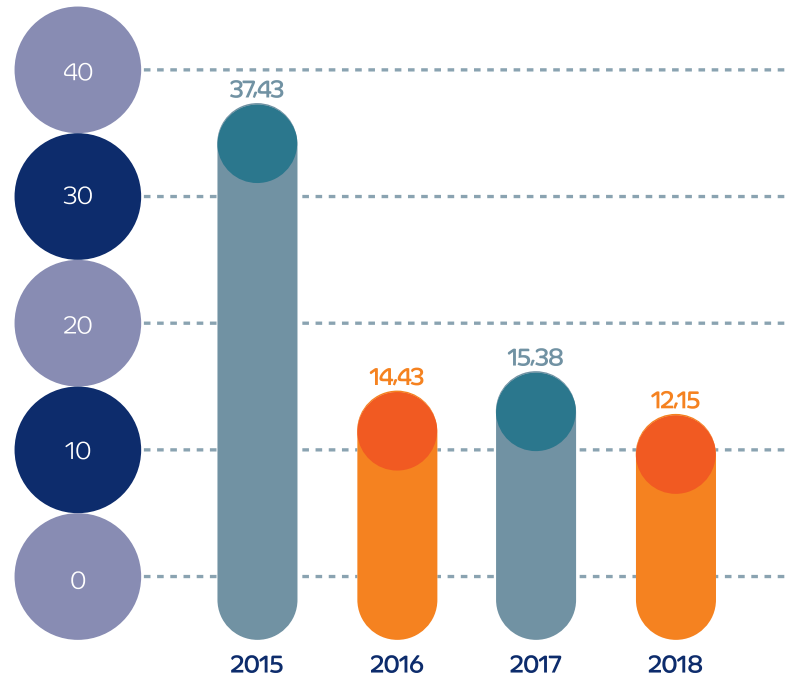
### Paper, plastic and cardboard recycled (tonnes)



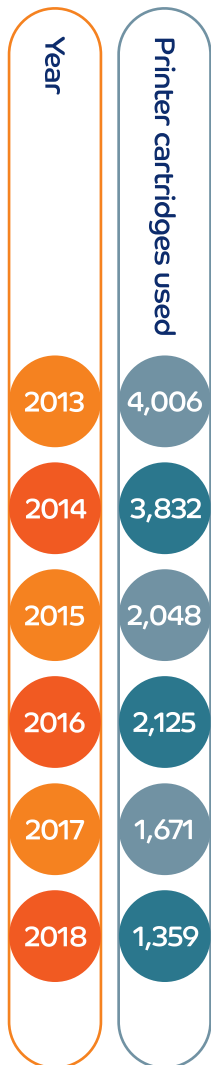
### Paper used for our office use (tonnes)



**Paper used for bills (tonnes)**



**Printer cartridges used**



In 2018, we used a total of 1,359 printer cartridges – a reduction of 66% from 2013, mainly due to efficiencies such as black and white printing and reducing print demand. Our target is not only to reduce our printer cartridge usage, but also to recycle all used cartridges. Our efforts on reduction initiatives from our printing practices has seen a decrease in the consumption patterns for 2018.

We continue to recycle our hazardous material used in our operations. In 2018, we saw a significant increase in batteries (from 152 tonnes to 495 tonnes) and other hazardous waste (from 152 tonnes to 637 tonnes), which was either recycled or safely disposed.

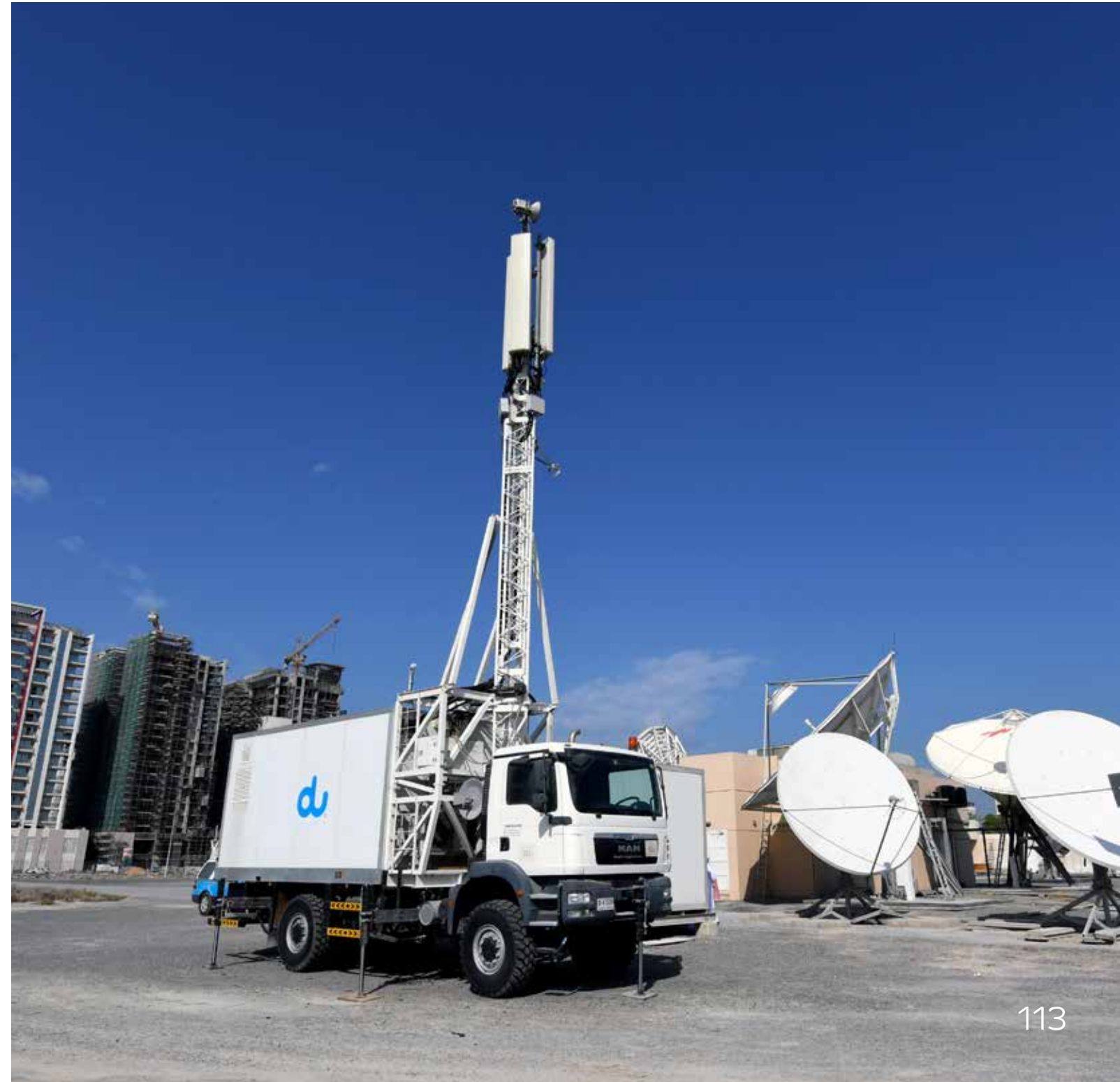
We also minimise our waste footprint through our Equipment Donation Policy – this allows us to donate our used assets, whether IT equipment or otherwise, to registered charities. As part of this policy, we have previously donated furniture, computers and other IT equipment to a number of charities and community organisations in the UAE.

**Environmental impact of ICT**

During the year, we continued with our target to recycle all the e-waste that is generated through our approved waste vendors. Through our e-waste recycling practices, we were able to generate income of approximately AED 1.43 million.

The perception of the health impact of our base transceiver stations is an issue of concern for some residents in the UAE. People living or working close to our mobile towers have nothing to worry about as our network fully complies with the strict regulations for emission guidance by the International Commission on Non-Ionising Radiation Protection (ICNIRP).

We also have a mandate from the TRA to periodically measure the electric field of our towers and never have we measured any emission level that even exceeded a mere 1.3% of threshold level allowed by the ICNIRP.





## Grievance mechanisms

In 2018, we documented 12 employee grievances, nine of which were related to performance appraisals while the remainder related to personal issues. There were no employee grievances reported on the basis of harassment or discrimination of any kind, whether gender, race, colour, religion or social origin.

With regards to the grievance escalation process, we are automating the grievance application process through our ERP, whereby an employee will no longer be required to fill in a manual form and submit it to HR.

All grievances are automatically updated on the system database with details related to the case, the involved individuals, internal committee review and conclusion. Any relevant disciplinary actions are also attached as part of the grievance file. In 2019, all grievances will be handled by a dedicated team within HR in order to avoid any favouritism and ensure process compliance.

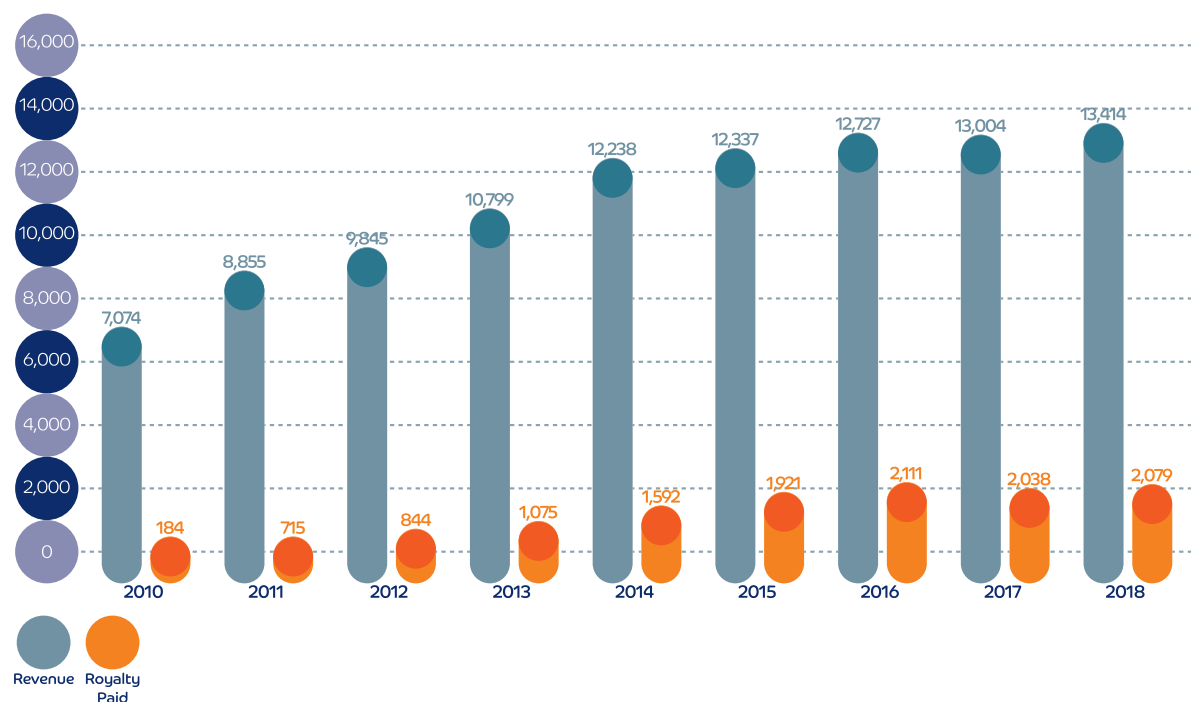
## Financial performance

In 2018, we achieved revenues of AED 13.41 billion – the highest ever achieved by the company. Our net profit after royalty amounted to AED 1.75 billion, equating to earnings per share of AED 0.39.

Since 2010, we have been paying royalties to the government as per an official directive from the Ministry of Finance. In 2018, the royalty charge was AED 2.08 billion – year on year figures indicated below.

In addition to the royalty charges, as per a resolution issued by The Supreme Committee for the Supervision of the Telecommunications Sector, we contributed 1% of our total revenue towards the TRA's Information and Communication Technology (ICT) Fund. This Fund finances a range of projects to develop the innovation and knowledge capital of the country's ICT sector (in areas of research, education and entrepreneurship). In 2018, we did not receive any financial assistance from the Government.

## Comparative Revenue and Royalty Paid (AED million)



Percentage of economic value distributed (AED 7.05 billion):

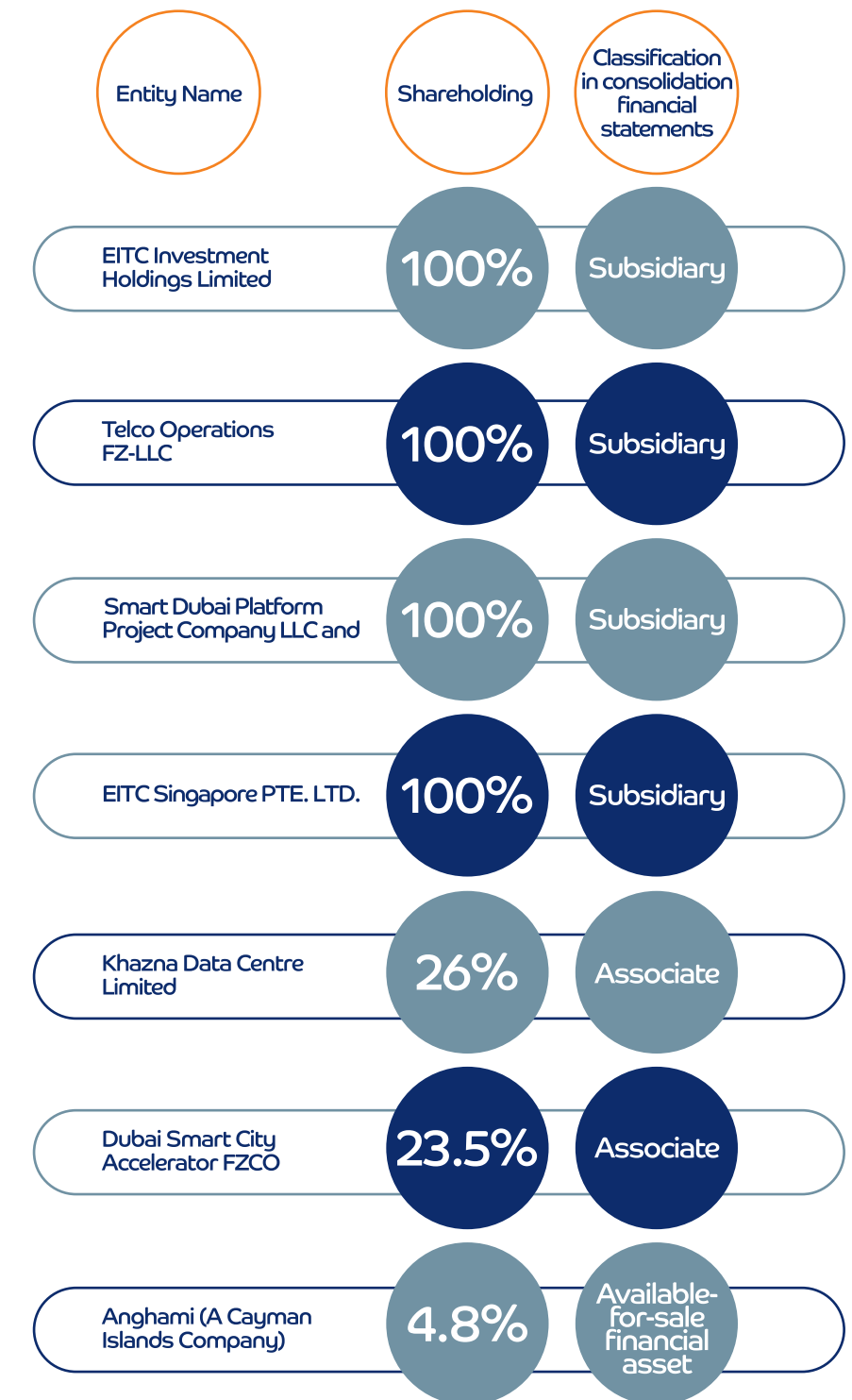
- Operational expenses – 46.80%
- Royalty charge – 29.48%
- Employee wages – 20.44%
- Payment to Government – 3.08%
- Community investment / Social contribution – 0.20%

The consolidated financial statements of the Company for the year ended 31 December 2018 comprises the Company – Emirates Integrated Telecommunications Company PJSC and its wholly owned subsidiaries EITC Investment Holdings Limited, Telco Operations FZ-LLC and Smart Dubai Platform Project Company LLC and EITC Singapore PTE. LTD. Our consolidated financial statements are audited by PwC and the published financial results are available on our website.

All entities included in the organisation's consolidated financial statements or equivalent documents include:

### Shareholder structure:

- The UAE Government, through its ownership of the Emirates Investment Authority, indirectly owns 39.5%.
- The Abu Dhabi Government, through its ownership of Mubadala Investment Company PJSC, indirectly owns 19.75%.
- Dubai Holding, through its ownership of Emirates International Telecommunications Company LLC, indirectly owns 19.5%.
- The remainder of the shares are held by public shareholders, comprising individuals who are UAE and non-UAE nationals and companies established in the UAE.



## Responsible procurement

Our vendors form an integral part of our value chain and help us in delivering quality products and services to our customers. We evaluate suppliers not only on cost and quality, but also on social, health & safety and environmental values.

Our Sourcing Policy makes sure that all dealings with vendors are fair, competitive and without any conflict of interest. This Sourcing Policy is complemented by our Sustainable Environmental Procurement Policy which obliges our current and prospective suppliers to complete our HSE requirements which covers a wide range of environmental as well as social aspects. In 2018, 100% of our vendors conformed to our HSE screening criteria upon registration.

During the year, our procurement utilised artificial intelligence to automate and optimise repetitive processes (such as issuance of blanket purchase orders) resulting in significant efficiencies for the organisation. We also optimised the way we process the sale and safe disposal of obsolete technical items, such as hazardous material (e.g. batteries), customer premise equipment (e.g. TV boxes) and other network infrastructure that is written off.

In 2018, we had more than 700 active suppliers and we sourced products and services worth AED 4.6 billion from them. 80% of these were local suppliers (i.e. companies with their headquarters in the UAE). We also worked with 13 Emirati SMEs during the year from whom we purchased AED 18.56 million worth of goods and services.

These were established with the H.H. Sheikh Khalifa Bin Zayed Al Nahyan Foundation and H.H. Mohammed Bin Rashid Establishment for Young Business Leaders.

In 2018, we evaluated our vendors to ensure HSE compliance whilst providing a service to us. A total of five vendors were assessed (that provide a main service to us) for which the average scoring on HSE compliance ranged above 60%. Few of the companies were follow-up audits in which we have seen an increased compliance level of over 80%. We were not made aware of any significant negative environmental or labour impacts within our supply chain.

## Balanced scorecard

Over the years, the Balanced Scorecard has encouraged our staff and management to think and act strategically and link productivity and profitability with our corporate strategy. This ensures that we work towards enhancing all areas of the business to contribute towards the overall success of the company. A set of key performance indicators (KPIs) track the performance of each area and are cascaded across relevant business units.

Our strategy is focused on delivering our commitment of sustainable growth and value creation to our shareholders, by serving and delighting our customers and nurturing our employees. 2018 marked the continued transformation of EITC, delivered by strengthening competitive levers around three main strategic pillars:

1. A value-focused, efficient and effective core business with effective transformation.
2. Diversifying our revenues through the development of new innovative products and services in and beyond the core.
3. Differentiation through digitalisation and enhanced customer experience. Going forward to 2019 and beyond, EITC's Strategic Priorities aim to focus on protecting and optimising the 'Core' whilst seeking growth in 'Adjacencies' beyond the core.

## 2018 Strategic Priorities





## Health and safety

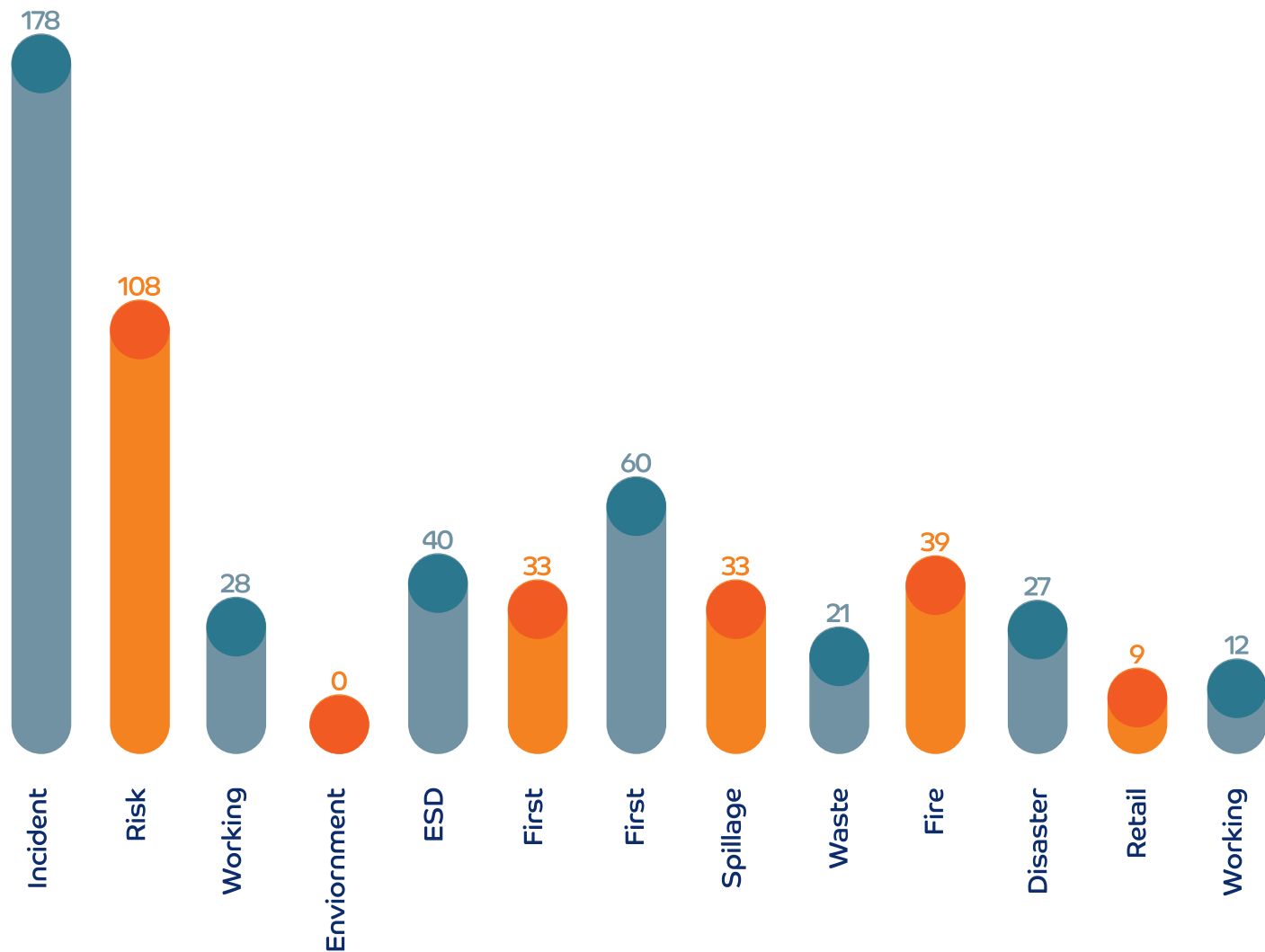
We actively promote health and safety at the workplace, and in the broader community, and work hard to ensure a secure work environment for all our people.

HSE trainings for our people continues to be a big aspect of strengthening our HSE practices. These trainings were provided to over 593 participants – these included our employees, as well as our outsourced staff that work on our sites.

### Breakdown of our HSE trainings

Emergency Preparedness and Response continues to be a priority in our safety and wellbeing practices. This is mainly achieved through continuous training and awareness sessions. During the year, a total of 337 staff were trained in emergency response and preparedness, including for first aid, fire, disaster recovery and general emergency actions.

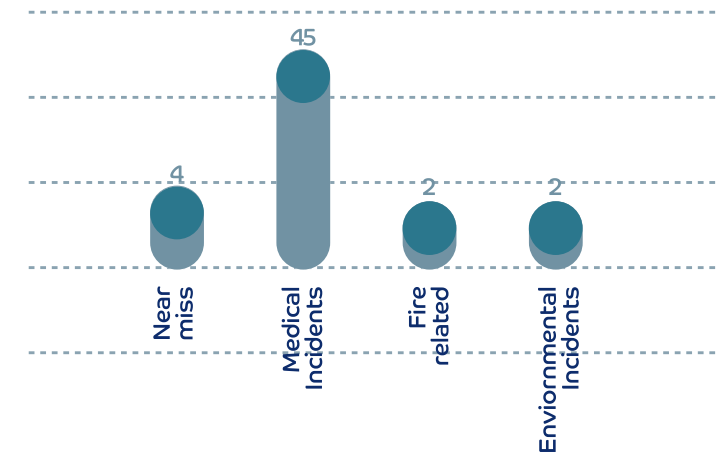
## HSE Trainings



These trainings are supported by our emergency drills to ensure the practical involvement and preparedness of staff. All our offices, warehouses and technology-manned sites have undergone these drills. This year, we extended our emergency preparedness and response initiative to our mobile towers to ensure our workers know what to do with emergencies at height.

During the year, we had a few health and safety related incidents, mainly medical related (45). These were promptly dealt with by our in-house clinic. We also had two fire related and two environmental incidents – all of these were effectively managed and reported.

## Incidents Jan - Dec 2018



We assess our contractors in detail in terms of health and safety as part of our agreement with them. We prioritise our site inspections with the intention of proactively identifying HSE risks that impact our people, visitors to our site and most importantly our external environments.

This practice has been very effective as

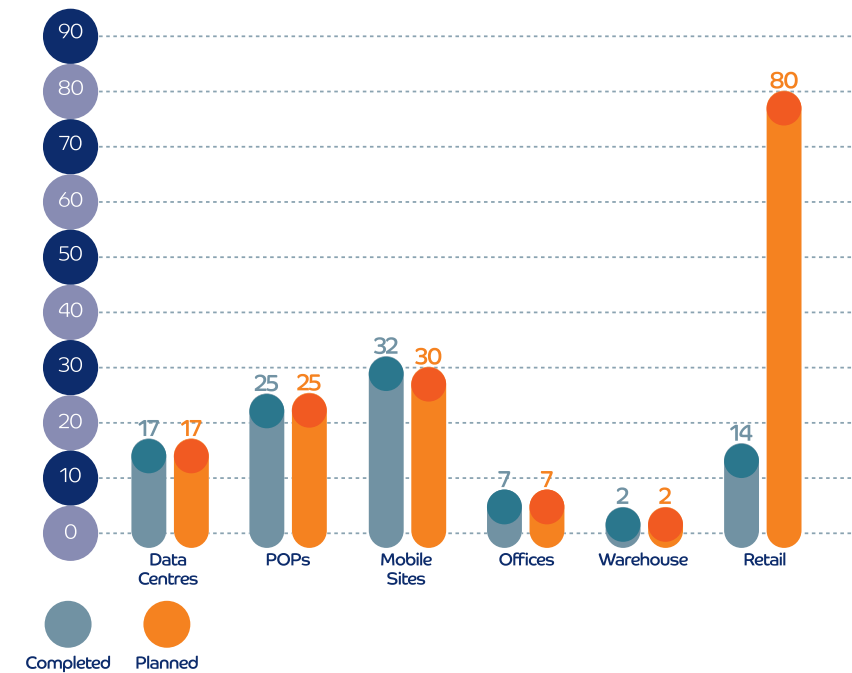
it helps us actively control and manage our risks as they are identified and reported. In 2018, we had a number of site inspections across our data centres, mobile sites, retail shops and more.

We continue to maintain our indoor air quality as a specific indicator for wellbeing at the workplace. Continuous monitoring methodologies and HSE

strategies helped us win the "Health and Safety Initiative" at the Daman Corporate Health Awards for 2018 for our indoor air quality initiative.

Health and Safety was also the main theme for the community workshop we organised for community partners and non-profit organisations in the UAE, as well as for the children's workshop we organised at our office.

## Site inspections



## Business ethics

By applying good governance and robust internal controls in business processes, we emphasise the importance of business ethics and transparency in our approach.

This helps us manage our exposure to corruption risks, and ensures that we adhere to a zero-tolerance policy towards fraud and unethical actions.

All our employees are required to read and accept our Code of Conduct and Ethics. This code is complemented by a team of dedicated HR Business Partners that guide our staff with advice on ethical behaviour.

We have recently formalised a fraud response policy with a clear statement of zero tolerance on fraudulent activities. We have also established an anonymous whistleblowing policy mechanism which applies to our staff and vendors. Our whistleblowing channels include an email (wb@duconcerns.ae), an independent website (duconcerns.ae), and a hotline (800 503 7283). This mechanism allows our staff and vendors to share any concerns regarding the company and its operations with complete anonymity and confidence.

Our organisational code of conduct and ethics, along with our internal and external policies for seeking advice on ethical behaviour, and for reporting concerns about unlawful behaviour can be found on our website.

## Data privacy & security

Customer Data Security & Privacy is of utmost important for us and we are committed to ensure that this is embedded as a core competency across our organisation. These efforts have come through by creating dedicated function for 'Data Security and Privacy Management' within our Technology Security and Risk Management (TSRM) department and refined security controls that we have been investing in for over a decade.

We have developed our own holistic Data Security and Privacy Management framework and standards. These are based on national and international regulations, standards and guidelines from the TRA, International Organization for Standardization (ISO), National Institute of Standards and Technology (NIST), Payment Card Industry Data Security Standard (PCI DSS) etc. and developed a Data Classification model, taxonomy and process to implement classification across the organisation.

We have now developed an EITC Data Classification model, taxonomy and process to implement classification across the organisation.

During the year, we also conducted organisation-wide trainings to raise internal awareness of the importance of customer data and privacy requirements. This was complemented by the successful implementation of the 'Classify & Secure' initiatives based on which all our employees are mandated to classify data according to the classification type.

Our Data Privacy & Security framework and standards provides management direction and support to ensure security & privacy of personal information and to allow creation, storing, usage, sharing, archival, and destruction of Personal Information in accordance with appropriate laws, regulations, and contractual obligations.

In 2018, we launched our Cloud Unified Threat Management (UTM) service, a next-generation cybersecurity solution that is designed to protect enterprises at the core-network layer so that no threats can get close to an organisation's network. This service will support our customers with 24/7 monitoring and management for dedicated and reliable security protection.

We also introduced a Risk and Compliance Management Services to our managed cloud and data-centre offering to ensure that large enterprises, particularly government and financial institutions in the UAE, can easily leverage proactive ICT and cloud workload protection in the face of complex regulatory and compliance requirements.





## Responsible marketing

We believe it is critical in our industry, and extremely important as per our values, to be responsible, honest and friendly in our marketing and communication campaigns as it helps build trust and loyalty among our customers.

We give all our customers the choice to opt in or out from receiving our communication, and are not involved in the sale of any banned or disputed products and services. During the year, there were no cases of non-compliance with regulations and voluntary codes concerning marketing communications at EITC.

## Business continuity

To ensure that we continue to deliver our products and services at acceptable predefined levels during any instability, we have adopted a standard Business Continuity Management (BCM) system. This system enables us to build the required resiliency to protect our people, processes, facilities and technologies, as well as our customers, vendors, partners, regulators and contractors.

Business Continuity Plans (BCPs), Disaster Recovery Plans (DRPs), Crises Management Plans and Simulations all contribute towards our BCM system. The BCM system is run by our Business Continuity & Crises Management team under the Technology Security and Risk Management (TSRM) department. At the national level, we abide by the security obligations set by the TRA through the National Telecom Emergency Management Plan (NTEMP), and National Crisis and Emergency Management Authority (NCEMA) and the other operator in the country, Etisalat.

In 2018, we successfully participated in national field simulations organised by the TRA, called Sada AlBarq 6, where we reflect the capabilities of our UAE national employees to establish end to end infrastructure and provide fixed and mobile network. Moreover, we – in coordination with the TRA – participated as a supported entity for another simulation organised by Federal Agencies. This simulation was designed to test the resilience of the telecom sector in case of a national disaster. We attained the full status, thus ensuring that we continue to have the ability to mitigate the effects of disruptive incidents with minimal effect on our critical business.



The background of the entire page is a monochromatic blue gradient. Scattered across this background are numerous spheres of varying sizes. Some spheres are in sharp focus, showing a fine, pebbled texture, while others are blurred, creating a sense of depth and movement. The lighting on the spheres is soft, highlighting their three-dimensional form.

# Corporate Governance



# 1

## Statement of actions taken to complete corporate governance in the year 2018

### Introduction:

Emirates Integrated Telecommunications Company, PJSC (EITC) continued to provide high standards of transparency and accountability through its corporate governance framework during 2018. This affirms EITC's commitment to comply with the Chairman of the Securities and Commodities' Authority Board of Directors' Resolution No. (7 RM) for the Year 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

EITC is committed to comply with corporate governance standards seeking to position itself at the forefront amongst adopters of esteemed corporate governance practices. This was accomplished through continuous and effective monitoring, amendment of policies to support business models in general, providing the required flexibility to elevate EITC and keep up with the latest technological and digital solutions in the telecommunications sector.

### Formation of the Board

During 2018 the general assembly reshuffled EITC's Board of Directors the ('Board') by appointing and electing new members, who have contributed towards enriching the Board's decisions and developing EITC's strategy with a refreshed outlook aspiring to create better shareholder value, enhance stakeholders' confidence and maintain sustainability in EITC's business.

Accordingly, the Board committees have been reorganized with roles and responsibilities established and authority delegated. The Board's oversight mechanism on the committees has been established in accordance with the standards for institutional discipline and governance of public shareholding companies. The Board has restated the monitoring requirements of each committee to allow review of key areas for EITC, submitting periodic reports and recommendations to the Board to facilitate the decision-making process.

### Revision of Corporate Governance Framework

The Board and its Committees have reviewed the required procedures to ensure compliance with applicable laws, regulations, decisions and the requirements of regulatory authorities as well as internal policies, regulations and procedures established by the Board to confirm their validity.

The Board has set the strategic directions and key objectives of EITC. The Board also validated the adequacy of the Internal Control unit and ensured the implementation of appropriate controls monitoring systems to manage and mitigate risk in EITC. In addition, EITC's dividend distribution policy was revisited to ensure it meets EITC and its shareholders' best interest.

“ During the year 2018, the Board extended dedicated efforts to develop numerous policies and procedures that focus on improving EITC's operations in accordance with EITC's Corporate Governance framework.”

### Internal Control

EITC established an additional line of defense in which the risk management function and regulatory compliance are independent from the first line of defense i.e. business functions. A Head of Risk Management and Compliance has been appointed with responsibility to submit relevant reports to the Chief Executive Officer the 'CEO'. Additionally a Risk Management and Compliance

Committee has also been formed, comprising members from the Executive Management. This Committee submits periodic reports to the Audit Committee. During the year 2018, the Board extended dedicated efforts to develop numerous policies and procedures that focus on improving EITC's operations in accordance with EITC's Corporate

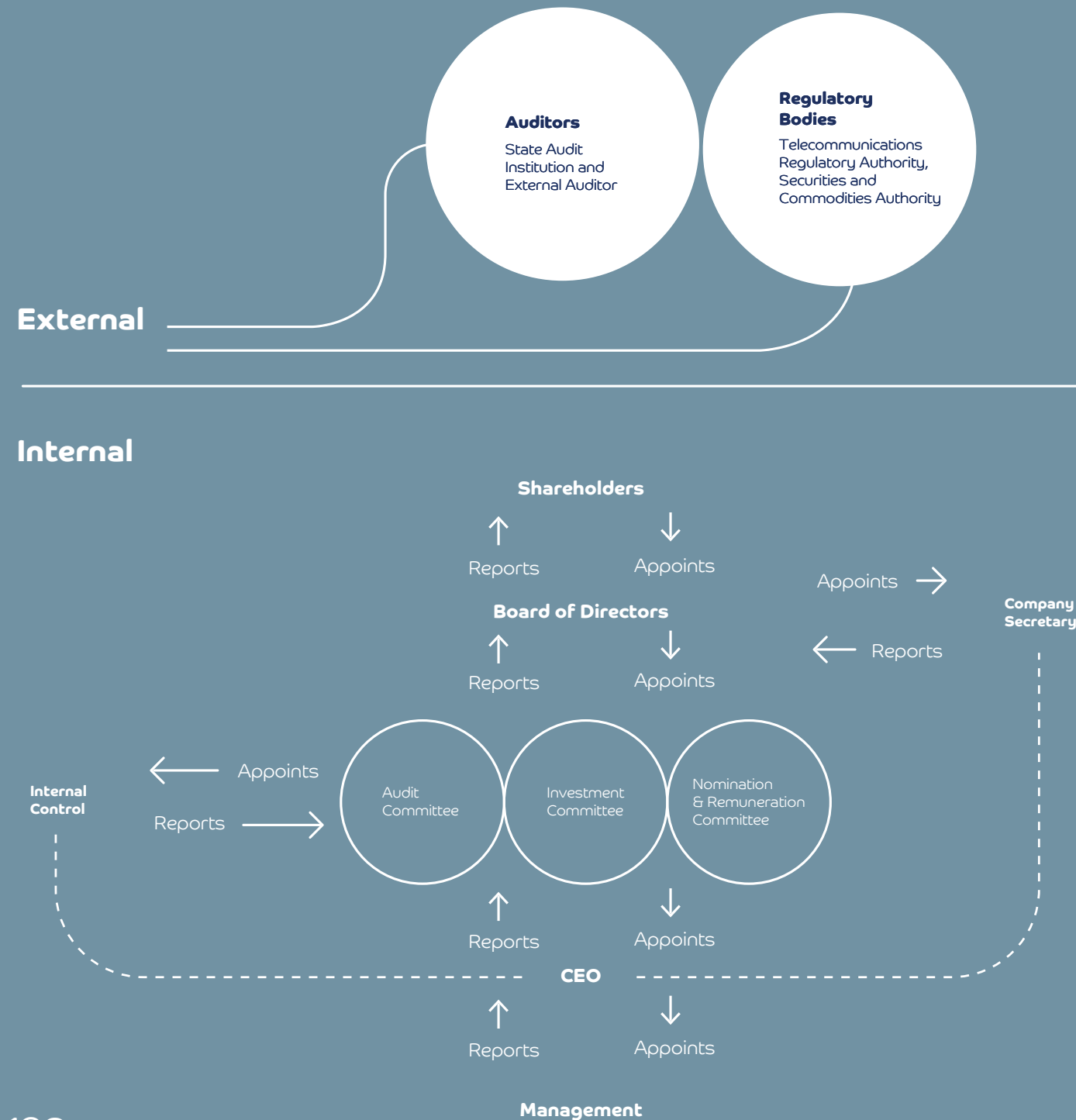
Governance framework. This included fair and ethical conduct across EITC departments. The framework provided tangible benefits to our operations in 2018, such as streamlining processes, internal flexibility and supporting an environment adaptable to any future fluctuations in EITC.



## Governance Model

In the year 2018, EITC continued to provide a corporate governance model aligned with governance standards and international best practices, maintaining a prominent position in regulatory compliance and engagement of shareholders and stakeholders, in addition to maintaining a balance between achieving short-term vision swiftly while prioritizing accomplishment of long-term vision.

The effectiveness of EITC's governance lies in dividing the roles and responsibilities among the shareholders, Board, Committees and Management as well as confirming accountability in accordance with the Reserved Matters approved by the Board as specified in the following model.



# 2

## Statement of Share dealings of Board members, their spouses and children in EITC shares during 2018

Share dealing policy applies to all individuals working for EITC and its subsidiaries at all levels and grades, including Board members, Executive Management, senior managers and other employees. The Policy also extends to all third parties who have access to price sensitive information

due to contractual relationship with EITC or its subsidiaries, or a personal relationship with an employee. The policy framework has been outlined and adherence to this is required in all share dealings of the company in addition to the consequence of non-compliance with the policy.

## Statement of share dealings of Board members in the Company's shares during 2018:

Title / Relationship	Shareholding as at 31/12/2018	Total Sales	Total Purchase
Ahmad Julfar (Board Member)	467,839	--	467,839



# 3 Formation of the Board of Directors

## 3.1 Statement of the Current Board of Directors

Members of the Board contributed effectively and dynamically using their expertise to form a coherent and highly competent Board of Directors to meet the challenges of the changing economic environment.

The Board continued to elevate the level of corporate governance in the company out of belief in its role in maintaining operational sustainability and performance enhancement at all levels. The views of Board members

were reviewed and encouraged to bring innovative ideas to keep abreast of developments in the telecommunications sector at the international level. The company's efforts to create value addition to the company and achieve positive returns contributed to the growth and achievement of returns to the shareholders, enabling the company to contribute to community social responsibility and create a positive imprint within the UAE community.

In accordance with the Articles of Association of the Company, Emirates Investment Authority, Emirates International Telecommunications Company and Mubadala Investment Company are jointly entitled to appoint eight members of the Board of Directors. Two members are elected by the General Meeting of shareholders by a cumulative vote at the General Assembly every three years. The Board is composed of independent and non-executive members, as follows:



### Mohamed Hadi Al Hussaini

Chairman  
Independent Non-Executive

**First Appointment**  
28/02/2018

**Representing**  
Emirates International  
Telecommunications LLC

Mohamed Al Hussaini was appointed Chairman of the Board of Directors of Emirates Integrated Telecommunications Company PJSC on 28 February 2018.

He has a vast professional experience across the banking & finance, real estate, investments, telecommunications and retail sectors. He has contributed to numerous strategic as well as economic initiatives and plans in the United Arab Emirates.

He currently holds the following positions in several other leading entities in the UAE:

Publicly listed entities:

- Chairman of Emaar Malls Group
- Board Member of Emirates NBD
- Board Member of Emirates Islamic Bank
- Board Member of Dubai Refreshments Company

Other entities:

- Board Member of Emirates Investment Authority
- Board Member of Dubai Real Estate Corporation

He has a Master's degree in International Business from Webster University in Geneva, Switzerland.



### Khaled Mohamed Balama

Vice Chairman  
Independent Non-Executive

**First Appointment**  
17/03/2015

**Representing**  
Emirates Investment Authority

Khaled Mohamed Balama has held various executive roles in prestigious companies and organizations during the past 29 years.

He is currently the Executive Director of Real Assets Department at Abu Dhabi Investment Council and he is also a member of the Boards of Directors of the following leading companies in the UAE:

- Board Member of Central Bank of the UAE
- Board Member of the General Pension and Social Security Authority
- Board Member of Emirates Driving Company

He holds a Bachelor of Science degree in Finance from Indiana University (USA), as well as being a Chartered Financial Analyst (CFA).



### Malek Sultan Al Malek

Board Member  
Independent Non-Executive

**First Appointment**  
21/03/2018

**Representing**  
Emirates International  
Telecommunications LLC

Malek Al Malek is one of the leading business figures in the UAE; he has reputable experience in various arenas, including technology, information and education.

He is currently the Chief Executive Officer of TECOM Group, one of Dubai's leading holding companies, strategic partner and contributor to achieving the ambitious visions of Dubai economy.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman – Dubai Institute of Design and Innovation (DIDI)
- Board Member – National Media Council
- Board Member – DXB Entertainments
- Board Member – Mohammed Bin Rashid Library
- Member of the Board of Trustees – Higher Colleges of Technology (HCT)

He holds a Bachelor's degree in Business Management from the Higher Colleges of Technology (HCT) in the UAE.



### Ziad Abdulla Galadari

Board Member  
Independent Non-Executive

**First Appointment**  
14/3/2007

**Representing**  
Public Shareholders

Ziad Galadari is the Founder of Galadari Advocates and Legal Consultants, and he has vast experience in the field of Law and Legal consultancy. In addition to his legal and investment expertise, he has made remarkable contributions enabling Dubai for hosting international events and global conferences.

Currently, he is the Chairman of Galadari Advocates and Legal Consultants, as well as the Chairman of the Galadari Investment Group in the United Arab Emirates.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Board Member - Dubai World Trade Centre
- Board Member - Dana Gas PJSC

He has a Bachelor's degree in Law (LLB) from the United Arab Emirates University (UAEU).



### Ahmad Abdulkarim Julfar

Board Member  
Independent Non-Executive

**First Appointment**  
21/03/2018

**Representing**  
Public Shareholders

Ahmad Julfar has a vast experience in diverse sectors including telecommunications, economy, banking and community development taking charge of several prominent leadership positions in the UAE.

He holds the position of Director General at the Community Development Authority, which is dedicated to creating a leading social sector in the UAE to reinforce sustainable developments.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman - Knowledge Fund, Government of Dubai
- Vice Chairman - Commercial Bank of Dubai
- Board member - Smart Stream Technologies
- Board member - Al Jalila Children's Specialty Hospital

He holds a Bachelor's degree in Civil Engineering and Computer Science from Gonzaga University in Washington, USA, and took part in the Leaders Program of Sheikh Mohammed Bin Rashid Al Maktoum.



### Mohamed Hamad Al Shehi

Board Member  
Independent Non-Executive

**First Appointment**  
21/03/2018

**Representing**  
Emirates Investment Authority

Mohamed Al Shehi has broad experience in various sectors including finance, banking, real estate and insurance, leading several executive positions within the Government of Dubai as well as the private sector.

He holds the positions of The Deputy Director General at the Department of Finance, Government of Dubai, the Acting Executive Director at the Dubai Financial Support Fund-Government of Dubai, and the Secretary to the Supreme Fiscal Committee (SFC).

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman - Emirates NBD Capital P.S.C.
- Board Member - Emirates NBD Bank PJSC
- Board Member - Dubai Real Estate Corporation
- Board Member - Neuron LLC

He has a Master's degree in Business Administration from Zayed University, and a Bachelor's degree in Accounting from the United Arab Emirates University (UAEU).



### Mohamed Saif Al Suwaidi

Board Member  
Independent Non-Executive

**First Appointment**  
27/08/2012

**Representing**  
Emirates Investment Authority

Mohamed Al Suwaidi has a wealth of experience in asset management and a history in investment of varied asset portfolios within the economic sector locally, regionally and globally to achieve sustainable financial returns.

He holds the position of Executive Director of Asset Management at Emirates Investment Authority.

- Currently, he is a Board Member of Arab Insurance Group 'ARIG'.

He has a Bachelor's degree in Accounting from the United Arab Emirates University (UAEU).





### Masood M. Sharif Mahmood

Board Member  
Independent Non-Executive

**First Appointment**  
18/12/2013

**Representing**  
Mubadala Investment Company

Masood Mahmood brings along a wealth of experience in establishing and leading diverse workforces in IT and telecommunications companies. He has extensive experience in management and mergers & acquisitions in numerous fields including the finance and industry sectors, in addition to satellite communications.

He is currently the Chief Executive Officer of Al Yah Satellite Communications Company – Yahsat,

managing its full operational capabilities, on both the commercial and governmental levels.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Board Member of UAE Space Agency
- Board Member of Abu Dhabi Financial Group
- Board Member of Yahlive

He has a Bachelor's degree in Computer Engineering from Boston University in the USA, and an MBA in Finance from McGill University in Canada.



### Khaled Abdulla Al Qubaisi

Board Member  
Independent Non-Executive

**First Appointment**  
19/04/2018

**Representing**  
Mubadala Investment Company

Khaled Al Qubaisi has extensive leadership experience in various fields including investment policy development, the aerospace and defence industries, ICT and telecommunications as well as the renewable energy industry.

He holds the position of Chief Executive Officer Chief Executive Officer, Aerospace, renewables & ICT at Mubadala Investment Company PJSC. Khaled is also a member of the Mubadala Investment Committee.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman of Tabreed, National Central Cooling Company PJSC
- Chairman of Injazat Data Systems LLC

- Chairman of EDIC, Emirates Defense Industries Company PJSC
- Vice Chairman of Abu Dhabi Motor Sports Management – ADMM LLC
- Board Member of Abu Dhabi Future Energy Company PJSC - Masdar
- Board Member of Emirates Global Aluminium
- Vice Chairman of Global Foundries Inc
- Vice Chairman of Finance House PJSC
- Board Member of Insurance House PJSC
- Board Member of Mubadala Petroleum LLC

He holds a Master's degree in Project Management (MSPM) from George Washington University, and a Bachelor's degree in Finance and Operations Management from Boston University.



### Kaj-Erik Relander

Board Member  
Independent Non-Executive

**First Appointment**  
21/03/2018

**Representing**  
Emirates Investment Authority

Kaj-Erik Relander has a vast experience in the finance and the information and communications technology (ICT), where he has held many executive roles throughout his professional career and served as a board member of several internationally recognized organizations.

He is a partner and founder of SEQ Capital Partners in Zurich, Switzerland, which focuses on global liquid investments in shares and private bonds within the fields of telecommunications, mobile and internet services, as well as media and technology. He also works as an advisor at Mubadala Investment Company.

He is currently a member of the Board of Directors for the following leading companies:

- Board member - Starzplay
- Board member - Quikap Systeme AG
- Board member - SEQ Capital Partners
- Board member - Bookit.oy
- Board member - SES SESG
- Board member - Refugees United Foundation

He has a Master's degree in Science from the University of Alto in Helsinki, an MBA, and a PhD studies in Technology Strategy from Alto University and Wharton School.

### 3.2 Female Representation

We believe that gender equality and diversity of expertise contribute to a balanced and effective functioning of the boardroom as well as adding varied and constructive perspectives in the decision making process of the Board.

### 3.3 Statement for non-appointment of any females to membership on the Board of Directors

In 2018, three female nominations with solid background were received however none secured sufficient votes from the shareholders present at the General Assembly.



### 3.4 Statement of the following:

#### 1. Total remuneration paid to the Board of Directors for 2017

In 2018, the General Assembly approved the remuneration of the Board of Directors' for the aggregate amount of AED 8,729,303 million. This sum was distributed to all members of the Board of Directors as remuneration for services rendered in the year 2017.

#### 2. Proposed total remuneration to the Board of Directors for 2018

The Nomination and Remuneration Committee reviews attendance and performance of Directors and Committee members in applicable meetings, and submits its recommendations to the Board. Upon approval by the Board, the final recommendation for aggregate Board remuneration is submitted for

approval by the shareholders at the General Assembly.

At the General Assembly in 2019, the Board will propose an amount of AED 9,403,322 to be distributed to all members of the Board of Directors as remuneration for 2018

#### 3. Detailed statement of attendance fees by the members of the Board Committees:

Name	Attendance Fees for the members of the Board Committees meetings		
	Committee Name	Attendance Fee (AED)	Number of meetings
Mohamed Al Hussaini	• Investment Committee (Chairman) (from 21 March to present)	147,000	7
Khaled Balama	• Nomination & Remuneration Committee (Chairman) (from 1st Jan to present)	168,000	8
Masood Mahmood	• Investment Committee (Chairman) (from 1 January to 20 March) • Audit Committee (from 21 March to present)	147,000	7
Mohamed Al Suwaidi	• Investment Committee (from 21 March to present) • Nomination & Remuneration Committee (from 1 January to 20 March)	252,000	12
Ziad Galadari	• Audit Committee (Chairman)(from 1 January to present) • Nomination and Remuneration (from 1 January to 20 March)	189,000	9
Khaled Al Qubaisi	• Investment Committee (from 25 April to present)	105,000	5
Ahmad Julfar	• Investment Committee (from 21 March to present) • Audit Committee (from 21 March to present)	147,000	7
Mohamed Al Shehi	• Investment Committee (from 21 March to 25 April) • Nomination & Remuneration Committee (from 25 April to present)	189,000	9
Malek A Malek	• Investment Committee (from 21 March to 25 April) • Nomination & Remuneration Committee (from 25 April to present)	84,000	4
Kaj Erik Relander	• Audit Committee (from 21 March to present) • Nomination & Remuneration Committee (from 21 March to present)	252,000	12
Abdulla Al Shamsi	• Investment Committee (from 1 January to 20 March)	42,000	2
Saeed Al Yateem	• Audit Committee (from 1 January to 20 March)	42,000	2
Fadel Al Ali	• Audit Committee (from 1 January to 20 March) • Nomination & Remuneration Committee (from 1 January to 20 March)	84,000	4
Homaid Al Shimmari	• Investment Committee (from 1 January to 20 March) • Nomination & Remuneration Committee (from 21 March to 18 April)	42,000	2

\* The Board Committees have been reconstituted on 21 March 2018 and 25 April 2018

### 3.5 Number of Board meetings held in 2018

The Board of Directors meetings are held in the presence of the majority of its members. In the fiscal year ended on 31/12/2018, a total of ten Board meetings were held.

The invitation and the agenda are sent to the members at least a week ahead

of schedule, and details of issues and decisions made during the meeting are recorded as minutes, taking into account any member's opinions or dissenting views that are expressed during the meeting. Any related party transactions or conflicts of interest are declared at

the beginning of each meeting, recorded in the minutes of the meeting and approved by the members present, thus ensuring that the respective member connected to that resolution abstains from voting.

- Board meetings date and attendance of the members of the board:

Meeting Number	Date	Absence
Board meeting 1	18/1/2018	Saeed Al Yateem
Board meeting 2	14/2/2018	None
Board meeting 3	21/3/2018	None
Board meeting 4	11/4/2018	Masood Mahmood, Homaid Al Shimmari
Board meeting 5	25/4/2018	None
Board meeting 6	30/5/2018	None
Board meeting 7	18/7/2018	None
Board meeting 8	20/9/2018	Mohamed Al Shehi
Board meeting 9	31/10/2018	None
Board meeting 10	12/12/2018	None

\*Board members elected on 21 March 2018 at the Annual General Meeting

\*Khaled Al Qubaisi appointed as a Board member on 19/04/2018



### 3.6 Details of matter reserved to the board of directors and delegated to the executive management

In line with the Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, our Board is responsible for carrying out these duties but may delegate them to the relevant Committee or to Executive Management, in writing. In the case of delegation, they have clear instructions on how the delegation can be authorised and the relevant limitations. The Board has agreed on matters reserved for the Board and its Committees within the Board Charter. During 2018, the Board did not delegate any of its reserved matters to the Executive Management.

### 3.7 Transactions with related parties

There are specific cases where transactions conducted with a related party can be considered in the best interest of the company and its shareholders, and hence we adopted our related party transactions policy to provide a sound framework for the review and approval of these transactions. We allow specific consideration for related party transactions that do not reach 5% of the asset value of the company. However, for any related party transactions that exceed 5% of the asset value of the company, it is important that the related party is not provided with voting rights pertaining to decisions of both the Board (if s/he is a member) and the General Assembly (if s/he is a shareholder).

When a transaction with related parties concludes, the Chairman of the Board will notify the Securities and Commodities Authority with the content of the data and information related to the transaction. This sets the conditions for the transaction to ensure it is fair, reasonable and in favor of our shareholders.

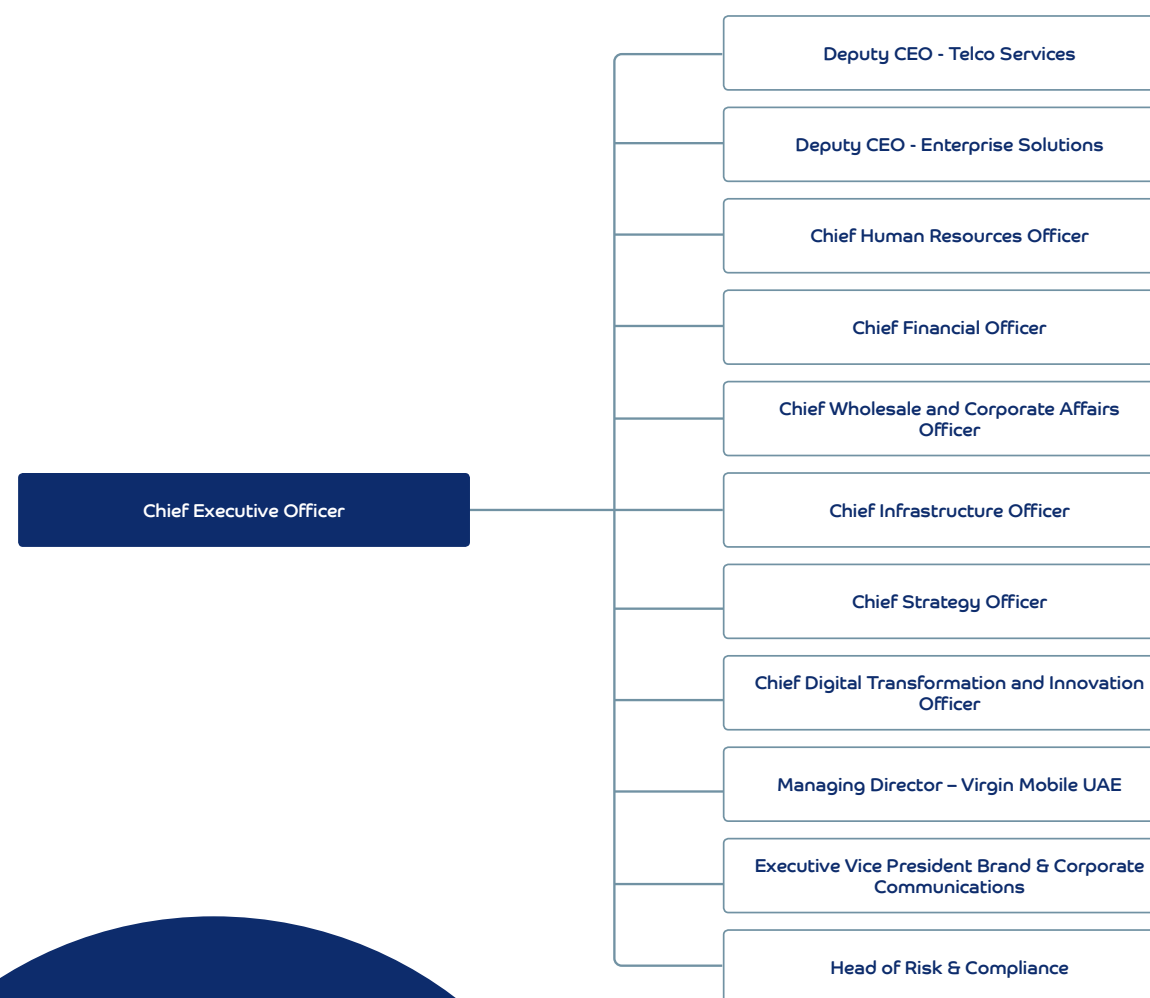
### The total value of transactions with related parties as per the IFRS standards:

Related Party Transactions net for the year 2018	AED Thousands
Tecom Investments FZ LLC ("Tecom") Office rent and services	39,697
Infrastructure cost	1,000
Axiom Telecom LLC ("Axiom") - Authorized distributor- Net Sales	1,527,311
Injazat Data Systems LLC – Data centre rent and services	569
Khazna Data Center – Rent and telecom services	116,746
Khazna Data Center- Additional funding	34,044
Dubai Smart City Accelerator FZCO- Additional funding	1,835

### 3.8 Our Organizational Structure:

Our Executive Management is responsible for the day-to-day activities of our business. The CEO, along with the rest of our Executive Management team, reports to the Board of Directors

to follow up recommendations and implement strategies, ambitious targets, policies and frameworks as approved by the Board.





### 3.9 Statement of the Executive Management Remuneration

The following table lists the joining dates of the members of EITC's Executive Management, the positions they hold, and their remuneration for 2018.

Position	Date of Joining	Total Salaries and Allowances paid in 2018 (AED)	Any Other Cash/in-kind benefits for 2018 (AED)	LTI (2016-2018)	Total Bonus paid for 2018 (AED)
Chief Executive Officer	1/1/2006	4,752,312	411,012	8,246,000	2,631,346
Deputy CEO- Telco Services	23/4/2006	2,564,256	468,893	2,356,000	2,346,292
Deputy CEO - Enterprise Solutions	1/1/2006	2,432,424	390,228	2,356,000	1,737,143
Chief Human Resources Officer	13/5/2018	1,169,342	18,968	NA	823,764
Chief Financial Officer	8/12/2013	2,069,640	187,166	2,356,000	1,398,544
Chief Wholesale and Corporate Affairs Officer	1/1/2006	1,969,512	13,571	2,356,000	1,418,588
Chief Infrastructure Officer	7/9/2008	1,843,200	246,279	706,800	1,341,960
Chief Strategy Officer	7/5/2017	1,976,400	116,032	NA	1,311,520
Chief Digital Transformation and Innovation Officer	4/3/2018	1,649,877	1,147,096	NA	672,933
Managing Director – Virgin Mobile UAE	1/8/2016	1,459,200	156,253	NA	536,940
Executive Vice President Brand & Corporate Communications	16/4/2017	1,492,800	333,797	NA	869,722
Head of Risk & Compliance	14/1/2018	1,089,739	188,413	NA	522,958

## 4 External Auditor

#### 4.1 Overview of external auditor

PricewaterhouseCoopers (Dubai Branch) (PwC) was appointed as the company's external auditor for the fiscal year 2018. It is one of the largest legal auditing firms, with operations across 154 countries. It has been present in the Middle East for nearly 45 years and in the UAE for over 29 years. It specialises in the field of legal auditing, business consulting and taxation.

#### 4.3 A statement of the qualified opinions made by the company's external auditor in the interim and annual financial statements for 2018.

There are no qualified opinions made by EITC's External Auditor in the interim or annual financial statements for the year 2018.

#### 4.2 Statement of fees, costs and services provided by all external auditor firms in 2018:

Audit/Consulting Firm	Details of service	Amount (AED)
Deloitte & Touche (M.E)	Consultancy- Corporate Control Framework	639,054
	Due Diligence Services	85,458
Ernst & Young (EGY)	Managed Services for Third Party	14,326,650
	Penetration Testing	2,069,189
	Training	37,460
	Accounting Support	57,139
	Risk & Controls Support	149,487
	IT Transformation	3,860,643
	Consultancy- Taxation	122,450
KPMG	IFRS 16 Project Support	1,329,789
	Whistle-blow channel of hotline, web services and secure email.	67,500
	Internal Control Support	648,832
	TRA Billing Audit	220,054
PricewaterhouseCoopers (Dubai Branch)	Statutory Audit	1,482,000
	Regulatory Support	998,636
	Due Diligence Services	249,743
	VAT Project Support	30,613
	Training	28,900
PricewaterhouseCoopers (Singapore Branch)	Taxation Services	6,346

# 5 Audit Committee

## 5.1 The names of the Members of the Audit Committee and its responsibilities

The Board of Directors has formed an Audit Committee from among its members. The members have sufficient knowledge and understanding of financial and accounting matters as well as sufficient experience in the field of accounting, financial matters, legal affairs, compliance and regulatory matters.

The members of the Committee are: Ziad Galadari (Chairman), Mohamed Al Shehi, Masood Mahmood and Kaj-Erik Relander. Paragraph 3.1 details the financial experiences of the members of the Committee.

Key roles and responsibilities of the Audit Committee include:

### 1. Oversee the External Auditors:

- Ensure the integrity of financial and non-financial operations in line with financial and accounting policies and procedures as well as monitor the integrity of the financial statements of our company and the annually and interim reports.
- Ensuring compliance with the rules of the SCA rules on disclosure and listing and such other legal requirements as may be relevant to the preparation of financial reports.
- Make recommendations to the Board of Directors regarding the External Auditor.
- Follow the procedure for selecting and appointing the External Auditor
- Follow up and continuously monitor the independence of the External Auditor.
- Discuss with the External Auditor the nature, scope and efficiency of the audit in accordance with the approved audit standards.

The Audit Committee reviews the terms of engagement, including the mission and action plan, of the external Auditors and the scope of the external audit plan, including material findings raised by the external Auditor to the management in respect of the scope of the engagement whilst ensuring timely reply on the explanations and matters contained in the external auditor’s letters/reports..

### 2. Oversee Internal Control:

- Review and assess the internal control and risk management systems of the Company.
- Consider the results of the primary investigations in internal control issues as assigned to the Committee by the Board or as initiated by the Committee with the Board’s approval.
- Ensure co-ordination between the Internal Auditor and External Auditor.
- Ensure the availability of resources required for the Internal Control Department.
- Review all internal control reports and follow up on implementation of corrective measures identified in such reports.
- Follow up on the changes made since the last review on the nature and extent of the key risks and EITC’s ability to adapt to the changes in its operations and external environment.

### 3. Oversee the corporate governance and compliance:

- Set the Company’s arrangements for its employees to raise concerns, in confidence, about any potential violations in the financial reports, internal control systems, or other issues and implement procedures that are sufficient for conducting independent and fair investigations concerning such violations/issues including the review of EITC’s Whistle Blowing Policy.
- Monitor the extent of EITC’s compliance with the professional Code of Conduct.
- Review related party transactions with the Company, ensuring that no conflicts of interest exist, and submit recommendations on such transaction to the Board before concluding the relevant contracts.
- Ensure the Company’s compliance with all applicable laws and regulations.

The Audit Committee further reviews the State Audit Institution’s reports and submit its recommendations to the Board.

In addition to submitting reports and recommendations to the Board of Directors on the issues mentioned above, the Board has further assigned the Audit Committee the duty of reviewing EITC’s overall Corporate Governance arrangements.

## 5.2 Statement of date and number of meetings held in 2018:

Meeting Number	Date	Absentees	Main Purpose of the Meeting
Audit Committee No.1	14/2/2018	None	Review of FY Financials 2017, Audit, internal control and governance related matters
Audit Committee No.2	12/3/2018	None	Review Audit, internal control and governance related matters
Audit Committee No.3	25/4/2018	None	Review Q1 Financials and governance matters
Audit Committee No.4	08/5/2018	None	Review Audit, internal control and governance related matters
Audit Committee No.5	18/7/2018	None	Review Q2 Financials, Audit, internal control and governance related matters
Audit Committee No.6	20/9/2018	Mohamed Al Shehi	Review Audit, internal control and governance related matters
Audit Committee No.7	31/10/2018	None	Review Q3, Financials Audit, internal control and governance related matters
Audit Committee No.8	11/12/2018	None	Review Audit, internal control and governance related matters





# 6

## Nominations and Remunerations Committee

### 6.1 Names of the Members of the Nominations and Remunerations Committee, their roles and responsibilities:

The Board of Directors established the Nomination and Remuneration Committee from among its members. The Committee sets and reviews the policy in relation to Board nominations and the Leadership Management appointments in accordance with the applicable law and regulations. In establishing the Board, the Committee aims to take into consideration the gender diversity and aims to encourage women through incentives and motivational programs and training. .

The Members of the Committee are Khaled Balama (Chairman), Mohamed Al Shehi, Malek Al Malek and Kaj-Erik Relander.

### Key roles and responsibilities of the Nomination and Remuneration Committee include:

- Constantly verify the independence of the independent members throughout their term.
- Annual review set of policies for the remuneration, benefits and salaries of the Board of Directors. Ensure all remunerations and benefits offered to the executive management are reasonable and aligned with the performance of the company.
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendation to the Board with regards to any changes
- Review the structure of the Board of Directors and report the Committee's recommendation.
- Identify the Company's needs for the Executive Team, as well as other leadership staff of the Company, and determine their selection criteria;
- Develop and review annually the Company's human resources and training policies, and monitor the implementation of such policies.

The Board has also assigned the Nomination & Remuneration Committee to look into the succession planning and Emiratization matters.

### 6.2 Statement of date and number of meetings held in 2018:

Meeting Number	Date	Absentees
Nomination and Remuneration Committee No.1	14/2/2018	None
Nomination and Remuneration Committee No.2	12/3/2018	Ziad Galadari
Nomination and Remuneration Committee No.3	11/4/2018	Homaid Al Shimmari
Nomination and Remuneration Committee No.4	18/4/2018	Homaid Al Shimmari
Nomination and Remuneration Committee No.5	22/4/2018	None
Nomination and Remuneration Committee No.6	04/7/2018	None
Nomination and Remuneration Committee No.7	30/10/2018	None
Nomination and Remuneration Committee No.8	11/12/2018	Malek Al Malek

# 7

## Investment Committee

### 7.1 Names of the Members of the Investment Committee, their roles and responsibilities

The Board of Directors constituted the Investment Committee from among its members to assess and approve EITC's investment projects and operational expenditures in accordance with the approved Financial Authority Matrix.

The Committee also reviews EITC's short and long-term strategies and provides recommendations to the

Board relating to the company's annual budget. The Investment Committee further reviews the subsidiaries of the Company.

The Members of the Committee are Mohamed Al Hussaini (Chairman), Khaled Al Qubaisi, Ahmad Julfar and Mohamed Al Suwaidi.

### Key roles and responsibilities of the Investment Committee include:

- Large scale capital investments and operational expenditure.
- EITC's business plan and budget.
- Treasury and dividend policies.
- Strategic plans and transactions including mergers and acquisitions of companies.
- the company's capital structure of EITC.

### 7.2 Statement of date and number of meetings held in 2018:

Meeting Number	Date	Absentees
Investment Committee No.1	8/1/2018	None
Investment Committee No.2	7/2/2018	Masood Mahmood
Investment Committee No.3	28/3/2018	None
Investment Committee No.4	18/4/2018	None
Investment Committee No.5	24/5/2018	None
Investment Committee No.6	18/7/2018	None
Investment Committee No.7	18/9/2018	None
Investment Committee No.8	22/11/2018	None
Investment Committee No.9	12/12/2018	None

# 8 Insiders Committee

## 8.1 Names of the Members of the Insiders Committee, their roles and responsibilities

The Insiders Committee was constituted by the Board of Directors in 2017 in accordance with Article 12-C of Resolution No. (7/R.M) of 2016 of SCA concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

### The current members of the Committee are:

- Hanan Ahmad, SVP Corporate Governance and Company Secretary, Chair
- Ali Al Mansoori, VP EITC HR Business Partners and Employee Performance Management, Member
- Mia Buckthought, Director Legal Counsel, Member
- Mohammad Al Mehrezi, Manager Financial Reporting and Compliance, Member

## The key functions and duties of the Committee are:

- Managing implementation of policies and procedures that relate to: the trading in Company securities; and the possession of internal data/ information of the Company and its subsidiaries by Directors and employees
- Maintaining a register of Insiders, both permanent and temporary Insiders
- Submitting periodic statements and reports to the DFM
- Managing share dealing requests and disclosures
- Keeping records of all share dealing consent forms, share dealing completion forms and Insider declarations
- Initiating disciplinary action against non-compliant employees, with support from HR
- Reporting to the Audit Committee and the Board on a quarterly basis on the work done by the Committee

## The key activities undertaken by the Committee in 2018 are:

- Raising awareness of the role of the Committee across the Company
- Developing an automated system for share dealing consent forms and share dealing completion forms
- Conducting benchmarking sessions with local and international companies, such as Vodafone Group.
- Successfully maintaining the Insiders Register (both permanent and temporary insiders) and submitting the register to the DFM on a period basis.
- Preparing and submitting a monthly dashboard to Senior Management showing the top 10 share buyers/ sellers and the number of shares and value traded monthly by dates.

## 8.2 Statement of the dates of the meetings held in 2018:

Number of Meeting	Date
Meeting No.1	19/2/2018
Meeting No.2	28/5/2018
Meeting No.3	8/10/2018
Meeting No.4	24/12/2018

# 9 Internal Control

## 9.1 The role of the Board of Directors in Internal control

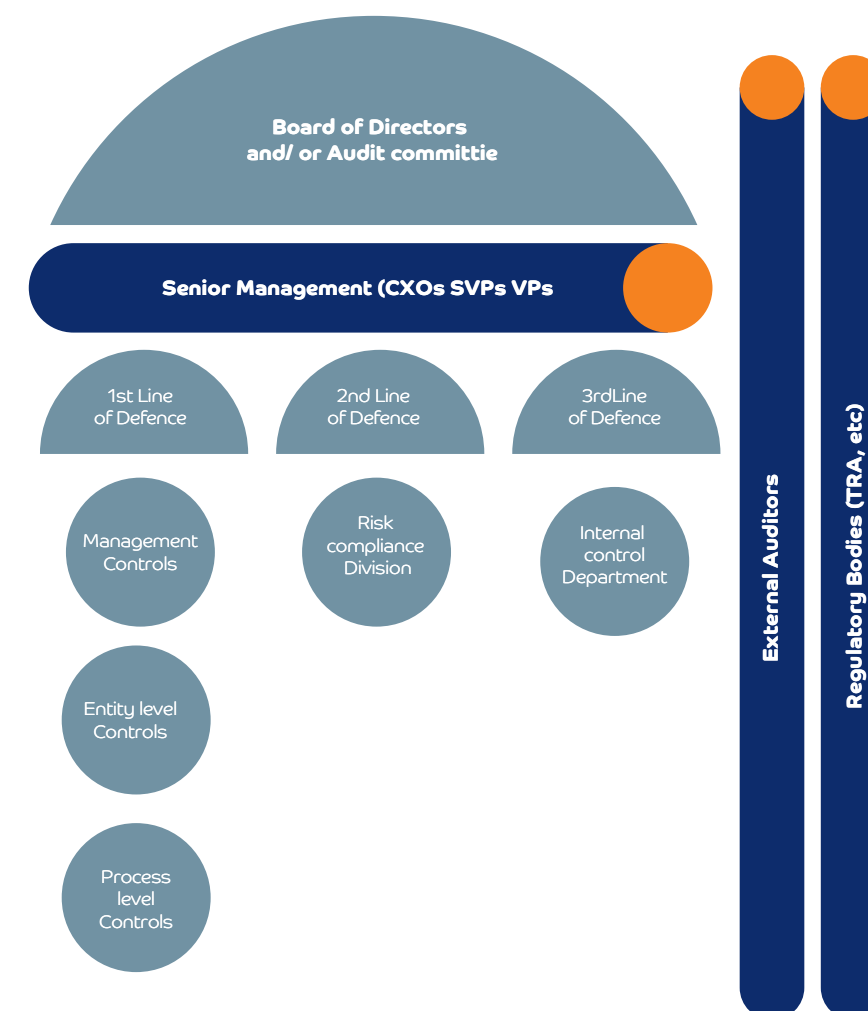
- The Board of Directors has overall responsibility for ensuring effectiveness of the Internal Control system. This allows effective and efficient operations, accurate financial reporting, and compliance with laws and regulations.

### Internal control system process

Internal Control is broadly defined as a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- **Effectiveness and efficiency of operations:**  
Addresses EITC's basic business objectives, including adherence to performance standards and the safeguarding of resources.
- **Reliability of financial reports:**  
Ensures that reliable financial statements and other financial information are presented to the shareholders, Board and Executive Management.
- **Compliance with applicable laws and regulations:**  
oversight over Regulatory Compliance with applicable laws and regulation. This element covers laws and regulations which EITC is subject to in order to avoid any damage to reputation or fines/penalties.

Internal control within EITC is established via the implementation of "3 Lines of Defense" (see Diagram 1 below).





• **The First Line of Defense:**

Includes business and process owners whose activities create and / or manage risks. The first line owns the risks, and the design & execution of the company wide controls to respond to those risks.

• **The Second Line of Defense:**

Includes the functions which supports the management by bringing expertise, process excellence for monitoring of risks and associated controls. The second line of defense functions are separate from the first line of defense but are still under the control & direction of senior management.

• **The Third Line of Defense:**

Includes Internal Control / Internal Audit function of the company which is an independent function and does not perform management functions. The third line of defense provides assurance to senior management & the Board for the activities performed by the first & second line of defense.

The internal control system aims to establish, document, maintain and act consistently with the principles of the internal auditing policy.

The system applies across all departments and all activities related to corporate governance and risk management.

- EITC’s control management process ensures that the procedures are appropriately designed and effectively applied in accordance with the company’s annual strategic plan. This process is reviewed by the Audit Committee and approved by the Board of Directors.
- The Internal Control Department (3rd Line of Defense) produces reports related to efficiency of the applicable internal control systems that are submitted to Executive Management and the Audit Committee. The reports include relevant suggestions and recommendations for improving the control system.
- The department is not responsible for the development or maintenance of internal control systems, which are owned by the 1st and 2nd Lines of Defense.
- With regards to ensuring consistency with UAE law and all other internal and external regulations, oversight is provided by the 2nd Line of Defense – Compliance Department (see section 9.6).

**9.2 Name and qualifications of the Internal Control Department Head**

Internal Control Department is headed by Rashid Al Sheikh, who was appointed by the Board on 14 December 2016. A UAE National who is a member of the Audit Committee at the Dubai Foundation for the Aviation Industry. Rashid has over 19 years of experience in the area of financial operations including accounting, internal audit, finance and banking. He holds a master’s degree in accounting from the University of Miami in the United States.

The Head of Internal Control Department is responsible for managing and monitoring Internal Audit. He is responsible for the completion of the annual audit plan to provide assurance on overall control governance of the company.

**9.3 How internal control management addresses a serious issue**

Internal control management achieves their tasks through the following five divisions:

- Technology
- Finance and Wholesale
- Commercial and Support
- Forensic and Whistle Blowing
- QA & GRC

The Internal Control Department performs several audits, ad-hoc assignments and carries out investigations on serious issues through these five divisions and accordingly provides Executive Management with effective recommendations and reporting on the follow up and resolution for each identified issues to Audit Committee. However, there are no significant issues noted during the year to be disclosed in the annual financial statements.

**9.4 Recent developments:**

In 2018, Internal Control Department, has had the following developments:

- Approval on Forensic and Whistle blowing policies
- Establishment of QA & GRC function to implement Quality Assurance Improvement Program (QAIP) as required by Institute of Internal Auditors
- Development of Internal Audit Plan for 2019 based on Risk based audit methodology
- Hiring of resources for Financial and Technical tracks



### 9.5 EITC Risk Management Framework

The EITC Risk Management framework is aligned with global standards and industry best practices and enables us to identify, measure, manage, monitor and report EITC's key risk exposures. Development & continuous monitoring of the consolidated EITC risk profile allows senior management and the Board to exercise transparent and effective oversight of the key risks & supports informed decision making. EITC risk profile is dynamically updated in line with changes in the business and the wider, rapidly changing operating environment. Strong collaboration amongst business, support and control layers (our "3 Lines of Defense") ensures the risks are managed effectively through the implementation of a strong internal control environment.

### 9.6 Name and Qualifications of the Head of Risk & Compliance

The EITC Risk & Compliance function is led by Dr Anthony Hatton. He has worked in senior risk & compliance roles across Europe, Australia and the Middle East. Anthony holds a 1st Class Honors degree and a Doctorate in Biomechanical Engineering, from the University of Leeds, UK.

### 9.7 Risk Governance

In line with the Board's commitment to ensure a strong & effective system of corporate governance, we have established management level risk governance committee. Working synergistically, these governance committees ensure we have the correct focus, accountability, and prioritization of treatment strategies for our key risks.

### 9.8 Enhancements in 2018

In 2018, we continued to enhance and strengthen our risk management and compliance capabilities, by:

- Establishing a dedicated Risk & Compliance function, reporting directly to the CEO, to drive traction on risk & compliance deliverables across the business.
- Streamlining our risk management and regulatory compliance methodologies – focusing on value-add by supporting EITC strategic business objectives.
- Implementing a regular Risk & Compliance Committee – a management level governance forum to enhance operational and strategic oversight of our risks.
- Embedding risk management into major EITC change initiatives – ensuring strong risk governance over our major projects.
- Implementing a robust risk engagement model, supporting the seamless integration of risk management within our business processes and establishing clear roles & responsibilities.
- Developed a suite of Key Risk Indicators to support the proactive monitoring of our key risks.

### 9.9 Name and Qualifications of the Compliance Officer

The EITC Head of Risk & Compliance also acts in the capacity of the EITC Compliance Officer and ensures EITC has a robust compliance framework in place. In 2018, the EITC Compliance framework was completely redesigned and enhanced – providing more effective oversight and monitoring of our key compliance requirements.

Compliance governance is provided by the management Risk & Compliance Committee and the (Board) Audit Committee.



# 10 Violations

During the year 2018, EITC received 63 violations from Telecommunications Regulatory Authority (TRA) in the UAE as follows:

- 55 violations were related to regulatory policy requirements "Registration requirements of mobile subscribers". EITC has put in place a Governance Framework, with a set of policies and processes, as well as control mechanisms, with empowered employees responsible for the execution of the control mechanisms, to ensure the implementation and adherence to the RRM Regulatory Policy.
- 1 violation related to "Consumer Protection Regulation" policy. The company has incorporated periodic back end checks and validations,

in addition to regular checks as preventive action to address this issue. The Compliance team, worked with various business units and identified similar issues pertaining to non-compliance to EMI (Extended Mandatory Instructions) guidelines, in regards of which certain preventive checks were suggested and implemented.

- 6 violations related to regulatory policy of 'Registration of Mobile SIM card Point of Sales'. EITC is working towards strictly adhering to POS mandate provided by TRA. EITC is in the process of revamping the indirect sales channels, as a mechanism to build controls to prevent such instances from happening in future. EITC has also submitted certain improvement roadmap in this respect

to TRA. The compliance team worked with various business units and identified certain issues pertaining to POS regulation and suggested certain preventive checks to be implemented.

- 1 violation related to Mobile Number Portability service where company took all necessary measures to confirm compliance with TRA's Mobile Number Portability framework. The company has provided a list of known causes of different issues relating to open ports to TRA and solutions implemented for the same. The Compliance team, worked with various business units and identified issues pertaining to open ports, in regards of which certain system issues were identified, which subsequently have been fixed.

# 11

## Statement of contribution made by the company during the year 2018 in the development of the community and the preservation of the environment

EITC continues its efforts to drive sustainability through the implementation of projects and the adoption of innovative operations. EITC's focus in 2018 is on creating a happy society by developing the concept of sustainability, taking actions to reduce environmental impact, and make positive differences in the lives of our employees as well as the

community around us. During the year, EITC contributed AED 14,430,063, supporting many initiatives and social campaigns.

For more information on the company's sustainability achievements, please visit the website for the full 2018 sustainability report:

[du.ae/about-us/sustainability](http://du.ae/about-us/sustainability)

EITC contributed

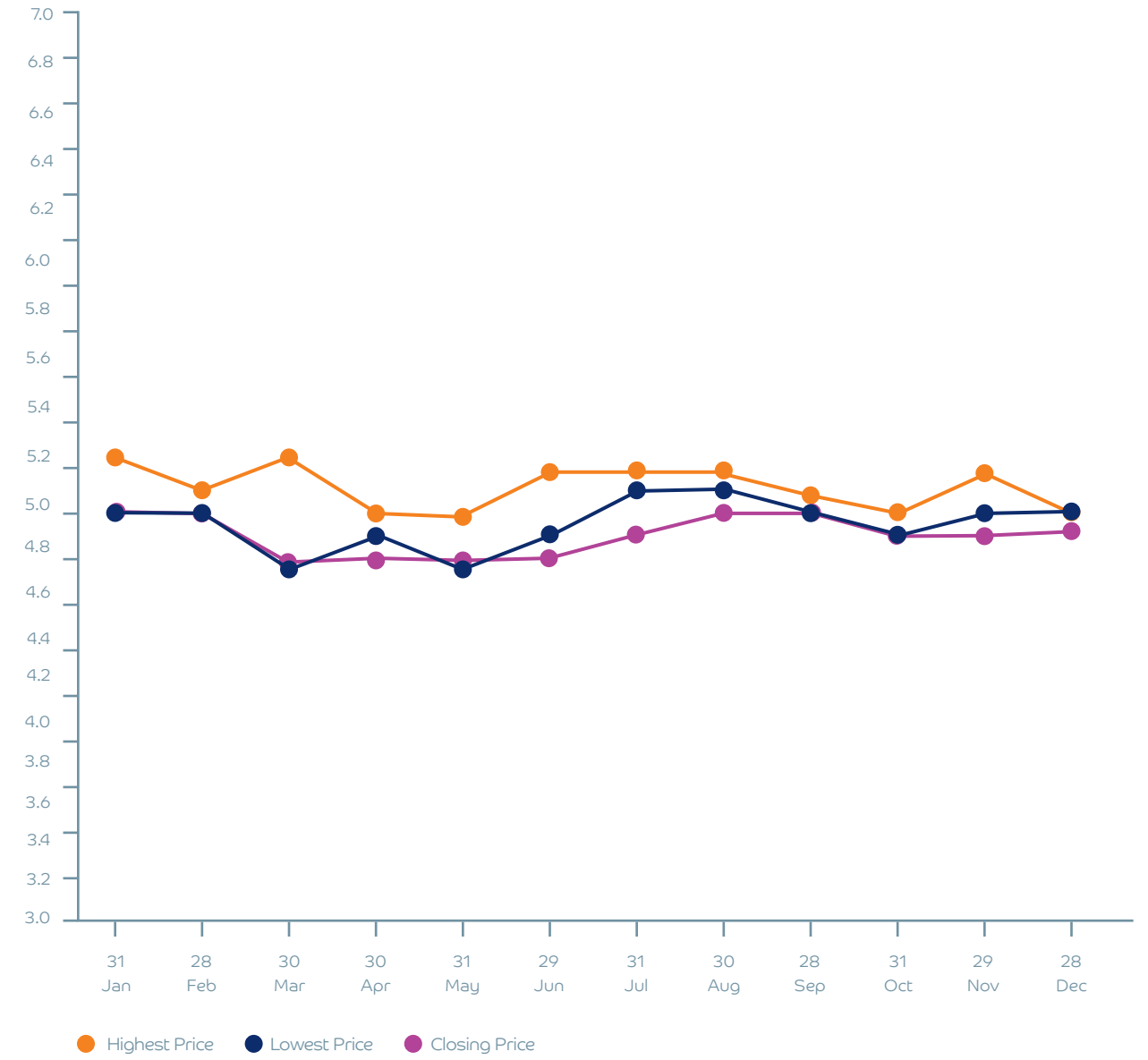
# AED 14,430,063

supporting many initiatives and social campaigns.

# 12 General Information

## 12.1 Performance of the company's shares in the market in 2018:

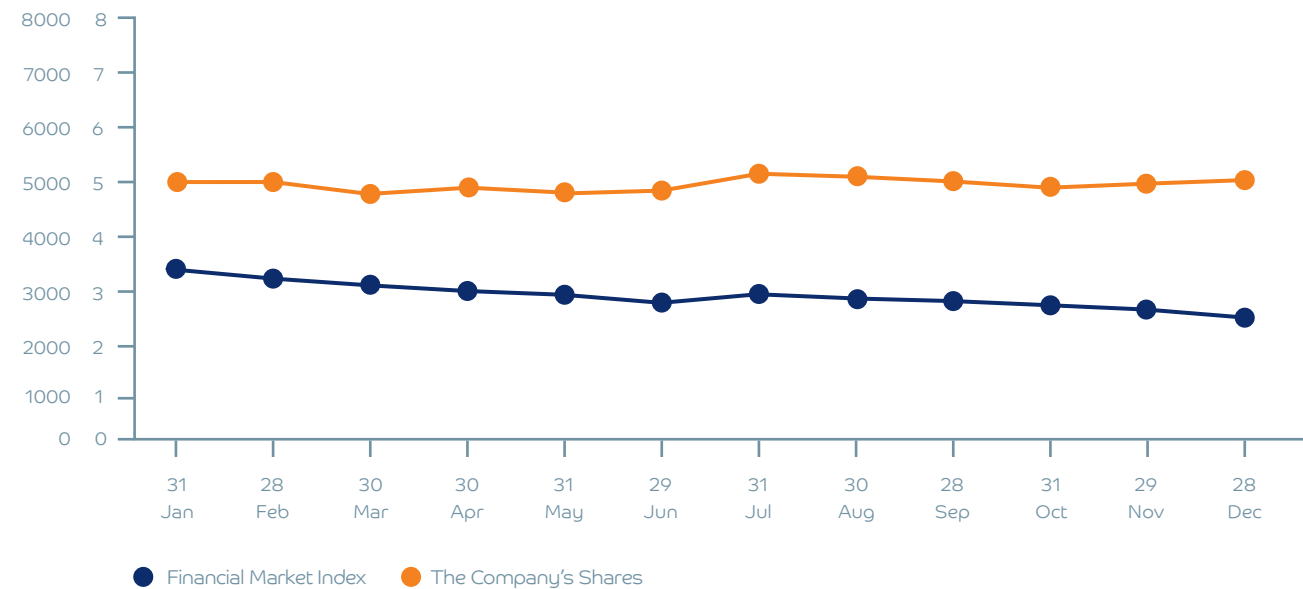
Date	Highest Price	Lowest Price	Closing Price
January	5.240	5.010	5.09
February	5.150	4.990	5
March	5.240	4.730	4.76
April	5.000	4.780	4.9
May	4.940	4.770	4.79
June	4.960	4.800	4.87
July	5.180	4.880	5.13
August	5.190	5.050	5.11
September	5.190	5.010	5.03
October	5.050	4.880	4.9
November	5.170	4.880	4.97
December	5.050	4.910	5.03





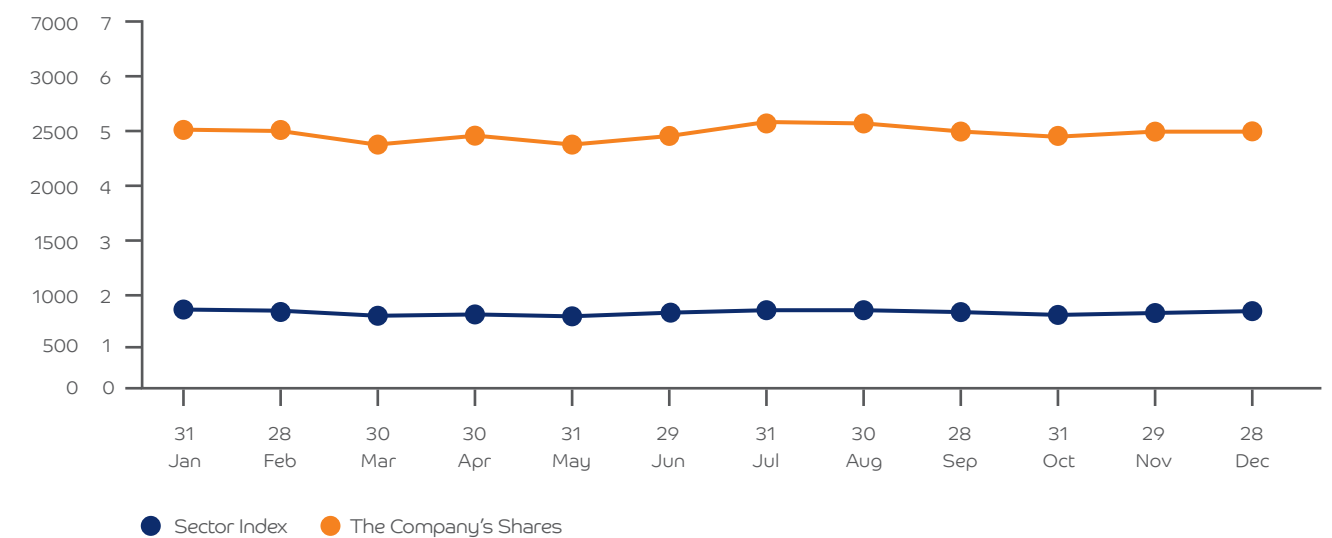
**12.2 Performance of the company's shares, compared with the general market index in UAE for 2018:**

Date	Financial Market Index	The Company's Shares
January	3394.36	5.09
February	3244.12	5
March	3108.53	4.76
April	3065.96	4.9
May	2964.13	4.79
June	2821	4.87
July	2955.95	5.13
August	2840.16	5.11
September	2834.95	5.03
October	2784.6	4.9
November	2668.66	4.97
December	2529.75	5.03



**Performance of the company's shares, compared with the telecom sector's index in UAE for 2018:**

Date	Telecom Sector Index	The Company's share
January	85915	5.09
February	843.96	5
March	803.45	4.76
April	827.08	4.9
May	808.52	4.79
June	822.02	4.87
July	865.91	5.13
August	862.53	5.11
September	849.03	5.03
October	827.08	4.9
November	838.9	4.97
December	849.03	5.03



**12.3 Breakdown of ownership of public shareholders as of 31/12/2018**

Investor/ Shareholder	Type of Customer	Number of Investors	Percentage
UAE	Government	3	0.3885%
	Banks	9	0.3289%
	Companies	120	86.3555%
	Individuals	95,167	12.1186%
	Sole Proprietors	3	0.0133%
GCC Countries	Companies	-	-
	Individuals	171	0.3187%
	Governments	-	-
Arabs	Companies	-	-
	Individuals	484	0.3297%
	Government	-	-
Other nationalities	Company	4	0.0026%
	Individuals	474	0.1442%

**12.4 Statement of shareholders who own 5% or more of the company's capital as of 31/12/2018:**

Name	The Number of owned shares	Percentage of stock capital
Emirates Investment Authority	1,808,465,899	39.8964%
Mubadala Investment Company PJSC	902,857,142	19.9178%
Emirates International Telecommunications Company LLC	891,428,572	19.6656%

**12.5 Statement of distribution of shareholders according to the size of the equity as of 31/12/2018:**

Owner of shares	Number of shareholders	The number of owned shares	Percentage
Less than 50,000	95,380	116,879,865	2.58%
From 50,000 to less than 500,000	814	125,593,183	2.77%
From 500,000 to less than 5,000,000	212	295,295,959	6.51%
More than 5,000,000	29	3,995,136,982	88.14%

**12.6 Statement of actions taken pertaining to the standards of investor relations as follows**

EITC established a new mechanism relating to the way investor relations is being handled by forming a dedicated team headed by the Chief Financial Officer specific to investor relations matters which clarifies the financial position and performance of EITC as well as another dedicated team, headed by the Company Secretary specific to shareholder relations to respond to EITC's shareholders queries relating to dividends, board proposals and shareholder resolutions.

Throughout the year, our company organized press and call conferences with local, regional, and international media to update our shareholders on relevant developments. As such, our Chief Executive Officer, Mr. Osman Sultan, is in frequent and direct contact with journalists and analysts to provide input and context regarding the company's financial position. Every quarter, we hold media calls and where relevant, press conferences to communicate our quarterly and annual results, after disclosing them to the DFM. During these meetings, our CEO provides a clear overview of our financial performance through presentations, and a Q&A session. We also hold analyst calls and meetings to discuss, in detail, the financial and strategic position of the company. The presentations are then uploaded on the company's website.

EITC assigned the task of shareholder relations to the Company Secretary to enable the shareholders to fully exercise their rights as well as to specify their rights to attend, vote and discuss the topics contained in EITC's General Assembly agenda, as well as their entitlement to receive annual and interim dividends and respond to their queries.

EITC developed a website specifically for investor relations, which is periodically and regularly updated and contains the following:

- Annual and periodic financial statements as well as the Board of Directors' annual reports.
- A number of mechanisms for stakeholders to submit their queries, comments and opinions.
- All reports related to financial results and presentations with their dates.
- General Assembly meeting minutes.
- Information about our Company's share price along with quarterly and annual dividends.
- Corporate governance reports.
- Ownership structure and ratios.
- Formation of EITC Board of Directors, Committees and company's structure.
- Details of the approved dividends.

EITC developed a smart/electronic app (EITC IR) that enables shareholders to track the performance of EITC's shares, distribution of dividends and all disclosures relating to financial and non-financial statements.

To view the investor relations website, please visit the following link: [du.ae/about-us/investor-relations](http://du.ae/about-us/investor-relations)

For investor inquiries or information about du's stock, financial reports or a related item, please email us on: [Investor.Relations@du.ae](mailto:Investor.Relations@du.ae)

For all queries relating to shareholders' matters such as dividends, board proposals, shareholder resolutions, please email us on:

[shareholder.relations@du.ae](mailto:shareholder.relations@du.ae)  
or contact us directly on: **+971 4 4372100**

**12.7 Decisions made by the General Assembly in the year 2018**

EITC's General Assembly did not pass any special resolutions in the year 2018.

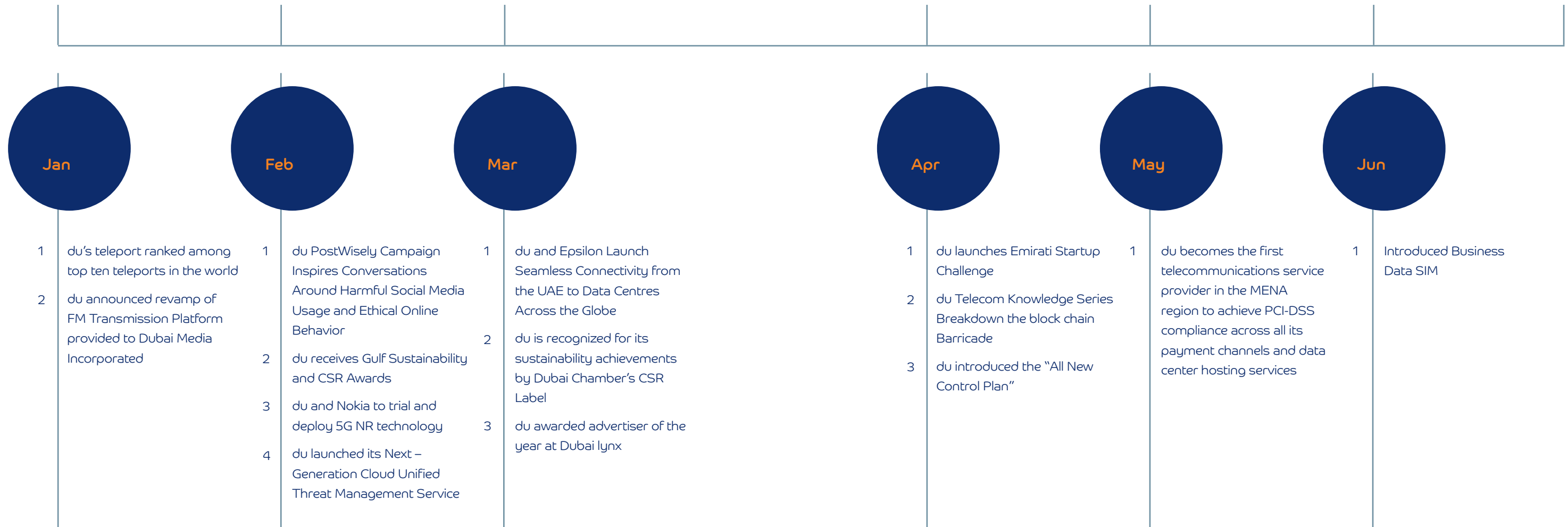
**12.8 Name of the Board Secretary and the Date of Appointment**

Hanan Ahmad has taken the role of the Board Secretary since 2012.

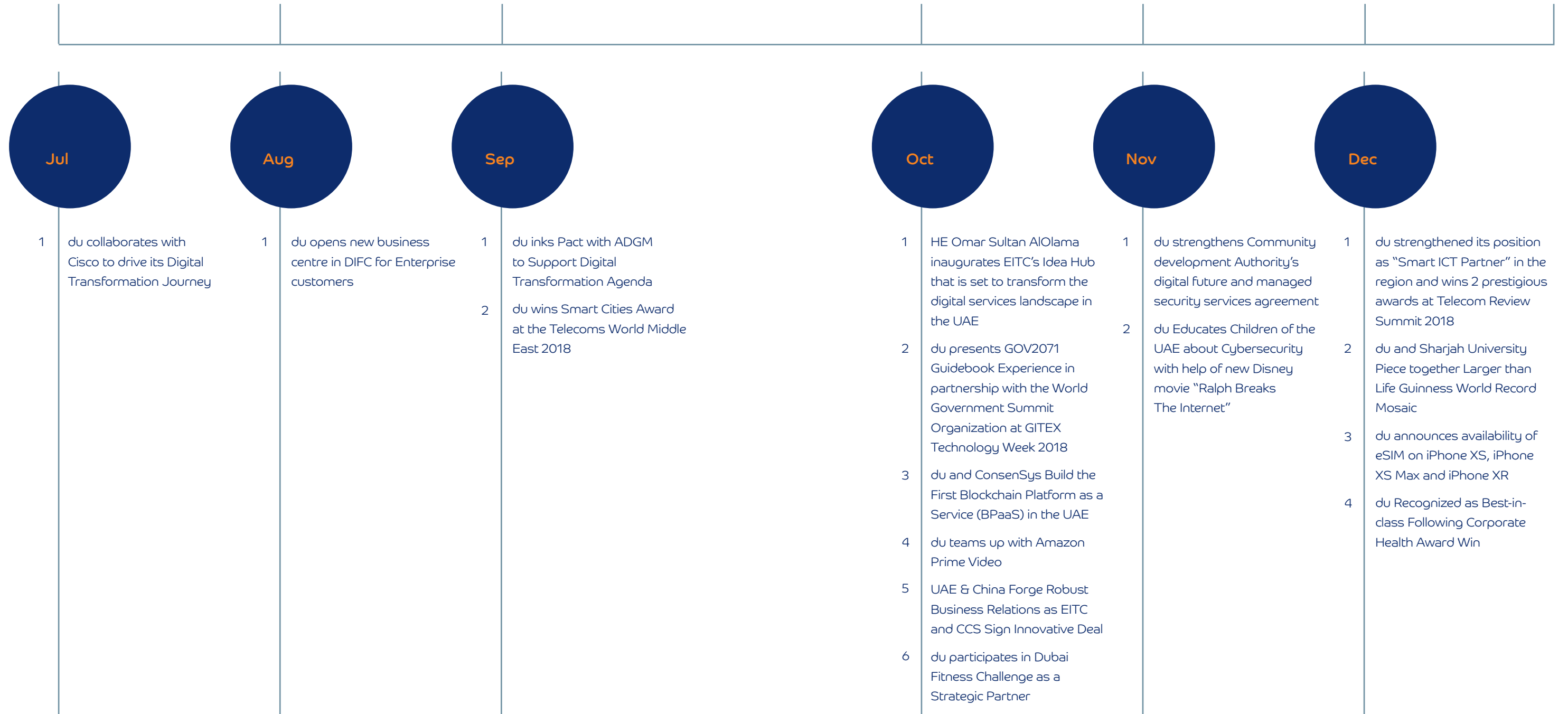




12.9 Statement of the significant events that took place in the Company in 2018.



12.9 Statement of the significant events that took place in the Company in 2018.





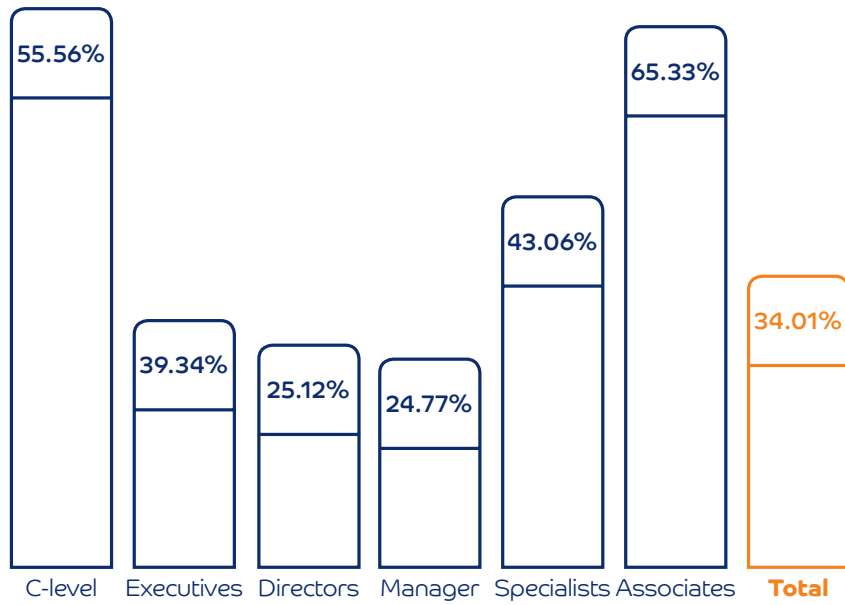
**12.10 Statement the Emiratisation percentage of the company by the end of 2018:**

**Emiratisation and Talent Acquisition:**

The Board sought to acquire young and motivated Emirati talents and this has contributed to achieving the Emiratisation targets in the National Agenda for the UAE Vision 2021. This is achieved taking into consideration modern sciences in the field of innovation and communication technology which the young national cadre is equipped with, ensuring adequate training and a suitable climate is in place to build future leaders.

In this regard, EITC received several Emiratisation awards, of which the most esteemed was The Ministry of Human Resources and Emiratisation Award in the technology and communication industry) for the Year 2018.

The following table shows the details of the percentage of Emiratisation in the company by the end of 2018 according to categories and grades:



Job title	Emiratisation Percentage
C-level	55.56%
Executives	39.34%
Directors	25.12%
Manager	24.77%
Specialists	43.06%
Associates	65.33%
<b>Total:</b>	<b>34.01%</b>



**12.11 A statement of the innovative projects and initiatives implemented by the company or which were under development during 2018**

**• Innovative offerings**

Presenting the GOV2071 Guidebook Experience

Making eSIM a reality in the UAE

Strengthening SME payment solutions

The EITC Idea Hub

Infra-Idol

Providing affordable 4G smartphone devices

**• Network infrastructure**

Fast making 5G a reality

Global recognition for our network infrastructure

Digital Transformation

Dubai Pulse - the digital backbone of Dubai

National Customer Relationship Management (NCRM) Platform

Dubai Silicon Park - the first truly Smart District in UAE

Blockchain Platform as a Service (BPaaS)

**• WiFi UAE**

For more information on corporate governance and policies, as well as annual reports and sustainability reports please visit the following link:

<http://www.du.ae/about-us/investor-relations>



**Mohamed Al Hussaini**

Chairman



# Consolidated Financial Statements

# Financial summary

## Record revenue underpinned by a healthy balance sheet and a strong capital position

### Financial highlights (AEDm)

(AED million)	2014	2015	2016	2017	2018
<b>Total Revenue</b>	12,238	12,337	12,727	13,004	13,414

During 2018, we delivered solid financial results under our strategy to drive more efficiency in our core business, while capturing new areas of growth through ICT and end-to-end solutions. Revenues reached an all-time high of AED 13.41 billion, up by 3% from AED 13.00 billion in 2017. Growth in revenues is underpinned by EITC's excellent customer experience through data-centric and innovative products and services. Customer base was solid at almost 9 million customers for the year 2018.

2018 was the first full year of operations for our second brand Virgin Mobile. Catering to the fast growing 'tech savvy' market, Virgin Mobile enabled us to capture previously unreached market segments, focusing on fully digital customer experience. Moreover, the roll out of digital operations for Virgin Mobile enabled us to validate a new business model and add incremental value to EITC.

Data and digital services are key to the success of our business. To support EITC's digital transformation ambitions, during 2018 we invested around AED 1 billion in capital expenditure. We have a healthy balance sheet with a strong capital position, enabling us to make the right investments to grow our business.

## Mobile

Mobile revenues for the year were AED 7.10 billion, down from AED 7.23 billion in 2017.

Our mobile business is robust with our total mobile customer base at 7.89 million in 2018, compared to 8.25 million at the end of 2017. The slight decline in our mobile customer base was a direct consequence of a clean up of our

prepaid customer base in line with the "My Number My Identity" campaign and our change in focus to attract better quality customers, the benefits of which are evident in our progressive ARPU quarterly growth.

	2014	2015	2016	2017	2018
<b>Mobile ARPU (AED)</b>	96	94	82	78	79
<b>Mobile Subscribers (thousands)</b>	7,343	7,723	8,646	8,249	7,894



Mobile ARPU for the year increased to AED 79 from AED 78 in 2017. Quarter on quarter we saw improvements in ARPU growth as a result of our strategy to concentrate on better quality customers. However, we are cognisant that in line with global industry figures, we continue

to see consumers opt to spend more on data and less on voice packages. As a result, we remain focused on exploring ways to monetise data and increase our higher value customer base.



## Fixed

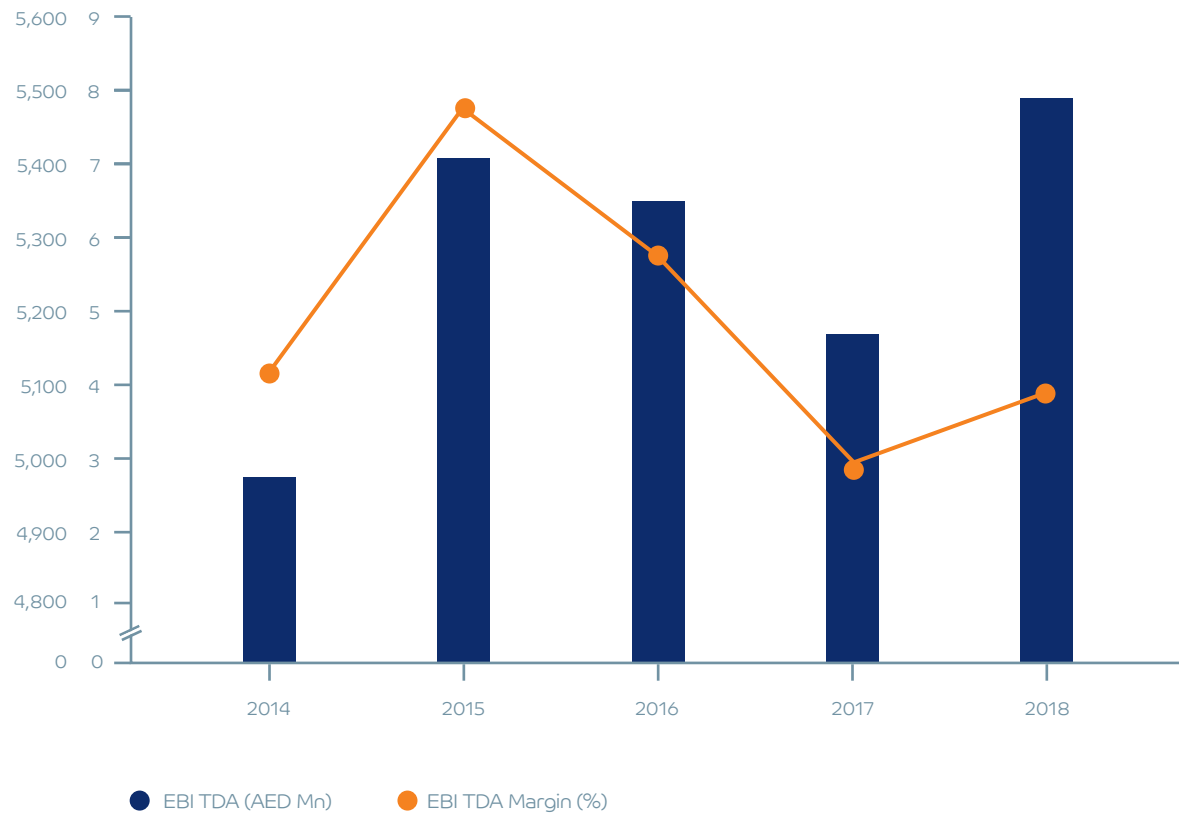
EITC strengthened its fixed business during 2017, with a 3.9% increase in total fixed lines to a total of 769 thousand subscribers, supported by growth in broadband, landline and TV. As a result, fixed line revenues increased to AED 2.35 billion, representing a 9.1% increase from AED 2.15 billion in 2017.

## EBITDA

In 2018, our RESET programme was already two years in the running. But this was the year it showed its true value. As a programme that is at the centre of our business transformation, RESET restructured our organisation

where necessary, and re-evaluated cost structures within EITC, proving to be a good contributor to our healthy financial results as well. EBITDA was up by more than 5.6% to AED 5.49 billion in 2018.

	2014	2015	2016	2017	2018
<b>EBITDA (AED million)</b>	5,030	5,419	5,364	5,200	5,491
<b>EBITDA Margin (%)</b>	41.1%	43.9%	42.1%	40.0%	40.9%



## Royalties

Since 2010, we have been paying royalties to the Government as per an official directive from the Ministry of Finance. For the year 2018, the royalty charge was AED 2.08 billion.

(AED million)	2014	2015	2016	2017	2018
<b>Net Profit before Royalty</b>	3,702	3,862	3,864	3,749	3,832
<b>Net Profit after Royalty</b>	2,109	1,941	1,753	1,712	1,753
<b>Earnings per Share (AED)</b>	0.46	0.42	0.38	0.38	0.39

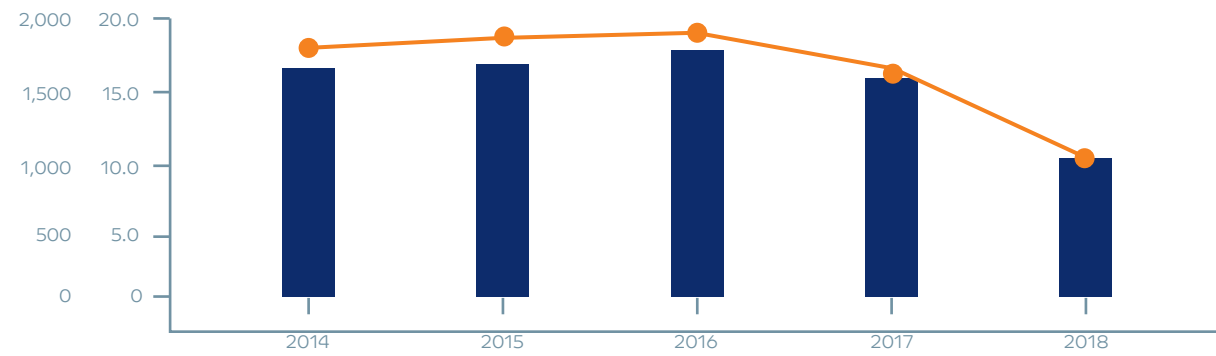
Net Profit after Royalty was solid at AED 1.75 billion, an increase of 2.4% in 2018 compared to 2017. Growth in net profit after royalty was driven by the growth in revenues. A healthy financial performance ensured the

company continued to deliver on its promise to generate long-term value to shareholders. For the year 2018, earnings per share equated to 39 fils.

## Capital expenditure

EITC - CapEX Additions vs CapEX as % of Revenue (2014 - 2018)

	2014	2015	2016	2017	2018
<b>CapEx Additions (AED million)</b>	1,659	1,703	1,776	1,585	1027
<b>CapEx as % of revenue (%)</b>	13.6%	13.8%	14.0%	12.2%	7.7%



● CapEx Additions (AED M) ● CapEx as % of reven

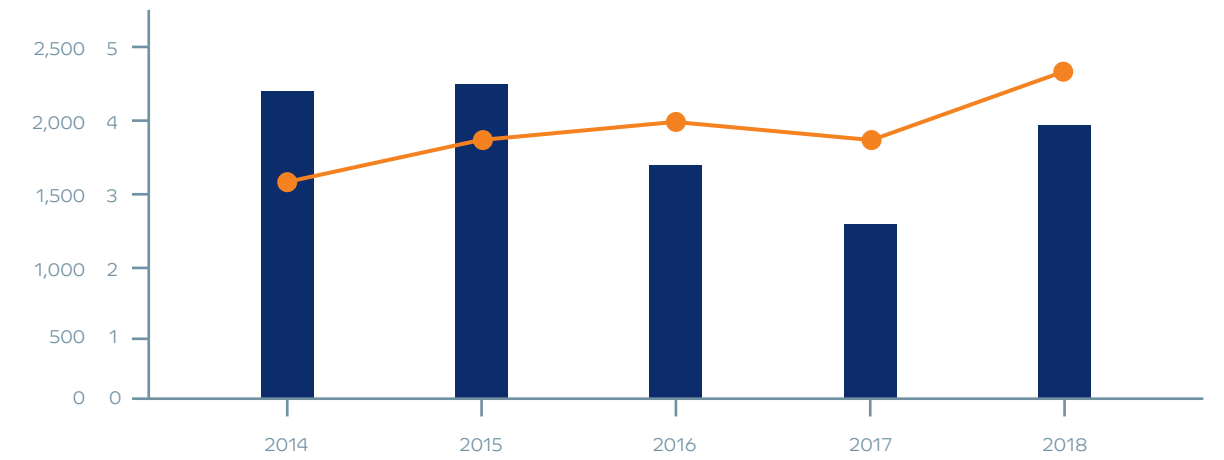
Capital expenditure was AED 1.03 billion in 2018, down from AED 1.59 billion in 2017. We have aligned our capital expenditure to business priorities, such as the fibre rollout for 5G readiness,

and reduced investment in non-essential areas. Capex decline is also a result of the conclusion of network rollout in previous years.

## Cash and debt overview

Free cash flow after royalty increased to AED 1.94 billion, from AED 1.30 billion in 2017. FCF increased as a result of greater profitability and decreased capital expenditure in 2018 compared to the previous year.

	2014	2015	2016	2017	2018
<b>FCF (AED million)</b>	2,188	2,267	1,672	1,302	1,935
<b>Net (debt)/ Cash</b>	1,602	1,866	2,014	1,868	2,325



● FCF (AED M) ● Net (debt)/Cash



# Consolidated financial statements



## Independent auditor's report to the shareholders

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Emirates Integrated Telecommunications Company PJSC ("the Company") and its subsidiaries (together "the Group") as at 31 December 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Our audit approach

#### Overview

Key audit matters

- Carrying value of goodwill;
- Federal royalty;
- Revenue recognition – accuracy of revenue recorded given the complexity of the systems and IFRS 15; and
- IT systems and controls.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were

addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

#### Carrying value of goodwill

As at 31 December 2018, the Group had goodwill of AED 549 million contained within two cash generating units ('CGU') as referred to in Note 7 to the consolidated financial statements. We focused on the area due both to the size of the goodwill balance and because of judgments involved about the future results and key assumptions involved in management's assessment of the carrying value, and whether or not any impairments relating to goodwill are required.

With challenging trading conditions, increasing fixed line competition in the Group's fixed network areas and pressure on margins, the Group's performance and prospects could be impacted in the relevant fixed line and broadband segments, increasing the risk of goodwill impairment.

For the CGUs that contain goodwill, determination of recoverable amount is based on a value-in-use model. This requires judgment on the part of management in both identifying and then valuing the relevant CGUs. Recoverable amounts are based on management's view of variables such as estimates of future revenues, margins and operating expenses, the timing and extent of future maintenance capital expenditure, terminal growth rates and the most appropriate discount rate. Management have concluded that no impairment charge is required for the current year.

Refer to Notes 2.3 and 7 to the consolidated financial statements for critical accounting estimates and assumptions used by management.

### How our audit addressed the Key audit matter

We evaluated the appropriateness of management's identification of the CGUs and the continued satisfactory operation of the Group's controls over the impairment assessment process.

We tested the suitability of the impairment model and reasonableness of the assumptions used through performing the following:

- assessment of assumptions used in relation to forecast revenues, margins, operating costs and maintenance capital expenditure expected on the relevant network;
- testing the mathematical accuracy of the cash flow models and agreeing relevant data to Board approved long-term plans;
- comparison of growth and discount rates against external sources of data;
- assessing the reliability of management's forecast through a review of actual performance against previous forecasts; and
- performing independent sensitivity analysis on cash flows, growth rates and discount rates.

We tested the adequacy and the appropriateness of the related disclosures in Note 7 to the consolidated financial statements.

## Key audit matter

### Federal royalty

The Federal royalty is a significant charge levied against regulated revenues of the Group and against operating profits, based on fixed percentages, as disclosed in Note 25 to the consolidated financial statements.

The royalty charge for the year is AED 2,079 million with an accrual at 31 December 2018 of AED 2,103 million.

We focused on this area as the royalty calculations are subject to the use of certain judgments, interpretations and assumptions in respect of the definition of regulated items, the determination of certain allowable deductions and allocated costs and the treatment of royalties on site sharing transactions. These are also subject to change from time to time as the guidelines provided by the UAE Ministry of Finance ("the MoF") are amended or as clarifications are received from the MoF.

Refer to Note 2.3 to the consolidated financial statements for critical accounting estimates and judgements used by management.

## How our audit addressed the Key audit matter

We reviewed the guidelines provided to the Group by the MoF, together with other relevant correspondence, and compared these to the assumptions made in management's computation model.

Within management's computation model, we assessed the accuracy of the segregation of items between regulated and other activities and items which management judges as not being subject to Federal royalty or which may be set off against revenue which is subject to Federal royalty. We checked the accuracy of the calculations contained within the model.

We have tested management's controls around the calculation and approval of the Federal royalty charge and we considered the appropriateness and adequacy of the related disclosures in Note 25 to the consolidated financial statements.

## Key audit matter

### Revenue recognition - accuracy of revenue recorded given the complexity of the systems and IFRS 15

We focused on this area as there is an inherent risk around the accuracy of revenue recognised given the complexity of the systems and changing mix of business products and services, including the variety of plans available for consumer and enterprise customers, tariff structures, roaming and international hubbing ('wholesale') agreements, site sharing agreements, incentive programmes and discounts.

Furthermore, the Group has adopted the new International Financial Reporting Standard 15, 'Revenue from Contracts with Customers' with effect from 1 January 2018. The application of this revenue recognition accounting standard is complex and involves a number of key judgments and estimates.

Refer to Notes 3.20 and 2.3 for accounting policies and critical accounting estimates and judgements used by management, respectively.

## How our audit addressed the Key audit matter

Our audit approach included a combination of internal controls testing and substantive procedures which covered the following:

- reviewed the accounting policies adopted by the Group and whether they had appropriately applied these to the Group's transactions and balances;
- tested the relevant infrastructure technology (IT) environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that generate revenues;
- performed tests on the accuracy of customer bills generation on a sample basis by comparing to agreed tariffs;
- carried out test call samples in order to obtain comfort over the rating and duration by extracting data from support systems;
- tested third-party key reconciliations to wholesale revenue recognised in the general ledger;
- reviewed significant new contracts and regulatory determinations, understanding and testing the related revenue and other accounting treatments and entries; and
- tested the nature and accounting for a sample of discounts.

We considered the application of the Group's accounting policies to amounts billed and accrued, and the accounting implications of new postpaid, fixed line and broadcast business initiatives to assess whether the Group's accounting policies were appropriate for these initiatives and were followed. We also assessed whether the impact of transition to IFRS 15 on retained earnings at 1 January 2018 was complete and reflected appropriate consideration of the changes in the revenue recognition policies and the transitional provisions of IFRS 15. In addition, we tested the adequacy and reviewed the appropriateness of the related disclosures contained in the consolidated financial statements.



## Key audit matter

### IT systems and controls

The generation of the financial information contained in the consolidated financial statements is heavily dependent on IT systems due to the high volume and complexity of the Group's transactions.

For this reason, we place high reliance on the Group's IT systems and key internal controls, a normal practice for the audit of a large telecommunications business. This resulted in a significant portion of our audit effort directed towards this area.

Our focus was on understanding and validating the impacts of key changes being made to the control environment having established an extensive understanding and baseline in the previous years.

The Group is in the process of replacing and upgrading various IT systems to enhance business effectiveness and improve efficiency. These also include improvements to user access controls in respect of a number of key systems. Some of these are in the process of implementation, but are not yet finalised.

## How our audit addressed the Key audit matter

We have performed detailed end-to-end walkthroughs tests of the finance and operational processes and controls, utilising our understanding from the prior years to reassess the design effectiveness of the key internal controls and identify changes.

We conducted testing of the operating effectiveness of these controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended.

In response to the changes and control enhancements made during the year, we performed the following:

- reviewed the design of the controls to ensure they mitigated any financial reporting risks and tested samples from the controls that resulted from the enhancements;
- we tested the IT general controls around the relevant IT systems and IT infrastructure;
- tested enhanced user access management controls and logging of user access;
- tested controls and performed additional substantive procedures of key general ledger account reconciliations and manual journals; and
- where necessary we amended our planned audit approach and performed additional substantive testing, to address areas where the control environment did not enable reliance on controls.

## Other information

The Directors are responsible for the other information. The other information comprises the Chairman's message and the Chief Executive Officer's review (but does not include the consolidated financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Group has maintained proper books of accounts;
- iv) the financial information included in the Chairman's message and the Chief Executive Officer's review is consistent with the books of account of the Group;
- v) as disclosed in Note 8 to the consolidated financial statements, the Group has purchased or invested in certain shares during the year ended 31 December 2018;
- vi) Note 13 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or, in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2018; and
- viii) Note 23 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2018.

PricewaterhouseCoopers

20 February 2019



Registered Auditor Number 379

Dubai, United Arab Emirates



**Consolidated statement of financial position**

As of 31 December

	Note	2018 AED 000	2017 AED 000
<b>Non-current assets</b>			
Property, plant and equipment	6	7,811,506	8,520,866
Intangible assets and goodwill	7	1,102,875	1,130,332
Investments accounted for using the equity method	8	188,179	142,086
Financial asset at fair value through other comprehensive income	9	18,368	-
Available-for-sale financial asset	9	-	18,368
Derivative financial instruments	10	10,968	13,594
Contract assets	11	196,687	85,859
<b>Total non-current assets</b>		9,328,583	9,911,105
<b>Current assets</b>			
Inventories		129,311	99,383
Contract assets	11	508,257	447,511
Trade and other receivables	12	1,907,738	1,701,116
Due from a related party	13	129,078	186,196
Short term investments	14	4,000,000	5,025,000
Cash and bank balances	15	502,091	461,125
<b>Total current assets</b>		7,176,475	7,920,331
<b>Current liabilities</b>			
Trade and other payables	16	4,802,736	5,214,773
Contract liabilities	11	444,141	468,776
Due to related parties	13	9,834	20,294
Borrowings	17	1,461,318	1,461,318
<b>Total current liabilities</b>		6,718,029	7,165,161
<b>Net current assets</b>		458,446	755,170
<b>Non-current liabilities</b>			
Borrowings	17	716,332	2,156,344
Contract liabilities	11	190,631	124,997
Provision for employees' end of service benefits	18	252,564	236,072
Other provisions	19	115,764	110,924
<b>Total non-current liabilities</b>		1,275,291	2,628,337
<b>Net assets</b>		8,511,738	8,037,938
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Share capital	20	4,532,906	4,532,906
Share premium	21	232,332	232,332
Other reserves, net of treasury shares	22	1,601,993	2,426,559
Retained earnings		2,144,507	846,141
<b>Total equity</b>		8,511,738	8,037,938

The consolidated financial statements were approved by the Board of Directors on 20 February 2019 and signed on its behalf by:



**Ziad Galadari**

Board Member



**Osman Sultan**

Chief Executive Officer

**Consolidated statement of comprehensive income**

For the year ending 31 December

	Note	2018 AED 000	2017 AED 000
<b>Revenue</b>			
Interconnect and related costs	32	13,414,057	13,004,372
Product costs		(2,954,075)	(3,051,009)
Staff costs		(1,335,156)	(1,015,111)
Network operation and maintenance		(1,018,455)	(980,326)
Outsourcing and contracting		(755,640)	(708,624)
Commission		(422,955)	(405,529)
Telecommunication license and related fees		(388,105)	(415,347)
Marketing		(217,358)	(317,076)
Provision for impairment of trade receivables and contract assets (net of recoveries)		(317,140)	(318,988)
Rent and utilities		(244,524)	(304,433)
Other expenses	23	(125,852)	(118,371)
Other income		(150,073)	(174,066)
		6,409	4,228
Earnings before interest, tax, depreciation and amortisation (EBITDA)		5,491,133	5,199,720
Depreciation and impairment	6	(1,472,046)	(1,383,088)
Amortisation and impairment of intangible assets	7	(249,370)	(138,147)
<b>Operating profit</b>		3,769,717	3,678,485
Finance income	24	145,456	164,048
Finance costs	24	(93,583)	(102,661)
Share of profit of investments accounted for using equity method	8	10,214	9,485
<b>Profit before royalty</b>		3,831,804	3,749,357
Royalty	25	(2,078,812)	(2,037,571)
<b>Profit for the year</b>		1,752,992	1,711,786
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be re-classified subsequently to profit or loss</i>			
Fair value changes on cash flow hedge	22	(2,626)	7,314
<i>Items that will not be re-classified to profit or loss</i>			
Actuarial gain on defined benefit obligations	18	5,313	7,086
<b>Other comprehensive income for the year</b>		2,687	14,400
<b>Total comprehensive income for the year attributable entirely to shareholders of the Company</b>		1,755,679	1,726,186
<b>Basic and diluted earnings per share (AED)</b>	26	0.39	0.38

## Consolidated statement of cash flows

For the year ending 31 December

	Note	2018 AED 000	2017 AED 000
<b>Cash flows from operating activities</b>			
Profit before royalty		3,831,804	3,749,357
Adjustments for:			
Depreciation and impairment of property, plant and equipment	6	1,472,046	1,383,088
Amortisation and impairment of intangible assets	7	249,370	138,147
Provision for employees' end of service benefits	18	35,309	38,013
Provision for impairment of trade receivables and contract assets		245,797	307,256
Finance income	24	(145,456)	(164,048)
Finance costs	24	93,583	102,661
Adjustment for change in discount/inflation rates	19	(1,795)	(3,157)
Unwinding of discount on asset retirement obligations	19	3,260	4,137
Share of profit of investments accounted for using equity method	8	(10,214)	(9,485)
Changes in working capital	27	(665,574)	(420,124)
Cash generated from operations		5,108,130	5,125,845
Royalty paid	25	(2,027,785)	(2,087,574)
Payment of employees' end of service benefits	18	(21,835)	(28,929)
Net cash generated from operating activities		3,058,510	3,009,342
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(817,963)	(1,480,743)
Purchase of intangible assets		(242,316)	(197,968)
Payment for additional investments accounted for using equity method	8	(35,879)	(18,666)
Interest received		165,839	182,273
Margin on guarantees released/(placed)		57,653	(52,253)
Short term investments released (net)		1,025,000	1,125,000
Net cash from/(used in) investing activities		152,334	(442,357)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		21,306	21,306
Repayment of borrowings		(1,461,318)	(783,473)
Interest paid		(85,696)	(94,256)
Dividends paid	22	(1,586,517)	(1,541,188)
Net cash used in financing activities		(3,112,225)	(2,397,611)
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		398,079	228,705
<b>Cash and cash equivalents at end of the year</b>	15	496,698	398,079

### Non-cash transaction

Cancellation of treasury shares, reduction in share capital and reduction in share premium is a non-cash transaction. Details are provided in Note 22.3.

## Consolidated statement of changes in equity

	Share capital (Note 20) AED 000	Share premium (Note 21) AED 000	Other reserves, net of treasury shares (Note 22) AED 000	Retained earnings AED 000	Total AED 000
At 1 January 2017	4,571,429	393,504	2,003,042	884,965	7,852,940
Profit for the year	-	-	-	1,711,786	1,711,786
Other comprehensive income	-	-	7,314	7,086	14,400
Total comprehensive income	-	-	7,314	1,718,872	1,726,186
Transfer to statutory reserve	-	-	171,179	(171,179)	-
Interim cash dividend(1)	-	-	589,278	(589,278)	-
Final cash dividend proposed	-	-	997,239	(997,239)	-
Cash dividends paid	-	-	(1,541,188)	-	(1,541,188)
Cancellation of treasury shares	(38,523)	(161,172)	199,695	-	-
<b>Total transactions with shareholders recognised directly in equity</b>	(38,523)	(161,172)	416,203	(1,757,696)	(1,541,188)
<b>At 31 December 2017</b>	4,532,906	232,332	2,426,559	846,141	8,037,938
At 1 January 2018	4,532,906	232,332	2,426,559	846,141	8,037,938
Adjustment on initial application of IFRS 15 (Note 3.1.1)	-	-	-	304,638	304,638
Adjustment on initial application of IFRS 9 (Note. 3.1.2)	-	-	-	-	-
<b>Adjusted balance as at 1 January 2018</b>	4,532,906	232,332	2,426,559	1,150,779	8,342,576
Profit for the year	-	-	-	1,752,992	1,752,992
Other comprehensive (loss)/income	-	-	(2,626)	5,313	2,687
<b>Total comprehensive income</b>	-	-	(2,626)	1,758,305	1,755,679
Transfer to statutory reserve	-	-	175,299	(175,299)	-
Interim cash dividend(1)	-	-	589,278	(589,278)	-
Cash dividends paid	-	-	(1,586,517)	-	(1,586,517)
<b>Total transactions with shareholders recognised directly in equity</b>	-	-	(821,940)	(764,577)	(1,586,517)
<b>At 31 December 2018</b>	4,532,906	232,332	1,601,993	2,144,507	8,511,738

(1) An interim cash dividend of AED 0.13 per share (2017: AED 0.13 per share) amounted to AED 589,278 thousand (2017: AED 589,278 thousand) was paid during the year.

(2) A final cash dividend of AED 0.22 per share (2017: AED 0.22 per share) amounted to AED 997,239 thousand (2017: AED 997,239 thousand) is proposed.



## 1 General information

Emirates Integrated Telecommunications Company PJSC ("the Company") is a public joint stock company with limited liability. The Company was incorporated according to Ministerial Resolution No. 479 of 2005 issued on 28 December 2005. The Company is registered in the commercial register under No. 77967. The principal address of the Company is P.O Box 502666 Dubai, United Arab Emirates (UAE). These consolidated

financial statements for the year ended 31 December 2018 include the financial statements of the Company and its subsidiaries (together "the Group").

The Company's principal objective is to provide fixed, mobile, wholesale, broadcasting and associated telecommunication services in the UAE.

The Company has either directly or indirectly the following subsidiaries:

Subsidiaries	Principal activities	Shareholding		Country of incorporation
		2018	2017	
EITC Investment Holdings Limited	Holding investments in new business i.e content, media, data and value added services for telecommunications	100%	100%	UAE
Telco Operations FZ-LLC	Telecommunication and network	100%	100%	UAE
Smart Dubai Platform Project Company LLC	Software development, IT infrastructure, public networking and computer systems housing services	100%	100%	UAE
EITC Singapore PTE. LTD.	Telecommunications resellers/ third party telecommunications providers (including value added network services)	100%	100%	Singapore

## 2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These consolidated financial statements have been prepared under the historical cost convention except for a financial asset at fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value.

The preparation of consolidated financial statements 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. The areas involving

a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.3.

### 2.1 New standards, amendments and interpretations

(a) Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2018

- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2018); and
- IFRS 9, 'Financial instruments' (effective from 1 January 2018);

The impact of the above amendments on the consolidated financial statements of the Group has been disclosed in Notes 3.1.1 and 3.1.2

(b) New standards and amendments issued but not effective until financial years beginning after 1 January 2019 and not early adopted by the Group

- IFRS 16, 'Leases' (effective from 1 January 2019).

IFRS 16 - Leases was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases-incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e.,

leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in a discount rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The Group expects to recognise right-of-use assets (ROU assets) and lease liabilities between AED 2.5 billion to AED 2.9 billion approximately on 1 January 2019 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

EBITDA is expected to increase as operating leases are excluded therefrom, while depreciation & amortization will increase because of ROU assets amortization. The impact on net profit is not expected to be material.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the consolidated financial statements. However, some additional disclosures will be required from next year.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption. All ROU assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

## 2.2 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares.

## 2.3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Provision for expected credit losses of trade receivables and contract assets

The Group recognises a loss allowance for expected credit losses (ECL) on its trade receivables and contract assets. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial asset.

The Group recognises lifetime ECL for trade receivables and contract assets,

using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For financial assets other than trade receivables and contract assets, the Group will calculate ECL using the general approach (Note 2.3(ii)).

(ii) Provision for impairment of other financial assets

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

(iii) Impairment of goodwill

The Group tests goodwill for impairment on an annual basis, in accordance with the accounting policy. The recoverable amount of the cash-generating units has been determined based on value-in-use calculations. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating units being tested, but do include the Group's expectations of future capital

expenditure necessary to maintain the Group's network existing operations. These calculations are performed internally by the Group and require the use of estimates and assumptions. The input factors most sensitive to change are management estimates of future cash flows based on budgets, growth rates and discount rate. Further detail on these assumptions has been disclosed in Note 7. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the changes in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. No impairment is recognised on the goodwill in the current and the prior year.

(iv) Useful lives of property, plant and equipment

Property, plant and equipment represent a significant proportion of the Group's asset base. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the Group's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimates accounted for on a prospective basis.

In determining residual values, the Group uses historical sales and management's best estimate based on market prices of similar items. Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets. The useful lives of the property, plant and equipment are provided in Note 3.3.

(v) Asset retirement obligations

The Group exercises judgement



in determining the expected cash outflows related to its asset retirement obligations. Judgement is necessary in determining the timing of outflow as well as quantifying the possible range of the financial settlements that may occur.

The present value of the Group's provision is based on management's best estimate of the future cash outflows required to settle the obligations, discounted using appropriate discount rate. Additional information on this provision is disclosed in Note 19.

(vi) Federal royalty

The computation of Federal Royalty in accordance with the Cabinet of Ministers of UAE decision No. 320/15/23 of 2012 and various guidelines issued by the UAE Ministry of Finance ("the MoF") and subsequent clarification letters require use of certain judgements, interpretations and assumptions. These mainly relate to the segregation of items between regulated and other activities and items which the Group judges as

not subject to Federal royalty or which may be set off against revenue which are subject to Federal royalty, and allocation of costs between regulated and non-regulated results.

(vii) Allocation of the transaction price

Products with multiple deliverables that have value to customers on a standalone basis are defined as multiple element arrangements. The transaction price for these contracts must be allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of goods to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices. Where the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

# 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except as disclosed in Note 3.1 below.

### 3.1 Changes in significant accounting policies

The same accounting policies and methods of computation have been followed in these consolidated financial statements as compared with the Group's consolidated financial statements for the year ended 31 December 2017, except for the adoption of new and amended standards as set out below:

A number of new or amended standards became applicable for the current year and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in Notes 3.1.1 and 3.1.2.

#### 3.1.1 IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how and when revenue is recognised. It replaced IAS 18 Revenues, IAS 11 Construction contracts and related interpretations.

The Group has adopted IFRS 15 using the modified retrospective transition approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives for 2017 will not be restated. IFRS 15 has only been applied to contracts not completed as at 1 January 2018.

The impact of IFRS 15 on the consolidated financial statements of the Group is as follows:

- Accounting for bundled products – IFRS 15 requires that the total consideration received must be

allocated to the equipment and services based on relative stand-alone selling prices rather than based on the residual value method. For equipment (bundled and standalone), the revenue is recognised when the control of the asset is transferred to the customer. Prior to the adoption of IFRS 15, equipment revenue was recognised over the period of the contract. For services, revenue is recognised over the period of the contract.

- Incremental contract costs incurred to obtain and fulfil a contract to provide goods or services to the customer may be capitalised, if those costs are expected to be recovered. These costs are to be amortised and tested for impairment regularly. Upon adoption of IFRS 15, the Group has opted to capitalise such costs (mainly new customer activation based commission) and are amortised over the average customer life. Prior to the adoption of IFRS 15 such costs were expensed as incurred.

The following table summarises the impact of transition to IFRS 15 on retained earnings at 1 January 2018.

	<b>Impact of adopting IFRS 15 at 1 January 2018 AED 000</b>
<b>Retained earnings</b>	
Bundled products- Equipment revenue recognised when the control of the asset is transferred to the customer	44,355
Incremental contract costs incurred to obtain and fulfil contracts	260,283
	<b>304,638</b>

The following tables summarise the impacts of adopting IFRS 15 on the Group's consolidated statement of financial position and consolidated statement of comprehensive income for the year ended 31 December 2018:

(a) Impact on consolidated statement of financial position

	<b>As reported 31 December 2018</b>	<b>Adjustments</b>	<b>Amounts without adoption of IFRS 15</b>
	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>
<b>Non-current assets</b>			
Trade and other receivables	-	97,067	97,067
Contract assets	196,687	(196,687)	-
Other non-current assets	9,131,896	-	9,131,896
<b>Total non-current assets</b>	<b>9,328,583</b>	<b>(99,620)</b>	<b>9,228,963</b>
<b>Current assets</b>			
Contract assets	508,257	(508,257)	-
Trade and other receivables	1,907,738	306,552	2,214,290
Other current assets	4,760,480	-	4,760,480
<b>Total current assets</b>	<b>7,176,475</b>	<b>(201,705)</b>	<b>6,974,770</b>
<b>Current liabilities</b>			
Trade and other payables	4,802,736	628,715	5,431,451
Contract liabilities	444,141	(444,141)	-
Other current liabilities	1,471,152	-	1,471,152
<b>Total current liabilities</b>	<b>6,718,029</b>	<b>184,574</b>	<b>6,902,603</b>
<b>Net current assets</b>	<b>458,446</b>	<b>(386,279)</b>	<b>72,167</b>
<b>Non-current liabilities</b>			
Contract liabilities	190,631	(190,631)	-
Other non-current liabilities	1,084,660	-	1,084,660
<b>Total non-current liabilities</b>	<b>1,275,291</b>	<b>(190,631)</b>	<b>1,084,660</b>
<b>Net assets</b>	<b>8,511,738</b>	<b>(295,268)</b>	<b>8,216,470</b>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Share capital and share premium	4,765,238	-	4,765,238
Other reserves, net of treasury shares	1,601,993	-	1,601,993
Retained earnings	2,144,507	(295,268)	1,849,239
<b>Total equity</b>	<b>8,511,738</b>	<b>(295,268)</b>	<b>8,216,470</b>

(b) Impact on consolidated statement of comprehensive income for the year ended 31 December 2018

	<b>As reported 31 December 2018</b>	<b>Adjustments</b>	<b>Amounts without adoption of IFRS 15</b>
	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>
<b>Revenue</b>	13,414,057	22,167	13,436,224
Commission	(388,105)	(12,797)	(400,902)
Other expenses	(7,541,228)	-	(7,541,228)
Other income	6,409	-	6,409
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,491,133	9,370	5,500,503
Depreciation/amortisation and impairment	(1,721,416)	-	(1,721,416)
<b>Operating profit</b>	<b>3,769,717</b>	<b>9,370</b>	<b>3,779,087</b>
Finance income/(costs)	51,873	-	51,873
Share of profit of investments accounted for using equity method	10,214	-	10,214
<b>Profit before royalty</b>	<b>3,831,804</b>	<b>9,370</b>	<b>3,841,174</b>
Royalty	(2,078,812)	-	(2,078,812)
<b>Profit for the year</b>	<b>1,752,992</b>	<b>9,370</b>	<b>1,762,362</b>
<b>Other comprehensive income</b>	<b>2,687</b>	<b>-</b>	<b>2,687</b>
<b>Total comprehensive income for the year attributable entirely to shareholders of the Company</b>	<b>1,755,679</b>	<b>9,370</b>	<b>1,765,049</b>
Basic and diluted earnings per share (AED)	0.39		0.39



### 3.1.2 IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

The Group has adopted IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Initial application of IFRS 9 was as of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below. Changes in accounting policies resulting from the adoption of IFRS 9 has not resulted in any impact on opening balance of retained earnings/equity.

#### (a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). For financial receivables, IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. For equity instruments, IFRS 9 now requires

measurement of all assets at fair value and provides an irrevocable option to measure certain securities at FVOCI rather than through profit or loss. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see details in the note below.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table is reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018.

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Impact of IFRS 9	New carrying amount under IFRS 9
			AED 000	AED 000	AED 000
Investments in unlisted shares	Available-for-sale financial asset	FVOCI	18,368	-	18,368
Interest rate swap contracts – cash flow hedges	Derivative financial instruments	Derivative financial instruments-FVOCI	13,594	-	13,594

All other assets that were previously classified as loans and receivables will now be classified as assets measured at amortised cost under IFRS 9.

#### (b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and assets at FVOCI.

As a result of adoption of IFRS 9, the Group adopted consequential amendments to IAS 1 Presentation

of Financial Statements which requires presentation of impairment of financial assets to be presented in a separate line item in the consolidated statement comprehensive income. Previously, the Group's approach was to include impairment of trade receivables and contract assets in "other expenses". Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosure about 2018

but generally have not been applied to comparative information.

Provision for impairment of trade receivables and contract assets:

The Group reassessed its impairment loss on its contract assets and trade receivables portfolio using an expected loss measurement basis using the simplified approach and did not observe a material change in the current levels of impairment allowances carried on such assets.

### 3.2 Consolidation

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in consolidated statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associate includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statement of comprehensive income where appropriate.

If the ownership in an associate is increased in a way that the Group acquires power to govern the financial and operating policies of the acquiree, the acquiree is consolidated as a subsidiary as a step acquisition as per IFRS 3. After taking into account any impairment, the investment in the associate is derecognised and any gain or loss on derecognition of the investment is taken to the consolidated income statement. However, if the ownership is increased and the Group maintains significant influence, the Group increases the investment amount at the cost of each purchase.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss)' of associate in the consolidated statement of comprehensive income.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the associates are same as the Group's accounting policies.

### 3.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable

that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are charged to the consolidated

statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows

	<b>Years</b>
Buildings	25
Plant and equipment:	
Network civil works/buildings	10-25
Infrastructure	3-25
IT hardware	3-10
Mobile network	8-10
Fixed network	2-10
Broadcasting	5-7
Furniture and fixtures	3-5
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.18.2).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income" in the consolidated statement of comprehensive income.

Capital work in progress includes assets which are under construction or

inspection pending certification for their intended use and are stated at cost net of any accumulated impairment losses. When available for use, capital work in progress is transferred to property, plant and equipment and depreciated in accordance with the Group's policies. No depreciation is charged on such assets until available for use.



### 3.4 Intangible assets

#### Goodwill

Goodwill arises on the acquisition of subsidiaries or businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquiree, in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income. For the purposes of assessing impairment, assets are grouped at the lowest

levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the Cash Generating Units (CGUs) containing the goodwill is compared to the recoverable amount, which is the higher of value in use and

the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### Licenses and other rights of use

Separately acquired licenses and rights of use are shown at historical cost. Licenses and rights of use acquired in a business combination are recognised at fair value at the acquisition date. Licenses and rights of use have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses and rights of use over their estimated useful lives as shown below:

	<b>Years</b>
Telecommunications license fee	20
Rights of use	10-15

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

### 3.5 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the leases' commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 29.2). Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature

### 3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 3.7 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration.

Contract assets also include subscriber acquisition costs (contract costs). These are incremental contract costs incurred to obtain and fulfil a contract to provide goods or services to the customer which are opted to capitalise and these costs are expected to be recovered. These costs are being amortised and tested for impairment regularly. Contract costs is being amortised over the average customer life with the Group for each segment. Contract assets are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

### 3.8 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the contractual collection date is in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

### 3.9 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### 3.10 Cash and bank balances

Cash and bank balances comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts, if any that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

### 3.11 Financial instruments

#### 3.11.1 Non-derivative financial assets Classification, initial recognition and measurement

The Group classifies its financial assets as financial assets measured at amortised costs and financial assets at fair value through other comprehensive income (FVOCI). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

#### (a) Financial assets measured at amortised cost

Financial assets measured at amortised cost applies to instruments for which the Group has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as solely payments of principal and interest "SPPI").

- Principal is the fair value of the instrument at initial recognition;
- Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk as well as a profit margin.

Financial assets measured at amortised costs are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are then classified as non-current assets. The Group's financial assets measured at amortised costs comprise trade and other receivables, contract assets, due from related parties, short term investments and cash and bank balances in the consolidated statement of financial position.

#### (b) Financial assets at fair value through other comprehensive income (FVOCI)

FVOCI is the classification for instruments for which Group has a dual business model, i.e. the business model is achieved by both holding the financial asset to collect the contractual cash flows and through the sale of the financial assets. The characteristics of the contractual cash flows of instruments in this category, must still be solely payments of principal and interest. They are included in non-current financial assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group elected to classify irrevocably its non-listed equity investments under this category.

#### Subsequent measurement

##### Financial assets measured at amortised cost

Financial assets measured at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

##### Financial assets at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not subsequently reclassified to profit or loss following its derecognition. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.





### 3.11.2 Non-derivative financial liabilities

The Group non-derivative financial liabilities include borrowings, due to related parties and trade and other payables in the consolidated statement of financial position.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

### 3.11.3 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at

hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. The Group is holding

The fair value of the derivative financial instruments used for hedging purposes are disclosed in Note 10. Movement in the hedging reserve in shareholders' equity is shown in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

#### Cash flow hedges

The Group has entered into interest rate swap contracts which are classified as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of comprehensive income, within other income.

Amounts accumulated in equity are reclassified to consolidated statement of comprehensive income in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in consolidated statement of comprehensive income within 'finance costs'.

#### Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; and
- differences in critical terms between the interest rate swaps and loans.

#### 3.11.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

#### 3.13 Treasury shares

Own equity instruments of the Company which are acquired by the Company or any of its subsidiaries (treasury shares) are deducted from other reserves and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Company's own equity instruments is recognised directly in equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of own equity instruments.

#### 3.14 Dividend on ordinary shares

Dividends payable on ordinary shares are recognised as a liability in the period in which they are approved by the Group's shareholders, but are included in a separate component of reserves once proposed by the Company's Board of Directors.

#### 3.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

### 3.16 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as finance costs in the consolidated statement of comprehensive income.

#### Asset retirement obligations

This provision relates to the estimate of the cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment.

### 3.17 Employee benefits

Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme. Accordingly, the accrued cost of contribution is charged to the consolidated statement of comprehensive income as incurred.

Provision for employees' end of service benefits for non-UAE nationals is made in accordance with UAE Labour Law. The liability for employees end of service benefits is recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligations is calculated using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of comprehensive income.



Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Provision is also made for the estimated liability for employees' unused entitlements to annual leave and flights as a result of services rendered by eligible employees up to the reporting

date. The provision relating to annual leave and air passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

The Group also provides mobile allowances and discounted mobile telephone charges to employees for official and personal purposes. This benefit is not separately accounted for as staff costs.

### 3.18 Impairment

#### 3.18.1 Financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

#### 3.18.2 Non-financial assets

Intangible assets that have an indefinite useful life or intangible assets/property, plant and equipment (including capital work in progress) not ready to use are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 3.19 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in AED which is the Company's and its subsidiaries functional and presentation currency. The figures have been rounded to the nearest thousand except when otherwise stated.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within finance income or costs.



### 3.20 Revenue recognition

IFRS 15 Revenue from Contracts with Customers, established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue comprises the invoiced or accrued amounts from the sale of goods and services (telecommunication and others) in the ordinary course of the Group's activities. Revenue is shown net of returns, discounts and rebates allowed.

Revenue recognition policies for product and services of the Group based on IFRS 15 guidelines is given below:

Revenue from telecommunication services comprise amounts charged to customers in respect of monthly access charges, airtime usage, messaging, the provision of other mobile telecommunications services, including data services and information provision and fees for connecting fixed line and mobile users to the Group's network. The Group recognises revenue, as mobile/telecommunication services are provided.

Products with multiple deliverables that have value to a customer on standalone basis are defined as multiple element arrangements. Contracts typically include the sale of equipment, subscriber identification module (SIM) card and a service package which mainly include voice, data and SMS/MMS or other services. These arrangements are divided into separate performance obligations. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from sale of standalone handsets under separate contract is recognised when the handset is delivered to the end customer and control has been transferred.

Revenue from the sale of prepaid credit is recognised on the actual utilisation of the prepaid credit. Unused prepaid credit is deferred as contract liability until such time as the customer uses the credit, expires or becomes unutilised. Unused prepaid vouchers are recognised as revenue on expiry of 24 months.

Revenue from sale of SIM cards is recognised on the date of activation of SIM.

Contract revenue, i.e. certain revenue from managed services provided by the Group, is recognised over time based on the cost-to cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. This input method is considered as an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Revenue from interconnection of voice and data traffic with other telecommunications operators is recognised at the time the services are performed based on the actual recorded traffic.

When the Group sells goods or services as a principal, revenue from customers and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

The Group operates loyalty programmes where customers accumulate points for purchases made, which entitle them to discounts on future purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the reward points and the other components of the sale such that the reward points are initially recognised as contract liabilities at their fair value. Revenue from the reward points is recognised when the points are redeemed. Breakage (forfeiture of points) is recognised when redemption becomes remote.

#### Significant financing component

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

Currently, in the case of handsets instalment products (bundled and standalone) with periods exceeding one year, since the list price, cash selling price and the promised consideration are significantly equal, the Group has assessed that financing component does not exist. In principle, the Group considers any price difference above 5% as significant in making necessary

accounting based on the practical expediency. However, if there are any changes in products structure indicating the existence of a financing component, above 5%-6% of the standalone selling price of the products will be considered significant and accounted for accordingly.

#### Variable Consideration

Certain customer contracts include variable discounts, rebates, refunds, credits, and incentives etc, which are provided to the customers during the contract period. Variability arises due to contractual terms and conditions, whereby customers are provided discounts/rebates/incentives etc upon reaching certain volume thresholds. Under IFRS 15, if consideration promised in the contract (either explicit or implicit) includes a variable amount, then the Group should estimate the amount and adjust the total transaction price at contract inception. The Group has certain interconnect and roaming contracts which contain such variable considerations. The Group has not considered such variable considerations at the inception of the contract mainly because this is a highly volatile and unpredictable market where past data may not be an indicator of future trends. The Group has therefore concluded that any adjustments to the contract price based on past data to the contract price may cause significant reversals at the end of the contract period.

### 3.21 Commission to intermediaries

Intermediaries are paid commissions by the Group mainly in return for selling recharge credits. Such commissions are recognised as an expense in the period when the respective services are provided.

### 3.22 Recognition of finance income and costs

Finance income comprises interest income on short term investments and other bank deposits. Interest income is recognised as it accrues in consolidated statement of comprehensive income, using the effective interest rate method.

Finance costs is mainly interest payable on borrowing facilities obtained from suppliers and financial institutions at normal commercial rates and is recognised as an expense in the consolidated statement of comprehensive income in the period in which it is incurred.

### 3.23 Cash dividend distribution to equity holders of the parent

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the UAE Federal Law No. 2 of 2015 ("Companies Law"), a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 3.24 Segmental information

Information regarding the Group's operating segments is reported 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.

### 3.25 Government grants

Government grants relating to non-monetary assets are recognised at nominal value. Grants that compensate the Group for expenses are recognised in the consolidated statement of comprehensive income on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated statement of comprehensive income on a systematic basis over the expected useful life of the related asset upon capitalisation.

## 4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, based on the following methods.

### 4.1 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

### 4.2 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### 4.3 Derivative financial instruments

Derivative financial instruments are initially measured at fair value at trade date, and are subsequently remeasured at fair value. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components from mark to market values provided by the bankers.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. The Group purchases derivatives only for hedging purposes.



# 5 Financial risk management

## 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management process focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Control department. Internal Control department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### (a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

### Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the extent to which extended credit terms are offered.

The management has established a credit policy under which each new customer is analysed for creditworthiness before the Group's terms and conditions are offered. The Group's review can include external ratings, when available, customer segmentation, and in some cases bank references. Credit limits are established for each customer in accordance with this policy, which represents the maximum open amount without requiring approval from senior management. These limits are reviewed periodically.

In monitoring customer credit risk, customers are classified according to their credit characteristics, including whether they are an individual or legal entity, projected business volumes, new or established businesses and existence of previous financial relationships with the Group.

The Group may require deposit or collateral in respect of granting credit for trade and other receivables, subject to results of risk assessment and the nature and volumes contemplated by the customer.

The Group recognises lifetime ECL for trade receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. All individually significant assets (such as receivables from broadcast customers and distributors etc.) are assessed for specific impairment.

Information on the ageing of trade and other receivables is given in Note 30.1.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

## Short term investments and cash and bank balances

Cash is placed with reputable banks and the risk of default is considered remote. The table below presents the external credit ratings as at December 31 of the Group's short term investments and bank balances based on Fitch and Moody's rating scale.

### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's business and reputation. A major portion of the Group's funds are invested in short term investments which are readily available to meet expected operational expenses, including servicing of financial obligations. The table in Note 30.2 analyses the Group's non-derivative financial liabilities and derivative financial liabilities, if any, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities, if any, are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's exposure to market risk arises from:

- Foreign exchange risk
- Cash flow and fair value interest rate risks

#### (i) Foreign exchange risk

The Group is exposed to currency risk on sales and purchases that are

Ratings	Short term investments		Cash and bank balances	
	2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Aa3	-	-	17,768	82,774
A1	-	-	20,660	5,704
A+	-	350,000	3,413	-
A2	-	-	8,917	357
A	-	-	-	2,258
A3	375,000	1,475,000	31,888	16,338
A-	900,000	-	219	102
AA-	350,000	1,685,000	-	18,433
Baa1	200,000	1,115,000	108,080	234,612
Baa2	-	400,000	251,471	1,248
BBB+	2,175,000	-	14,386	-
Others	-	-	45,289	99,299
	4,000,000	5,025,000	502,091	461,125

denominated in a currency, primarily the Euro, other than the functional currency of the Company and its subsidiaries. In respect of the Group's transactions denominated in US Dollars (USD), the Group is not exposed to material currency risk as the AED is currently pegged to the USD at a fixed rate of exchange.

The Group's exposure and sensitivity analysis in respect to the foreign exchange risk is detailed in Note 30.3.

#### (ii) Cash flow and fair value interest rate risks

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term investments held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2018 and 2017, the Group's borrowings at variable rate were denominated in the USD.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing

and interest rate swaps. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The sensitivity analysis performed by the Group in respect to the interest rate risk is detailed in Note 30.4. The sensitivity analysis is done on a regular basis to verify that the maximum loss potential is within the limit given by the management.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

## 5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement

of financial position, less cash and bank balances and short term investments. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2018 AED 000	2017 AED 000
Total borrowings (Note 17)	2,177,650	3,617,662
Less: Cash and bank balances/short term investments (Notes 14 and 15)	(4,502,091)	(5,486,125)
Net debt	(2,324,441)	(1,868,463)
Total equity	8,511,738	8,037,938
Total capital	6,187,297	6,169,475
Gearing ratio	(38%)	(30%)

Under the terms of the major borrowing facility, the Group is required to comply with certain financial covenants including interest cover, total bank debt to EBITDA multiple and gearing ratio. The Group has complied with these covenants throughout the year.

## 5.3 Fair value estimation

The fair values of the Group's financial assets and liabilities approximated their book amounts as reflected in these consolidated financial statements.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	In AED'000			
	Level 1	Level 2	Level 3	Total
<i>At 31 December 2018</i>				
Financial asset at fair value through other comprehensive income (Note 9)	-	-	18,368	18,368
Derivative financial instruments (Note 10)	-	10,968	-	10,968
	-	10,968	18,368	29,336
<i>At 31 December 2017</i>				
Available-for-sale financial asset (Note 9)	-	-	18,368	18,368
Derivative financial instruments (Note 10)	-	13,594	-	13,594
	-	13,594	18,368	31,962

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Due to the uncertain nature of cash flows arising from investment by the Group in unlisted shares, the carrying amount is considered to be the best estimate of its fair value. The fair value of interest rate swaps classified as derivative financial instruments in the table above is provided by the bank.

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include financial assets at FVOCI, cash and bank balances, trade and other receivables, contract assets, due from related parties and short term investments. Financial liabilities of the Group include borrowings, trade payables and

accruals, due to other telecommunication operators, customer deposits, retention payable, accrued royalty, due to related parties and other payables. The fair values of these financial assets and liabilities are not materially different from their carrying values unless stated otherwise (Note 30).



# 6 Property, plant and equipment

	Buildings AED 000	Plant and equipment AED 000	Furniture and fixtures AED 000	Motor vehicles AED 000	Capital work in progress AED 000	Total AED 000
<b>Cost</b>						
At 1 January 2017	51,960	15,188,890	270,572	1,419	1,012,841	16,525,682
Additions	354	509,102	25,554	-	912,793	1,447,803
Addition: asset retirement obligations	-	7,923	-	-	-	7,923
Transfers	(4,745)	916,440	6,075	-	(917,770)	-
Disposals	-	(25,628)	(1,404)	(35)	(747)	(27,814)
<b>At 31 December 2017</b>	<b>47,569</b>	<b>16,596,727</b>	<b>300,797</b>	<b>1,384</b>	<b>1,007,117</b>	<b>17,953,594</b>
Reclassifications (Note 6.1)	416	(293,595)	(10,426)	2,052	(13,066)	(314,619)
Additions	132	499,044	17,381	155	367,748	884,460
Addition: asset retirement obligations	-	3,375	-	-	-	3,375
Transfers	(214)	618,031	1,648	-	(619,465)	-
Disposals/write-off	-	(372,565)	(2,895)	-	(4,562)	(380,022)
<b>At 31 December 2018</b>	<b>47,903</b>	<b>17,051,017</b>	<b>306,505</b>	<b>3,591</b>	<b>737,772</b>	<b>18,146,788</b>
<b>Depreciation / impairment</b>						
At 1 January 2017	24,207	7,802,358	242,579	1,385	5,956	8,076,485
Charge for the year	2,244	1,358,600	15,581	22	-	1,376,447
Disposals/write-off	-	(23,875)	(1,306)	(35)	(1,629)	(26,845)
Impairment charge	-	1,245	-	-	5,396	6,641
<b>At 31 December 2017</b>	<b>26,451</b>	<b>9,138,328</b>	<b>256,854</b>	<b>1,372</b>	<b>9,723</b>	<b>9,432,728</b>
Reclassifications (Note 6.1)	189	(238,065)	(9,858)	2,023	-	(245,711)
Charge for the year	2,263	1,392,331	16,429	45	-	1,411,068
Disposals/write-off	-	(320,855)	(2,874)	-	(52)	(323,781)
Impairment charge	-	-	-	-	60,978	60,978
<b>At 31 December 2018</b>	<b>28,903</b>	<b>9,971,739</b>	<b>260,551</b>	<b>3,440</b>	<b>70,649</b>	<b>10,335,282</b>
<b>Net book value</b>						
At 31 December 2018	19,000	7,079,278	45,954	151	667,123	7,811,506
At 31 December 2017	21,118	7,458,399	43,943	12	997,394	8,520,866

The carrying amount of the Group's buildings include a nominal amount of AED 1 (2017: AED 1) in relation to land granted to the Group by the UAE Government.

6.1 During the year, management of the Group undertook a review of the individual asset wise categorisation of its property, plant and equipment (PPE) and intangible assets to reflect changes in technology and information technology architecture. As a result of the review, certain assets were

reclassified into different PPE categories and certain PPE assets were reclassified to intangible assets and certain intangible assets were reclassified to PPE. Accordingly, the related costs and accumulated depreciation were also reclassified from PPE to intangible assets and vice versa.

# 7 Intangible assets and goodwill

	2018 AED 000	2017 AED 000
Goodwill	549,050	549,050
Intangible assets	553,825	581,282
	1,102,875	1,130,332

## Goodwill

The Group acquired the business and assets of three wholly owned subsidiaries/divisions of Tecom Investments FZ LLC with effect from

31 December 2005. Goodwill represents the excess of purchase consideration paid over the fair value of net assets acquired.

Carrying amount of goodwill allocated to each of Cash Generating Units ("CGU") is as follows:

	2018 AED 000	2017 AED 000
Broadcasting operations	135,830	135,830
Fixed line business	413,220	413,220
	549,050	549,050

The Group tests goodwill for impairment annually. The recoverable amount of the Cash Generating Units ("CGU") is determined using the Discounted Cash Flow method based on the five year business plan approved by the Board of Directors.

The estimated recoverable amount of the broadcasting CGU exceeded the carrying amount of its net assets including goodwill, by approximately 33% and that of the fixed line business exceeded its carrying amount by approximately 151%.

The key assumptions for the value-in-use calculations at 31 December 2018 include:

- 5 year revenue growth projections for the fixed line business and broadcasting operations;
- a pre-tax discount rate of 9.81% based on the historical industry average weighted-average cost of capital;
- maintenance capital expenditure projections allowing for replacement of existing infrastructure at the end of its useful life; and
- terminal growth rate of 3% for the fixed line and 0% for broadcasting businesses, determined based on management's estimate of the long term compound EBITDA growth rate, consistent with the assumption that a market participant would make.

The fixed line model calculations are particularly sensitive to the revenue growth assumptions, including expectations around the impact of future competition in the Group's existing network zones. However, management considers that it would require a significant decline in revenue growth before any impairment of the fixed line CGU was required. The headroom in respect of the broadcasting CGU is lower than prior year, significantly above the carrying amount and will be monitored closely going forward.

## Intangible assets

	Software in use AED 000	Capital work in progress AED 000	Telecomm-unications license fees AED 000	Rights of use AED 000	Total AED 000
<b>Cost</b>					
At 1 January 2017	1,445,392	338,804	124,500	193,990	2,102,686
Additions	59,701	35,309	-	-	95,010
Transfers	93,633	(93,633)	-	-	-
Write off	(4,434)	-	-	-	(4,434)
<b>At 31 December 2017</b>	<b>1,594,292</b>	<b>280,480</b>	<b>124,500</b>	<b>193,990</b>	<b>2,193,262</b>
Reclassifications*	300,714	13,905	-	-	314,619
Adjustment	-	-	-	(8,539)	(8,539)
Additions	130,949	30,595	-	-	161,544
Transfers	192,389	(192,389)	-	-	-
Write off	(13,107)	-	-	-	(13,107)
<b>At 31 December 2018</b>	<b>2,205,237</b>	<b>132,591</b>	<b>124,500</b>	<b>185,451</b>	<b>2,647,779</b>
<b>Amortisation/impairment</b>					
At 1 January 2017	1,276,270	-	67,622	134,375	1,478,267
Charge for the year	127,987	-	6,225	7,300	141,512
Release of impairment	(12,280)	-	-	-	(12,280)
Impairment charge	8,915	-	-	-	8,915
Write off	(4,434)	-	-	-	(4,434)
<b>At 31 December 2017</b>	<b>1,396,458</b>	<b>-</b>	<b>73,847</b>	<b>141,675</b>	<b>1,611,980</b>
Reclassifications*	245,711	-	-	-	245,711
Charge for the year	186,570	-	6,223	14,265	207,058
Impairment charge	42,312	-	-	-	42,312
Write off	(13,107)	-	-	-	(13,107)
<b>At 31 December 2018</b>	<b>1,857,944</b>	<b>-</b>	<b>80,070</b>	<b>155,940</b>	<b>2,093,954</b>
<b>Net book value</b>					
At 31 December 2018	347,293	132,591	44,430	29,511	553,825
At 31 December 2017	197,834	280,480	50,653	52,315	581,282

\* These reclassifications represent certain assets reclassified from property, plant and equipment to intangibles assets and from intangible assets to property, plant and equipment (Note 6.1).

The Software in use represents all applications such as ERP and Billing systems which are currently in use while the Capital work in progress relates to the development of these systems. Software is being amortised on a straight-line basis over a period of 5 years.

Telecommunication license fees represent charge by the Telecommunications Regulatory Authority to the Group to grant the license to operate as a telecommunications service provider in the UAE. The fees are being amortised on a straight-line basis over a period of 20 years which is the term of the license, from the date of granting the license.

Indefeasible right of use represent the fees paid to a telecom operator to obtain rights to use Indoor Building Solutions relating to certain sites in the UAE. The fees are amortised on a straight line basis over 10 years. Also included in the balance is an amount charged by an operator of a fibre-optic cable system for the right to use its submarine fibre-optic circuits and cable system. The fees are amortised on a straight-line basis over a period of 15 years from the date of activation of the cable system.



## Investments accounted for using the equity method

### Dubai Smart City Accelerator FZCO

During the year 2017, the Group acquired 23.53% shares in Dubai Smart City Accelerator FZCO ("the Associate"), a Free Zone Company with limited liability established in Dubai Silicon Oasis Free Zone, in the Emirate of Dubai. The business of the Associate is to run accelerator programs with the purpose of sourcing innovation and technology applicable to the Smart City Industry.

### Khazna Data Center Limited

The Group has 26% ownership shares in Khazna Data Center Limited ("the Associate"), a limited liability company established in the Masdar City Free Zone, in the Emirate of Abu Dhabi. The business of the Associate is providing wholesale data centre services.

	2018 AED 000	2017 AED 000
At 1 January	142,086	113,935
Investments during the year*	35,879	18,666
Share of profit for the year	10,214	9,485
At 31 December	188,179	142,086

Summarised financial information for the Associates are as follows:

### Associates' statement of financial position as of 31 December:

Non-current assets	910,526	686,725
Current assets	133,388	157,183
Current liabilities	(66,726)	(80,905)
Non-current liabilities	(321,819)	(297,089)
Net assets	655,369	465,914

### Associates' income statement for the year ended 31 December:

	2018 AED 000	2017 AED 000
Revenue	138,934	128,207
Profit for the year	41,835	36,481

\* The investments during the year 31 December 2018, represent payment made for additional funding to Khazna Data Center Limited amounting to AED 34,044 thousand and Dubai Smart City Accelerator FZCO amounting to AED 1,835 thousand.



# 9

## Financial asset at fair value through other comprehensive income

	2018 AED 000	2017 AED 000
<b>Unlisted shares</b> Anghami	18,368	18,368

In 2016, the Group acquired 4.8% shares in Anghami, a Cayman Islands exempted company registered in the Cayman Islands (unlisted company). The company is involved in the provision

of media related content. In 2018, the Group classified the investment as financial asset at fair value through other comprehensive income (2017: Available-for-sale financial asset).

Due to the uncertain nature of cash flows arising from investment by the Group in unlisted shares of Anghami, the carrying amount is considered to be the best estimate of its fair value.

# 10

## Derivative financial instruments

During the year 2015, the Group entered into floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating rate interest payable on unsecured bank term loans. The terms

of the loans include quarterly interest payments, at a rate of LIBOR + 0.95% on the outstanding principal amount (Note 17).

The hedge covers the risk in variability of LIBOR over the entire term of the

loans. The hedging instruments match the actual terms of the related interest payments on the loans in all respects, including LIBOR rate used, reset dates and notional amounts outstanding.

As of 31 December, the fair value of derivative financial instruments was as follows:

	2018 AED 000	2017 AED 000
Interest rate swap contracts – cash flow hedges	10,968	13,594

The related movement in derivative financial instruments is shown under hedge reserve (Note 22.2).

There was no ineffectiveness during 2018 and 2017 in relation to the interest rate swap contracts.

# 11

## Contract assets and contract liabilities

	Current		Non-current	
	2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Contract assets*	539,616	468,094	208,243	94,631
Less: provision for impairment of contract assets	(31,359)	(20,583)	(11,556)	(8,772)
	508,257	447,511	196,687	85,859

\*Contract assets include unamortised subscriber acquisition costs (contract costs) amounting to AED 273,080 thousands (2017: Nil).

11.1 The movement in the provision for impairment of contract assets is as follows:

	2018 AED 000	2017 AED 000
Opening balance	29,355	16,162
Provision for impairment during the year	13,560	13,193
Closing balance	42,915	29,355

	Current		Non-current	
	2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Contract liabilities	444,141	468,776	190,631	124,997

11.2 Set out below is the amount of revenue recognised from:

	2018 AED 000	2017 AED 000
Amounts included in contract liabilities at the beginning of the year	453,775	531,653

There was no revenue recognised in the current reporting period that is related to performance obligations that were satisfied in the prior year.

Contract assets have increased as the Group has recognised subscriber acquisition costs in 2018 in accordance with IFRS 15.

Contract liabilities have increased due to the increase in capacity contracts by AED 108,788 thousands. Prepaid/re-charge cards balances decreased by AED 81,408 thousands.

The Group has reviewed its contracts with customers and as permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

# 12 Trade and other receivables

	2018 AED 000	2017 AED 000
Trade receivables	2,046,585	1,774,659
Due from other telecommunications operators	857,140	648,489
Less: payable balances set off where right to set off exists	(677,410)	(533,238)
Less: provision for impairment of trade receivables and due from other telecommunications operators	(759,281)	(661,758)
Trade receivables, net	1,467,034	1,228,152
Prepayments	176,739	245,054
Advances to suppliers	134,166	125,911
Other receivables*	129,799	101,999
<b>Total trade and other receivables</b>	<b>1,907,738</b>	<b>1,701,116</b>

\*Other receivables mainly include interest receivable on short term investments.

The Group's normal credit terms ranges between 15 and 150 days (2017: 15 and 150 days). No interest is charged on the trade and other receivable balances.

The movement in the provision for impairment of trade receivables and due from other telecommunications operators is as follows:

	2018 AED 000	2017 AED 000
At 1 January	661,758	423,631
Provision for impairment	232,237	294,063
Write-off during the year	(134,714)	(55,936)
At 31 December	759,281	661,758

The Group recognises a loss allowance for expected credit losses (ECL) on its trade receivables.

The Group recognises lifetime ECL for trade receivables, using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience,

adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Aging analysis of trade receivables

and provision thereon is provided in Note 30. The Group had no significant concentration of credit risk. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above

# 13 Related party balances and transactions

Related parties comprise the shareholders of the Company, entities under common shareholding, its directors, key management personnel and entities over which they exercise control, joint control or significant

influence. The founding shareholders mentioned in the note are Emirates Investment Authority, Mubadala Development Company and Emirates Communications & Technology Company LLC. Transactions with

related parties are done on an arm's length basis in the ordinary course of business and are approved by the Group's management or by the Board of Directors.

	2018 AED 000	2017 AED 000
<b>Related party balances</b>		
<b>Due from a related party</b>		
Axiom Telecom LLC (Entity under common shareholding)	129,078	186,196
<b>Due to related parties</b>		
Tecom Investments FZ LLC (Entity under common shareholding)	3,249	6,951
Khazna Data Center Limited (Associate)	6,585	13,343
	9,834	20,294

Due to the short-term nature of the related party balances, their carrying amount is considered to be the same as their fair value.



## 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. All transactions with related

parties referred to below are done on an arm's length basis in the ordinary course of business. The following table reflects the gross value of transactions with related parties.

	2018 AED 000	2017 AED 000
<b>Entities under common shareholding</b>		
Tecom Investments FZ LLC:		
- Office rent and broadcasting services	39,697	34,576
- Infrastructure cost	1,000	1,202
Axiom Telecom LLC – Authorised distributor – net sales	1,527,311	1,968,032
Injazat Data Systems LLC – Data Centre - rent and telecom services	569	2,351
<b>Associates</b>		
Khazna Data Center Limited – rent and telecom services	116,746	93,017
Dubai Smart City Accelerator FZCO- acquisition of shares	-	1,835
Khazna Data Center Limited- additional funding	34,044	16,831
Dubai Smart City Accelerator FZCO- additional funding	1,835	-
<b>Key management compensation</b>		
Short term employee benefits	38,511	33,107
Employees' end of service benefits	884	699
Post-employment benefits	1,267	1,985
Long term incentives	18,436	9,618
	59,098	45,409

Board of Directors fee during the year was AED 12,074 thousand (2017: AED 11,400 thousand).

No loan has been provided to Directors, their spouses, children and relatives of the second degree and any corporates in which they own 20% or more.

The Group also provides telecommunication services to the Federal Government (including Ministries and local bodies). These transactions are at normal commercial terms. The credit period allowed to Government

customers ranges from 15 to 150 days. Refer Note 25 for disclosure of the royalty payable to the Federal Government of the UAE. In accordance with IAS 24 (revised 2009): Related Party Disclosures, the Group has

elected not to disclose transactions with the UAE Federal Government and other entities over which the Federal Government exerts control, joint control or significant influence.

## 14 Short term investments

	2018 AED 000	2017 AED 000
Short term investments	4,000,000	5,025,000

Short term investments represent bank deposits with maturity periods exceeding 3 months from the date of acquisition. Management does not have any intention to hold these short term investments for more than 1 year from the reporting date. These short term

investments denominated primarily in UAE Dirham, with banks. Interest is earned on these short term investments at prevailing market rates. The carrying amount of these short term investments approximates to their fair value.

## 15 Cash and bank balances

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	2018 AED 000	2017 AED 000
Cash at bank (on deposit and call accounts)	501,431	460,494
Cash on hand	660	631
	502,091	461,125
Less: margin on guarantees (Note 28)	(5,393)	(63,046)
Cash and cash equivalents	496,698	398,079

# 16 Trade and other payables

	2018 AED 000	2017 AED 000
Trade payables and accruals	1,707,932	2,075,235
Due to other telecommunications operators	1,280,539	1,323,279
Less: receivable balances set off where right to set off exists	(677,410)	(533,238)
Accrued royalty (Note 25)	2,103,174	2,054,019
Valued Added Tax (VAT) Payable	26,427	-
Other payables and accruals	362,074	295,478
	4,802,736	5,214,773

The carrying amounts of trade and other payables approximate their fair value.

# 17 Borrowings

	Current		Non-current	
	2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Bank borrowings	1,432,665	1,432,665	716,332	2,148,997
Buyer credit arrangements	28,653	28,653	-	7,347
	1,461,318	1,461,318	716,332	2,156,344

The details of borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Opening balance AED 000	Drawn AED 000	Settled AED 000	Closing balance AED 000
<b>Bank borrowings</b>							
Unsecured term loan 1	USD	LIBOR+0.95%	2020	2,204,100	-	(881,640)	1,322,460
Unsecured term loan 2	USD	LIBOR+0.95%	2020	918,375	-	(367,350)	551,025
Unsecured term loan 3	USD	LIBOR+0.95%	2020	459,187	-	(183,675)	275,512
				3,581,662	-	(1,432,665)	2,148,997
<b>Buyer credit arrangement</b>							
Buyer credit arrangement	USD	Nil	2019	36,000	21,306	(28,653)	28,653

# 18 Provision for employees' end of service benefits

The Group provides end of service benefits (defined benefit obligations) to its eligible employees. The most recent actuarial valuations of the present value of the defined benefit obligations were carried out as at 31 December 2018 by a registered actuary in the UAE.

The present value of defined benefit obligations and the related current and past service cost, were measured using the Projected Unit Credit Method. Changes in the present value of defined benefit obligations is as follows:

	2018 AED 000	2017 AED 000
At 1 January	236,072	225,627
Current service cost	35,309	38,013
Interest cost (Note 24)	8,331	8,447
Actuarial gain recognised in other comprehensive income*	(5,313)	(7,086)
Benefits paid during the year	(21,835)	(28,929)
At 31 December	252,564	236,072

\* Actuarial gain recognised in other comprehensive income relates to remeasurements of the employees' end of service benefits obligation from changes in financial assumptions amounting to AED 1,861 thousand (2017: loss of AED 5,244 thousand) and experience adjustments amounting to AED 3,452 thousand (2017: AED 12,330 thousand).

The provision is recognised based on the following significant actuarial assumptions:

	2018	2017
Average period of employment (years)	7.54	7.58
Average annual rate of salary increase	3%	3%
Discount rate	3.80%	3.70%

Sensitivity of the provision for employees' end of service benefits to changes in principal assumptions is included below:

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Average period of employment (years)	1 year	1 year	(0.01%)	(0.01%)	0.01%	0.01%
Average annual rate of salary increase	1%	1%	8.31%	8.71%	(7.40%)	(7.74%)
Discount rate	1%	1%	(6.86%)	(7.19%)	7.83%	8.22%



# 19 Other provisions

## Asset retirement obligations

In the course of the Group's activities a number of sites and other commercial premises are utilised which are expected to have costs associated with exiting and ceasing their use. The associated cash outflows are expected to occur at

the dates of exit of the assets to which they relate. These assets are long-term in nature, primarily in period up to 10 years from when the asset is brought into use.

	2018 AED 000	2017 AED 000
At 1 January	110,924	102,021
Additions during the year	3,375	7,923
Adjustment for change in discount/inflation rates	(1,795)	(3,157)
Unwinding of discount	3,260	4,137
At 31 December	115,764	110,924

The provision is recognised based on the following significant assumptions:

	2018	2017
Average period of restoration (years)	10	10
Inflation rate	2.10%	2.40%
Discount rate	3.99%	3.76%

# 20 Share Capital

	2018 No of shares	2017 No of shares
Authorised, issued and fully paid up share capital (par value AED 1 each)	4,532,905,989	4,532,905,989

# 21 Share Premium

	2018 AED 000	2017 AED 000
Premium on issue of common share capital	232,332	232,332

# 22 Other reserves, net of treasury shares

	Statutory reserve (Note 22.1) AED 000	Hedge reserve (Note 22.2) AED 000	Proposed dividend AED 000	Treasury shares (Note 22.3) AED 000	Total AED 000
At 1 January 2017	1,244,547	6,280	951,910	(199,695)	2,003,042
Transfer to statutory reserve	171,179	-	-	-	171,179
Interim cash dividend	-	-	589,278	-	589,278
Final cash dividend proposed	-	-	997,239	-	997,239
Cash dividends paid	-	-	(1,541,188)	-	(1,541,188)
Fair value changes on cash flow hedge	-	7,314	-	-	7,314
Cancellation of treasury shares	-	-	-	199,695	199,695
<b>At 31 December 2017</b>	<b>1,415,726</b>	<b>13,594</b>	<b>997,239</b>	<b>-</b>	<b>2,426,559</b>
At 1 January 2018	1,415,726	13,594	997,239	-	2,426,559
Transfer to statutory reserve	175,299	-	-	-	175,299
Interim cash dividend	-	-	589,278	-	589,278
Cash dividends paid	-	-	(1,586,517)	-	(1,586,517)
Fair value changes on cash flow hedge	-	(2,626)	-	-	(2,626)
<b>At 31 December 2018</b>	<b>1,591,025</b>	<b>10,968</b>	<b>-</b>	<b>-</b>	<b>1,601,993</b>

22.1 In accordance with the UAE Federal Law No. 2 of 2015 ("Companies Law") and the Company's Articles of Association, 10% of the net profit is required to be transferred annually to a non-distributable statutory reserve. Such transfers are required to be made until the balance of the statutory reserve

equals one half of the Company's paid up share capital.

22.2 Hedge reserve is related to derivative financial instrument (Note 10).

22.3. Treasury shares represent ordinary shares bought back from founding shareholders under Executive

Share Option Plan ("ESOP") and the cancellation of these treasury shares were approved by the shareholders on 11 January 2017. Related amendments to Articles of Association have been approved and notarized as of 27 December 2017

# 23 Other Expenses

	2018 AED 000	2017 AED 000
Office expenses	74,574	67,421
Consulting and legal expenses	33,785	75,035
Others	41,714	31,610
	150,073	174,066

During the year ended 31 December 2018, the Group has paid AED 14,430 thousand (2017: AED 19,785 thousand) for various social contribution purposes.

# 24 Finance income and costs

	2018 AED 000	2017 AED 000
<b>Finance income</b>		
Interest income	145,456	164,048
<b>Finance costs</b>		
Interest expense*	92,226	107,956
Exchange loss/(gain), net	1,357	(5,295)
	93,583	102,661

\*Interest expense includes interest cost on defined benefit obligations amounted to AED 8,331 thousand (2017: AED 8,447 thousand) (Note 18).

# 25 Royalty

The royalty rates payable to the UAE Ministry of Finance for the period from 2017 to 2021 are 15% on regulated revenue and 30% on regulated profit after deducting royalty on regulated revenue.

	2018 AED 000	2017 AED 000
Total revenue for the year (Note 32)	13,414,057	13,004,372
Broadcasting revenue for the year	(156,798)	(159,161)
Other allowable deductions	(4,128,702)	(3,892,359)
Total adjusted revenue	9,128,557	8,952,852
Profit before royalty	3,831,804	3,749,357
Allowable deductions	(91,182)	(96,532)
Total regulated profit	3,740,622	3,652,825
Charge for royalty: 15% (2017:15%) of the total adjusted revenue plus 30% (2017: 30%) of net regulated profit for the year before distribution after deducting 15% (2017: 15%) of the total adjusted revenue.	2,080,685	2,035,897
Adjustments to charge	(3,745)	(5,113)
Charge for the year	2,076,940	2,030,784
Royalty reimbursement (net)	1,872	6,787
Total royalty charge for the year	2,078,812	2,037,571

Movement in the royalty accruals is as follows:

	2018	2017
At 1 January	2,054,019	2,110,809
Payment made during the year	(2,027,785)	(2,087,574)
Charge for the year	2,076,940	2,030,784
At 31 December (Note 16)	2,103,174	2,054,019



# 26 Earnings per share

	2018	2017
Profit for the year (AED 000)	1,752,992	1,711,786
Weighted average number of shares ('000')	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	0.39	0.38

Diluted earnings per share have not been presented separately as the Group has no commitments that would dilute earnings per share.

# 27 Changes in working capital

	2018 AED 000	2017 AED 000
Change in:		
Inventories	(29,928)	(59,804)
Contract assets	119,504	66,642
Trade and other receivables	(459,242)	(625,719)
Trade and other payables	(383,565)	202,069
Contract liabilities	40,999	(44,821)
Due from a related party	57,118	33,951
Due to related parties	(10,460)	7,558
Net changes in working capital	(665,574)	(420,124)

# 28 Contingent liabilities

The Group has outstanding bank guarantees amounting to AED 36,677 thousand (2017: AED 75,204). Bank guarantees are secured against margin of AED 5,393 thousand (2017: AED 63,046 thousand) (Note 15).

# 29 Commitments

## 29.1 Capital commitments

The Group has outstanding capital commitments amounting to AED 1,139,214 thousand (2017: AED 908,656 thousand).

## 29.2 Operating leases commitments

Non-cancellable operating lease rentals are payable as follows:

	2018 AED 000	2017 AED 000
Less than one year	311,996	440,682
Between one and five years	654,941	631,785
More than five years	604,502	632,942
	1,571,439	1,705,409

The Group leases a number of warehouses, premises and sites to operate its network. The leases typically run for a period of 5 to 20 years with an option to renew the lease upon expiry. Lease contracts contain terms to allow for annual increase to reflect market rentals.

# 30

## Financial instruments and risk management

### 30.1 Credit risk

#### Exposure to credit risk

The carrying amount and the fair value of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount		Fair Value	
		2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
<b>Derivatives</b>					
Interest rate swap contracts – cash flow hedges	10	10,968	13,594	10,968	13,594
<b>Non-derivatives</b>					
Financial asset at fair value through other comprehensive income	9	18,368	18,368	18,368	18,368
Contract assets	11	431,864	533,370	431,864	533,370
Trade and other receivables	12	1,730,999	1,456,062	1,730,999	1,456,062
Due from a related party	13	129,078	186,196	129,078	186,196
Short term investments	14	4,000,000	5,025,000	4,000,000	5,025,000
Cash and bank balances	15	502,091	461,125	502,091	461,125
		6,812,400	7,680,121	6,812,400	7,680,121

For the purpose of the exposure to credit risk on financial assets disclosure, non-financial assets (subscriber acquisition costs and prepayments) amounting to AED 449,819 thousand (2017: AED 245,054 thousand) have been excluded from contract assets and trade and other receivables.

#### Impairment of contract assets and trade and other receivables

The ageing of contract assets and trade receivables is as follows:

	Gross 2018 AED 000	Impaired 2018 %	Impaired 2018 AED 000	Gross 2017 AED 000	Impaired 2017 %	Impaired 2017 AED 000
Not past due	924,288	3.43%	(31,711)	1,087,577	3.69%	(40,111)
Past due 0-30 days	398,864	4.94%	(19,702)	362,563	5.60%	(20,303)
Past due 31-180 days	599,399	15.13%	(90,706)	444,122	23.90%	(106,147)
More than 180 days	1,455,953	45.34%	(660,077)	1,091,611	48.05%	(524,552)
	3,378,504		(802,196)	2,985,873		(691,113)

Non-financial assets (unamortised subscriber acquisition costs) amounting to AED 273,080 thousand (2017: Nil) have been excluded from gross amounts.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss

are based on the analysis of billing, collection and outstanding data over an appropriate period adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The impairment provision in respect of contract assets and trade receivables is used to record impairment losses unless

the Group is satisfied that there is no reasonable expectation of recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written-off. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

### 30.2 Liquidity risk

The following are the contractual maturities of financial liabilities along with fair values:

31 December 2018	Fair value AED 000	Carrying amount AED 000	Total AED 000	Contractual cash flows			
				6 months or less AED 000	6-12 months AED 000	1-2 years AED 000	Above 2 years AED 000
<b>Non-derivative financial liabilities</b>							
Borrowings	2,177,650	2,177,650	2,238,361	764,388	750,896	723,077	-
Trade payables and accruals	1,707,932	1,707,932	1,707,932	1,707,932	-	-	-
Due to other telecommunication operators	603,129	603,129	603,129	603,129	-	-	-
Accrued royalty	2,103,174	2,103,174	2,103,174	2,103,174	-	-	-
Valued Added Tax (VAT) Payable	26,427	26,427	26,427	26,427	-	-	-
Other payables and accruals	362,074	362,074	362,074	362,074	-	-	-
Due to related parties	9,834	9,834	9,834	9,834	-	-	-
	6,990,220	6,990,220	7,050,931	5,576,958	750,896	723,077	-

31 December 2017	Fair value AED 000	Carrying amount AED 000	Total AED 000	Contractual cash flows			
				6 months or less AED 000	6-12 months AED 000	1-2 years AED 000	Above 2 years AED 000
<b>Non-derivative financial liabilities</b>							
Borrowings	3,617,662	3,617,662	3,735,189	772,969	763,568	1,477,620	721,032
Trade payables and accruals	2,075,235	2,075,235	2,075,235	2,075,235	-	-	-
Due to other telecommunication operators	790,041	790,041	790,041	790,041	-	-	-
Accrued royalty	2,054,019	2,054,019	2,054,019	2,054,019	-	-	-
Other payables and accruals	295,478	295,478	295,478	295,478	-	-	-
Due to related parties	20,294	20,294	20,294	20,294	-	-	-
	8,852,729	8,852,729	8,970,256	6,008,036	763,568	1,477,620	721,032



### 30.3 Currency risk

#### Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

	31 December 2018		31 December 2017	
	Thousand			
	EUR	GBP	EUR	GBP
Trade receivables	6,663	3,234	4,772	2,385
Trade payables	(46)	(591)	(375)	(1,186)
Net exposure	6,617	2,643	4,397	1,199

The following significant exchange rates against AED have been applied during the year:

	Average rate		Reporting date spot rate	
	2018	2017	2018	2017
	EUR 1	4.3673	4.1334	4.2142
GBP 1	4.9380	4.7249	4.6881	4.9648

#### Sensitivity analysis

A 10 percent strengthening of the AED against the following currencies at 31 December would have increased/ (decreased) equity and profit by the

amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2018 AED 000	2017 AED 000
<b>Increase/(decrease) in profit</b>		
EURO	(2,890)	(1,817)
GBP	(1,305)	(567)

Conversely a 10 percent weakening of the AED against the above currencies at 31 December will have had the exact reverse effect. In each of the above cases the impact on equity would have the same values as the above amounts.

### 30.4 Interest rate risk

#### Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments was:

	Carrying Amount	
	2018 AED 000	2017 AED 000
<b>Variable interest rate instruments</b>		
Bank borrowings	2,148,997	3,581,662

#### Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2018 AED 000	2017 AED 000
<b>Decrease in profit</b>		
Variable interest rate instruments	14,377	20,779

Conversely a decrease in interest rates by 100 basis points will have had the exact reverse effect. In each of the above cases the impact on equity would have the same values as the above amounts.

During previous years, the Group entered into floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating rate interest

payable on unsecured bank borrowings. Hedged portion of the bank borrowings is not included in the sensitivity analysis (Note 10).

# 31

## Offsetting financial assets and financial liabilities

### 30.5 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2018 AED 000	2017 AED 000
<b>Derivative financial instruments</b>	10,968	13,594
<b>Financial asset at fair value through other comprehensive income</b>	18,368	18,368
<b>Financial assets measured at amortised cost</b>		
Contract assets	431,864	533,370
Trade and other receivables	1,730,999	1,456,062
Due from a related party	129,078	186,196
Short term investments	4,000,000	5,025,000
Cash and bank balances	502,091	461,125
	6,794,032	7,661,753
<b>Financial liabilities</b>		
Borrowings	2,177,650	3,617,662
Trade and other payables	4,802,736	5,214,773
Due to related parties	9,834	20,294
	6,990,220	8,852,729

For the purpose of the financial instruments disclosure, non-financial assets amounting to AED 449,819 thousand (2017: AED 245,054 thousand) have been excluded from contract assets, trade and other receivables.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The following table presents the recognised financial instruments that are offset in the statement of financial position, as at 31 December 2018 and 31 December 2017.

	31 December 2018			31 December 2017		
	Gross amounts AED 000	Gross amounts set off AED 000	Net amount presented AED 000	Gross amounts AED 000	Gross amounts set off AED 000	Net amount presented AED 000
<b>Financial assets</b>						
Trade and other receivables	2,585,148	(677,410)	1,907,738	2,234,354	(533,238)	1,701,116
<b>Total</b>	2,585,148	(677,410)	1,907,738	2,234,354	(533,238)	1,701,116
<b>Financial liabilities</b>						
Trade and other payables	5,480,146	(677,410)	4,802,736	5,748,011	(533,238)	5,214,773
<b>Total</b>	5,480,146	(677,410)	4,802,736	5,748,011	(533,238)	5,214,773



# 32

## Segment analysis

The Group has operations only in the UAE. The Group is organised into four major business segments as follows:

- Mobile segment offers mobility services to the enterprise and consumer markets. Services include mobile voice and data, mobile content and mobile broadband WIFI. Mobile handset sales, including instalment sales, are also included in this segment.

- Fixed segment provides wire line services to the enterprise and consumer markets. Services include broadband, IPTV, IP/VPN business internet and telephony.
- Wholesale segment provides voice and sms to national and international carriers and operators. Services include termination of inbound international voice traffic and international hubbing.

- Others. Others include broadcasting services, international roaming, site sharing, etc.

Segment contribution, referred to by the Group as Gross Margin, represents revenue less direct costs of sales. It is calculated before charging network operating costs, sales and general and administration expenses. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance.

31 December 2018	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
<b>Segment revenue</b>					
Timing of revenue recognition					
Over time	7,103,905	2,339,042	2,128,333	894,571	12,465,851
At a point in time	904,276	10,418	-	33,512	948,206
	8,008,181	2,349,460	2,128,333	928,083	13,414,057
Segment contribution	4,792,250	2,051,762	1,413,971	471,184	8,729,167
Unallocated costs					(4,965,859)
Finance income and costs, other income and share of profit of investments accounted for using equity method					68,496
Profit before royalty					3,831,804
Royalty					(2,078,812)
Profit for the year					1,752,992

31 December 2017	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
<b>Segment revenue</b>					
Timing of revenue recognition					
Over time	7,233,423	2,142,410	2,157,107	740,462	12,273,402
At a point in time	705,325	11,561	-	14,084	730,970
	7,938,748	2,153,971	2,157,107	754,546	13,004,372
Segment contribution	4,783,043	1,874,260	1,416,482	447,286	8,521,071
Unallocated costs					(4,846,814)
Finance income and costs, other income and share of profit of investments accounted for using equity method					75,100
Profit before royalty					3,749,357
Royalty					(2,037,571)
Profit for the year					1,711,786

The Group's assets and liabilities have not been identified to any of the reportable segments as the majority of the operating fixed assets are fully integrated between segments. The Group believes that it is not practical to provide segment disclosure relating to total assets and liabilities since a meaningful segregation of available data is not feasible.

In order to conform with current year presentation of segment analysis, the comparative figures for the previous year has been regrouped, where necessary. Such regrouping resulted in the decrease in segment contribution of Mobile and Fixed amounting to AED 1,649,188 thousand and AED 66,216

thousand, respectively and an increase in segment contribution of Wholesale and Others amounting to AED 1,325,594 thousand and AED 389,810 thousand, respectively. The changes did not affect the previously reported profit, comprehensive income or equity.

**eitc**

Emirates Integrated Telecommunication Company PJSC  
P.O. Box 502666 Dubai, United Arab Emirates  
Tel: + 971 (4) 360 0000  
Email: [chairmanoffice@du.ae](mailto:chairmanoffice@du.ae)  
March 2019

## GRI content index

This report is prepared in accordance with the GRI G4 Standards: 'Comprehensive' option. It covers the period January 1, 2018 to December 31, 2019, and includes the sustainability performance of the EITC group, which includes du, Edara and the Virgin Group. The report follows the annual cycle of reporting as has been followed for our previous sustainability reports – all of which can be found on [www.du.ae/sustainability](http://www.du.ae/sustainability).

For any related queries, please contact [CSR@du.ae](mailto:CSR@du.ae)

GRI Standard Title	Disclosure Number	Disclosure Title	UNGC Principle	Chapter / Page reference	External assurance reference
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)					
<b>GRI 102: General Disclosures</b>	<b>102-14</b>	Statement from senior decision-maker	Statement of continuing support	CEO and Chairman statement (Annual report - pages 4-9, 12-17)	-
<b>GRI 102: General Disclosures</b>	<b>102-15</b>	Key impacts, risks, and opportunities		Risk management and compliance (Annual report – pages 32-36)	-
<b>GRI 102: General Disclosures</b>	<b>102-1</b>	Name of the organization	No specific COP requirement	Emirates Integrated Telecommunications Company - EITC	Consolidated financial statements (Annual report – pages 171-243)
<b>GRI 102: General Disclosures</b>	<b>102-2</b>	Activities, brands, products, and services		Spotlight on our businesses (Annual report – pages 38-73)	-
<b>GRI 102: General Disclosures</b>	<b>102-3</b>	Location of headquarters		Dubai, UAE	-
<b>GRI 102: General Disclosures</b>	<b>102-4</b>	Location of operations		UAE	-



<b>GRI 102: General Disclosures</b>	<b>102-5</b>	Ownership and legal form	Financial performance (Sustainability report – pages 114-115)	-
<b>GRI 102: General Disclosures</b>	<b>102-6</b>	Markets served	- UAE - Telecommunications sector - Individual and enterprise customers	-
<b>GRI 102: General Disclosures</b>	<b>102-7</b>	Scale of the organization	Diversity (Sustainability report – pages 102-103)  Market overview (Annual report – pages 24-25)	-
<b>GRI 102: General Disclosures</b>	<b>102-8</b>	Information on employees and other workers	Diversity (Sustainability report – pages 102-103)	-
<b>GRI 102: General Disclosures</b>	<b>102-41</b>	Collective bargaining agreements	Trade unions are prohibited in the UAE.	-
<b>GRI 102: General Disclosures</b>	<b>102-9</b>	Supply chain	Responsible procurement (Sustainability report – page 116)	-
<b>GRI 102: General Disclosures</b>	<b>102-10</b>	Significant changes to the organization and its supply chain	Responsible procurement (Sustainability report – page 116)  Financial performance (Sustainability report – pages 114-115)	-
<b>GRI 102: General Disclosures</b>	<b>102-11</b>	Precautionary Principle or approach	Risk management and compliance	-

			(Annual report – pages 32-36)	
<b>GRI 102: General Disclosures</b>	<b>102-12</b>	External initiatives	Sustainability at EITC (Sustainability report – page 78)	-
<b>GRI 102: General Disclosures</b>	<b>102-13</b>	Membership of associations	Sustainability at EITC (Sustainability report – page 78)	-
<b>GRI 102: General Disclosures</b>	<b>102-45</b>	Entities included in the consolidated financial statements	Financial performance (Sustainability report – pages 114-115)	-
<b>GRI 102: General Disclosures</b>	<b>102-46</b>	Defining report content and topic boundaries	Sustainability at EITC (Sustainability report – pages 78-81)	-
<b>GRI 102: General Disclosures</b>	<b>102-47</b>	List of material topics	Sustainability at EITC (Sustainability report – pages 78-81)	-
<b>GRI 102: General Disclosures</b>	<b>102-48</b>	Restatements of information	No restatements of information	-
<b>GRI 102: General Disclosures</b>	<b>102-49</b>	Changes in reporting	We have combined our Annual report, Sustainability report and Corporate Governance report into one document	-
<b>GRI 102: General Disclosures</b>	<b>102-40</b>	List of stakeholder groups	Sustainability at EITC (Sustainability report – pages 78-81)	-
<b>GRI 102: General Disclosures</b>	<b>102-42</b>	Identifying and selecting stakeholders	Sustainability at EITC (Sustainability report – pages 78-81)	-
<b>GRI 102: General Disclosures</b>	<b>102-43</b>	Approach to stakeholder engagement	Sustainability at EITC (Sustainability report – pages 78-81)	-
<b>GRI 102: General Disclosures</b>	<b>102-44</b>	Key topics and concerns raised	Sustainability at EITC (Sustainability report – pages 78-81)	-

<b>GRI 102: General Disclosures</b>	<b>102-50</b>	Reporting period	Spheres of influence	1st Jan 2018 to 31st Dec 2018	-
<b>GRI 102: General Disclosures</b>	<b>102-51</b>	Date of most recent report		1st Jan 2017 to 31st Dec 2017	-
<b>GRI 102: General Disclosures</b>	<b>102-52</b>	Reporting cycle		Annual	-
<b>GRI 102: General Disclosures</b>	<b>102-53</b>	Contact point for questions regarding the report		<a href="mailto:CSR@du.ae">CSR@du.ae</a>	-
<b>GRI 102: General Disclosures</b>	<b>102-54</b>	Claims of reporting in accordance with the GRI Standards		GRI Standards - Comprehensive	-
<b>GRI 102: General Disclosures</b>	<b>102-55</b>	GRI content index		GRI Content Index (pages 244-257)	-
<b>GRI 102: General Disclosures</b>	<b>102-56</b>	External assurance		While this report has not been externally assured, a number of the included areas and indicators have been assured by external parties. Key among these are reports on our financial performance and governance.	-
<b>GRI 102: General Disclosures</b>	<b>102-18</b>	Governance structure	Principles 1-10	Corporate governance report (pages 125-169)	-
<b>GRI 102: General Disclosures</b>	<b>102-19</b>	Delegating authority			-
<b>GRI 102: General Disclosures</b>	<b>102-20</b>	Executive-level responsibility for economic, environmental, and social topics			-



<b>GRI 102: General Disclosures</b>	<b>102-21</b>	Consulting stakeholders on economic, environmental, and social topics	-
<b>GRI 102: General Disclosures</b>	<b>102-22</b>	Composition of the highest governance body and its committees	-
<b>GRI 102: General Disclosures</b>	<b>102-23</b>	Chair of the highest governance body	-
<b>GRI 102: General Disclosures</b>	<b>102-24</b>	Nominating and selecting the highest governance body	-
<b>GRI 102: General Disclosures</b>	<b>102-25</b>	Conflicts of interest	-
<b>GRI 102: General Disclosures</b>	<b>102-26</b>	Role of highest governance body in setting purpose, values, and strategy	-
<b>GRI 102: General Disclosures</b>	<b>102-27</b>	Collective knowledge of highest governance body	-
<b>GRI 102: General Disclosures</b>	<b>102-28</b>	Evaluating the highest governance body's performance	-
<b>GRI 102: General Disclosures</b>	<b>102-29</b>	Identifying and managing economic, environmental, and social impacts	-
<b>GRI 102: General Disclosures</b>	<b>102-30</b>	Effectiveness of risk management processes	-
<b>GRI 102: General Disclosures</b>	<b>102-31</b>	Review of economic, environmental, and social topics	-
<b>GRI 102: General Disclosures</b>	<b>102-32</b>	Highest governance body's role in sustainability reporting	-

<b>GRI 102: General Disclosures</b>	<b>102-33</b>	Communicating critical concerns		-
<b>GRI 102: General Disclosures</b>	<b>102-34</b>	Nature and total number of critical concerns		-
<b>GRI 102: General Disclosures</b>	<b>102-35</b>	Remuneration policies		-
<b>GRI 102: General Disclosures</b>	<b>102-36</b>	Process for determining remuneration		-
<b>GRI 102: General Disclosures</b>	<b>102-37</b>	Stakeholders' involvement in remuneration		-
<b>GRI 102: General Disclosures</b>	<b>102-38</b>	Annual total compensation ratio		N/A - confidentiality constraints
<b>GRI 102: General Disclosures</b>	<b>102-39</b>	Percentage increase in annual total compensation ratio		N/A - confidentiality constraints
<b>GRI 102: General Disclosures</b>	<b>102-16</b>	Values, principles, standards, and norms of behavior		Business ethics (Sustainability report – page 120)
<b>GRI 102: General Disclosures</b>	<b>102-17</b>	Mechanisms for advice and concerns about ethics		Business ethics (Sustainability report – page 120)
<b>GRI 103: Management Approach 2016 (Economic Performance, Market Presence, Procurement Practices, Materials, Energy, Emissions, Effluents and</b>	<b>103-1</b>	Explanation of the material topic and its Boundary		Sustainability at EITC (Sustainability report – pages 78-81)

<p>Waste, Supplier Environmental Waste, Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Supplier Social Assessment, Non- discrimination, Local Communities, Customer Health and Safety, Marketing and Labeling, Customer Privacy)</p>					
<p>GRI 103: Management Approach (Economic Performance, Market Presence, Procurement Practices, Materials, Energy, Emissions, Effluents and Waste,</p>	<p>103-2</p>	<p>The management approach and its components</p>		<p>Across the report</p>	<p>-</p>



<p><b>Supplier Environmental Waste, Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Supplier Social Assessment, Non-discrimination, Local Communities, Customer Health and Safety, Marketing and Labeling, Customer Privacy)2016</b></p>					
<p><b>GRI 103: Management Approach (Economic Performance, Market Presence, Procurement Practices, Materials, Energy, Emissions, Effluents and Waste, Supplier</b></p>	<p><b>103-3</b></p>	<p>Evaluation of the management approach</p>		<p>Across the report</p>	<p>-</p>

<p><b>Environmental Waste, Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Supplier Social Assessment, Non-discrimination, Local Communities, Customer Health and Safety, Marketing and Labeling, Customer Privacy)2016</b></p>					
<p><b>GRI 201: Economic Performance 2016</b></p>	<p><b>201-1</b></p>	<p>Direct economic value generated and distributed</p>		<p>Financial performance (Sustainability report – pages 114-115)</p>	
<p><b>GRI 201: Economic Performance 2016</b></p>	<p><b>201-2</b></p>	<p>Financial implications and other risks and opportunities due to climate change</p>	<p>Principle 7</p>	<p>We have not specifically identified climate change as a major financial risk to our business in 2018 but have taken significant steps to reduce our carbon footprint. Operating ethically and responsibly</p>	<p>Consolidated financial statements (Annual report – pages 171-243)</p>

				(Sustainability report - pages 106-112)	
<b>GRI 201: Economic Performance 2016</b>	<b>201-3</b>	Defined benefit plan obligations and other retirement plans		Emiritisation (Sustainability report - page 97)	
<b>GRI 201: Economic Performance 2016</b>	<b>201-4</b>	Financial assistance received from government		Financial performance (Sustainability report - pages 114-115)	
<b>GRI 202: Market Presence 2016</b>	<b>202-1</b>	Ratios of standard entry level wage by gender compared to local minimum wage	Principles 1 and 6	N/A - confidentiality constraints	-
<b>GRI 202: Market Presence 2016</b>	<b>202-2</b>	Proportion of senior management hired from the local community	Principle 6	Emiritisation (Sustainability report - page 97)	-
<b>GRI 204: Procurement Practices 2016</b>	<b>204-1</b>	Proportion of spending on local suppliers		Responsible procurement (Sustainability report - page 116)	-
<b>GRI 301: Materials 2016</b>	<b>301-1</b>	Materials used by weight or volume	Principles 7 and 8	Waste management (Sustainability report - page 111)	-
<b>GRI 301: Materials 2016</b>	<b>301-2</b>	Recycled input materials used	Principles 8 and 9	Waste management (Sustainability report - page 111)	-
<b>GRI 302: Energy 2016</b>	<b>302-1</b>	Energy consumption within the organization	Principles 7 and 8	Operating ethically and responsibly (Sustainability report - pages 106-112)	-
<b>GRI 302: Energy 2016</b>	<b>302-2</b>	Energy consumption outside of the organization	Principle 8		-
<b>GRI 302: Energy 2016</b>	<b>302-3</b>	Energy intensity	Principle 8		-
<b>GRI 302: Energy 2016</b>	<b>302-4</b>	Reduction of energy consumption	Principles 8 and 9		-
<b>GRI 302: Energy 2016</b>	<b>302-5</b>	Reductions in energy requirements of products and services	Principles 8 and 9		-



<b>GRI 305: Emissions 2016</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	Principles 7 and 8		-	
<b>GRI 305: Emissions 2016</b>	<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Principles 7 and 8		-	
<b>GRI 305: Emissions 2016</b>	<b>305-3</b>	Other indirect (Scope 3) GHG emissions	Principles 7 and 8		-	
<b>GRI 305: Emissions 2016</b>	<b>305-4</b>	GHG emissions intensity	Principle 8	Greenhouse gas footprint (Sustainability report - pages 109-110)	-	
<b>GRI 305: Emissions 2016</b>	<b>305-5</b>	Reduction of GHG emissions	Principles 7, 8 and 9		-	
<b>GRI 305: Emissions 2016</b>	<b>305-6</b>	Emissions of ozone-depleting substances (ODS)	Principles 7 and 8		-	
<b>GRI 305: Emissions 2016</b>	<b>305-7</b>	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Principles 7 and 8		-	
<b>GRI 306: Effluents and Waste 2016</b>	<b>306-1</b>	Water discharge by quality and destination	Principle 8		Energy efficiency in our non-technical sites (Sustainability report – page 108)	-
<b>GRI 306: Effluents and Waste 2016</b>	<b>306-2</b>	Waste by type and disposal method	Principle 8		Waste management (Sustainability report – pages 111-112)	-
<b>GRI 306: Effluents and Waste 2016</b>	<b>306-3</b>	Significant spills	Principle 8			-
<b>GRI 306: Effluents and Waste 2016</b>	<b>306-4</b>	Transport of hazardous waste	Principle 8	-		
<b>GRI 306: Effluents and Waste 2016</b>	<b>306-5</b>	Water bodies affected by water discharges and/or runoff	Principle 8	Energy efficiency in our non-technical sites (Sustainability report – page 108)		-

<b>GRI 301: Materials 2016</b>	<b>301-3</b>	Reclaimed products and their packaging materials	Principles 8 and 9	Waste management (Sustainability report – pages 111-112)	-
<b>GRI 308: Supplier Environmental Assessment 2016</b>	<b>308-1</b>	New suppliers that were screened using environmental criteria	Principles 8 and 9	Responsible procurement (Sustainability report – page 116)	-
<b>GRI 308: Supplier Environmental Assessment 2016</b>	<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken	Principle 8		-
<b>GRI 401: Employment 2016</b>	<b>401-1</b>	New employee hires and employee turnover	Principle 6	Diversity (Sustainability report – pages 102-103)	-
<b>GRI 401: Employment 2016</b>	<b>401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Employee benefits (Sustainability report – page 104)	-
<b>GRI 401: Employment 2016</b>	<b>401-3</b>	Parental leave	Principle 6	Diversity (Sustainability report – pages 102-103)	-
<b>GRI 403: Occupational Health and Safety 2016</b>	<b>403-1</b>	Workers representation in formal joint management-worker health and safety committees	Principle 1	N/A - trade unions are prohibited in the UAE	-
<b>GRI 403: Occupational Health and Safety 2016</b>	<b>403-2</b>	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Principle 1	Employee wellness (Sustainability report – page 98)	-
<b>GRI 403: Occupational Health and Safety 2016</b>	<b>403-3</b>	Workers with high incidence or high risk of diseases related to their occupation	Principle 1		-

<b>GRI 403: Occupational Health and Safety 2016</b>	<b>403-4</b>	Health and safety topics covered in formal agreements with trade unions	Principle 1	N/A - trade unions are prohibited in the UAE	-
<b>GRI 404: Training and Education 2016</b>	<b>404-1</b>	Average hours of training per year per employee	Principles 6 and 8	Training and development (Sustainability report – page 100)	-
<b>GRI 404: Training and Education 2016</b>	<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	Principles 8 and 9		-
<b>GRI 404: Training and Education 2016</b>	<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews	Principle 6		-
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	<b>405-1</b>	Diversity of governance bodies and employees	Principles 1 and 6		Corporate governance report (pages 125-169) Diversity (Sustainability report – pages 102-103)
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	<b>405-2</b>	Ratio of basic salary and remuneration of women to men		Diversity (Sustainability report – pages 102-103)	-
<b>GRI 414: Supplier Social Assessment 2016</b>	<b>414-1</b>	New suppliers that were screened using social criteria	Principle 2	Responsible procurement (Sustainability report – page 116)	-
<b>GRI 414: Supplier Social Assessment 2016</b>	<b>414-2</b>	Negative social impacts in the supply chain and actions taken	Principle 2		-
<b>GRI 406: Non- discrimination 2016</b>	<b>406-1</b>	Incidents of discrimination and corrective actions taken	Principle 6		-



<b>GRI 413: Local Communities 2016</b>	<b>413-1</b>	Operations with local community engagement, impact assessments, and development programs	Principle 1	Making our people and communities happier (Sustainability report – pages 92-104)	-
<b>GRI 413: Local Communities 2016</b>	<b>413-2</b>	Operations with significant actual and potential negative impacts on local communities	Principle 1		-
<b>GRI 416: Customer Health and Safety 2016</b>	<b>416-1</b>	Assessment of the health and safety impacts of product and service categories	Principle 1	Environmental impact of ICT (Sustainability report – page 113)	-
<b>GRI 416: Customer Health and Safety 2016</b>	<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	Principle 1		-
<b>GRI 417: Marketing and Labeling 2017</b>	<b>417-1</b>	Requirements for product and service information and labeling	Principle 8		-
<b>GRI 417: Marketing and Labeling 2017</b>	<b>417-2</b>	Incidents of non-compliance concerning product and service information and labeling		Responsible marketing (Sustainability report – page 122)	-
<b>GRI 417: Marketing and Labeling 2016</b>	<b>417-3</b>	Incidents of non-compliance concerning marketing communications			-
<b>GRI 418: Customer Privacy 2016</b>	<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Principle 1	N/A - confidentiality constraints	-