Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated financial statements for the year ended 31 December 2023

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated financial statements
for the year ended 31 December 2023

	Page(s)
Independent auditor's report	**1 – 5**
Consolidated statement of financial position	**6**
Consolidated statement of comprehensive income	**7**
Consolidated statement of changes in equity	**8**
Consolidated statement of cash flows	**9**
Notes to the consolidated financial statements	**10 – 59**

Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC

Report on the audit of the consolidated financial statements

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 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 *Auditors 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "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	• Revenue recognition due to complexity of related IT systems • Federal royalty

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.

PricewaterhouseCoopers Limited Partnership Dubai Branch, License no. 102451
Emaar Square, Building 5, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC (continued)

Our audit approach (continued)

Overview (continued)

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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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	How our audit addressed the Key audit matter
Revenue recognition due to complexity of related IT systems The Group reported revenue of AED 13.6 billion from telecommunication and related activities during the year ended 31 December 2023. We considered this area to be a matter of significance, as there is an inherent risk around the recognition of revenue in telecommunication services given that revenue is processed by complex information technology ("IT") systems, involving large volumes of data with a combination of different products, services, and related prices. A significant portion of our audit effort was directed towards this area as we placed high reliance on the Group's IT systems and key internal controls, which is a normal practice for an audit of a large telecommunications business. Refer to Notes 2.2 and 3.18 for the critical accounting judgements and key sources of estimation uncertainty, and material accounting policies made by management, respectively. Details of the Group's revenue are disclosed in Note 34 to the consolidated financial statements.	We performed audit procedures over this significant risk area, which included a combination of tests of controls and substantive procedures as described below: • Obtained an understanding of the various significant revenue streams and identified the relevant controls, IT systems, interfaces and reports; • Assessed the Group's revenue accounting policies, including the key judgments and estimates applied by management in consideration of the requirements of IFRS 15; • Placed reliance on the Group's IT systems and key internal controls. We involved our internal IT specialists to test the IT general controls and application controls connected with the processing of transactions of significant revenue streams; • Performed automated and manual controls testing, and substantive procedures to verify the accuracy and occurrence of revenue. This included testing the end-to end reconciliations from data records extracted from source systems to the billing systems and to the general ledger, and testing of key manual controls applied by the Group's revenue assurance team; • Performed independently generated events test using various parameters to ascertain that instances will accurately be processed through the network elements and recognized appropriately; • Performed additional substantive procedures in instances where control weaknesses were identified to assess accuracy and occurrence of revenue; • Used data analytics tools to identify, based on risk criteria, revenue-related manual journals posted to the general ledger and traced them to source documentation; and • Assessed the adequacy of the Group's disclosures in respect to revenue.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Federal royalty The federal royalty is a charge levied against regulated revenues and against regulated profits of the Group, based on percentages as disclosed in Note 27 to the consolidated financial statements. The net royalty charge for the year ended 31 December 2023 is AED 1.9 billion with an accrual of AED 2 billion as at that date. We considered this to be a key audit matter as the royalty calculations are subject to management's judgements, interpretations and assumptions in respect of the segregation of certain regulated and non-regulated items and the determination of certain allowable deductions and allocated costs. These are also subject to change from time to time as the guidelines provided by the UAE Ministry of Finance ("MoF") undergo periodic amendments. Refer to Note 2.2 to the consolidated financial statements for critical accounting judgements and key sources of estimation uncertainty used by management for federal royalty.	In response to this risk, our audit procedures included the following: • Obtained an understanding and performed a walkthrough of management's controls around the calculation, approval and payment of the federal royalty; • Obtained an understanding of the current guidelines set by MoF and inspected relevant correspondence with MoF. We traced management's assumptions made in their computation model for federal royalty to the key elements of the MoF guidelines and to the Group's federal royalty declarations from previous years, which were reviewed by the MoF; • Tested (i) the accuracy of the segregation of items between regulated and non-regulated activities and items which management judged as being or not being subject to the federal royalty within management's computation model; (ii) the accuracy of allocation of costs between regulated and non-regulated items, including the indirect costs contained within the model; and (iii) the accuracy of the calculations contained within the model; • Agreed royalty charge to the royalty declaration and agreed royalty payment to the bank statement; and • Tested the appropriateness of the related disclosures in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' Report (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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 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 judgment 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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, actions taken to eliminate threats or safeguards applied.

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 period 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 requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, 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 Decree Law No. (32) of 2021;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Board of Directors' Report is consistent with the books of account of the Group;

v) as disclosed in Note 1 to the consolidated financial statements the Group has invested in the share capital of EITC Financial Services LLC during the year ended 31 December 2023;

vi) Note 15 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 2023 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and

viii) Note 26 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2023.

PricewaterhouseCoopers Limited Partnership Dubai Branch

13 February 2024

Virendra Dhirajlal Lodhia
Registered Auditor Number 5443
Dubai, United Arab Emirates

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of financial position

	Notes	As at 31 December 2023 AED 000	2022 AED 000
ASSETS			
Non-current assets			
Property, plant and equipment	6	9,722,700	9,425,711
Right-of-use assets	7	1,597,185	1,415,750
Intangible assets and goodwill	8	1,110,769	962,204
Lease receivable	9	109,612	125,111
Investments accounted for using the equity method	10	5,143	7,863
Financial asset at fair value through other comprehensive income	11	2,946	4,517
Trade receivables, contract assets and other assets	12	257,390	239,546
Contract costs	13	222,233	198,665
Total non-current assets		13,027,978	12,379,367
Current assets			
Inventories	14	101,695	95,235
Lease receivable	9	18,098	17,213
Trade receivables, contract assets and other assets	12	2,224,031	2,153,779
Contract costs	13	341,863	283,752
Due from related parties	15	53,449	94,597
Term deposits	16	1,326,586	674,628
Cash and bank balances	17	610,036	871,081
Total current assets		4,675,758	4,190,285
Total assets		17,703,736	16,569,652
EQUITY AND LIABILITIES			
Equity			
Share capital	23	4,532,906	4,532,906
Share premium	24	232,332	232,332
Other reserves	25	2,251,031	2,126,590
Retained earnings		2,226,944	1,878,324
Total equity		9,243,213	8,770,152
Non-current liabilities			
Lease liabilities	18	1,455,374	1,321,259
Contract liabilities	19	217,254	218,211
Provision for employees' end of service benefits	20	208,471	197,166
Other provisions	21	210,778	208,801
Total non-current liabilities		2,091,877	1,945,437
Current liabilities			
Trade and other payables	22	5,247,287	4,642,888
Lease liabilities	18	649,585	737,952
Contract liabilities	19	465,710	467,489
Due to related parties	15	6,064	5,734
Total current liabilities		6,368,646	5,854,063
Total liabilities		8,460,523	7,799,500
Total equity and liabilities		17,703,736	16,569,652

To the best of our knowledge, the financial information included in these consolidated financial statements fairly presents in all material respects the financial position, results of operation and cash flows of the Group as of, and for, the periods presented therein. The consolidated financial statements were approved by the Board of Directors on 13 February 2024 and signed on its behalf by:

Sara Awad Issa Musallam
Board Member

Kais Ben Hamida
Chief Financial Officer

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of comprehensive income

	Notes	For the year ended 31 December **2023** **AED 000**	 2022 AED 000
Revenue	34	13,636,340	12,754,492
Operating expenses	26	(9,793,238)	(9,551,929)
Expected credit losses (net of recoveries)		(242,619)	(173,566)
Other income		841	1,637
Federal royalty on regulated revenue	27	(1,400,199)	(1,303,275)
Finance income	28	61,327	33,924
Finance costs	28	(101,430)	(93,406)
Share of loss of associate and joint venture	10	(2,720)	(7,913)
Profit before federal royalty on regulated profit		2,158,302	1,659,964
Federal royalty on regulated profit	27	(490,451)	(440,403)
Profit for the year		1,667,851	1,219,561
Other comprehensive (loss)/income			
Items that will not be re-classified to profit or loss			
Fair value changes on financial asset at fair value through other comprehensive income	11	(1,571)	(13,851)
Actuarial (loss)/gain on defined benefit obligations	20	(14,663)	29,795
Other comprehensive (loss)/income for the year		(16,234)	15,944
Total comprehensive income for the year attributable to shareholders of the Company		1,651,617	1,235,505
Basic and diluted earnings per share (AED)	29	0.37	0.27

The notes on pages 10 to 59 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of changes in equity

	Share capital AED 000	Share premium AED 000	Other reserves (Note 25) AED 000	Retained earnings AED 000	Total AED 000
At 1 January 2022	4,532,906	232,332	2,018,485	1,748,164	8,531,887
Profit for the year	-	-	-	1,219,561	1,219,561
Fair value changes on financial asset at fair value through other comprehensive income	-	-	(13,851)	-	(13,851)
Actuarial gain on defined benefit obligations	-	-	-	29,795	29,795
Total comprehensive (loss)/ income for the year	-	-	(13,851)	1,249,356	1,235,505
Transfer to other reserves	-	-	121,956	(121,956)	-
Final cash dividend paid	-	-	-	(498,620)	(498,620)
Interim cash dividend paid	-	-	-	(498,620)	(498,620)
At 31 December 2022	4,532,906	232,332	2,126,590	1,878,324	8,770,152
At 1 January 2023	4,532,906	232,332	2,126,590	1,878,324	8,770,152
Profit for the year	-	-	-	1,667,851	1,667,851
Fair value changes on financial asset at fair value through other comprehensive income	-	-	(1,571)	-	(1,571)
Actuarial loss on defined benefit obligations	-	-	-	(14,663)	(14,663)
Total comprehensive (loss)/ income for the year	-	-	(1,571)	1,653,188	1,651,617
Transfer to other reserves (1)	-	-	126,012	(126,012)	-
Final cash dividend paid (2)	-	-	-	(589,278)	(589,278)
Interim cash dividend paid (3)	-	-	-	(589,278)	(589,278)
At 31 December 2023	4,532,906	232,332	2,251,031	2,226,944	9,243,213

(1) The statutory reserve balance has reached 50% of paid-up capital (refer to Note 25.1).

(2) For the year 2022, a final cash dividend of AED 0.13 (2021: AED 0.11) per share amounting to AED 589,278 thousand was paid on 6 April 2023.

(3) For the period 2023, an interim cash dividend AED 0.13 (2022: AED 0.11) per share amounting to AED 589,278 thousand was paid on 23 August 2023.

For the year 2023, a final cash dividend of AED 0.21 per share amounting to AED 951,910 thousand is proposed.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of cash flows

	Notes	For the year ended 31 December 2023 AED 000	2022 AED 000
Cash flows from operating activities			
Profit for the year		1,667,851	1,219,561
Adjustments for:			
Depreciation and impairment of property, plant and equipment	6	1,544,182	1,607,280
Depreciation of right-of-use assets	7	445,042	350,859
Amortization and impairment of intangible assets	8	209,053	154,084
Impairment of investment in joint venture	10	-	8,496
Loss on disposal of property, plant and equipment		-	1,296
Service cost for employees' end of service benefits	20	19,753	24,099
Release of allowance for inventory obsolescence	14	(970)	(5,361)
Loss allowances	12	273,573	195,294
Finance income	28	(61,327)	(33,924)
Finance costs	28	101,430	93,406
Share of loss of associate and joint venture	10	2,720	7,913
Changes in working capital	30	1,942,655	1,452,653
Cash generated from operations		6,143,962	5,075,656
Federal royalty paid	27	(1,687,899)	(1,412,797)
Payment of employees' end of service benefits	20	(30,697)	(40,059)
Net cash generated from operating activities		4,425,366	3,622,800
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,899,868)	(2,288,093)
Purchase of intangible assets		(327,690)	(276,556)
Proceeds from disposal of property, plant and equipment		685	423
Interest received		44,992	25,064
Margin on guarantees released		-	157
Term deposits (placed)/matured - net		(652,319)	700,000
Net cash used in investing activities		(2,834,200)	(1,839,005)
Cash flows from financing activities			
Dividends paid		(1,178,556)	(997,240)
Repayment of lease liabilities		(593,690)	(282,618)
Repayment of borrowings		-	(200,000)
Interest paid on lease liabilities		(78,696)	(70,957)
Interest paid others		(1,269)	(3,122)
Net cash used in financing activities		(1,852,211)	(1,553,937)
Net (decrease)/increase in cash and cash equivalents		(261,045)	229,858
Cash and cash equivalents at 1 January		868,735	638,877
Cash and cash equivalents at 31 December	17	607,690	868,735

Non-cash transactions are disclosed in Note 30 of the consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2023

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 2023 include the financial statements of the Company and its subsidiaries (together "the Group").

The Group's principal objective is to provide fixed, mobile, wholesale, broadcasting and associated telecommunication services in the UAE. During the year, the Group has invested in the share capital of EITC Financial Services LLC.

At the end of 2023, the Company has either direct or indirect ownership in the following subsidiaries:

Subsidiaries	Principal activities	Shareholding		Country of incorporation
		2023	2022	
EITC Investment Holdings Limited	Holding investments in various businesses.	**100%**	100%	UAE
Telco Operations FZ-LLC	Outsourcing services	**100%**	100%	UAE
Smart Dubai Platform Project Company LLC	Software development, IT infrastructure, IT network and computer systems housing services.	**100%**	100%	UAE
EITC Singapore Pte. Ltd.	Telecommunications resellers/third party telecommunications providers	**100%**	100%	Singapore
EITC Solutions LLC	Computer network & infrastructure installation, project management, IT network and datacenter colocation services.	**100%**	100%	UAE
EITC Financial Services LLC	Financial services company hosting digital wallet, retail payment, service provision brokerage and loyalty card services.	**100%**	-	UAE

UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses was published on 9 December 2022. Cabinet decisions are being issued to specify the implementation of certain provisions in the corporate tax law ("the Law"). Current taxes will be applicable for financial years beginning on or after 1 June 2023. The Group will be subject to tax in the financial year beginning 1 January 2024.

Management has performed assessment of the Law in light of the provisions, interpretations and cabinet decisions released so far. On the basis of the current provisions of the Law, the management believes that there is no impact of deferred tax on the Group.

During the fourth quarter of 2023, the Cabinet of Ministers of UAE issued cabinet decision no. 8/38 of 2023 and the UAE Ministry of Finance ("the MoF") issued a set of royalty guidelines, both of them outlining the details of the new royalty regime effective from 2024 to 2026. Starting from 1 January 2024, the annual royalty amount will be determined in accordance with the cabinet decision and the royalty guidelines and will be equal to 38% of EITC's yearly regulated and unregulated UAE profits (calculated before royalty and corporate tax). The total amount of royalty and corporate tax payable by the Group shall not be lower than 1.8 billion AED per year.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS Accounting Standards. The consolidated financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board. These consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income ("FVOCI") that have been measured at fair value. The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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.

(i) Functional and presentation currency
The individual financial statements of each of the Group's subsidiaries, associates and joint venture are presented in the currency of the primary economic environment in which they operate (its functional currency) as provided in Note 3.17.

(ii) Basis of consolidation
A subsidiary is an entity controlled by the Company. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Going concern
The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.1 New standards, amendments and interpretations

a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- Disclosure of Accounting Policies - amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2. Basis of preparation (continued)

2.1 New standards, amendments and interpretations (continued)

(b) New standards and interpretations not yet adopted by the Group

As at 31 December 2023, the following standards, amendments and interpretations have not been effective and have not been early adopted. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).* These amendments clarify that liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional.

- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).* The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognize any gain or loss related to the right of use that it retained.

- *Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants. (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024).* The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants.

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).* These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

There are no other applicable new standards or amendments to published standards or IFRIC interpretations that have been issued and expected to have a material impact on the consolidated financial statements of the Group.

2. Basis of preparation (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Critical accounting judgements

(i) Asset retirement obligations

The Group exercises judgement in determining the expected cash outflows related to its asset retirement obligations.

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 21.

(ii) 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 MoF and subsequent clarification letters require use of certain judgements, interpretations and assumptions. These guidelines mainly relate to the segregation between regulated and non-regulated items and items which the Group judges as not subject to federal royalty or which may be offset against revenue which are subject to federal royalty, and allocation of costs between regulated and non-regulated items.

(iii) Allocation of the transaction price

Products with multiple deliverables that have value to customers on a stand-alone basis are defined as multiple element arrangements. The transaction price for these contracts is 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 performance obligations based on their relative stand-alone selling prices. Where the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus margin.

2 Basis of preparation (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

(iv) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Key sources of estimation uncertainty

(i) Provision for expected credit losses of trade receivables, due from related parties and contract assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on its trade receivables, due from related parties and contract assets. The approach for calculating ECL is provided in Note 3.16.1.

(ii) Provision for impairment of other financial assets

For all other financial assets, the Group calculates ECL using the general approach. The Group measures the loss allowance as provided in Note 3.16.1.

(iii) Impairment of goodwill

The recoverable amount of a cash-generating unit ("CGU") has been determined based on value-in-use calculations. These calculations are performed internally by the management 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 details on these assumptions have been disclosed in Note 8.

(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.

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 3.2.

2 Basis of preparation (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

(v) Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). For calculation of IBR, the Group has taken the US Government Bond Yield and the rate is adjusted for Group's specific risk, term risk and underlying asset risk.

(vi) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are assessed for impairment based on assessment of cash flows on individual CGUs when there is indication of impairment. Management did not identify any impairment indicators in the current or prior year for individual CGUs. However, management identified certain individual items of property, plant and equipment and intangible assets for which future economic benefit is not expected and, accordingly, recorded an impairment and the detail of which are provided in Notes 6 and 8.

3 Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below:

3.1 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 value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

3 Summary of material accounting policies (continued)

3.1 Consolidation (continued)

(b) Changes in ownership interests in subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the statement of comprehensive income. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

3.2 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 recognized 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 derecognized when replaced.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	Years
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 period on a prospective basis. Property, plant and equipment are assessed for impairment annually as per non-financial assets impairment policy given in Note 3.16.2.

3 Summary of material accounting policies (continued)

3.2 Property, plant and equipment (continued)

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.

3.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

	Years
Land and buildings	1-25
Furniture and fixtures - space	8-13

Right-of-use assets are assessed for impairment annually as per non-financial assets impairment policy detailed in Note 3.16.2.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payment).

3 Summary of material accounting policies (continued)

3.3 Leases (continued)

Group as a lessor

The Group also enters into lease agreements as a lessor. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognized as lease receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

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.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU 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 recognized immediately as an expense and is not subsequently reversed.

Telecommunications license

Telecommunications license is shown at historical cost. The license has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the license over their estimated useful lives as shown below:

	Years
Telecommunications license	20

3 Summary of material accounting policies (continued)

3.4 Intangible assets (continued)

Computer software

Acquired computer software are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years. Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

Capital work in progress includes assets which are under development 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 software in use and amortized in accordance with the Group's policies. No amortization is charged on such assets until available for use.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal.

3.5 Associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. The changes are recognized in profit or loss. Any change in Other Comprehensive Income ("OCI") of those investees is presented as part of the Group's OCI.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the impairment loss in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value.

3 Summary of material accounting policies (continued)

3.5 Associate and joint venture (continued)

Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

3.6 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. It excludes borrowing costs. Allowance is made, where appropriate, for deterioration and obsolescence. Cost is determined in accordance with the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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 performs by transferring goods or services to a customer before the consideration is received or before payment is due, a contract asset is recognized. Contract assets are recognized initially at fair value and subsequently measured at amortized cost using effective interest rate method, less provision for impairment.

Contract costs (subscriber acquisition cost) are incurred to obtain a contract to provide goods or services to the customer, which the Group capitalizes as these costs are expected to be recovered. These costs are amortized over the average customer life with the Group for each segment and tested 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 recognized initially at fair value and subsequently measured at amortized 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 recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized 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 Summary of material accounting policies (continued)

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 amortized costs and financial assets at fair value through other comprehensive income. 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 amortized cost

Financial assets measured at amortized 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).

Financial assets measured at amortized 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 amortized costs comprise trade and other receivables, contract assets, due from related parties, term deposits and cash and bank balances in the consolidated statement of financial position.

(b) Financial assets at fair value through other comprehensive income

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. The Group elected to classify irrevocably its listed equity investments under this category.

Subsequent measurement

Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the asset is derecognized, modified or impaired.

3 Summary of material accounting policies (continued)

3.11 Financial instruments (continued)

3.11.1 Non-derivative financial assets (continued)

(b) Financial assets at fair value through other comprehensive income (continued)

Subsequent measurement (continued)

Financial assets at fair value through other comprehensive income

Gains and losses on these equity instruments are not subsequently reclassified to profit or loss following its derecognition. Dividends are recognized 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 equity instruments, 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

3.11.3 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.12 Share capital

Ordinary shares are classified as equity.

3.13 Dividend on ordinary shares

Dividends payable on ordinary shares are recognized as a liability in the period in which they are approved by the Group's shareholders.

3 Summary of material accounting policies (continued)

3.14 Provisions

Provisions are recognized 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 recognized for future operating losses.

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 recognized 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.

3.15 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 provision is calculated in accordance with the Projected Unit Credit method as per IAS 19 'Employee Benefits' taking into consideration the UAE Labour Laws.

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 net interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in finance costs in the consolidated statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized 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 recognized 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 discount on mobile and fixed line charges to employees for official and personal purposes. This benefit is not separately accounted for as staff costs.

3 Summary of material accounting policies (continued)

3.16 Impairment

3.16.1 Financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost. 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 recognizes lifetime ECL for trade receivables, due from related parties 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 general economic conditions at the reporting date.

(a) Approach selected for measurement lifetime ECL

Simplified approach - The Group is measuring the impairment at an amount equal to lifetime ECL for trade receivables, due from related parties and contract assets.

(b) Measurement of lifetime ECL on trade receivables, due from related parties and contract assets

The Group evaluates the ECL for its trade receivables, due from related parties and contract assets based on probability of default using the Group's historical information adjusted with forward looking collection factors.

Periodic impairment losses based on the above debt flow rates are adjusted against security deposit and any other legally binding offsets at customer level. Provision for impairment is also taken on unbilled receivables based on the applicable rate.

In addition, an allowance for impairment loss may be considered for a financial asset on case-by-case basis based on specific information, company risk profile, market conditions and any other relevant information.

(c) Measurement of lifetime ECL on term deposits, bank balances and other financial assets

Impairment for terms deposits and bank balances is based on probability of default, calculated on the basis of ratings provided by credit rating agencies (e.g., Fitch, Moody's, etc.) of each bank and Loss Given Default driven by rating from reputable financial institutions.

For all other financial assets, the Group recognizes 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 recognized is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

3 Summary of material accounting policies (continued)

3.16 Impairment (continued)

3.16.2 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 amortization/depreciation and are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.17 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 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 recognized in the consolidated statement of comprehensive income within finance income or costs.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve. Since the presentation currency of the Group and its subsidiaries is AED or USD which is pegged to AED, there is no foreign currency translation reserve at reporting date.

3.18 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.

3 Summary of material accounting policies (continued)

3.18 Revenue recognition (continued)

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: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue comprises the invoiced or accrued amounts from the sale of goods and services 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 are 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 recognizes revenue, as services are provided.

Products with multiple deliverables that have value to a customer on a stand-alone 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, SMS/MMS, VAS 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 recognition for voice, data, SMS/MMS, VAS or other services is over the period when these services are provided to the customers.

Revenue from sale of stand-alone handsets under separate contract is recognized when the handset is delivered to the end customer and control has been transferred.

Revenue from the sale of prepaid credit is recognized 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 recognized as revenue on expiry of 24 months.

Contract revenue, i.e., certain revenue from managed services provided by the Group, is recognized 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.

3 Summary of material accounting policies (continued)

3.18 Revenue recognition (continued)

Revenue from interconnection of voice and data traffic with other telecommunication operators is recognized 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 expenses. 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.

Variable Consideration

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. Certain customer contracts include variable discounts, rebates, refunds, credits, and incentives etc, which are provided to the customers during the contract period. The Group also has certain interconnect and roaming contracts which contain such variable considerations, which are estimated by using the most likely amount method.

Contract Modification

Contract modifications exist when the parties to the contract approve a modification that creates or changes the enforceable rights and obligations of the parties to the contract.

A modification is accounted for as either a separate contract (accounted for prospectively) or as part of the existing contract (accounted through a cumulative catch-up adjustment). This assessment is to be based on whether:

(a) the modification adds distinct goods and services and
(b) the distinct goods and services are priced at their stand-alone selling prices.

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 by instalments products (bundled and stand-alone) 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 stand-alone selling price of the products will be considered significant and accounted for accordingly.

3 Summary of material accounting policies (continued)

3.19 Commission to intermediaries

Intermediaries are paid commissions by the Group mainly in return for selling recharge credits. Such commissions are recognized in the consolidated statement of comprehensive income in the same period of services provided.

3.20 Recognition of finance income and costs

Finance income comprises mainly interest income on short-term investments and other bank deposits. Interest income is recognized 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 financial institutions at commercial rates, amortization of loan arrangement fees, interest on lease liabilities, interest on employees' end of service benefits, interest on asset retirement obligations and is recognized as an expense in the consolidated statement of comprehensive income in the period in which it is incurred.

3.21 Cash dividend distribution to equity holders of the parent

The Group recognizes 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 Decree Law No. (32) of 2021 concerning Commercial Companies ("the New Companies Law") a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

3.22 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.

3.23 Government grants

Government grants relating to non-monetary assets are recognized at nominal value. Grants that compensate the Group for expenses are recognized in the consolidated statement of comprehensive income on a systematic basis in the same period in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in the consolidated statement of comprehensive income on a systematic basis over the expected useful life of the related asset upon capitalization.

4 Financial risk management

4.1 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 Audit and Risk Management department. Both departments undertakes both regular and ad hoc 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, contract assets and due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the extent to which credit terms are offered.

The management has established a credit policy under which new customer is analysed for creditworthiness before credit is granted. 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 exposure without requiring approval from senior management. These limits are reviewed periodically.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) *Credit risk* (continued)

Trade receivables, contract assets and due from related parties (continued)

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 subject to results of risk assessment and the nature and volumes contemplated by the customer.

Information on the ageing of trade receivables, contract assets, due from related parties and due from other telecommunication operators is given in Note 32.1.

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.

Term deposits 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 31 December of the Group's term deposits and bank balances.

Ratings	**Term deposits**		**Cash and bank balances**	
	2023	2022	**2023**	2022
	AED 000	AED 000	**AED 000**	AED 000
Aa3/AA-	-	-	139,913	200,122
A1/A+	200,000	-	10,403	200,083
A2/A	277,072	100,000	56,820	134,572
A3/A-	525,000	-	260,140	8,439
Baa1/BBB+	325,247	575,000	114,403	310,923
Others	-	-	28,647	17,425
	1,327,319	675,000	610,326	871,564
Less: loss allowance	(733)	(372)	(290)	(483)
	1,326,586	674,628	610,036	871,081

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(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 32.2 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 denominated in a currency, primarily the Euro/GBP, 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 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 32.3.

(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.

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. The scenarios are run only for liabilities that represent the major interest-bearing positions.

4 Financial risk management (continued)

4.2 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.

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 equity. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position, less cash and bank balances and term deposits.

	2023	2022
	AED 000	AED 000
Total borrowings	-	-
Less: Term deposits/Cash and bank balances (Notes 16 and 17)	(1,936,622)	(1,545,709)
Net debt	(1,936,622)	(1,545,709)
Total equity	9,243,213	8,770,152
Gearing %	(21%)	(18%)

Under the terms of the borrowing facility, the Group is required to comply with net debt to EBITDA financial covenant. The Group has complied with this covenant in 2023.

5. Fair value estimation

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. The fair values of the Group's financial assets and liabilities approximated their carrying values 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**
At 31 December 2023				
Financial asset at fair value through other comprehensive income (Note 11)	2,946	-	-	2,946
	2,946	-	-	2,946
At 31 December 2022				
Financial asset at fair value through other comprehensive income (Note 11)	4,517	-	-	4,517
	4,517	-	-	4,517

Financial instruments comprise financial assets and financial liabilities. The fair values of these financial assets and liabilities are not materially different from their carrying values unless stated otherwise (Note 32).

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
Cost						
At 1 January 2022	52,532	22,145,296	341,569	4,403	573,509	23,117,309
Additions	-	1,551,147	57,487	-	352,648	1,961,282
Addition: asset retirement obligations	-	5,357	-	-	-	5,357
Transfers	-	557,237	25,805	-	(583,042)	-
Disposals/write-offs	(30,902)	(260,701)	(84,603)	-	-	(376,206)
At 31 December 2022	21,630	23,998,336	340,258	4,403	343,115	24,707,742
Additions	-	1,240,830	32,098	33	567,118	1,840,079
Addition: asset retirement obligations	-	4,276	-	-	-	4,276
Transfers	-	402,371	3,621	-	(405,992)	-
Disposals/write-offs	-	(115,939)	(21,048)	-	-	(136,987)
At 31 December 2023	**21,630**	**25,529,874**	**354,929**	**4,436**	**504,241**	**26,415,110**
Depreciation / impairment						
At 1 January 2022	49,016	13,676,210	306,925	4,193	12,895	14,049,239
Charge for the year	2,365	1,461,274	23,635	210	3,675	1,491,159
Disposals/write-offs	(30,902)	(259,097)	(84,489)	-	-	(374,488)
Impairment charge	-	116,121	-	-	-	116,121
At 31 December 2022	20,479	14,994,508	246,071	4,403	16,570	15,282,031
Charge for the year	878	1,501,278	30,323	14	-	1,532,493
Disposals/write-offs	-	(112,755)	(21,048)	-	-	(133,803)
Impairment charge/(reversal)	-	15,409	-	-	(3,720)	11,689
At 31 December 2023	**21,357**	**16,398,440**	**255,346**	**4,417**	**12,850**	**16,692,410**
Net book value						
At 31 December 2023	**273**	**9,131,434**	**99,583**	**19**	**491,391**	**9,722,700**
At 31 December 2022	1,151	9,003,828	94,187	-	326,545	9,425,711

The carrying amount of the Group's buildings include a nominal amount of AED 1 (2022: AED 2) in relation to plot of land granted to the Group by the UAE Government.

7 Right-of-use assets

	Land and buildings AED 000	Furniture & fixtures - space AED 000	Total AED 000
Cost			
At 1 January 2022	2,624,298	945	2,625,243
Additions	57,809	-	57,809
Re-measurement	68,259	-	68,259
Disposals	(94,770)	-	(94,770)
At 31 December 2022	2,655,596	945	2,656,541
Additions	517,465	-	517,465
Re-measurement	133,395	-	133,395
Disposals	(167,747)	-	(167,747)
At 31 December 2023	**3,138,709**	**945**	**3,139,654**
Depreciation			
At 1 January 2022	975,178	300	975,478
Charge for the year	350,759	100	350,859
Disposals	(85,546)	-	(85,546)
At 31 December 2022	1,240,391	400	1,240,791
Charge for the year	444,941	101	445,042
Disposals	(143,364)	-	(143,364)
At 31 December 2023	**1,541,968**	**501**	**1,542,469**
Net book value			
At 31 December 2023	**1,596,741**	**444**	**1,597,185**
At 31 December 2022	1,415,205	545	1,415,750

The Group leases several assets including shops, technical sites, offices, warehouses and billboards. The average lease term is 8.54 years (2022: 8.04 years). Short-term and low value leases are also included in right-of-use assets.

8 Intangible assets and goodwill

	2023 AED 000	2022 AED 000
Goodwill	413,220	413,220
Intangible assets	697,549	548,984
	1,110,769	962,204

Goodwill

The Group acquired the fixed line business 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 is for fixed line business CGU as below:

	2023 AED 000	2022 AED 000
Fixed line business	413,220	413,220
	413,220	413,220

The Group tests goodwill for impairment annually. The recoverable amount of the CGU is determined using the Discounted Cash Flow method based on the five-year business outlook.

In 2023, the estimated recoverable amount of the fixed line business CGU exceeded its carrying amount by approximately 223%.

The key assumptions for the fixed line business CGU value-in-use calculations at 31 December 2023 include:

- 5-year revenue growth projections;
- a pre-tax discount rate of 9.75% (2022: 9.49%) based on the Company’s 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 2%, determined based on management’s estimate of the long-term cash flow growth rate, consistent with the assumption that a market participant would make.

8 Intangible assets and goodwill (continued)

Goodwill (continued)

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 would be required.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of impairment test to changes in the key assumptions used to determine the recoverable amount.

For fixed line business CGU, Management has identified that any reasonably possible change in key assumptions could not cause the carrying amounts to exceed the recoverable amounts.

Intangible assets

	Software in use AED 000	Capital work in progress AED 000	Telecom - munications license fees AED 000	Indefeasible rights of use AED 000	Total AED 000
Cost					
At 1 January 2022	2,346,531	158,831	124,500	207,359	2,837,221
Additions	36,006	221,087	-	-	257,093
Transfers	122,392	(122,392)	-	-	-
Disposals/write-offs	(4,032)	-	-	-	(4,032)
At 31 December 2022	2,500,897	257,526	124,500	207,359	3,090,282
Additions	58,040	299,578	-	-	357,618
Transfers	109,974	(109,974)	-	-	-
Disposals/write-offs	(583)	-	-	-	(583)
At 31 December 2023	**2,668,328**	**447,130**	**124,500**	**207,359**	**3,447,317**
Amortization/impairment					
At 1 January 2022	2,085,042	106	98,739	207,359	2,391,246
Charge for the year	146,512	-	6,223	-	152,735
Impairment charge	1,349	-	-	-	1,349
Disposals/write-offs	(4,032)	-	-	-	(4,032)
At 31 December 2022	2,228,871	106	104,962	207,359	2,541,298
Charge for the year	194,011	-	6,223	-	200,234
Impairment charge/(reversal)	8,925	(106)	-	-	8,819
Disposals/write-offs	(583)	-	-	-	(583)
At 31 December 2023	**2,431,224**	**-**	**111,185**	**207,359**	**2,749,768**
Net book value					
At 31 December 2023	**237,104**	**447,130**	**13,315**	**-**	**697,549**
At 31 December 2022	272,026	257,420	19,538	-	548,984

8 Intangible assets and goodwill (continued)

Intangible assets

The software in use includes all applications such as ERP and billing systems which are currently in use while the capital work in progress relates to the development of software.

Telecommunication license fees represent charge by the Telecommunications and Digital Government Regulatory Authority ("TDRA") to the Group to grant the license to operate as a telecommunications service provider in the UAE.

Indefeasible right of use represents the fees paid to a telecom operator to obtain rights to use Indoor Building Solutions relating to certain sites in the UAE. 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. These assets were fully amortized in 2021.

9 Lease receivable

	Current		Non-current	
	2023 AED 000	2022 AED 000	**2023 AED 000**	2022 AED 000
Lease receivable	18,098	17,213	109,612	125,111

During the year 2020, the Group signed a sub-lease agreement to lease its data centre with a customer for a period of 10 years.

	2023 AED 000	2022 AED 000
Maturity analysis:		
Not later than 1 year	20,515	19,917
Later than 1 year and not later than 5 years	88,402	85,828
Later than 5 years	35,851	58,939
	144,768	164,684
Less: unearned interest on lease receivable	(17,058)	(22,360)
	127,710	142,324

The interest income on lease receivable is presented in Note 28.

10 Investments accounted for using the equity method

Investments	Principal activities	Shareholding 2023	Shareholding 2022	Country of incorporation
Dubai Smart City Accelerator FZCO (Associate)	To run accelerator programmes with the purpose of sourcing innovation and technology applicable to the Smart City Industry	23.53%	23.53%	UAE
Advanced Regional Communications Solutions Holding Limited (Joint venture)	Provision of connectivity and data centre services	50%	50%	UAE

Movement in investments in associate and joint venture

	2023		
	Associate AED 000	**Joint venture AED 000**	**Total AED 000**
At 1 January [1]	2,128	5,735	7,863
Share of loss for the year	(318)	(2,402)	(2,720)
At 31 December	1,810	3,333	5,143

	2022		
	Associate AED 000	Joint venture AED 000	Total AED 000
At 1 January	2,492	21,780	24,272
Impairment loss	-	(8,496)	(8,496)
Share of loss for the year	(364)	(7,549)	(7,913)
At 31 December	2,128	5,735	7,863

[1] January 2023 beginning balance includes cumulative impairment loss of AED 8,496 thousand in the Group's investment in joint venture.

10 Investments accounted for using the equity method (continued)

Summarised financial information for the associate and joint venture are as follows:

Associate and joint venture statement of financial position as at 31 December and statement of comprehensive income for the year ended 31 December:

	2023		
	Associate AED 000	**Joint venture AED 000**	**Total AED 000**
Non-current assets	7,143	42,569	49,712
Current assets	571	32,830	33,401
Current liabilities	(20)	(9,919)	(9,939)
Non-current liabilities	-	(41,819)	(41,819)
Net assets	7,694	23,661	31,355
Revenue	-	15,669	15,669
Loss for the year	(1,351)	(4,804)	(6,155)

	2022		
	Associate AED 000	Joint venture AED 000	Total AED 000
Non-current assets	8,511	43,688	52,199
Current assets	547	28,328	28,875
Current liabilities	(11)	(5,414)	(5,425)
Non-current liabilities	-	(38,142)	(38,142)
Net assets	9,047	28,460	37,507
Revenue	-	8,951	8,951
Loss for the year	(1,547)	(15,098)	(16,645)

11 Financial asset at fair value through other comprehensive income

	2023 **AED 000**	2022 AED 000
Listed shares		
Anghami Inc.	2,946	4,517

During the year 2023, a loss of AED 1,571 thousand was recognized in other comprehensive income (2022: AED 13,851 thousand).

12 Trade receivables, contract assets and other assets

	2023 **AED 000**	2022 AED 000
Trade receivables	2,057,319	1,732,395
Due from other telecommunication operators [1]	258,433	293,786
Contract assets	463,770	489,874
Less: provision for impairment	(756,993)	(706,965)
Net amount	2,022,529	1,809,090
Prepayments [2]	131,462	149,778
Advances to suppliers	195,845	352,470
Other receivables	131,585	81,987
Total trade receivables, contract assets and other assets	2,481,421	2,393,325
Non-current [3]	257,390	239,546
Current	2,224,031	2,153,779
Total trade receivables, contract assets and other assets	2,481,421	2,393,325

[1] Due from other telecommunication operators are presented after netting off payable balances (where right to set off exists) amounting to AED 1,686,315 thousand (31 December 2022: AED 1,417,486 thousand).

[2] Prepayments include unamortized loan fees amounting to AED 11,709 thousand (31 December 2022: AED 14,264 thousand) related to the borrowings secured.

[3] Total non-current includes the non-current portion for the unamortized loan fees amounting to AED 9,121 thousand (31 December 2022: AED 11,676 thousand) and receivable amounting to AED 24,031 thousand (31 December 2022: AED 47,074 thousand) against settlement of a legal dispute which will be collected over period of two years.

12 Trade receivables, contract assets and other assets (continued)

The movement in the allowance for expected credited losses of trade receivables, contract assets and due from other telecommunication operators is as follows:

	2023	2022
	AED 000	AED 000
At 1 January	706,965	712,797
Charge for the year	273,573	195,294
Write-off during the year	(223,545)	(201,126)
At 31 December	756,993	706,965

13 Contract costs

	Current		**Non-current**	
	2023	2022	**2023**	2022
	AED 000	AED 000	**AED 000**	AED 000
Contract costs	341,863	283,752	222,233	198,665

Contract costs (subscriber acquisition cost) are incurred to obtain a contract to provide goods or services to the customer, which the Group capitalizes as these costs are expected to be recovered.

14 Inventories

	2023	2022
	AED 000	AED 000
Goods held for sale	115,780	110,290
Less: allowance for inventory obsolescence	(14,085)	(15,055)
At 31 December	101,695	95,235
Inventories recognized as an operating expense during the year	1,191,010	964,083
Release of allowance for inventory obsolescence recognized as an operating expense during the year	(970)	(5,361)

15 Related party balances and transactions

Related parties comprise the founding 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 are Emirates Investment Authority, Mamoura Diversified Global Holding PJSC & Emirates International Telecommunications Company LLC. Transactions with related parties are in the ordinary course of business and are approved by the Group's management or by the Board of Directors.

Related party balances

	2023 AED 000	2022 AED 000
Due from related parties	53,449	94,597
Due to related parties	6,064	5,734

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 in the ordinary course of business. The following table reflects the gross value of transactions with related parties.

	2023 AED 000	2022 AED 000
Sale of goods and services	579,949	720,361
Rent and services	28,687	34,388
Recharge of operating expenses incurred on behalf of joint venture	-	755

Key management compensation

	2023 AED 000	2022 AED 000
Short-term employee benefits	33,947	30,162
Employees' end of service benefits	412	448
Post-employment benefits	1,186	1,085
Long-term incentives [1]	(3,125)	4,926
	32,420	36,621

[1] During the year, the Group revised the estimation of long-term incentives resulted in the release of provision.

Board of Directors fees recorded during the year were AED 10,494 thousand (2022: AED 11,086 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.

15 Related party balances and transactions (continued)

The Group provides telecommunication services and also receives various services from 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 to Note 27 for disclosure of the royalty payable to the Federal Government of the UAE. In accordance with IAS 24 Related Party Disclosures, the Group has elected not to disclose transactions with the UAE Federal Government and other entities over which the Federal Government exerts control, joint control or significant influence.

16 Term deposits

	2023 **AED 000**	2022 AED 000
Term deposits [1]	1,326,586	674,628

[1] Term deposits represented net of loss allowance.

Term deposits represent bank deposits with maturity periods exceeding three months from the date of deposit. These term deposits denominated primarily in UAE Dirham, with banks. Interest is earned on these term deposits at prevailing market rates. The carrying amount of these term deposits approximates to their fair value.

17 Cash and bank balances

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	2023 **AED 000**	2022 AED 000
Cash at bank [1]	609,341	870,266
Cash on hand	695	815
Cash and bank balances	610,036	871,081
Less: margin on guarantees (Note 31)	(2,346)	(2,346)
Cash and cash equivalents	607,690	868,735

[1] Cash at bank is net of loss allowance.

18 Lease liabilities

	2023 AED 000	2022 AED 000
At 1 January	2,059,211	2,224,986
Lease liabilities during the year	517,465	57,809
Interest expense during the year	78,696	70,957
Payments made during the year	(672,386)	(354,072)
Re-measurement during the year	133,395	68,259
Disposals during the year	(11,422)	(8,728)
Closing balance	2,104,959	2,059,211

	Current		Non-current	
	2023 AED 000	2022 AED 000	2023 AED 000	2022 AED 000
Lease liabilities	649,585	737,952	1,455,374	1,321,259

The Group does not face a significant liquidity risk with regard to its lease liabilities.

The Group does not have any variable component in lease payments.

19 Contract liabilities

	Current		Non-current	
	2023 AED 000	2022 AED 000	2023 AED 000	2022 AED 000
Contract liabilities	465,710	467,489	217,254	218,211

Revenue recognized during the year that was included in the contract liabilities balances at the beginning of 2023 was AED 354,803 thousand (2022: AED 283,016 thousand)

There was no revenue recognized in the current reporting period that is related to performance obligations that were satisfied in the prior year. The Group's contracts with customers are for periods of one year or less or are billed based on service provided. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

20 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 2023 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:

20 Provision for employees' end of service benefits (continued)

	2023 **AED 000**	2022 AED 000
At 1 January	197,166	238,438
Service cost	21,013	24,099
Interest cost	7,586	4,483
Actuarial loss/(gain) recognized in other comprehensive income (1)	14,663	(29,795)
Past service cost	(1,260)	-
Benefits paid during the year	(30,697)	(40,059)
At 31 December	208,471	197,166

(1)Actuarial loss/(gain) recognized in other comprehensive income relates to re-measurement of the employees' end of service benefits obligation net loss from changes in financial assumptions amounting to AED 7,306 thousand (2022: gain of AED 29,282 thousand), net loss from experience adjustments amounting to AED 3,015 thousand (2022: gain of AED 513 thousand) and demographic assumptions amounting to AED 4,342 thousand (2022: AED nil).

The provision is recognized based on the following significant actuarial assumptions:

	2023	2022
Average period of employment (years)	5.05	5.87
Average annual rate of salary increase	2.5%	2%
Average annual rate of salary increase for next two years	2.5%	1%
Discount rate	4.10%	4.24%

Through its defined benefit plan, the Group is exposed to a number of actuarial risks, the most significant of which include, longevity risk, withdrawal risk and salary increase risk.

Sensitivity of the provision for employees' end of service benefits to changes in principal assumptions is included below:

	Change in assumption		**Impact on defined benefit obligation**			
			Increase in assumption		**Decrease in assumption**	
	2023	2022	**2023**	2022	**2023**	2022
Withdrawal rate	10%	10%	0.44%	0.68%	(0.53%)	(0.75%)
Mortality age	1 year	1 year	0.02%	0.04%	(0.02%)	(0.04%)
Average annual rate of salary increase	1%	1%	5.85%	6.81%	(5.38%)	(6.20%)
Discount rate	1%	1%	(4.80%)	(5.55%)	5.31%	6.19%

Expected contribution to defined benefit obligations for the year ending 31 December 2024 is AED 28,360 thousand.

21 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 the period up to 10 years from when the asset is brought into use.

	2023	2022
	AED 000	AED 000
At 1 January	208,801	198,588
Additions during the year	4,276	5,357
Deletions during the year	(8,038)	(2,099)
Adjustment for change in discount/inflation rates	1,410	-
Unwinding of discount	4,329	6,955
At 31 December	210,778	208,801

The provision is recognized based on the following significant assumptions:

	2023	2022
Average period of restoration (years)	10	10
Inflation rate	2.06%	2.06%
Discount rate	3.54%	3.86%

22 Trade and other payables

	2023	2022
	AED 000	AED 000
Trade payables and accruals	2,135,354	2,087,312
Accrued federal royalty (Note 27)	2,033,172	1,830,421
Due to other telecommunication operators [1]	641,140	340,454
Valued Added Tax (VAT) payable	24,674	24,841
Other payables and accruals	412,947	359,860
	5,247,287	4,642,888

[1] Due to other telecommunication operators are presented after netting off receivable balances (where right to set off exists) amounting to AED 1,686,315 thousand (31 December 2022: AED 1,417,486 thousand).

23 Share capital

	2023 AED 000	2022 AED 000
Authorised, issued and fully paid up share capital (4,532,905,989 shares of AED 1 each)	4,532,906	4,532,906

24 Share premium

	2023 AED 000	2022 AED 000
Premium on issue of common share capital	232,332	232,332

25 Other reserves

	Statutory reserve (Note 25.1) AED 000	Other reserve (Note 25.2) AED 000	Total AED 000
At 1 January 2022	2,018,485	-	2,018,485
Transfer from retained earnings	121,956	-	121,956
Fair value changes on financial asset at fair value through other comprehensive income	-	(13,851)	(13,851)
At 31 December 2022	2,140,441	(13,851)	2,126,590
At 1 January 2023	2,140,441	(13,851)	2,126,590
Transfer from retained earnings	126,012	-	126,012
Fair value changes on financial asset at fair value through other comprehensive income	-	(1,571)	(1,571)
At 31 December 2023	2,266,453	(15,422)	2,251,031

25.1 In accordance with the New 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. In September 2023, the statutory reserves balance has reached 50% of paid-up capital.

25.2 This relates to the change in the fair value of financial asset at fair value through other comprehensive income.

26 Operating expenses

	31 December	
	2023	2022
	AED 000	AED 000
Interconnect costs	2,729,605	2,768,016
Depreciation and impairment on property, plant and equipment (Note 6)	1,544,182	1,607,280
Product costs	1,405,604	1,303,426
Staff costs	1,069,596	1,053,655
Network operation and maintenance	880,791	857,081
Commission	535,469	463,784
Depreciation on right-of-use assets (Note 7)	445,042	350,859
Telecommunication licence and related fees	398,608	389,359
Marketing	235,994	245,996
Amortization and impairment on intangible assets (Note 8)	209,053	154,084
Outsourcing and contracting	83,551	103,545
Others	255,743	254,844
	9,793,238	9,551,929

During the year ended 31 December 2023, the Group has paid AED 1,150 thousand (2022: AED 2,187 thousand) for various social contribution purposes.

27 Federal royalty

The royalty rates used for the period from 2017 to 2023 are 15% on regulated revenue and 30% on regulated profit after deducting royalty on regulated revenue.

	2023	2022
	AED 000	AED 000
Total revenue for the year (Note 34)	13,636,340	12,754,492
Broadcasting revenue for the year	(155,522)	(149,832)
Other allowable deductions	(4,070,682)	(3,916,226)
Total regulated revenue	9,410,136	8,688,434
Profit before royalty on regulated revenue	3,558,502	2,963,242
Allowable deductions	(260,877)	(191,968)
Total regulated profit	3,297,625	2,771,274
Royalty on regulated revenue - 15% of total regulated revenue	1,411,520	1,303,265
Adjustment to charge	(11,321)	10
Royalty on regulated revenue	1,400,199	1,303,275
Royalty on regulated profit - 30% of regulated profit (after deducting royalty on regulated revenue)	565,871	440,403
Adjustment to charge	(75,420)	-
Royalty on regulated revenue	490,451	440,403

Movement in the royalty accruals is as follows:

	2023	2022
	AED 000	AED 000
At 1 January	1,830,421	1,499,540
Payment made during the year	(1,687,899)	(1,412,797)
Charge for the year	1,890,650	1,743,678
At 31 December (Note 22)	2,033,172	1,830,421

Federal royalty for the year 2023 is to be paid within four months from 31 December 2023.

28 Finance income and costs

	2023 AED 000	2022 AED 000
Finance income		
Interest income	56,025	28,055
Finance income on lease receivable	5,302	5,869
	61,327	33,924
Finance costs		
Interest expense on lease liabilities	78,696	70,957
Interest expense others [1]	22,734	22,449
	101,430	93,406

[1] "Interest expense others" mainly include interest cost on defined benefit obligations, unwinding of discount on asset retirement obligations, interest paid and commitment fees on borrowings.

On 29 April 2021, the Group signed a long-term financing agreement with a group of local and international banks for an unsecured credit facility ("the Financing") of AED 3,769 million equivalent. The Financing is composed of (a) a term loan facility of AED 1,788 million equivalent and a maturity of 7 years; and (b) a revolving credit facility of AED 1,981 million equivalent and a maturity of 5 years extendable to 7 years.

29 Earnings per share

	2023	2022
Profit for the year (AED 000)	1,667,851	1,219,561
Weighted average number of shares (000)	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	0.37	0.27

There were no potentially dilutive shares outstanding at any time during the year and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

30 Changes in working capital

	2023 AED 000	2022 AED 000
Change in:		
Inventories	(5,490)	(31,405)
Contract costs	(81,679)	(106,272)
Trade receivables, contract assets and other assets	(341,367)	(169,946)
Trade and other payables	2,332,449	1,807,318
Contract liabilities	(2,736)	(107)
Due from related parties	41,148	(45,942)
Due to related parties	330	(993)
Net changes in working capital	1,942,655	1,452,653
Non-cash transactions:		
Accruals for property, plant and equipment	59,789	324,712
Accruals for intangible assets	(29,928)	19,463
Additions to right-of-use assets	650,860	126,068

30 Changes in working capital (continued)

	2023	2022
	AED 000	AED 000
Loss allowances:		
Trade receivables, contract assets and others assets	273,573	195,294
Loss allowance on term deposits	361	(380)
	273,934	194,914

The reconciliation for the changes in liabilities arising from financing activities are presented in Notes 18 of the consolidated financial statements.

31 Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 90,993 thousand (2022: AED 60,624 thousand). Bank guarantees are secured against margin of AED 2,346 thousand (2022: AED 2,346 thousand) (Note 17).

The Group is subject to litigations in the normal course of business and the management is of the view that the outcome of these court cases will not have a material impact on the Group's consolidated financial statements. Details of these cases are not disclosed in order not to prejudice the Group's position in these litigations.

The Group has contractual capital expenditure commitments amounting to AED 929,720 thousand (2022: AED 1,166,993 thousand).

32 Financial instruments and risk management

32.1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	**Carrying amount**		**Fair value**	
		2023	2022	**2023**	2022
		AED 000	AED 000	**AED 000**	AED 000
Non-derivatives					
Financial asset at fair value through other comprehensive income	11	2,946	4,517	2,946	4,517
Lease receivable	9	127,710	142,324	127,710	142,324
Trade receivables, contract assets and other assets [(1)]	12	2,154,114	1,891,077	2,154,114	1,891,077
Due from related parties	15	53,449	94,597	53,449	94,597
Term deposits	16	1,326,586	674,628	1,326,586	674,628
Cash and bank balances	17	610,036	871,081	610,036	871,081
		4,274,841	3,678,224	4,274,841	3,678,224

[(1)] For the purpose of the exposure to credit risk on financial assets disclosure, non-financial assets (prepayments and advances to suppliers) amounting to AED 327,307 thousand (2022: AED 502,248 thousand) have been excluded from trade receivables, contract assets and other assets.

32 Financial instruments and risk management

32.1 Credit risk (continued)

Exposure to credit risk (continued)

Impairment of financials assets

The ageing of trade receivables, contract assets, due from related parties and due from other telecommunication operators as follows:

31 December 2023

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – trade receivables, contract assets and due from related parties	963,966	109,300	328,184	1,173,088	2,574,538
Loss allowance	(47,513)	(22,217)	(91,730)	(582,952)	(744,412)
Expected loss rate	4.93%	20.33%	27.95%	49.69%	

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – due from other telecom operators	114,238	269,513	295,859	1,265,138	1,944,748
Loss allowance	(1)	-	(32)	(12,548)	(12,581)
Expected loss rate	0%	0%	0%	0.99%	

32 Financial instruments and risk management (continued)

32.1 Credit risk (continued)

Exposure to credit risk (continued)

31 December 2022

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – trade receivables, contract assets and due from related parties	739,012	143,469	341,837	1,092,549	2,316,867
Loss allowance	(43,917)	(25,202)	(115,405)	(509,024)	(693,548)
Expected loss rate	5.94%	17.57%	33.76%	46.59%	

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – due from other telecom operators	140,794	85,270	278,085	1,207,123	1,711,272
Loss allowance	(2)	-	(52)	(13,363)	(13,417)
Expected loss rate	0%	0%	0%	1.11%	

Non-financial assets (prepayments, advances to suppliers) amounting to AED 327,307 thousand (2022: AED 502,248 thousand) have been excluded from trade and other receivables, contract assets, and due from related parties. The above gross carrying amount of due from other telecommunication operators amount excludes netting amounting to AED 1,686,315 thousand (31 December 2022: AED 1,417,486 thousand) (Note 12).

To measure the expected credit losses, trade receivables, contract assets and due from related parties have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses are based on the analysis of billing, collection and outstanding balance 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 forecasted direction of conditions at the reporting date.

The impairment provision in respect of trade receivables, contract assets and due from related parties is used to record impairment losses unless the Group is satisfied that there is no reasonable expectation of recovery of the amount due; 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.

32 Financial instruments and risk management (continued)

32.2 Liquidity risk

The following are the contractual maturities of financial liabilities along with fair values:

31 December 2023

	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
Non-derivative financial liabilities							
Lease liabilities	2,104,959	2,104,959	2,104,959	337,782	311,804	298,686	1,156,687
Trade payables and accruals	2,135,354	2,135,354	2,135,354	2,135,354	-	-	-
Due to other telecommunication operators	641,140	641,140	641,140	641,140	-	-	-
Accrued federal royalty	2,033,172	2,033,172	2,033,172	2,033,172	-	-	-
Other payables and accruals	412,947	412,947	412,947	412,947	-	-	-
Due to related parties	6,064	6,064	6,064	6,064	-	-	-
	7,333,636	7,333,636	7,333,636	5,566,459	311,804	298,686	1,156,687

31 December 2022

	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
Non-derivative financial liabilities							
Lease liabilities	2,059,211	2,059,211	2,059,211	374,241	363,711	253,668	1,067,591
Trade payables and accruals	2,087,312	2,087,312	2,087,312	2,087,312	-	-	-
Due to other telecommunication operators	340,454	340,454	340,454	340,454	-	-	-
Accrued federal royalty	1,830,421	1,830,421	1,830,421	1,830,421	-	-	-
Other payables and accruals	359,860	359,860	359,860	359,860	-	-	-
Due to related parties	5,734	5,734	5,734	5,734	-	-	-
	6,682,992	6,682,992	6,682,992	4,998,022	363,711	253,668	1,067,591

32 Financial instruments and risk management (continued)

32.3 Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

	31 December 2023		31 December 2022	
	AED 000		AED 000	
	EUR	GBP	EUR	GBP
Trade receivables	8,916	340	13,786	538
Trade payables	(333)	(48)	(104)	(83)
Net exposure	8,583	292	13,682	455

The following significant exchange rates against AED have been applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
EUR 1	3.9762	3.8957	4.0546	3.9325
GBP 1	4.5481	4.5705	4.6761	4.4429

Sensitivity analysis

A 10% 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.

	2023	2022
	AED 000	AED 000
Decrease in profit		
EUR	(3,413)	(5,330)
GBP	(133)	(208)

Conversely a 10% weakening of the AED against the above currencies at 31 December will have the exact reverse effect. In each of the above cases the impact on equity would have the same values as the above amounts.

32 Financial instruments and risk management (continued)

32.4 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2023 AED 000	2022 AED 000
Financial asset at fair value through other comprehensive income	2,946	4,517
Financial assets measured at amortized cost		
Lease receivable	127,710	142,324
Trade receivables, contract assets and other assets [(1)]	2,154,114	1,891,077
Due from related parties	53,449	94,597
Term deposits	1,326,586	674,628
Cash and bank balances	610,036	871,081
	4,271,895	3,673,707
Financial liabilities measured at amortized cost		
Lease liabilities	2,104,959	2,059,211
Trade and other payables [(2)]	5,222,613	4,618,047
Due to related parties	6,064	5,734
	7,333,636	6,682,992

[(1)] Non-financial assets (prepayments and advances to suppliers) amounting to AED 327,307 thousand (2022: AED 502,248 thousand) have been excluded from trade receivables, contract assets and other assets.

[(2)] Non-financial liability (Value Added Tax) amounting to AED 24,674 thousand (2022: AED 24,841 thousand) has been excluded from trade and other payables.

33 Offsetting financial assets and financial liabilities

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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

33 Offsetting financial assets and financial liabilities (continued)

The following table presents the recognized financial instruments that are offset in the statement of financial position.

	31 December 2023			31 December 2022		
	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
Financial assets						
Due from other telecommunication operators	1,944,748	(1,686,315)	258,433	1,711,272	(1,417,486)	293,786
Financial liabilities						
Due to other telecommunication operators	2,327,455	(1,686,315)	641,140	1,757,940	(1,417,486)	340,454

34 Segment analysis

The Group has operations mainly in the UAE. The Group is organized into four major business segments as follows:

- Mobile segment offers mobile services to the enterprise and consumer customers. Services include mobile voice and data, mobile content and mobile broadband WiFi. Mobile handset sales, including handsets by instalment, are also included in this segment.
- Fixed segment provides fixed services to the enterprise and consumer customers. Services include broadband, IPTV, home wireless, 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 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.

34 Segment analysis (continued)

31 December 2023

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
Segment revenue					
Timing of revenue recognition					
Over time	6,105,327	3,774,481	1,768,447	1,047,309	12,695,564
At a point in time	898,815	5,296	-	36,665	940,776
	7,004,142	3,779,777	1,768,447	1,083,974	13,636,340
Segment contribution	3,641,200	3,130,655	1,500,167	694,609	8,966,631
Unallocated costs					(5,366,148)
Other income					841
Federal royalty					(1,890,650)
Finance income/(costs) and share of loss of associate and joint venture					(42,823)
Profit for the year					1,667,851

34 Segment analysis (continued)

31 December 2022

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
Segment revenue					
Timing of revenue recognition					
Over time	5,747,598	3,474,941	1,806,917	913,246	11,942,702
At a point in time	777,407	4,466	-	29,917	811,790
	6,525,005	3,479,407	1,806,917	943,163	12,754,492
Segment contribution	3,300,750	2,866,843	1,442,014	615,020	8,224,627
Unallocated costs					(5,195,630)
Other income					1,637
Federal royalty					(1,743,678)
Finance income/(costs) and share of loss of associate and joint venture					(67,395)
Profit for the year					1,219,561

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.

The Group's operations are subject to limited level of seasonality and cyclicality.