ooredoo

10 Years Providing Best Services

Annual Report
2019

Annual Report 2019

Contents

The electronic version of this report can be accessed through the company's website in the Investor Relations section.
Date of this report: February 2020

ooredoo.ps

Our Values

Caring

We always seek to care for the services offered to the customers in accordance with the highest criteria and parameters, because we care for our customers and wish to offer them the best Internet and telecommunications experience in Palestine.

Connecting

We connect with our customers with the utmost care to place their priorities at the top of our priorities.

Challenging

Since the first day of launching its commercial services in Palestine, Ooredoo Palestine has been overcoming the challenges one after another in order to offer the best to its customers who have put their trust in us.

Our Vision

Enriching People’s Digital Lives

Highlights of our Achievements in 2019

Social Responsibility

Continuous contribution to a deserving society

USD 1.1 million
Net profits

USD 99.4 million
Revenue

USD 30 million

The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Over 1.3 million customers

A 3% increase over the previous year

The Year of Achieving Sustainable Profitability

Chairman's Message

Dear Investors,
"Our investment in the network has placed us at the forefront of the telecommunications sector and enabled us to offer the best and top-quality services to become the best choice for Palestinian customers."

Today we are accomplishing and realizing what was considered beyond reach years ago, a difficult-to-achieving dream, based on a solid foundation of consecutive qualitative measures throughout the past few years aimed at advancing the performance of the company and achieving financial strength. Along the way, we faced many challenges that we overcame. The path we took was not easy and requires resolution, determination, and focus in order to achieve our goals and ambitions, which contributed to a successful launch of the company's commercial services in the Gaza Strip and an outstanding launch of 3G services. These successes have been capped by the unification of the trademark with our mother company, the international Ooredoo Group, at the end of 2018.

With this balance of accomplishments, we started 2019 and throughout the year we developed Ooredoo's network into the strongest, state-of-the-art, and greatest-capacity network in the Palestinian market in order to achieve one of our major objectives of reaching our customers with wider coverage that stretches even to marginalized areas. Thus, we are ushering in a new age that makes Ooredoo Palestine the best choice for Palestinian customers who will benefit from the outstanding campaigns and offers that the company provides in accordance with the needs of the customers. Also, we are implementing the company's top strategy that puts customers first, which reflects on the company's financial results.
The positive financial results that we strive to achieve, which already started materializing by the end of 2018 and continued through 2019, are indicators that give us indications that we believe in. They drive us on the same path towards achieving the ambitions of our investors. The value of our net profits for this year reached USD 1.1 million. If we follow the same path, we would be looking towards more strategic growth for the company during the upcoming period.

Doubtlessly, the Palestinian market and economy are going through a difficult time that has coincided with a governmental financial crisis due to the actions of the occupation. Despite that, we were able to achieve these results. The Israeli siege on the Gaza Strip also affects our results negatively as the purchasing power of individuals in Gaza has dropped to its lowest levels. We are committed, however, to offering the best services and campaigns to our people in the Gaza Strip. We hope that the efforts of the Ministry of Telecommunications and Information Technology are successful and that the 3G and 4G mobile-based services are launched for our people in the Gaza Strip in accordance with the latest international standards.

After all these consecutive successes and accomplishments that the company made at the hands of its executive management and staff, it is incumbent upon us to extend our deep thanks and gratitude for their significant efforts and excellent results during the past period.

Our eyes are fixed on the clear objectives expressed by our resolve, towards which our investors strive.

We vow to continue working with the same efforts and diligence to realize these ambitions on the ground, making 2020 a year that brings more profits and development, and ushers a new era for the telecommunications market, whose theme is quality digital services.

Muhammad Abu Ramadan
Chairman of the Board

2019 is the Year of Continuing to Lead the Telecommunications Sector

CEO's Message

"Success leads us to a path of more success. The year 2019 has taken us to the world of digitization, the development of business services and a better financial performance. We will stay the course throughout 2020."

We went through 2019 with steady steps towards establishing a promising future of more outstanding services, as the company was able to focus on the future. This followed the successful completion of highly important projects in the past few years that have been long awaited. The projects included the successful launching of the company's business activities in the Gaza Strip at the end of 2017, the outstanding introduction of 3G services and taking the lead of this sector at the start of 2018. The year was capped with the unification of the trademark with the mother company, the international Ooredoo Group, at the end of 2018. Therefore, 2019 was the year in which we focused on the future, the future of telecommunications sector in Palestine.

Creating the Digital Future

Ooredoo Palestine has persistently focused on the creation of the future by transitioning from the traditional experience of telecommunications in Palestine to the world of digital telecommunications, the data and information age, and the digital services sphere, which transcends and enriches the customers' experience.

The various divisions of the company have worked to develop plans that contribute to realizing our vision of enriching people's digital lives. We created a unit specializing in the digital sector that works to adapt the services offered by the company to become more digitizable in accordance with the latest standards of this domain. Within a brief period, we were able to accomplish a number of qualitative projects in several areas, the top of which was the launching of electronic sale of SIM cards, in addition to launching a new electronic system to activate the SIM cards at the locations of Ooredoo network's agent and at sales points, which allows for saving time and effort during the sales process, thus using the time to explain the details of the programs, offers and campaigns to the customers.

At the level of subscriber service, we were first in the telecommunications domain in Palestine to launch technical support services through the WhatsApp Business application, including development of the smartphone application to make it more in line with the latest technology, and to launch the SuperBot service to serve customers through the electronic chat system, in order to save time and effort and to be closer to their needs.

State-of-the-Art Network in Appreciation of Our Customers

Based on our commitment to apply our strategy of putting customers first, we have worked diligently to develop our network to make it the newest, fastest and most sophisticated network in the Palestinian market. With great pride, our network today, which was built by Palestinian hands, has a greater capacity and covers more areas, including marginalized areas that suffered a lack of access to telephone and internet services. Our endeavor to extend coverage to these areas is based on our national responsibility of providing a Palestinian choice to the citizens that would obviate the need for the illegitimate Israeli competitors.

Ten years of diligent work in the Palestinian market despite grave challenges were not easy for Ooredoo. Unrivaled determination and resolve and sure-footedness towards a clear objective allowed us to get to where we are today. The strategic transformation path that the company followed throughout the past five years enabled us to attain a better market position and lead the 3G services field, benefitting from the great development that our company went through, and from the confidence of our customers, which we built and gained step by step through services that meet their needs.

Steady Steps towards Financial Sturdiness

The previous qualitative business operations and successful investments in line with the wise vision of the company's board of directors were in the interest of this year's financial results despite the difficult conditions the economy went through in the West Bank and the Israeli siege of the Gaza Strip. We are thus happy to announce to all of our investors and shareholders that we have achieved positive results this year with a net profit of USD 1.1 million, and an increase of the EBITDA by 14% in comparison with the same period last year, amounting to USD 30 million.

Throughout this journey and despite the surrounding conditions, we have never ceased to take our Palestinian society into consideration and have spared no effort to support its various sectors, based on Ooredoo's deep sense of patriotism, along with our social responsibility. We tried this year to reach marginalized groups in the Palestinian society that are considered less fortunate than others in terms of receiving assistance, in addition to focusing on the youth given our firm belief in the importance of this societal segment. Furthermore, as every year, we have provided various contributions to the various areas of education.

2020: A Year of More Success

With great enthusiasm, we are getting ready for 2020 in order to continue to introduce our competitive offers and campaigns, develop our exceptional new services, complete our digital transformation project, maintain the trust of our customers, and develop our subscriber-experience expertise to continue to lead the modern telecommunications sector with great ambition. We are ready to shine as the best choice for customers when the mobile number portability service is rolled out. With this hope we will proceed towards achieving more progress and success for the company.

Dr. Durgham Maraee
CEO

From Waiting for the Equipment and Frequencies to Leading the Telecommunications Sector

Ooredoo: Ten Years in the Palestinian Market

Many challenges have threatened the new Palestinian endeavor that wanted to break the monopoly in the telecommunications market to offer new services for Palestinian citizens at prices that suit the segments and needs of the people. Palestinian resolve and determination to realize the objective, however, did not allow for a retreat. Therefore, the attempts of the company since obtaining the license in 2006 till the end of 2009 continued until these efforts were capped with the success of launching the company's business services in the West Bank.

Partial success did not affect the resolve and determination of the company to realize the dream of launching its business services in the other part of the beloved homeland. Such resolve and determination persisted until the dream was realized. The company was able to launch its business services in the Gaza Strip at the end of 2017. This launch acknowledged the wide opening of the Palestinian market to free competition.

Ooredoo also succeeded in leading Internet services when it launched 3G services at the start of 2018, making the company a leader in this field. Ooredoo was equipped with staff who lead the path of strategic transformations in the company's journey, leading it towards stability, profitability and leadership by establishing an outstanding network and developing it with the latest technologies. With Palestinian efforts, the company was able to forge ahead towards a new journey that places it closer to the needs of the customers, more understanding of their experience, and faster in serving them. This journey yielded growth in the company's business and financial performance. Despite the previous challenges, and focus on later accomplishments, Ooredoo did not overlook its Palestinian society, in which it grew. Thus, the company always continued to be close to the needs of the society and to extend a helping hand in various areas through community and social responsibility contributions, which the company undertook based on its patriotic sense and as a form of loyalty towards its proud Palestinian people, who always deserve the best.

1 November 2009

Wataniya Mobile, an Ooredoo Group company, launches its business activities in the West Bank

31 October 2010

Wataniya Mobile launches an initial public offering for its shares

9 January 2011

Wataniya Mobile's shares listed in the Palestine Securities Exchange

23 October 2017

Wataniya Mobile launches its business activities officially in the Gaza Strip

24 January 2018

Wataniya Mobile launches 3G services in the West Bank

February 2018

Company share capital is raised from USD 258 million to USD 293 million through a secondary public offering of 35 million shares

27 November 2018

Wataniya Mobile unifies its trademark with the mother company, the international Ooredoo Group, to become Ooredoo Palestine

December 2019

Growth in the financial and business performance of the company, achievement of profits for the second consecutive year, and investment in the network to increase its capacity and strength continues

Towards A digital Life that Enriches Our Customers’ Experience

Because Ooredoo is a leader of progress and keeping pace with developments, the company made 2019 the year of digital transformation in a continuation of its pursuit of offering the best services to its customers. This shift comes against the backdrop of benefitting from the international expertise of the international Ooredoo group in order to offer it to the Palestinian customers.
The company undertook the implementation and application of this strategic vision in order to enrich people’s digital lives through smartphone services, keeping pace with the latest developments taking place in the world and maintaining the leading position of the company in all areas. The company has held a torch to illuminate the way towards a digital transformation of its services from traditional voice calling to offering leading electronic digital ones that serve Palestinian customers and provide them with a new user experience that saves their time and effort.

Digital Services Center

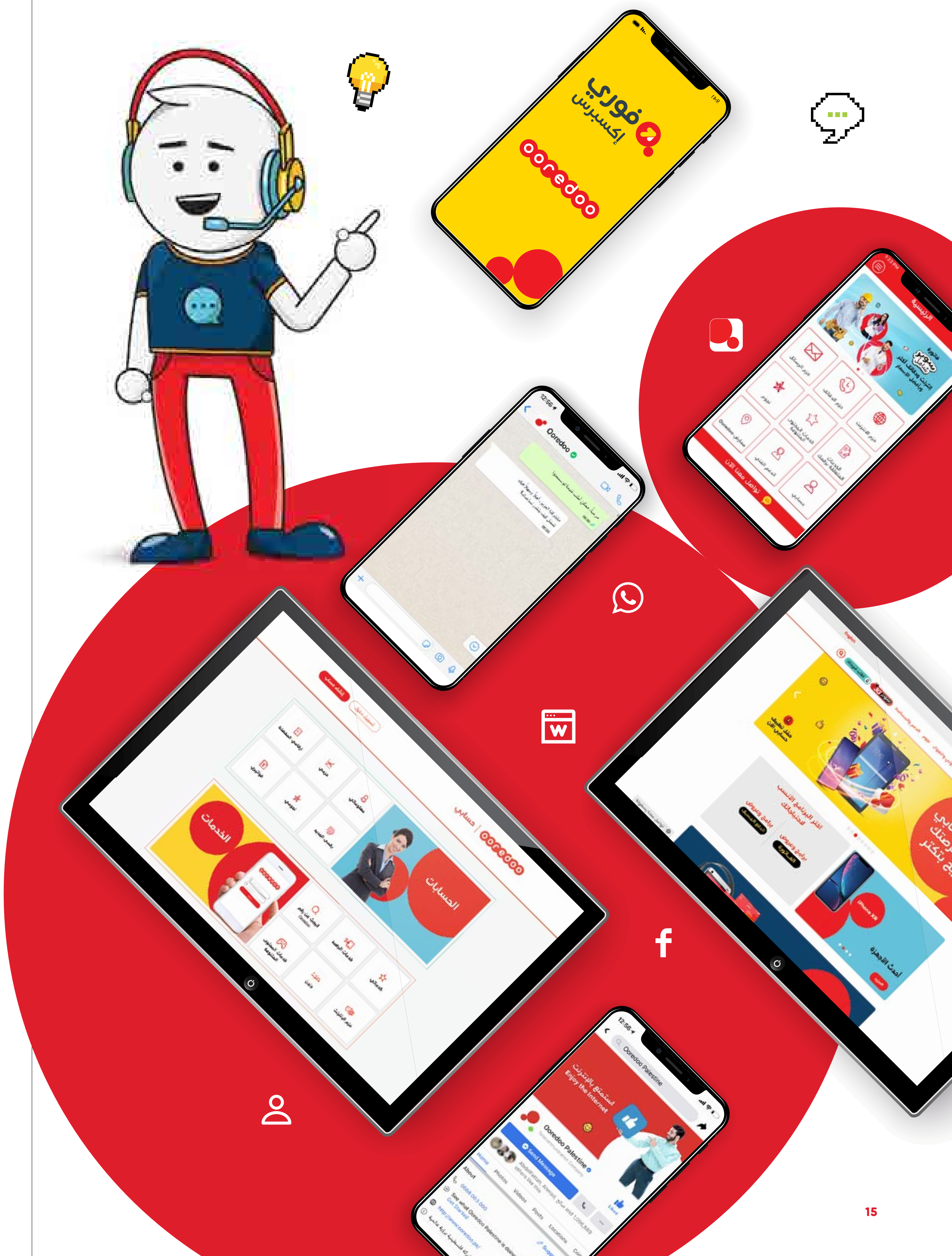
The various company divisions exerted their efforts towards launching a number of modern electronic and digital experiences. The company works always to invest in the various electronic platforms such as social media and other sites that could meet the needs of and serve the customers around the clock in the easiest and fastest ways. Ooredoo was the first in Palestine to launch a digital channel for commercial use that is based on the WhatsApp Business application. This application serves Ooredoo’s customers effectively, provides them with technical support easily and quickly, and arranges and regulates communication with them.
Prior to the introduction of the application, the company stood out for establishing an electronic center (Digital Care Center) to serve customers along the lines of traditional customer service centers that provide customer service to social media users, which constituted a considerable shift in serving Ooredoo’s customers. Also, Ooredoo developed an automated response system through social media platforms that interacts with customers using electronic chat.

Digitization of Business Services

“Hisabi” Smartphone Application
The company focused its efforts this year on developing the “Hisabi” smartphone application for Ooredoo’s customers and adapting it for the latest technology in order to offer the best services to them. This has been met by the satisfaction from the customers who have downloaded the application and benefited from its services.

“Fawri Express”
As for sales channels, the company established a new electronic sales system called “Fawri Express” to be used by Ooredoo’s agents to save their time and effort and save customers’ time. The system allows for more room to concentrate on serving the customers and introducing them to campaigns, offers and features in a better way, which contributes to making the sales process closer to their needs. Moreover, this system has had a positive impact on the operational expenses. The company was informed by the global expertise of the Ooredoo Group and has greatly focused on enriching the customers’ experience through shifting from the traditional subscriber service channels to modern subscriber services of a digital nature. It seeks to study subscriber behavior in order to offer the best services that are closer to customers’ needs.

Electronic Sales Services
Furthermore, in the same commercial context, the company capped 2019 by launching on-line electronic sales services to sell Ooredoo SIM cards along with allowing customers to choose their own numbers and pick them us at company stores, a step that is the first of its kind in the Palestinian telecommunications sector. This step is one of the first steps the company is working on to transform the services it offers to ones aligned with the technological revolution and digital services that the world around us is going through. As such, the company has created a leading Palestinian national model in this regard that transfers global experiences to the Palestinian people.



Digital Culture

The internal digital transformation process has yielded outstanding results for the company. In the company's internal transactions, paper was replaced by automating the systems and processes within the company. Such automation has saved the employees' time and effort that can now be invested in other processes at all the financial and management levels within the company. All of that has had a significant impact on rationalizing operational expenses, saving great energies and efforts and substituting these energies and efforts with quick and easy processes. This internal culture has had a positive effect on directing the energies and skills of the Ooredoo family towards innovation and excellence in serving the customers, which is an application of the "customers first" policy that the company adopts.

Digitization... Investing in the Future

Future Vision

Ooredoo looks forward towards developing its services and meeting the expectations and needs of its customers, maintaining the quality level of its services and increasing subscriber satisfaction. Therefore, Ooredoo focuses the bulk of its attention and investment on developing the company's infrastructure and increasing the expansion and reach of the network in accordance with the latest global standards of quality in order to provide a full and outstanding service.

Mobile Number Portability Service

The company is continuing to work with the Ministry of Telecommunications and Information Technology on launching the mobile number portability service during 2020 given the impact that this service would have on the freedom of customers to choose the operator that meets their needs, which will contribute to the growth of the financial and commercial performance of the company.

Digital Transformation

Against the backdrop of planning for a brighter future, the company exerts its utmost efforts within a strategic plan for a digital transformation in line with the global vision of the telecommunications sector. To achieve this vision, the Ooredoo Group launched the Get Digital program for digital transformation in all of the Group's companies. This program involves ambitions geared towards achieving digital transformation at the level of the Group. The digitization ambition at the company level includes platforms for interacting with the customers, which were developed and improved through creating mobile phone applications that provide a smooth subscriber experience.
Furthermore, investing in digitizing business services will contribute to achieving a rationalization of operational expenses, which will yield better financial results.

Profile of Ooredoo Palestine

Ooredoo company – formerly Wataniya Mobile – was founded in 2007 through a partnership between the National-International Company - Free Zone, which is fully owned by the National Mobile Telecommunications Company (NMTC), the majority of which is owned by Ooredoo International Group, and the Palestine Investment (PIF).

In 2009, Ooredoo succeeded in liberating the Palestinian telecommunications market starting in the West Bank. After ten years of being deprived of launching its commercial services in the Gaza Strip, it was able to liberate the market in Gaza at the end of 2017. This has had an effect on the development of the telecommunications sector and the creation of a competition that serves Palestinian citizens and improve the quality of services and prices. Since its launch, Ooredoo stood out as Palestine's operator of the state-of-the-art telecommunications.

In November 2018, the company announced officially the unification of its trademark with its mother company, the international Ooredoo Group, which boosted its leadership position at the forefront of the Palestinian telecommunication market as one of the Ooredoo Group companies. Ooredoo Palestine was listed in the Palestine Securities Exchange in 2011. Ooredoo is registered as the largest company in the Palestine Securities Exchange (PSE) in terms of paid-up capital. The company is regarded as a leader in the 3G services field, in addition to offering the best programs, offers, and services for the benefit of Palestinian citizens.

Our Strategy: Advancing Our Business

The company's strategy was built on three essential pillars aimed at achieving our vision and driving the company's growth towards leadership of the telecommunications market and enrichment of digital life.

Customers First

We continue to study the needs of the customers and translate them to competitive campaigns and offers. This stems from our listening to the requirements of the customers and the purchasing power in order to forge ahead towards offering the best services in addition to enhancing the direct and indirect sales network.

Best Network

We maintain our position as the best network in terms of quality and we will proceed to enhance the network and to expand it using the latest international technologies in order to remain the leaders in offers and services presented to the customers with a view to providing the best experience for Palestinian customers.

Rapid Growth

We build on our previous financial and commercial successes to forge ahead towards achieving an increase in revenues, expanding the subscriber base and increasing profits to achieve a good return for investors.

Management and Operational Report

In accordance with International Financial Reporting Standards (IFRS), we present to the public this information about Ooredoo activities that were accomplished during the year ending on 31 December 2019. We recommend reading this part of the annual report in a manner connected with the part related to the company's audited financial statements and their remarks.

Competitive Edge

Ooredoo maintained its position in the Palestinian telecommunications market despite all of the challenges and the sharp competition that dominate this market. Competition is not limited to the two licensed companies, but includes illegal competition by the Israel cellular telecommunications companies through the coverage available in the Israeli settlements that are built on the lands of the West Bank, let alone the Israeli control of the frequencies and limitations on the import of devices and equipment.

Ooredoo's strategy accords a great importance to providing a better experience for Palestinian customers and enriching people's digital lives. The company has made a significant progress over the past ten years and was able to strengthen its market position, acquiring a market share that exponentially increases, reaching 30% of the mobile telecommunications market at the end of 2019, at a growth rate of approximately 50% in two years.

Ooredoo is now able to reach 97% of the Palestinians and offer its services to more than 1.3 million customers in the West Bank and the Gaza Strip through the adoption of competitive and advanced marketing strategies to attract new customers and maintain existing ones.

One of Ooredoo Palestine's greatest competitive edges is being one of the companies of the Ooredoo Group that has a long experience in the telecommunications sector around the world. This provides the company with the highest standards of mobile phone services and the best international agreements in this regard through the exchange of expertise with Ooredoo Group companies, which benefits customers by offering the best local and international prices and the highest quality standards of services and network.

The company accords great importance to customer care and level of subscriber satisfaction about the company's services and their quality. According to several studies carried out throughout 2019 to measure the subscriber satisfaction in the Palestinian telecommunications market, Ooredoo achieved high and advanced scores placing it at the forefront in terms of subscriber satisfaction about the company's services and products. There is also a subscriber service center that is fully ready to serve our customers through social media platforms and direct phone calls, in line with the best international standards.

The company's competitive capacity was enhanced during the year by the development and expansion of the network, making it the newest and most developed network in Palestine, and the most protected and trusted as well, with broad coverage even in remote areas, which has allowed the company's customers to enjoy Internet services at a better quality and higher speed. This is in addition to the outstanding packages and offers of third generation services for the pre-pay and post-pay (bill) customers in line with the needs and requirements of the various segments of the society. Since the launch of its commercial operations ten years ago, it has worked to provide exceptional high-quality services at competitive prices.

" The company was able to enhance the confidence of its customers through expanding and investing in the network, turning it to the newest and strongest network with excellent coverage that reaches remote areas. This has allowed Ooredoo customers to enjoy better internet services through the best 3G services for the best prices that suit all societal segments. "

Summary of Financial Performance: A Leap towards Profitability

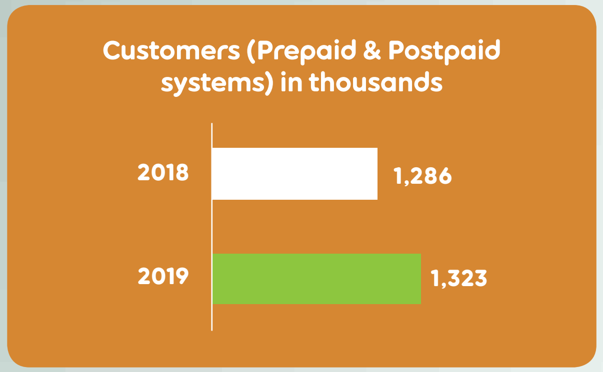
Net Profits of USD 1.1 million

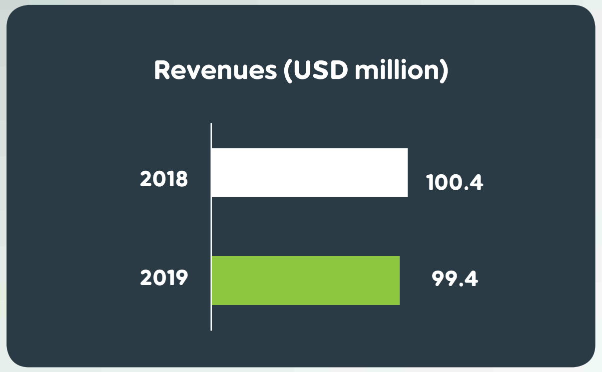
Ooredoo Palestine continued to achieve growth in the results of the company's performance during 2019 for the second year in a row. The financial and operational performance of the company maintained its sturdiness during 2019 due to the wise vision of managing cost, expenses, and outstanding mechanisms of operation. The company achieved a 3% growth in the subscriber base, bringing the number of customers up to 1.3 million in 2019. This is due to the effective marketing and sales strategies the company implemented to attract and keep customers, the introduction of various programs and services, and facilitation of digital life for company customers. The company has proven that it is the leader in data services and the best network in Palestine.

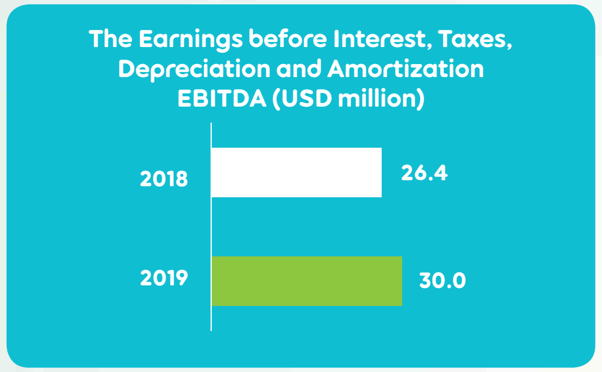
The total revenues at the end of 2019 reached the equivalent of USD 99.4 million which is approximately equal to the company's revenues in 2018. Moreover, the company achieved a significant growth of 14% in operational profits before the EDITDA deductions in comparison to 2018, which amounted to USD 30 million in 2019, as a result of the outstanding strategy and standards followed by the company in cost management.

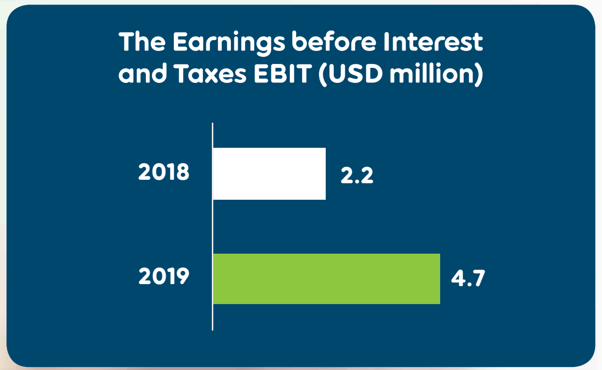
Therefore, profitability indicators have demonstrated a qualitative leap in comparison with the previous year, achieving a rise in net profits amounting to USD 1.1 million in comparison with USD 0.1 million in 2018, with the company maintaining growth in exceptional performance and profitable sustainability over two consecutive years. The company's net profit during the last quarter of 2019 was approximately USD 1.8 million.

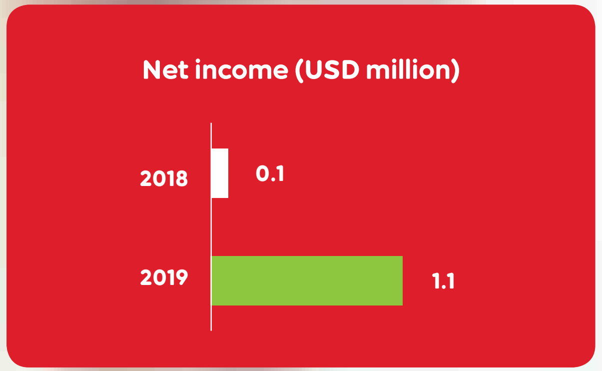
The following graphs demonstrate the positive development in the company's performance in the 2018-2019 period.











Programs and Services

Since launching its services, Ooredoo has been keen to offer the best and newest services to customers and to provide the best digital services that meet the needs and demands of the customers at a high quality and competitive prices. Therefore, the company provided programs and services that meet all needs throughout the year.

“The best services and campaigns and the richest digital experiences that meet the needs of the customers.”

Distribution Methods and Main Sales Channels

Ooredoo relies on a broad network of distributors, dealers, sales points and showrooms as part of the company's policy and strategy of delivering its services to all citizens in the Palestinian market everywhere and at any time.

West Bank
11
Gaza Strip
5

Ooredoo showrooms

West Bank
2
Gaza Strip
2

Distributors

West Bank
111
Gaza Strip
141

Authorized Agents Network

West Bank
1231
Gaza Strip
604

Points of Sale Network

More than 10 thousand electronic recharge points in the West Bank and the Gaza Strip

Pre-paid SIM Recharge Points Network

Research and Development

Since its launch, Ooredoo's has always sought to keep up with changes in the market and subscriber requirements given the rapid development of the telecommunications sector, in order to be able to introduce the best products and services and remain the leader of the telecommunications sector in Palestine. The company accords a great importance to research and development to ensure the improvement of effectiveness and the quality of provided services. Towards this end, it relies on the specialized marketing studies the company carries out throughout the year, taking into consideration the best international standards and practices, in addition to adopting professional indicators through which the company's performance is compared to its local and international counterparts. Performance and services are developed on this basis, including investment in the development of its network's infrastructure and keeping up with the latest developments in the field of communications and information.

Palestinian Family, Global Experience

Ooredoo has a family of employees who work with diligence, love and belonging to serve our society in a unique manner. Their first objective is to satisfy customers and offer the services they need perfectly and at high quality in order for them to enjoy telecommunications and Internet services by Palestinian hands and with global expertise. Ooredoo draws such expertise from its larger family that operates in 12 countries around the world.

Ooredoo Palestine includes close to 700 staff members who work at the various departments and sections of the company at an incessant pace to ensure that the provision of services to the customers continues around the clock. The company views its employee family as one of the important assets that underpin the company. Therefore, Ooredoo invests in its staff throughout the year in a manner that develops their skills and inspires their ideas and their contribution. The company has dedicated internal programs for training staff members in their respective areas. The programs have delivered more than 9,000 training hours during 2019 that were allocated in accordance to need and to on-going studies overseen by teams that specialize in capacity development.

Open Door Policy
Towards creating an ideal work environment, Ooredoo removed barriers between its staff and promoted the values of equality and communications between them at their various location through setting up an open work area as an implementation of the open door policy to ensure healthy communication among all the members of the family.

The company has also worked on setting a clear mechanism to develop and promote its staff. From the first day at the company, employees are informed of the average time needed for developing their job position according to their performance evaluation.

Career Path Program
Based on our belief of the importance of working to develop the capacities of the employees, the company carries out professional (career path) development programs through creating plans for every staff member in the company to ensure a better professional future. The plans include honing the skills and developing the capacities of employees and devising plans to enhance a bright professional future. The program has targeted 23 employees from all job categories.

These programs are not limited to the youth category or recent graduates. They include reviewing the professional and practical skills of the middle and senior management of the company to ensure that management is aware of all work aspects in order to harness these skills to lead the work teams in all areas and establish an equivalent work environment. Since its launch three years ago, the program has targeted around 55 employees.

Scholarship Program
As for the educational aspect, the company gives great attention to developing the academic skills of its staff and supports their educational path. Therefore, the company established a program to support its employees with scholarship at the various Palestinian universities. So far, 55 male and female staff members benefitted from this program.

Junior Leaders Program
Ooredoo's family has always been concerned with youth at all levels. Therefore, the company designed a program for its high-potential junior staff in order to invest in those energetic staff members who will become future leaders. The company launched the junior Leaders Program which trains a group of employees for a year and integrates them in leadership settings and experiences that aim at shaping their characters and developing their professional, academic and practical capacities. Over three years, 26 employees joined this program, which reflected greatly on their general performance, enabling them to assume positions that are higher than the ones they were at before joining the program.

CEO Innovation Award
In order to cap this great investment within the Ooredoo family, the CEO took the initiative to approve the "CEO Innovation Award," which allows for the submission of innovative ideas that serve the work environment in the company. Those who submit winning ideas receive incentivizing awards. During 2019, 17 ideas with a direct impact on the development of the work and the advancement of many of its aspects won.

Forsa Program
Based on Ooredoo's sense of belonging to its Palestinian society, it is engaged in allocating opportunities to young graduates as part of the Forsa (Opportunity) Program, which provides paid training to recent graduates and helps them to join the job market and learn the basic skills required for starting a good career.

Internal Transactions Digitization Program
In the context of the company's sense of appreciation of Palestine's environment, Ooredoo has undergone a shift by becoming a company free of internal paper transactions, replacing internal requests and transactions with electronic ones.

Digital Security Training Program
The company has intensified the training programs it offers to more than 300 employees on digital security in order to upgrade the staff's competency in regards to this important aspect of the digital transformation pursued by the world.

Sustainable Development

The development and advancement of society is one of the company's top priorities. In continuation of its course of working for the prosperity of all sectors of the Palestinian society, and based on the belief of the company's responsibility towards the society, we have been keen to contribute to the advancement of our society and to work together with all partners on building our economy, taking into consideration the preservation of our environment. Furthermore, we always strive to offer our utmost towards driving sustainable development forward, which would advance the economy, the society and individuals. At Ooredoo, we care about making a contribution with a significant impact towards supporting the society, preserving the environment and building the capacities of individuals. This comes in the context of preserving environmental resources and maintaining them through running several awareness-creation campaigns, limiting emissions and waste and recycling solid waste. We have designed a number of innovative solutions towards maintaining a safe and clean environment.

Economically, Ooredoo continues its contribution to building the national economy. We have been able to play a constructive and leading role in stimulating the wheels of the national economy since the first moment of entering the Palestinian telecommunications market, with the company creating 3,000 new direct and indirect jobs during 2019, which was reflected in the income level of the staff and their families.

The company also succeeded in attracting Arab investments to the Palestinian market, which affirms the presence of promising opportunities in Palestine. This empowers our national economy and gives it a strong presence on the international investments map, as the telecommunications sector is considered one of the most attractive sectors for investment and the creation of new work opportunities.

Social Responsibility

Palestinian Motivation, Exceptional Responsibility

Ooredoo's motivation has deep Palestinian roots. It originates from Palestine's high mountains, gushing out of its springs, running with its rivers and feeding the seas of generosity. Such is Ooredoo family's motivation, generating a modern version of the Palestinian tradition of "Ouna", which refers to voluntary help extended to others, for which Palestinians were famous throughout the ages.

Ooredoo Palestine seeks to serve the community to which it belongs with the best methods that are most suitable to public needs. Therefore, the company works continuously to lay the ground for partnership and cooperation with all the national institutions and build bridges of strategic relations through which it attempts to support the public good with community contributions that have an impact, value and quality.

The year 2019 was full of these new relations that Ooredoo has harnessed to contribute to the benefit of the society despite the difficult economic conditions that faced the Palestinian market during the year.

In Support of Palestinian Sports

As for sports, 2019 saw Ooredoo crown the sponsorship of Palestinian football for the 2018-2019 athletic season, which is the fourth consecutive season, at a total value of over USD six million invested by the company to create a qualitative shift at the level of Palestinian football, along with its strategic partner, the Palestinian Football Association (PFA). The PFA has invested this relationship as best as possible to develop the players, playgrounds, administrators and referees at the local level, leading to excellence at the international level, which has been Ooredoo's aim towards serving the Palestinian youth.

As in every year, the sponsorship included the Professional League in the West Bank and the Premier League in the Gaza Strip, in addition to the Super Cup, the Abu Ammar Cup and the Palestine Cup. Palestinian youth is greatly interested in these championships given their innovation, courage and highly competitive spirit.

Ramadan: The Month of Charity and Generosity

The company works to extend a helping hand to marginalized groups that need support and assistance. Hence, during Ramadan of 2019, Ooredoo provided community contributions to a number of charitable institutions and societies that provide care to several groups of people who need assistance, throughout the West Bank and the Gaza Strip. These contributions included societies and institutions that take care of orphaned children, autistic children, cancer patients and the elderly.

The contributions and sponsorships are an honest expression of the vision and solid strategy at Ooredoo of providing a better life and future to every Palestinian, and of the noble objective that every member of the Ooredoo family believes in of extending to our Palestinian society all the help it deserves.

Because Ooredoo is an authentic part of its societal fabric and exerts its utmost efforts to be ever closer to Palestinian citizens, the company worked to give facilities to its customers who work at the Palestinian government given the difficult economic conditions that the Palestinian people went through during the year.

Our Heritage, Our Identity

Our Palestinian heritage is part of Ooredoo's identity and an aspect of which it is immensely proud and tries to highlight at every occasion or event related to the company. The company takes this responsibility very seriously. Therefore, in cooperation with the Municipality of Gaza and the Palestinian Ministry of Culture, it sponsored the Palestinian Heritage Festival to mark the National Heritage Day in an attempt to ensure this historical and cultural heritage is passed on to the next generations.

Technology and Economy

The company had an important contribution at the level of technology and the economy. It sponsored the Palestine Exporter Award for the IT sector, in partnership with the Palestinian Trade Center (Paltrade). This comes as part of the continuous efforts that company exerts to advance the Palestinian national economy.

Sponsorship of the Forum of Palestinian Journalists

Palestinian journalism is very important for Ooredoo, specifically given the digital revolution. As such, the company believes that supporting these media organizations is not just based on common interests, but is part of our responsibility towards our society and toward this group that takes it upon itself to bear the Palestinian message and spread it to the world. This year, the company honored a group of journalists in the Gaza Strip, in cooperation with the Forum of Palestinian Journalists.

Youth and Education

Since Ooredoo is a young company and believes in the potential of Palestinian youth at all levels, this year was the year of youth par excellence based on the noble mission the company bears of giving the youth the opportunities they deserve and the attention they need to receive in their path to become future leaders and establish our Palestinian state. As such, the contributions and sponsorships the company extended towards community service focused significantly on the youth sector.

Signing of an Agreement with Birzeit University

The company signed an agreement to renew joint cooperation with Birzeit University, which aims at providing diverse activities and events to students at Birzeit University. The signing of this agreement was within the context of the strategic relationship that has bound the company and the university for years.

Signing of an Agreement with Al-Quds University

In the arena of education, the company signed a cooperation agreement with the Al-Quds University, in the context of the Dual Studies Program that the university offers. The agreement aims at establishing a strategic partnership between Al-Quds University and Ooredoo by making the integration of students into working life an integral part of their studies at the university. This will contribute effectively to honing the practical skills of students and preparing them for the next phase, integrating them into the job market armed with a unique and rich experience.

Welcome Ceremony for New Teachers

In a related context, the company provided sponsorship to the General Union of Palestinian Teachers for organizing a welcome ceremony for new teachers, which is held every year, in honor of the new teaching staff that will bear the great responsibility of preparing, educating and teaching a future generation.

Various Volunteer Activities

In the context of the company's strategies to invest in the youth and the upcoming generation, the company, on an annual basis, gets involved in a number of volunteer activities by providing local organizations with a number of Ooredoo family employees in order to share their professional expertise and transfer that expertise to Palestinian youth.

An example of these activities is cooperation with the INJAZ Palestine organization through joining the general assembly of the organization.

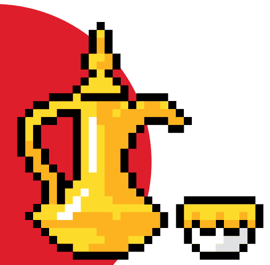
Hosting Students of Gaza's Islamic University

Ooredoo Palestine works to support the society with its expertise through hosting university students, sharing the company's success stories with them in order to inspire their university and work life and giving them several explanatory presentations about work mechanisms that would serve as an introduction for students to the business domain of the Palestinian market. Thus, and based on its community responsibility, the company received at its headquarters in the Gaza Strip a group of Islamic University students.

A Ceremony to Honor High School Students

Ooredoo gives great consideration to high school students every year by contributing to holding various events in order to be part of the joy of their secondary school graduation and transition to a new phase that carries importance for the Palestinian society.

Community Activities



Congratulating the new heads of the chambers of commerce

Taking part in Christmas events

Taking part in Mother's Day Celebrations

Taking part in supporting women businesses in partnership with ASALA organization

Reception of a delegation from the Student Parliament in the Gaza Strip

Reception of a youth delegation from the Palestinian community in the USA

Governance

Commitment to Application of Governance Rules

Ooredoo company is committed to global governance practices as a publicly traded company listed in the Palestine Securities Exchange. The company also follows its own governance manual which it developed in 2010 and is in line with the provisions of Palestine's company governance regulations issued by the Palestinian Capital Market Authority.

At Ooredoo, we are aware of the responsibility of the board of directors to ensure the application of the highest good governance standards. The board reconciles the interests of investors and all categories of stakeholders, such as employees, providers, and the local community. It sets work rules and mechanisms, monitors and controls performance, and manages and identifies risk with a view to achieving the desired goals.

Commitment to Disclosure

Ooredoo is proud of its commitment to all the provisions of the disclosure regulation in effect in Palestine. Disclosure involves what the company commits to in terms of announcing quarterly, semi-annual and annual financial results and the dates and decisions of the meetings of the board of directors and the disclosure of essential issues that could affect the share price, be they financial or management issues or future outlooks, through announcing on the websites of the Palestinian Capital Market Authority, the Palestine Securities Exchange, and the Ooredoo company. The company is committed to following the most precise management procedures to ensure the timely and appropriate completion of the disclosure process. As proof of this commitment, the Palestine Capital Market Authority has never asked for clarification or disclosure from the company concerning vague or incomplete information, or penalized the company as a result, since its listing in the Palestine Securities Exchange on 9 January 2011.

Board of Directors

The board of directors consists of seven members whose membership extends for four years. The duties and responsibilities of the board of directors, governed by the Company Law and the company's by-laws, are several, as it is responsible for devising work laws and mechanisms and endorsement of internal policies, in addition to monitoring and controlling performance and identification and management of risks towards the achievement of pursued objectives.

Committees Emanating from the Board of Directors:

Two standing work committees responsible for providing support to Ooredoo's board of directors in carrying out its tasks emanate from the board of directors: the executive committee and the audit committee.

Executive Committee

The board of directors' executive committee was formed on 10 December 2014. Its members are:

- Mr. Mohammed Abu Ramadan, Chairman
- Mr. Khalid Al Mahmoud, Member
- Mr. Ahmed Al-Muhannadi, Member
- Mr. Rami Al-Barghouti was named committee secretary

Responsibilities of the Executive Committee:

- Review draft regulations and new company policies and make recommendations concerning these to the board of directors.
- Oversee the process of job evaluation and develop the company's compensation structure.
- Approve the process of performance evaluation and any amendment thereto.
- Submit strategic guidelines to the board of directors with regard to the priorities and risks related to financial and strategic investment.

Audit Committee

The board of directors' audit committee was formed on 10 December 2014. Its members are:

- Mr. Mr. Bassam Yousef Al-Ibrahim, Chairman
- Mr. Faisal Al-Shawwa, Member
- Mr. Eisa Al Mohannadi, Member
- Mr. Mahmoud Othman was named committee secretary

Responsibilities of the Audit Committee:

- Review annual audited financial statements and interim (quarterly) financial statements, related reports and accounting matters in order for the executive management to carry out required procedures, before submission to the board of directors for adoption.
- Set objectives and internal auditing policies and determine their scope.
- Select the external and internal auditors for the company and recommend appointment.
- Evaluate the performance of internal and external audit annually, according to predetermined performance indicators.

Meetings of the Board of Directors

The board of directors held six meetings during 2019, the dates and minutes of which were disclosed in accordance with the disclosure regulation in effect in Palestine. In its meetings, the board discussed and approved a number of important issues related to the company's performance and present accomplishments, in addition to the approval of annual strategic plans and any issues that require its approval.

Ordinary General Assembly Meeting

The general assembly held its ordinary meeting on March 14, 2019. The shareholders voted during the meeting to endorse the report of the board of directors and the auditors' report and financial statements for the fiscal year ending December 31, 2018, to absolve the members of the board of directors from liability for the fiscal year ending December 31, 2018, and to elect a company auditor for the fiscal year 2019. PricewaterhouseCoopers Palestine Ltd was elected to undertake the task of auditing the company for fiscal year 2019.

Internal Control and Oversight Systems

Ooredoo's executive management has established a comprehensive and effective internal oversight system that safeguards the accuracy and transparency of financial disclosures that is in line with international and professional standards and the latest global practices in this regard in a manner that ensures the realization of the company's vision and the effective and competent attainment of its operational and strategic objectives. It has:

- Developed a set of financial policies and detailed standard operation procedures, ensuring compliance with the International Financial Reporting Standards (IFRS) in line with the financial disclosure standards of the securities exchange and the laws and regulations in effect in Palestine.

- Adopted a computerized global financial system to ensure the accuracy of financial statements and compliance with international standards and requirements.

- Subjected the financial statements, the internal control oversight regulations, governance system and the risk management and operational processes system at the company to continuous inspection and review by the independent external auditor and by the internal company auditor. Both report to the independent audit committee of the board of directors in accordance to the requirements of good governance. The audit committee meets regularly with the auditors and the executive management to review audit reports and ensure the accuracy of the annual financial statements of the company and the implementation of any corrective procedures recommended by the auditors.

- Updated the internal audit system and the audit and risks committee regulation in 2019 after it was presented to the board of directors with a view to keep up with the developments and the best global practices in the work of audit and internal audit committees.

Members of the Board of Directors

Mr. Mohammed Abu Ramadan

Chairman, Representative of Palestine Investment Fund

Mr. Mohammed Abu Ramadan joined the Board of Directors of Ooredoo Palestine in December 2014. Previously, Mr. Abu Ramadan served as the Palestinian Minister of Planning and Administrative Development in two consecutive Palestinian governments in the period of 2012-2014. In addition, he has been a board member of the Palestine Investment Fund since 2006. During his career, he served in a number of public positions, including being a member of the board of directors for the Palestine Monetary Authority and vice-chairman of the board of directors of the Palestinian Trade Center (Paltrade). He is also a board member of many companies and economic institutions, as well as other leading community organizations. Mr. Abu Ramadan is a leading Palestinian businessman and currently serves as the chairman of the board of directors of the Abu Ramadan Investment Group and the chairman of the board of the Gaza Buses company. Mr. Abu Ramadan holds a Bachelor's degree in Business Administration from Syracuse University in the United States of America.

Mr. Khalid Al Mahmoud

Vice Chairman of the Board of Directors, representative of the National-International Company

Mr. Khalid Al Mahmoud joined the board of directors of Ooredoo Palestine in June 2012. He serves as Group Chief Officer of Ooredoo Group's small & medium companies. In addition, Mr. Al Mahmoud is the chairman of the board of directors of Ooredoo Maldives. He also served in several positions such as: chairman of the board of directors of Ooredoo Algeria, vice-chairman of Ooredoo Oman, chairman of the board of directors of PTC-Bravo in the Kingdom of Saudi Arabia and the chairman of the board of directors of Wi-Tribe in Pakistan.
Since joining Ooredoo Group in 1989, Mr. Al Mahmoud served at several important positions in Qatar and abroad. The positions include chief operating officer of Ooredoo Oman, general manager of the Data and Internet Services Unit and the head of the IT Divisional Manager at Ooredoo Qatar. Mr. Al Mahmoud holds a Bachelor's degree in computer engineering from University of Pittsburg in the United States of America.

Mr. Bassam Yousef Al-Ibrahim

Member, Representative of Ooredoo Group

Mr. Bassam Yousef Al-Ibrahim joined the board of directors of Ooredoo Palestine in April 2018. Mr. Al-Ibrahim currently serves as senior director of Sourcing Capabilities, Performance & Partnerships at Ooredoo Group, where he has held a number of positions since 2013. Mr. Al–Ibrahim, was also in charge of multiple senior positions in the field of telecoms, information technology, project management and procurement. Mr. Al–Ibrahim holds a Bachelor's degree in telecommunications engineering from the University of Essex, UK, and a Master's degree in digital transformation from HEC Paris.

Mr. Faisal Al-Shawwa

Member, Representative of Palestine Investment Fund

Mr. Faisal Al-Shawwa joined the board of directors of Ooredoo Palestine in January 2011. He was the general manager of Al-Shawwa General Trading and Contracting Company, and is its chairman of board of directors. In addition, Mr. Al-Shawwa is the vice chairman of the board of directors of the Middle East Pharmaceutical Company, the vice chairman of the board of directors of Al-Amal Asphalt Company, a member of the board of directors of the Bank of Palestine, a member of the board of directors of the Palestinian Electricity Company, and the vice chairman of the board of directors of the Palestinian Trade Center (Paltrade). He is a member of the American Engineering Association, the Contractors' Union, the Union of Engineers and the Palestinian Businessmen's Association. Mr. Al-Shawwa has a Master's degree in business administration from North Virginia State University and a Bachelor's degree in Civil Engineering from Memphis State University. Both universities are in the United States.

Mr. Eisa Mohammed Al-Mohannadi

Member, Representative of representative of the National-International Company

Mr. Eisa Mohammed Al-Mohannadi joined the board of directors of Ooredoo Palestine in February 2016. Mr. Al-Mohannadi currently serves as director-general of Revenue Assurance & Compliance of Ooredoo Qatar, where he has held a number of positions since 2012. Mr. Al- Mohannadi was also in charge of multiple senior positions in the field of banking services, risk management, revenue assurance and public administration. Mr. Al-Mohannadi holds a Bachelor's degree in business administration from Marymount University in the United States of America.

Mr. Ahmed Al-Mohannadi

Member, Representative of the National-International Company

Ahmed Al-Mohannadi joined the board of directors of Ooredoo Palestine in April 2018. He joined Ooredoo Group in 2009 as customer experience director, then as director of customer value management in marketing and now works as a senior director of innovation & business development. He holds a mechanical engineering degree.

Mr. Shadi Adnan Alkhatib

Member, Representative of the Palestine Investment Fund (PIF)

Mr. Shadi Alkhatib joined the board of directors of Ooredoo Palestine in May 2016. Mr. Alkhatib currently serves as the CEO of Aswaq, a PIF company. Previously, Mr. Alkhatib served as a portfolio manager at PIF. In addition, he serves in other positions that include being a board member of the Arab Islamic Bank, a board member of the Birzeit Pharmaceutical Company and a board member of the Arab Medical Center Company. Mr. Khatib holds a Bachelor's degree in finance from the University of Arab Academy for Science and Technology in Egypt, and a Master's degree in finance and investments from the University of Western Sydney in Australia.

Executive Management Members

Dr. Durgham Maraee

CEO

Dr. Durgham Maraee is the CEO of Ooredoo Palestine. Dr. Maraee has extensive experience in telecommunications and in business management and investment. Prior to his appointment to the position of CEO of Ooredoo, Dr. Maraee served as the Deputy Chief Investment Officer of the Palestine Investment Fund (PIF), where he managed PIF's investment portfolio and developed new investment initiatives that aim at promoting economic growth in Palestine. Prior to joining PIF, Dr. Maraee worked as a consultant at the Boston Consulting Group (BCG), where he was focused on providing strategy and investment advice to leading American and multinational corporations in several sectors. Dr. Maraee holds a Master's and PhD degrees from Harvard University in international law.

Mr. Haitham Abu Shaaban

Chief Commercial Officer

Haitham Abu Shaaban assumed his current position as Chief Commercial Officer at Ooredoo Palestine in December 2017. He first joined Ooredoo as a general manager of company operation in the Gaza Strip in 2011. Mr. Abu Shaaban has extensive experience in project management, entrepreneurship, business development and strategic marketing management. Mr. Abu Shaaban has an achievement-laden career with reputable domestic and international companies in the fields of development projects, telecommunications, information technology and the private sector in Palestine in general and in the Gaza Strip in particular. He has accomplished several achievements with unions and NGOs on a voluntarily basis in his capacity as an elected member of boards of directors. Mr. Abu Shaaban has a bachelor's degree in international business administration from California State University in the United States.

Mr. Naim Nazzal

Chief Technical Officer

Mr. Naim Nazzal assumed his current position as chief technical officer at Ooredoo Palestine in May 2015. He first joined the Ooredoo family in 2007 and was responsible for managing the network and made a significant development in the company's technical management. Mr. Nazzal enjoys an extensive experience in the field of telecommunications, frequency management, project planning and management, and business development. He accumulated a broad expertise working for various domestic and renowned international companies in the field of telecommunications and information technology. Mr. Nazzal holds a Bachelor's degree in telecommunications engineering from Birzeit University, and a Master's degree in business administration with a concentration in entrepreneurship from the same university, in addition to a number of international certifications in the areas of planning, operations and management of information and telecommunications systems. He also holds international specialized certificates in the area of business administration from the International Institute for Management Development (IMD) in Switzerland.

Mr. Osama Qawasma

Chief Regulatory Officer

Osama Qawasma assumed his current position as chief regulatory officer at Ooredoo Palestine in October 2019. Mr. Qawasma joined the Ooredoo family in 2008 and served in several senior positions in government and institutional relations management before assuming his current position. He has broad experience in the telecommunications sector and is considered an expert in the regulatory aspects of the industry. Mr. Qawasma has served as a Director General in the Ministry of Telecommunications for more than 11 years. He has taken part in many international conferences on related issues, prior to joining Ooredoo as government and institutional relations manager. Mr. Qawasma holds a Bachelor's degree in electronic engineering, with a telecommunications concentration, from Stettin University in Poland.

Mr. Tareq Soufan

Chief Human Resources Officer

Mr. Tareq Soufan assumed his current position as chief human resources officer in October 2019. Mr. Soufan first joined the company in 2007 and assumed a number of managerial positions the most important of which was as director of Human Resources & Administration. He led an important transformation process of the internal and administrative culture to create a distinct work environment. Mr. Soufan has years of extensive experience in the human resources field as he has managed different functions within the Human Resources Division at Ooredoo Palestine. Mr. Soufan holds a Bachelor of Arts degree in business administration from An-Najah University in Palestine, and a Master's degree in business administration from Indiana University of Pennsylvania in the USA through the joint program with the Arab American University in Palestine. In addition, Mr. Soufan holds several international certificates, the most important of which are an information systems analysis & design certificate from McGill University in Canada, a human resources management certificate from Concordia University in Canada and a certificate from the Ooredoo Group Business Leaders Program, conducted by the International Institute for Management Development (IMD) in Switzerland in 2015 and 2018.

Mr. Shadi Qawasmi

Sales Director

Mr. Shadi Qawasmi assumed his current position as Sales Director at Ooredoo Palestine in October 2018. Mr. Qawasmi joined the company staff in February 2015 and assumed then the position of general director of Marketing Communications and Public Relations. He was instrumental in making a tremendous change in the marketing strategy and enhancing the market position of the Ooredoo trademark in a competitive and well-informed manner. Mr. Qawasmi is considered one of the key strategic consultants in trademark development and has a record of designing and managing marketing campaigns for many private companies in Palestine and beyond. Mr. Qawasmi holds a Bachelor's degree in advertising management from Brigham Young University in the United States and a Master's degree in marketing and brand management from the University of EDHEC in France.

Mr. Murad Al-Haroun

Marketing Director

Mr. Murad Al-Haroun assumed his current position as marketing director at Ooredoo Palestine in November 2017. He has an extensive professional and technical experience in the area of strategic planning, marketing, consultation and strategic projects management. He held important posts at international, regional and local telecommunications and IT companies prior to joining Ooredoo. Mr. Al-Haroun holds a Bachelor's degree in business administration and management information systems from the Arab Academy for Sciences and Technology in Egypt. He also holds renowned professional certificates in related fields of work.

Mr. Ziad Nimer

Customer Care Director

Mr. Nimer assumed his present position as Customer Care Director at Ooredoo Palestine in February 2018. Since joining Ooredoo in 2008, Mr. Nimer assumed a number of positions such as senior director of the customer care department and director general of sales. He dedicated his experience to the development of the communication and customer service center. Prior to joining Ooredoo, he served in a number of positions at several banks working at various departments such as the credit department, customer sales, client services and distribution. He also has experience working at private companies where he acquired a broad experience in the area of strategy and operational plan development in subscriber and sales services management. Mr. Nimer has a Bachelor's degree in accounting and a Master's degree in business administration from Birzeit University. He took part in several training courses related to strategy development and subscriber services development by attending several training courses abroad. He also participated in a training program for business entrepreneurs that was delivered by the International Institute for Management Development (IMD) in Switzerland in 2016.

Ms. Nancy Shamieh

Finance Director

Ms. Nancy Shamieh assumed her present position as the finance director at Ooredoo Palestine in December 2019. Ms. Shamieh joined the Ooredoo family in 2007 and held several positions in the Finance Department, the last of which was senior manager of accounting and treasury. She played an essential role in leading many investment projects for the company. Ms. Shamieh has comprehensive experience in financial and administrative management in general, in addition to her extensive experience in accounting affairs, investment project management and managing financial portfolios in local banks and companies. Ms. Shamieh holds a bachelor's degree in management and accounting and a Master's degree in business administration from Birzeit University, as well as an accredited certificate in financial control from the IABFM Institute in Dubai. Ms. Shamieh also participated in an accredited entrepreneurial training program conducted by the International Institute for Management Development (IMD) in Switzerland in 2015.

Mr. Ahmad Khalil

Procurement Director

Mr. Ahmad Khalil was appointed as procurement director at Ooredoo Palestine in May 2019. Mr. Khalil joined Ooredoo Palestine in 2010. During this phase, he assumed the position of the head of the Procurement Department. Mr. Khalil committed himself to building an exceptional and competent work team and developing the procurement governance systems in the company that comply with the standards applied at major companies and organizations. He also worked to rationalize expenses at the company through various professional and informed processes, which made a major difference at the Procurement Department. Mr. Ahmed Khalil has a broad professional experience. He has worked for more than five years in the management of the implementation of construction projects funded by the Emirates Red Crescent Authority, in addition to three years as a procurement specialist in the World Bank Projects Division at the Ministry of Education. He is considered one of the top specialists in training on procurement and supply chains in Palestine. Mr. Khalil holds a Bachelor's degree in civil engineering from Birzeit University.

Mr. Rami Barghouthi

Legal Counsel

Mr. Rami Barghouthi assumed his position as a legal counsel for Ooredoo Palestine in August 2013. He was appointed as the treasurer of the company board of directors at the start of 2014. Prior to joining Ooredoo Palestine, Mr. Barghouthi worked as a lecturer at Birzeit University. While practicing law, he provided several legal consultations locally and internationally. He has an outstanding experience in the field of telecommunications and corporate laws, labor laws and business management, in addition to a broad experience in corporate governance. Mr. Barghouthi holds a bachelor's degree in law from Birzeit University, a master's degree in commercial law from the University of Central Lancashire in the United Kingdom and an Executive MBA from Northwestern University-Kellogg School of Management in the United States of America.

Our Investors and Ooredoo's Shares

Ooredoo Palestine's shares were listed in the Palestine Securities Exchange in 2011. Ooredoo is the largest company in the Palestine Securities Exchange (PSE) in terms of paid-up capital at a value of USD 293 million, which contributed indirectly to raising the market value of the PSE at the end of 2019 by a percentage of approximately 7.3%. Also, Ooredoo has contributed 91.5% of the total value of trading sessions in the PSE in 2019.

Communication with Shareholders

The company provides several communication channels for communicating with the shareholders and responding to their questions. They include the website, which contains a comprehensive section for investor relations where shareholders can view financial, management and operational statements, which are announced through periodic disclosures and annual reports, as well as stock movement information, all press statements and frequently asked questions, which are updated continuously.

Shareholders can contact us using the following contact details:

Tel: +970 (0)56 800 3000
Fax: +970 (0)56 800 2999
Email: ir@ooredoo.ps
Website: www.ooredoo.ps

Copies of our annual reports and other information concerning investors are available on our website – Investor Relations section.

Share Performance Indicators

Shareholders owning 5% or more as of 31 December 2019

Name of Shareholder	Number of Shares Owned	Percentage of Shares Owned
Wataniya International FZ LLC	144,339,191	%49.26
Palestine Investment Fund (PIF)	101,500,996	%34.64

As of 31 December 2019, there were no shareholders owning more than 5% among the free trading shareholders (the public).

Trading Summary of Ooredoo share and ranking at PEX during 2019

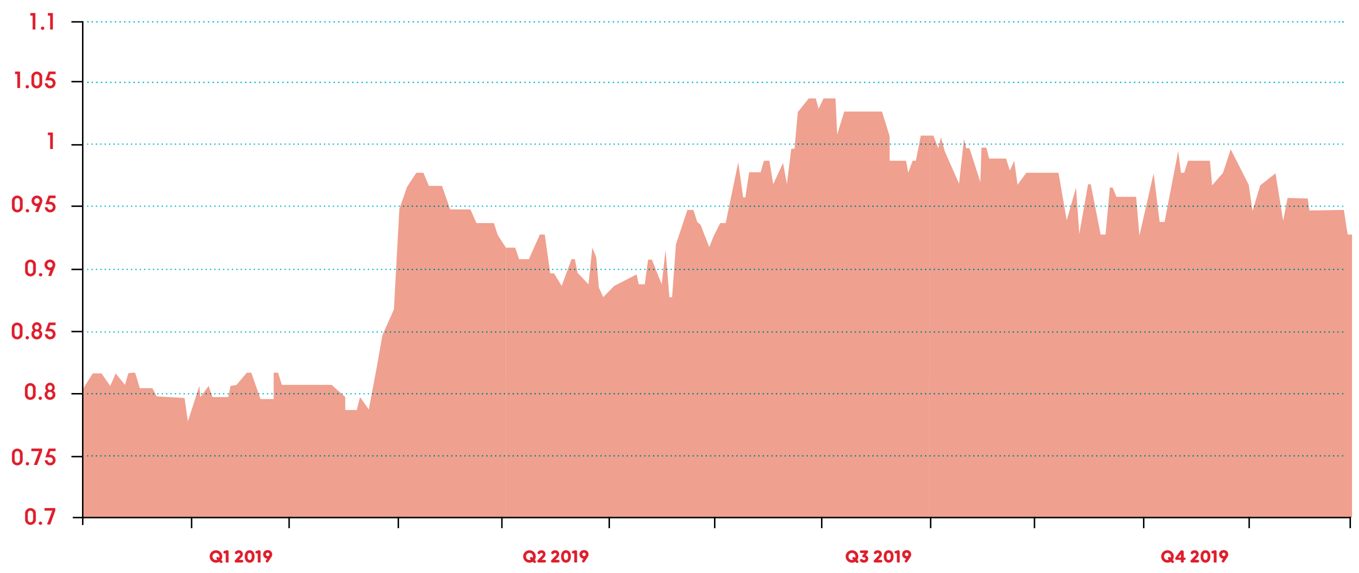
#6	Number of traded shares	9,778,659
#10	Value of traded shares (USD)	8,754,270
#4	Number of executed trades	2,598
#5	Number of trading sessions in which company share was traded	225
#3	The market capital of the company as of yearend (USD)	275,420,000
#3	Number of shareholders	10,050

The highest and lowest price of Ooredoo shares per quarter in 2018 and in 2019:

(USD) 2019	Q1	Q2	Q3	Q4
Highest price	0.88	1.00	1.05	1.01
Lowest price	0.80	0.88	0.92	0.91
Closing price	0.88	0.93	0.99	0.94

(USD) 2018	Q1	Q2	Q3	Q4
Highest price	1.17	1.04	0.91	0.88
Lowest price	0.95	0.85	0.81	0.80
Closing price	1.00	0.87	0.82	0.82

The following is Ooredoo's stock movement during 2019:



Legal Disclosures

Legal procedures and lawsuits brought against Ooredoo
There are no major lawsuits brought against Ooredoo as of the date of this report that might affect fundamentally the financial position of the company.

External auditors
Ooredoo has worked with PricewaterhouseCoopers Palestine as external auditors for the year 2019.

External legal counsel
The office of Sharp and Beyond for Legal and Investment Consulting Services in the West Bank and the Legal Consultative Office in the Gaza Strip both worked as external legal counsels for the company.

Lineage and matrimonial relationships among members of the board of directors and members of the executive management
There is no lineage or matrimonial relationships among members of the board of directors and the executive management team of Ooredoo. Furthermore, none of them has a business relationship with the company.

Major agreements concluded by the company with related parties
An agreement to purchase the current company's main headquarters in the Sateh Marhaba area of El-Bireh City, which is owned by the Sama Real Estate Company, a subsidiary of the Emaar Real Estate and Tourism Development Company, has been approved. No stakeholders are indebted to Ooredoo, nor have they received a benefit from any guarantee whose value exceeded five thousand (5,000) Jordanian dinars or equivalent currency in circulation legally from the beginning of the 2019 fiscal year.

Declaration of Bankruptcy
None of the members of the board of directors or the executive management has declared bankruptcy, and none was the subject of any claim, judgment or conviction against him/her, or any decision to prevent him/her from performing management responsibilities or undertaking certain activities, during the past five years.

Board of directors' remunerations
According to the company policy, members of the board of directors do not receive any bonuses or remunerations until the company earns a positive income. Hence, members of the board of directors of Ooredoo did not receive any bonuses or remunerations during 2019. Ooredoo, however, covers all travel expenses of the board members to attend meetings of the board of directors. The members of the board of directors, however, did not receive any reimbursement for such travel during 2019. There were no in-kind benefits received by the members of the board during 2019.

Executive management members' remunerations
Total remunerations of members of the executive management team amounted to USD 1,763,491 including those of the current executive management members and those whose contracts ended during 2019. There are no indirect remunerations such as guarantees or loans.

Executive management contracts
Executive management contracts are permanent contracts and are not different than those of other employees and comply fully with the Palestinian Labor Law.

Intellectual property, franchises and patents
Ooredoo owns the right to provide the 3G services. In addition, Ooredoo owns a number of trademarks (part of intellectual property) covering the majority of the activities it carries out. It must be noted here that the company's main trademark logos are:

Investment policy and risks
Ooredoo has not made any major investments - beyond the scope of its work - over the past two fiscal years. By the time of the development of this report, the company was not subject to any investment risks as a result.

Sponsorships and donations
Ooredoo attaches importance and provides care to all the segments of the Palestinian people. Serving the local community is part and parcel of the strategic company policy of staying ahead and assuming a leading role in shouldering its social responsibilities. The total contribution of Ooredoo to community programs in terms of grants and sponsorships reached USD 1,842,609 in 2019. This amount includes the sponsorship of the Palestinian football league which was provided by the mother company, the international Ooredoo Group.

Other Disclosures

Disclosure Regulation - Article 18-2: Ooredoo has submitted its 2019 preliminary financial statements to the company's board of directors for approval and there are no discrepancies with the audited final financial statements.
Disclosure Regulation - Article 20-1-A: In general, there has been no change that has impacted Ooredoo's business in the past two consecutive fiscal years, such as declaration of bankruptcy, merger or disposition of any of its core assets. It continued to offer new services during this year.
Disclosure Regulation - Article 20-4: Most of Ooredoo's services are permanent and non-seasonal, with the exception of some value-added services related to providing special seasonal information content.
Disclosure Regulation - Article 20-8: There has been no interruption in the flow of Ooredoo's business during the previous period that might have had a material impact on the financial position of the company.
Disclosure Regulation - Article 21-1:
With respect to Ooredoo's vision of its future business development, the company is in a constant state of developing its services to suit the needs of its bill and pre-pay customers locally and internationally. The mechanism of research and development has been referred to in page 31.
Disclosure Regulation - Articles 21-3: Ooredoo does not invest or hold equity in any other company, inside or outside of Palestine.
Disclosure Regulation - Article 21-4: Ooredoo Palestine does not carry out any operational activities outside of Palestine.

Disclosure Regulation - Article 24: With respect to the properties, the following table contains the location, size and characteristics of each major asset of the Ooredoo company:

Property and Equipment	Location	Size and Features
Network equipment	North, middle and south of the West Bank	Switches, transmission, radio base station, and power equipment
Network infrastructure	North, middle and south of the West Bank	Civil and infrastructure works, towers and fences
IT systems & computers	Headquarters and showrooms	Information systems and accessories
Office equipment	Headquarters and showrooms	Office supplies and accessories in the headquarters and showrooms
Furniture and fixtures	Headquarters and showrooms	Furniture at headquarters and showrooms
Leasehold improvements	Headquarters and showrooms	Civil, electrical & mechanical works in the headquarters and showrooms
Others	Headquarters and showrooms	Fire extinguishers and water tanks

Disclosure Regulation - Article 30-2: with regards to the company's earnings per share, the amount is stated in note number 21 pursuant to the audited financial statements of 2019.
Disclosure Regulation - Article 31-2: Financial transactions made during 2019 in currencies other than the U.S. Dollar were converted to U.S. dollar according to the exchange rates prevailing on the transaction date. Monetary assets and liabilities were revaluated at the end of 2019 to the U.S. dollar according to the New Israeli Shekel - U.S. dollar exchange rate of 3.46. The Bank of Palestine was the source of the exchange rates.
Disclosure Regulation - Articles 31-3-A+B:
1- The abundance of working capital, its internal sources, sources of unused cash, and the factors that led to its increase have been referred to in the cash flow statement in the year 2019 audited financial statements.
2- Sources of capital have been referred to in note 1 and note 11 of the year 2019 audited financial statements, and projected changes in capital structure have been noted under the heading Change of Control.

Financial Statements

Wataniya Palestine mobile telecommunication public shareholding company (Ooredoo Palestine)

Financial Statements for the year ended and independent auditor's report 31 December 2019

Wataniya Palestine mobile telecommunication public shareholding company

Financial statements for the year ended 31 December 2019

CONTENTS | PAGES

Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (hereinafter referred to as the "Company") as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2019;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matters	• Accuracy of revenue recognition and related IT systems • Provision for impairment of trade receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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, Anwar Tower, Level 7, Al-Irsal, Ramallah, Palestine
T: +970 (02) 242 0230, F: +970 (02) 242 0231, P.O Box 1317 (Ramallah)
www.pwc.com/middle-east

Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (continued)

Our audit approach (continued)

Overview (continued)

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
<u>Accuracy of revenue recognition and related IT systems:</u> As disclosed in note (18) to the accompanying financial statements, the Company's total revenue for the year ended December 31, 2019 amounted to USD 99,415,166. Telecommunication services are the largest contributor to this amount with revenue of USD 96,229,571. We considered this to be a key audit matter because the information systems used in capturing, calculating and recording revenues are complex and deal with a large volume of information and the accuracy of these systems, or lack thereof, potentially has a great impact on the recognition of revenues and accordingly the reported profit of the Company. Refer to notes 2.4, 18 and 28	We audited the telecommunications services revenue through a combination of controls testing, risk analytics and other substantive audit procedures, as stated below: • Understood and evaluated the significant revenue processes and identified the relevant controls (including IT systems, interconnection and reporting systems); • Tested IT general controls, covering pervasive IT risks around access security, change management, data center, network operations and price changing authorities and inputs on relevant billing and supporting systems; • Performed risk analytics and analytical review of significant revenue sources after developing an expectation of revenues based upon non-financial data principally derived from subscriber numbers, which are the main driver of these revenues; • Performed tests of automated and manual controls, and substantive tests to ascertain accuracy the revenues; • Reviewed the reconciliations of revenue prepared by management between the billing systems and the accounting system and; • We also assessed the adequacy and presentation of disclosures relating to IFRS 15 in the accompanying financial statements.

pwc

Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (continued)

Our audit approach (continued)

Provision for impairment of trade receivables: As referred to in note (9), trade receivables amounted to USD 17,403,002 as at 31 December 2019. Management calculated the provision for impairment of trade receivables in accordance with IFRS 9 Financial Instruments ("IFRS 9") choosing to apply the simplified approach model to measure expected credit losses which amounted to USD 6,387,206 as of December 31, 2019. Management necessarily have to make significant judgments when undertaking these impairment calculations. We considered this area to be a key audit matter because from our audit procedures and our knowledge of the Company's activities and geographical distribution, we recognized that there is a risk that may arise from management's failure to accurately calculate the provision according to IFRS 9, which in turn may lead to a material misstatement in the financial statements. This could arise for a number of reasons, such as the lack of proper assessment of the expected credit losses, failure to group the trade receivables based on shared credit risk characteristics and/or possible inaccuracies in the recording of the number of days a given customer debt is past due. Refer to notes 2.11, 9 and 25	Below are the procedures we undertook to evaluate management's computation of the Company's expected impairment of trade receivables: • Examined and tested the relevant internal control procedures adopted by management in developing provisions for trade receivables; • Compared the expected loss model developed by management to IFRS (9) requirements and reviewed the reasonableness of the methodology. We also tested the arithmetical accuracy of the model; • Evaluated and tested key assumptions used by management in their calculations such as those relating to the likelihood of customer default and subsequent loss on default, by comparing to historical default and loss data. We also assessed the incorporation of forward-looking factors (predominantly economic) to reflect the impact of future events on expected credit losses. Where required we used our internal experts to assist in evaluating the methodology and assumptions used by management; and • Assessed the adequacy of the presentation of disclosures relating to IFRS 9 in the accompanying financial statements.

Other information

Management is responsible for the other information. The other information comprises all the information included in the Annual Report of the Company for 2019 (but does not include the financial statements and our auditor's report thereon).

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

pwc

Other information (continued)

If, based on the work we have performed, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and the applicable laws and regulations of Palestine and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

pwc

Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

For and on behalf of PricewaterhouseCoopers Palestine Limited

Hazem Sababa
License number 115/2003
Ramallah, Palestine
February 13, 2020

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial statements for the year ended 31 December 2019

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF FINANCIAL POSITION
As at 31 December

	Note	2019	2018
ASSETS			
Non current assets			
Property and equipment	(3)	69,381,072	77,603,905
Projects in progress	(4)	6,063,468	3,659,551
Right of use assets	(5)	8,736,392	-
Intangible assets	(6)	111,946,255	121,189,166
Total non-current assets		196,127,187	202,454,624
Current assets			
Inventories	(7)	2,211,100	2,658,938
Other current assets	(8)	8,329,457	3,066,995
Trade receivables	(9)	11,015,796	13,182,700
Cash and cash equivalents	(10)	20,222,593	30,198,146
Total current assets		41,778,946	49,106,779
Total assets		237,906,133	251,561,403
EQUITY AND LIABILITIES			
EQUITY			
Paid in capital	(11)	293,000,000	293,000,000
Share premium		11,610,000	11,610,000
Accumulated losses		(208,566,096)	(208,470,697)
Total equity		96,043,904	96,139,303
LIABILITIES			
Non-Current liabilities			
Long term loans	(12)	31,875,000	47,500,000
Lease liabilities	(13)	5,481,682	-
Provision for employees' benefits	(14)	6,871,235	6,569,093
Other provision	(6)	44,871,337	44,871,337
Total non-current liabilities		89,099,254	98,940,430
Current liabilities			
Accounts payable		8,069,532	21,189,650
Long term loans mature within one year	(12)	6,250,000	2,500,000
Lease liabilities	(13)	3,714,856	-
Deferred revenues		5,088,448	4,591,660
Other current liabilities	(15)	24,789,730	17,488,972
Accrued project cost	(16)	4,850,409	10,711,388
Total current liabilities		52,762,975	56,481,670
Total liabilities		141,862,229	155,422,100
Total equity and liabilities		237,906,133	251,561,403

- The accompanying notes from page 10 to 40 form an integral part of these financial statements.
- The financial statements on pages 5 to 40 were approved and authorized for issuance by the Board of Directors on January 30, 2020.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial statements for the year ended 31 December 2019

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF PROFIT OR LOSS

for the years ended 31 December

	Note	2019	2018
Revenues	(18)	99,415,166	100,419,675
Cost of services		(45,186,245)	(40,741,473)
Gross profit		54,228,921	59,678,202
General and administrative expenses	(19)	(25,763,734)	(33,724,591)
Depreciations and amortizations	(3,5,6)	(25,321,551)	(24,294,746)
Recovery of provision for impairment of trade receivables	(9)	170,852	123,274
		3,315,488	1,782,139
Finance cost	(20)	(2,687,435)	(2,942,767)
Interest income		538,467	1,287,687
Gain (Loss) of currency differences		126,597	(21,585)
Profit for the period		1,293,117	105,474
Basic and diluted earnings per share from the period's profit	(21)	0.0038	0.0004

The accompanying notes from page 12 to 40 form an integral part of these financial statements.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial statements for the year ended 31 December 2019

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

for the years ended 31 December

	2019	2018
Profit for the period	1,293,117	105,474
Other comprehensive income items	-	-
Total comprehensive income for the period	1,293,117	105,474

The accompanying notes from page 12 to 40 form an integral part of these financial statements.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial statements for the year ended 31 December 2019
(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY
for the years ended 31 December

	Paid-in share capital	Share premium	Advance payments on capital	Accumulated losses	Total equity
Balance as at 1 January 2018	258,000,000	11,610,000	5,000,000	(208,090,504)	66,519,496
Change in accounting policy (Note 25)	-	-	-	(480,667)	(480,667)
Adjusted balance as at January 1, 2018	258,000,000	11,610,000	5,000,000	(208,571,171)	66,038,829
Increase in share capital	35,000,000	-	(5,000,000)	-	30,000,000
Profit for the period	-	-	-	100,474	100,474
Balance as at 31 December 2018	293,000,000	11,610,000	-	(208,470,697)	96,139,303
Balance as at 1 January 2019	293,000,000	11,610,000	-	(208,470,697)	96,139,303
Change in accounting policy (Note 29)	-	-	-	(1,218,516)	(1,218,516)
Restated total equity as at 1 January 2019	293,000,000	11,610,000	-	(209,689,213)	94,920,787
Profit for the period	-	-	-	1,123,117	1,123,117
Balance as at 31 December 2019	293,000,000	11,610,000	-	(208,566,096)	96,043,904

The accompanying notes from page 12 to 40 form an integral part of these financial statements.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial statements for the year ended 31 December 2019
(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF CASH FLOWS
for the years ended 31 December

	Note	2019	2018
Operating activities			
Profit for the period		1,123,117	100,474
Adjustments for:			
Depreciations	(5)	12,867,381	13,573,588
Depreciation of right of use assets	(5)	2,697,297	
Provision for employees' benefits	(14)	1,653,388	1,178,796
Recovery of provision for impairment of trade receivables	(9)	(150,852)	(123,274)
Gain (loss) on sale of property, equipment and intangible assets	(5,6)	(47,278)	2,877
Interest income		(538,467)	(1,287,687)
Finance costs	(20)	2,312,741	2,947,767
Finance cost on Lease liability in accordance with IFRS 16	(20)	674,694	
Amortizations	(6)	10,156,873	10,704,680
Loss of assets classified as held for disposal	(5)	267,465	16,478
Non-monetary Items		787,986	(180,867)
Payments of employees' benefits	(14)	(1,562,060)	(524,163)
		29,692,277	26,103,669
Change in working capital:			
Inventories	(7)	477,838	1,544,070
Other current assets and the effect of adoption of IFRS 16	(8)	(940,034)	2,093,435
Trade receivables	(9)	1,760,500	(766,917)
Accounts payable		(13,120,118)	14,967,444
Deferred revenues		496,788	907,032
Other current liabilities	(18)	7,300,798	(1,673,032)
Net cash from operating activities		25,668,099	43,185,681
Investing activities			
Purchases of property and equipment	(5)	(886,048)	(7,906,088)
Proceeds from sale of property, equipment and intangible assets	(5,6)	47,278	5,343,083
Purchase of Intangible assets	(6)	-	(1,422,103)
Increase in projects in progress	(4,5,6,16)	(13,202,819)	(38,018,494)
Interest income received		538,467	1,288,713
Net cash used in investing activities		(13,503,122)	(40,705,889)
Financing activities			
Repayment of syndicated bank loan		(11,875,000)	(90,000,000)
Long term loan received		-	55,000,000
Directs costs related to loans			(91,877)
Principal elements of lease payments	(13)	(2,952,789)	-
Interests paid		(2,312,741)	(7,060,059)
Increase in share capital			27,000,000
Net cash used in financing activities		(17,140,530)	(20,081,436)
Net decrease in cash and cash equivalents		(4,975,553)	(9,601,644)
Cash and cash equivalents, beginning of the year		30,198,146	39,799,790
Cash and cash equivalents, end of the year	(10)	25,222,593	30,198,146

The accompanying notes from page 12 to 40 form an integral part of these financial statements.

1. GENERAL

Wataniya Palestine Mobile Telecommunication Company (the Company), located in Ramallah, was registered and incorporated in Palestine on January 27, 2007 as a Private Limited Shareholding Company under registration No. 562499641. On October 25, 2010, the legal form of the Company was changed to a Public Shareholding Company under registration No. 562601328.

The Company was formed with an authorized share capital of 5,000,000 shares with USD 1 par value each. During 2008, the Company's authorized and paid in share capital was increased to 190,000,000 shares with USD 1 par value each. The Company's General Assembly in its extraordinary meeting held on October 25, 2010 resolved to increase the Company's authorized share capital to 258,000,000 shares with USD 1 par value each. The existing shareholders Wataniya International FZ – LLC (WIL) and Palestine Investment Fund, PLC (PIF) subscribed for 49,300,000 shares through capitalizing a portion of the shareholders' loans and the related accrued interest. The remaining 38,700,000 shares were offered to the public at an offer price of USD 1.3 per share, resulting in a share premium of USD 11,610,000. The public offering took place during the period from November 7, 2010 to December 2, 2010. On January 23, 2018 and during the extraordinary meeting of the General Assembly of the Company, the shareholders approved increasing the capital of Wataniya Palestine Mobile Telecommunication Limited Company through offering 35,000,000 more shares for public subscription to increase the capital from USD 258,000,000 to USD 293,000,000 with USD 1 par value each.

On March 19, 2007, the Company entered into a license agreement (the License) with the Ministry of Telecommunications and Information Technology (the MTIT) to provide 2G and 3G mobile services in the West Bank and Gaza. The term of the License is for fifteen years from the effective date being the date on which the MTIT makes the frequencies available to the Company. The effective date was originally set on August 6, 2008. On December 16, 2009, the MTIT approved the Company's request to determine September 10, 2009 as the effective date, instead of August 6, 2008, since it represents the date on which only 2G frequencies were allocated. On March 16, 2015, the MTIT approved to extend the terms of the license useful life for additional five years.

The Company started its operations on November 1, 2009.

The Company is a subsidiary of National Mobile Telecommunications Company K.S.C.P. ("the Parent company"), which in turn is a subsidiary of Ooredoo Q.P.S.C. ("the Ultimate Parent Company"), a Qatari Shareholding company whose shares are listed on the Qatar Exchange.

On November 27, 2018, the Company has officially rebranded as Ooredoo Palestine The rebrand of Wataniya Mobile is part of Ooredoo Group's strategy.

The Company's main activities are offering, managing, and selling wireless telecommunication services, as well as constructing and operating wireless telecommunication stations and telephone networks.

The financial statements of the Company as of December 31, 2019 were authorized for issue in accordance with the Board of Directors resolution on January 30, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied by the Company in the preparation of these financial statements are set below.

2.1 Basis of preparation

2.1 (a) Compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.1 Basis of preparation (continued)

2.1 (b) Historical cost convention

The financial statements have been prepared under the historical cost basis.

2.1 (c) Functional and presentation currency

The financial statements are presented in US Dollar, that represents the functional currency of the company.

2.2 Changes in accounting policies

The accounting policies used in the preparation of the financial statements of the Company are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2018 except for the adoption of new standards and amendments to existing standards as mentioned below.

(a) New and amended standards and interpretations adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

The application of these amendments did not have any impact on the amounts recognized in previous periods, and it is not expected that these amendments will affect the current or future periods.

(b) New standards applied by the Company commencing 1 January 2019 and has significant impact

IFRS 16 *"Leases"*

The Company has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

In adopting IFRS 16, the company recognized lease liabilities related to lease contracts that were previously classified as "operating leases" in accordance with the principles of IAS 17 "Lease Contracts". These liabilities are measured at the present value of the remaining rental payments, discounted using the lessee's additional borrowing rate as of January 1, 2019. (See Note 09-b).

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company's management continually evaluates its estimates, assumptions and judgments based on available information and previous experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates, and this may require adjusting the book values of the assets or liabilities in the future.

The areas involving a higher degree of judgment or complexity are described below:

Useful lives of tangible and intangible assets

The Company's management reassesses the useful lives of tangible and intangible assets, and adjusts if applicable, at each financial year end.

Provision for impairment of trade receivables

The Company has applied a simplified approach model to measure expected credit losses. The calculation of expected credit losses depends on the PD, which is calculated according to the credit risk, economic factors and the LGD, which is based on the grouping of receivables based on similar credit risk characteristics and the number of past-due days. Accordingly, the Company adopted a mathematical model based on the above-mentioned principles to calculate expected credit losses in accordance with IFRS (9). For further details see note 25 "credit risk"

2.4 Revenue recognition

Revenue is recognized when a customer obtains control of the goods or service. Determining the timing of transfer of control at the point in time or over time requires judgement. The following specific recognition criteria must also be met before revenue is recognized:

Telecommunication services

Includes communication services, data and messaging services for postpaid subscribers and prepaid subscribers. Revenues from telecommunication services are recognized when the services are rendered (i.e., when used by the subscribers).

Connection fees

The Company has determined that connection fee charged for the activation of services will be recognized over the contract period .However, revenue from connection fees which relates at or near contract inception to fulfil that contract, will be recognized when services are provided (i.e. as the identified performance obligations are satisfied).

Revenue from transit services

The Company has determined that it will be acting as Principle on these types of arrangements and Revenue is therefore accounted for on a gross basis.

Multi elements arrangements (Mobile contract plus handset)

The Company has determined to recognize contract asset on these types of arrangements since its identified performance obligation are satisfied over time (i.e. a receivable arising from the customer contract that has not yet legally come into existence).

Commissions to third party dealers, marketing expenses

The Company has determined that above expenses are incremental in nature while obtaining the contract will be capitalized and amortized as per IFRS 15. Recognized contract assets will be subject to impairment assessment under IFRS 9 requirements.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY
Financial statements for the year ended 31 December 2019
(All amounts expressed in US Dollar unless otherwise stated)
Notes to the financial statements

2.5 Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

2.6 Income tax

According to the Palestinian Investment Promotion Agency certificate issued on October 27, 2009, the Company was granted the right to benefit from the Palestinian Law for Encouragement of Investment. Accordingly, the Company is granted full exemption from income tax for a period of five years starting from the year in which the Company commenced its operations. In addition, the Company's taxable income will be subject to 50% of the nominal tax rate until December 31, 2020. During 2012, the Company agreed at the request of Palestinian Ministry of Finance to voluntary defer the full income tax exemption for the years 2012 and 2013. Therefore, the full income tax exemption is extended until 2016.

2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The property and equipment is depreciated on a straight line basis over the estimated useful lives as follows:

	Useful life (Years)
Network and infrastructure	5-20
Computers and Office Equipment	3-10
Furniture and fixtures	2-10
Decorations and leasehold improvements	5-8
Other	2-10

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized, and the carrying amount of the component that is replaced is written off. Other subsequent expenditures are capitalized only when they increase future economic benefits of the related item of property and equipment. All other expenditures are recognized in the statement of profit or loss as the expense is incurred.

The residual values, useful lives and methods of depreciation of property, and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.8 Projects in progress

Projects in progress comprise costs of direct labor, direct materials, equipment, and contractors' costs. After completion, projects in progress are transferred to property and equipment and intangible assets. The carrying values of projects in progress are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the projects are written down to their recoverable amount.

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value; cost is determined using the weighted average method. Costs are those amounts incurred in bringing each product to its present location and condition.

2.10 Impairment of non-financial assets

Non financial assets that are subject to depreciation or amortization are tested 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 to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior Impairment of non-financial assets (excluding goodwill) are reviewed for possible reversal at each reporting date.

2.11 Financial instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a contractual part of the instruments.

(a) Financial assets

(i) Classification

The Company classifies its financial assets in accordance with IFRS 9. The company financial assets consist of trade receivables, other current assets less prepayments, and cash and cash equivalents and restricted cash. The classification depends on the purpose for which the financial assets were acquired.

- Trade receivables and other current assets (except the prepayments)

Trade receivables and other current assets (excluding prepaid expenses) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are included under current assets, except for those with maturities greater than 12 months after the date of the statement of financial position, where they are classified as non current assets.

Trade and other current assets (excluding prepaid expenses) are measured initially at their fair values and subsequently carried at amortized cost using the effective interest method.

- Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and bank deposits with original maturities of three months less after deducting the restricted cash.

(ii) Recognition and measurement

Financial assets are initially measured at fair value plus transaction costs that are directly related to the acquisition of the financial assets. (Except for financial assets at fair value, where transaction costs that are directly related to the acquisition of financial assets are recognized directly in the statement of profit or loss). The subsequent measurement of non-derivative financial assets depends on their classification. The company only maintains financial assets classified at amortized cost.

Subsequent measurement of financial assets at amortized cost

Assets held for the purpose of collecting contractual cash flows from them are measured at amortized cost using the effective interest rate method, whereby the contractual terms of the financial assets result on specific dates of cash flows that are only principal and interest payments on the principal outstanding. Interest income from this financial asset is recorded in finance income.

(iii) Impairment of financial assets

- Trade receivables

The company applies the simplified approach to IFRS 9 to measure expected credit losses, which use life expectancy allowance for all receivables and receivables.

The company applies a simplified approach model to measure expected credit losses. The calculation of expected credit losses depends on the probability of default, which is calculated according to the credit risk and economic factors and the percentage of loss assumed that the default depends on the collection of trade receivables based on the characteristics of similar credit risks and the number of days of late payment, and accordingly the company adopted a mathematical model based on the mentioned principles above to calculate the expected credit losses according to IFRS (9).

- Cash and cash equivalents

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9.

(iv) Derecognition of financial assets

Financial assets are derecognised from the statement of financial position when the contractual rights to the cash flows from the asset have expired, or when the financial asset or all of its risks and rewards of ownership have been transferred to another party. The difference in the carrying amount is recognized in the statement of profit or loss.

2.11 Financial instruments

(b) Financial liabilities

Financial liabilities mainly comprise of bank facilities, trade payable and other current and non-current liabilities. Financial liabilities are initially measured at fair value and subsequently carried at amortized cost using the effective interest method. The Company's financial liabilities are classified as financial liabilities at amortized costs.

(i) Subsequent measurement

The measurement of financial liabilities depends on their classification. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether they are claimed by the supplier or not. After initial verification, bank facilities, trade payables and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Profits and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

(ii) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a Derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.12 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

2.13 Loans and borrowings

Loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.
Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

(All amounts expressed in US Dollar unless otherwise stated)

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 Intangible assets

The Company's main intangible asset is the license agreement with the Ministry of Telecommunications and Information Technology. The term of the license is twenty years including the extra years that were granted from the MTIT on March 16, 2015. The effective date of the license before the extension was granted on September 10, 2009, being the date on which the frequencies to launch operations in the West Bank were made available to the Company.

The intangible assets are recognized at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

(i) License

License cost is amortized using the straight-line method over the license period of 20 years. Amortization expense is recognized in the statement of profit or loss.

(ii) Software

Software cost is amortized using the straight-line method over the useful lives of the assets. The software's useful lives ranged from 3 to 6 years. Amortization expense is recognized in the statement of profit or loss.

2.16 Foreign currencies

Transactions denominated in currencies other than USD, occurring during the period, are translated to USD using the exchange rate at the date of the transaction. Monetary assets and liabilities, which are denominated in foreign currencies are translated into USD using the rate of exchange at the statement of financial position date. Gains or losses arising from exchange differences are reflected in the statement of profit or loss.

2.17 Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether they are claimed by the supplier or not.

3. PROPERTY AND EQUIPMENT

	Network and infrastructure	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Total
2019						
Cost						
As at January 1, 2019	112,960,587	16,308,844	2,734,291	8,820,610	50,910	140,875,242
Transfers from projects in progress	2,028,565	1,474,021	149,058	335,844	35,053	4,023,963
Additions	857,719	535	2,098	1,296		886,048
Disposals	(1,367,079)	-	-	-	-	(1,367,079)
Assets classified as held for disposal	(256,556)	-	[illegible]			(267,468)
As at December 31, 2019	114,237,546	17,783,400	2,885,050	9,157,750	85,963	144,150,711
Accumulated depreciation and impairment						
As at January 1, 2019	42,996,654	11,733,696	1,826,539	6,676,728	35,720	63,269,337
Depreciation for the year	9,573,458	2,007,945	232,278	649,102	4,558	12,867,381
Disposals	(1,367,079)	-	-	-	-	(1,367,079)
As at December 31, 2019	51,603,033	13,741,641	2,058,817	7,325,830	40,278	74,769,639
Net carrying amount						
As at December 31, 2019	62,634,473	4,041,759	826,233	1,832,920	45,687	69,381,072

The company's management conducted a technical study made during 2019 that resulted in adjusting the useful lives of some categories in Property and Equipment. This adjustment resulted in a decrease in the depreciation expense for the year by USD 824,459.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial statements for the year ended 31 December 2019
(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

3. PROPERTY AND EQUIPMENT (continued)

	Network and infrastructure	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Total
2018						
Cost						
As at 1 January 2018	114,003,792	21,728,788	2,605,273	8,525,917	51,436	147,091,269
Transfers from projects in progress	27,897,053	1,115,740	155,301	254,357	278	28,821,724
Additions	6,508,334	1,065,525	105,056	222,074	-	7,904,058
Disposals	(34,931,478)	(7,537,945)	(102,135)	(201,638)	(856)	(42,825,456)
Assets classified as held for disposal	(12,124)	(14,384)	-	-	-	(26,478)
As at 31 December 2018	112,965,587	16,438,844	2,734,231	8,800,650	50,857	140,875,522
Accumulated depreciation and impairment						
As at 1 January 2018	64,357,905	17,169,255	1,659,950	6,190,218	34,277	90,090,109
Depreciation for the year	10,640,347	1,596,208	248,205	556,330	4,297	13,573,158
Disposals	(32,612,898)	(7,430,771)	(81,646)	(125,850)	(854)	(40,124,950)
As at 31 December 2018	42,995,654	11,334,692	1,826,559	6,676,798	35,720	53,265,337
Net carrying amount						
As at 31 December 2018	69,969,933	4,775,153	907,752	2,145,882	25,090	77,606,306

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial statements for the year ended 31 December 2019
(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

4. PROJECTS IN PROGRESS

	2019	2018
Network equipment and infrastructure	4,567,979	1,915,739
IT programs	831,639	750,985
Others	663,850	983,829
	6,063,468	3,650,553

The movement on projects in progress is as follows:

	2019	2018
Balance, beginning of the year	3,659,553	30,534,797
Additions	7,348,166	3,076,681
Transferred to property, equipment and intangible assets	(4,937,925)	(29,951,920)
Adjustments	(6,326)	-
Balance, end of the year	6,063,468	3,659,553

The estimated cost to complete the above projects as of December 31, 2019 is USD 4,102,585 (2018: USD 1,225,478).

5. RIGHT OF USE ASSETS

	2019	2018
Balance, beginning of the year		
Impact of IFRS 16 (refer to note 2)	10,085,306	-
Adjusted beginning of the year	10,085,306	-
Additions	948,383	-
Depreciation	(2,297,297)	-
Ending Balance	8,736,392	-

6. INTANGIBLE ASSETS

The movement in the intangible assets is as follows:

	License*	Software	Total
Cost			
As at January 1, 2019	184,871,887	30,474,330	215,345,667
Additions during the year	-	913,962	913,962
Disposals during the year	-	-	-
As at December 31, 2019	184,871,887	31,388,292	216,259,629
Accumulated amortisation			
As at January 1, 2019	75,357,240	18,799,261	94,156,501
Amortization during the year	6,042,154	4,114,719	10,156,873
Disposals during the year	-		
As at December 31, 2019	81,399,394	22,913,980	104,313,374
Net carrying amount			
As at December 31, 2019	103,471,943	8,474,312	111,946,255
As at December 31, 2018	109,514,097	11,675,069	121,189,166

(All amounts expressed in US Dollar unless otherwise stated)

6. INTANGIBLE ASSETS (continued)

* On March 14, 2007, the Company entered into a license agreement (the license) with the Ministry of Telecommunications and information Technology (the MTIT) to provide 2G and 3G mobile services in West Bank and Gaza for a total price of U.S $354,000,000. The term of the license is twenty years from September 10, 2009 being the date on which frequencies to enable launch of operations in West Bank were allocated to the Company. The license includes the West Bank and Gaza strip.

The license amount initially recorded in the Financial Statement represents the best estimate made by the Company taking into consideration (1) the services that the Company was enabled to launch in both West Bank and Gaza comparing to what has original envisaged in the license agreement and (2) the expected timeframe within which the company will be able to offer the rest of its services. Therefore, the Company initially recorded a license fee of U.S $184,871,337 being the total of the payment made of U.S $140,000,000 in August 6, 2008 and the present value of a deferred payment of U.S $44,871,337.

Subsequent to initial recognition of the license and with the continuation of the deterrence imposed on the Company to offer its service due to MTIT's inability to meet its obligation under the license by not allocating the needed frequencies and not securing the necessary approvals for equipment entry, the Company revised its estimate on January 1, 2011 and started to amortize only the paid amount of the license less the accumulated amortization as of December 31, 2010 over the remaining useful life of the license and stopped calculating interest on the deferred portion of the license as of December 31, 2010. During the second quarter of 2018, The Company revised its estimates for the provision and reversed to the statement of profit or loss interest amounted to USD 9,475,317 which represents the interest that has been accumulated on the deferred portion during the period from inception and considered the deferred portion as a provision until it reaches an agreement with MTIT concerning the final value of the license.

During 2018 and 2019, the MTIT requested the company to pay additional amounts for the license, the Company's current best estimate shows that it will not be obliged to pay any additional amounts for the license since it was unable to utilize all the benefits granted in the license agreement, it considered the deferred portion of the liability as a provision until it reaches an agreement with MTIT concerning the final value of the license. The Company is currently in discussion with the government authorities in this regard.

7. INVENTORIES

	2019	2018
Spare parts	521,822	418,308
Sale products	4,649,201	4,777,512
Others	440,077	493,118
	5,611,100	5,688,938

8. OTHER CURRENT ASSETS

	2019	2018
Prepaid rent	934,139	1,532,931
Prepaid warranty expenses	1,369,300	807,187
Prepayments to suppliers	777,825	505,686
Others	248,193	220,939
	3,329,457	3,066,995

9. TRADE RECEIVABLES

	2019	2018
Trade receivables	11,089,518	11,286,142
Unbilled	3,284,168	3,478,969
Others	3,029,316	4,398,481
	17,403,002	19,163,592
Provision for impairment of trade receivables (note 25 b 6)	(6,387,206)	(6,010,892)
	11,015,796	13,152,700

The following is a summary of the movement on the provision for impairment of trade receivables during the year:

	2019	2018
Balance, beginning of the year	6,010,892	6,435,072
Recoveries	(150,852)	(123,274)
Currency differences	527,166	(300,906)
Balance, end of the year	6,387,206	6,010,892

10. CASH AND CASH EQUIVALENTS

	2019	2018
Cash in hand	174,040	207,557
Bank balances and short term deposits	24,720,981	27,730,067
Restricted cash*	327,572	2,260,522
	25,222,593	30,198,146

As of December 31, 2019, the Company had short term deposits amounting to USD 22,577,672 (2018: USD 24,253,218) at local banks.

*This balance represents restricted cash in relation to bank facilities that was granted to the Company during 2019 and 2018 respectively.

11. PAID-IN CAPITAL

	2019	2018
Wataniya International FZ – LLC (WIL)	144,339,191	144,339,191
Palestine Investment Fund, PLC (PIF)	101,500,996	101,500,996
Other shareholders	47,159,813	47,159,813
	293,000,000	293,000,000

Based on the general assembly decision on January 23, 2018 to increase the share capital of the Company from 258 million shares to 293 million shares with a nominal value of one USD per share by offering 35,000,000 shares for the secondary public offering or the company's shareholders, each according to the percentage of its contribution to the company's capital.

(All amounts expressed in US Dollar unless otherwise stated)

12. Long-term loans

	2019	2018
Long-term	31,875,000	47,500,000
Payable within one year	6,250,000	2,500,000
	38,125,000	50,000,000

On May 31, 2012, the Company signed a new syndicated loan agreement (hereinafter the "Loan") with various lenders for an amount of USD 105 million for the purposes of financing the expansion of the telecommunications network in the West Bank, establishing and developing the network in the Gaza Strip, and to repay the old syndicated loan. During December 2012, the Company utilized USD 75 million of the loan and repaid the utilized balance of the old loan and related interest thereon. The Loan bears an annual variable interest rate and repayable in quarterly instalments commencing September 15, 2014 and ending June 15, 2019. During 2016, the Company extended the repayment schedule date until June 15, 2021, the Company received the USD 40,000,000 of the loan this amount was repayable in quarterly instalments commencing on December 15, 2019 and ending on June 15, 2024.

During the second quarter of 2018, the Company signed a new loan agreement with local bank for a total amount of USD 70,000,000 to refinance the syndicated loan. On July 29, 2018, the Company received USD 50,000,000 of the loan and fully settled the syndicated loan balance of USD 65,000,000 and recognized the liability from the utilized portion of the loan received from the bank with an amount of USD 50,000,000 on July 29, 2018. The Loan bears an annual variable interest rate, and repayable in quarterly instalments commencing August 1, 2019 and ending May 1, 2024.

The instalments of the new loan principal are distributed as follows:

Matures during 2020	6,250,000
2021	8,750,000
2022	11,250,000
2023	11,875,000
	38,125,000

13. Lease liability

	2019	2018
Balance, beginning of the year		
Impact of IFRS 16 (refer to note 29)	10,626,250	-
Adjusted beginning of the year	10,626,250	-
Interest	574,694	-
Additions	948,383	
Principle elements of lease payments	(2,952,789)	-
Ending Balance	9,196,538	
Current lease Liability	3,714,856	-
Non current lease Liability	5,481,682	
	9,196,538	-

14. Provision for employees' benefits

2019	2019	2018
Balance, beginning of the year	6,569,093	6,342,894
Additions during the year	1,653,383	1,173,796
Payments during the year	(1,562,060)	(524,363)
Currency differences	210,819	(423,234)
Balance, end of the year	6,871,235	6,569,093

15. Others current liabilities

	2019	2018
Payroll accrual cost and others	6,652,283	5,286,594
Accrued expenses	3,279,435	3,654,480
Accrued sales commission and marketing costs	3,195,856	2,714,028
Provision for employees' vacations	344,880	573,778
Due to VAT	937,454	643,459
Accrued utilities expense	950,061	850,685
Due to Ooredoo	294,301	146,766
Others*	9,195,420	3,620,493
	24,769,730	17,488,072

*This item includes amount due to the provident fund. It is worth to mention that the provident fund is separately managed.

16. Accrued project cost

This item represents the accrued cost for the projects in progress (Note 4).

17. Income tax

According to the Palestinian Investment Promotion Agency certificate issued on October 27, 2009, the Company was granted the right to benefit from the Palestinian Law for Encouragement of Investment. Accordingly, the Company is granted full exemption from income tax for a period of five years starting from the year in which the Company commenced its operations. In addition, the Company's taxable income will be subject to 50% of the nominal tax rate until December 31, 2030. During 2012, the Company agreed at the request of Palestinian Ministry of Finance to voluntary defer the full income tax exemption for the years 2012 and 2013. Therefore, the full income tax exemption is extended until 2016. The company did not reach into a clearance for it's business results for the years 2017, 2018 and 2019.

18. Revenues

	2019	2018
Telecommunication Services	96,229,521	96,976,000
Others	3,185,645	5,443,675
	99,415,166	100,419,675

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Salaries, wages and other benefits	11,949,970	17,268,107
Marketing expenses	2,316,104	6,542,672
Maintenance	2,690,197	2,054,844
Rents *	877,933	2,077,412
Accommodation, travel and transportation	626,538	873,848
Storage and services expenses	419,570	408,000
Water, electricity and fuel	608,587	608,580
Professional fees and consulting	378,558	217,769
Insurances	238,189	291,178
Guard and security expenses	427,038	381,998
Software license	178,229	178,229
Postage, fax and telephone	84,602	89,806
Subscriptions	77,979	129,279
Stationery and supplies	13,327	17,826
Others	2,029,497	979,999
	25,761,734	33,744,597

*The company chose not to recognize the right to use assets and lease liability that are related to short term leasing contracts that are 12 month long or less, or the leasing contracts of the low valued assets. The company recognizes the lease payments related to these contracts as an expense over the leasing period using the straight-line method.

20. FINANCE COST

	2019	2018
Loans interests	2,312,741	4,761,410
Amortization of direct expenses related to loans*	-	7,661,674
Recovery of provision**	-	(9,475,317)
Lease contracts interest in accordance IFRS 16	574,694	
	2,887,435	2,947,767

* During the second quarter of 2018, the Company signed a new loan agreement with one of the local banks to refinance the existing syndicated loan and accordingly the transactions costs related to the old syndicated loan accumulated amounting to USD 7,661,674.

**During the second quarter of 2018, The Company decided to reverse the accumulated interest from the provision for the deferred portion amounted to USD 9,475,317 in the statement of profit or loss which represents the total interest that was calculated on the deferred portion of the liabilities as indicated in (Note 6)

21. BASIC AND DILUTED EARNINGS PER SHARE

	2019	2018
Profit for the year (USD)	1,123,117	100,474
Weighted average number of shares (share)	293,000,000	280,145,190
Basic and diluted earnings per share of profit for the year (USD)	0.0038	0.0004

WATANIYA PALESTINE MOBILE TELECOMMUNICATION
PUBLIC SHAREHOLDING COMPANY
Financial statements for the year ended 31 December 2019
(All amounts expressed in US Dollar unless otherwise stated)
Notes to the financial statements

22. COMMITMENTS AND CONTINGENCIES

As of the financial statements date, the Company has outstanding contracted commitments resulting from purchases, services and construction contracts, as well as operating license of the Company. A summary of the contracted commitments as under:

	2019	2018
Contracts and purchase orders	1,541,643	10,344,937
Operation license*	169,128,668	169,128,668

(*) As disclosed in (Note 6) to the financial statements, The Company entered into a license agreement with MTIT for a total amount of USD 354,000,000. The unpaid portion of the license cost, net of the related non-current liability, of USD 169,128,668 represents the unrecognised liability in the financial statements resulting from MTIT not fulfilling its obligations in relation with granting the Company access to Gaza and 3G frequencies amongst other things.

23. RELATED PARTY TRANSACTIONS

This item represents transactions carried out with related parties which include associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

The balances and transactions with related parties included in the statement of financial position are as follows:

	Nature of relationship	2019	2018
Due to related parties	Shareholders	264,891	415,755

Transactions with related parties included in the statement of profit or loss were as follows:

	2019	2018
Finance cost	-	221,491
Company's key management personnel compensation	1,763,491	1,221,484
Revenue from shareholders	21,896	21,873

(All amounts expressed in US Dollar unless otherwise stated)

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

	2019 Carrying value	2019 Market value	2018 Carrying value	2018 Market value
Financial assets				
Cash and cash equivalents	[illegible]	[illegible]	[illegible]	[illegible]
Trade receivables	[illegible]	[illegible]	[illegible]	[illegible]
Other current assets (after excluding prepaid expenses)	248,193	248,193	220,939	220,939
	36,186,882	36,186,882	[illegible]	[illegible]
Financial liabilities				
Long-term loans	38,125,000	38,125,000	50,000,000	50,000,000
Accounts payable	8,069,532	8,069,532	21,189,650	21,189,650
Other Current liabilities (after excluding legal obligations that represent due to the VAT department in addition to deduction of employees' salary income tax deductions)	27,439,512	27,439,512	16,271,735	16,271,735
Accrued project cost	4,850,409	4,850,409	10,711,388	10,711,388
	78,484,453	78,484,453	98,172,773	98,172,773

Financial assets other than cash on hand and cash at banks consist of, trade receivables and some other current assets. Financial liabilities consist of interest-bearing loans and borrowings, other non-current liability, accounts payable, due to related parties, other current liabilities, and accrued project cost. The fair values of financial assets and financial liabilities approximate their carrying amounts.

25. RISK MANAGEMENT

25.1 Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (short term bank deposits and interest bearing loans and borrowings). The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at December 31, 2019. There is no direct impact on the Company's equity.

	Increase/ decrease in interest rate %	Impact on the statement of profit or loss for the year USD
2019		
USD	+15	(23,021)
USD	-10	15,347
2018		
USD	+15	(37,752)
USD	-10	25,747

25.2 Foreign currency risk

The following analysis explains the sensitivity of the statement of profit or loss to the reasonably possible changes in the USD exchange rates against the Israeli Shekel, with all other variables held constant.

	Increase \ decrease in ILS rate to USD %	Impact on the statement of profit or loss for the year USD
2019		
USD	%+5	(261,722)
USD	%-5	261,722
2018		
USD	%+5	(4,647)
USD	%-5	4,647

25.3 Credit risk

The credit risk of the Company arises from cash and cash equivalents, deposits in banks and customer receivables.

(i) Risk management

Credit risk may arise from the failure of the other party to the financial instrument to fulfil its obligations to the Company, leading to losses. Most of the Company's customers are customers of prepaid recharge cards. The maximum customer credit risk is the amount of receivables shown in note (9) to the financial statements. With regard to credit risks arising from other financial assets, which include cash on hand and cash at banks, the Company's exposure to credit risk results from the failure of the other party to meet its obligations and at a maximum equal to the book value of these financial assets.

The Company's cash and post dated deposits are generally deposited with commercial banks and financial entities of a good credit rating, which are considered to have low and acceptable credit risks.

Prepaid scratch cards sales constitute a large proportion of the Company's sales (i.e. paid in cash). As for sales of post-paid customers, the Company takes adequate guarantees that limit the Company's exposure to credit risk.

(ii) Impairment of financial assets

Trade receivables are the only type of financial assets that are subject to the new model of expected credit loss in accordance with IFRS (9). The Company should review its methodology of impairment in accordance with IFRS (9) regarding receivables. While other types of financial assets are also subject to the requirements for impairment in accordance with IFRS (9), the outcome of an impairment loss determined for these financial assets has no material impact on the financial statements.

The Company has applied a simplified approach model to measure expected credit losses. The calculation of expected credit losses depends on the PD, which is calculated according to the credit risk, economic factors and the LGD, which is based on the grouping of receivables based on similar credit risk characteristics and the number of past-due days. Accordingly, the Company adopted a mathematical model based on the above-mentioned principles to calculate expected credit losses in accordance with IFRS (9). As shown below, the expected credit losses were measured as December 31, 2018 and December 31, 2019.

(All amounts expressed in US Dollar unless otherwise stated)

25.3 Credit risk (continued)

31 December 2019	Checks under collection, deposits against receivables, unbilled receivables and others – not due	Not due	From 1-30 days	31 – 60 days	61 – 90 days	91-120 days	121-360 days	Over 360 days	Total
Expected loss rate	1.50%	3.90%	8.43%	12.31%	17.85%	26.05%	37.95%	99.86%	
Total amount received	1,446,488	1,977,501	706,780	233,637	131,690	109,469	680,943	5,803,061	11,089,518
Unbilled Receivable	3,284,168	-	-	-	-	-	-	-	3,284,168
Others	3,029,316	-	-	-	-	-	-	-	3,029,316
Provision for impairment of trade receivable	116,353	77,136	59,604	28,765	23,503	28,512	258,410	5,794,923	6,387,206

31 December 2018	Checks under collection, deposits against receivables, unbilled receivables and others – not due	Not due	From 1-30 days	31 – 60 days	61 – 90 days	91-120 days	121-360 days	Over 360 days	Total
Expected loss rate	1.4%	3.69%	8.32%	12.58%	17.95%	26.12%	37.93%	99.58%	
Total amount recorded	[illegible]	1,022,152	1,665,320	[illegible]	341,058	354,033	1,044,459	5,051,048	11,286,142
Unbilled Receivable	3,478,969	-	-	-	-	-	-	-	3,478,969
Others	4,398,481	-	-	-	-	-	-	-	4,398,481
Provision for impairment of trade receivables	[illegible]	39,754	138,271	79,451	65,425	92,481	395,210	5,074,759	6,010,892

25.3 Credit risk (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. 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 Company, and failure to make contractual payments for a period of greater than 360 days past due.

Expenses of Provision for impairment of trade receivables are shown in the statement of profit or loss.

25.4 Liquidity risk

The Company manages liquidity risk by ensuring availability of loans and facilities from banks and the necessary financing from shareholders.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The table below summarizes the maturities of the Company's financial liabilities (undiscounted) as at December 31, 2019 based on contractual payment dates and current market interest rates:

	Less than 3 months	From 3 to 12 Months	From 1 to 5 years	Total contracted cash flow	Carrying amount
December 31, 2019					
Loans	1,686,948	6,307,846	34,477,541	42,471,335	38,477,000
Accounts payable	4,806,330	3,263,202	-	8,069,532	8,069,532
Due to related parties	-	254,391	-	254,391	254,391
Other current liabilities*	-	23,507,446		23,507,446	23,507,446
Lease liability	1,171,325	2,652,951	9,772,997	13,597,273	8,196,538
Total liabilities	**7,663,603**	**35,985,836**	**44,250,538**	**87,899,977**	**79,182,907**

	Less than 3 months	From 3 to 12 Months	From 1 to 5 years	Total contracted cash flow	Carrying amount
December 31, 2018					
Loans	775,135	4,775,545	55,403,639	60,954,319	50,000,000
Accounts payable	12,620,862	8,568,788		21,189,650	21,189,650
Due to related parties		145,756		145,756	145,756
Other current liabilities*	-	16,271,735	-	16,271,735	16,271,735
Total liabilities	**13,395,997**	**29,711,820**	**55,403,639**	**98,561,449**	**87,607,140**

*Excluding amounts due to VAT and Provision for employees' vacations.

26. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. During the second quarter of 2018 the company increased its' capital by additional 35,000,000 share in accordance to the extraordinary meeting of the General Assembly of the Company held on January 25, 2018, in which the shareholders approved increasing the capital of Wataniya Palestine Mobile Telecommunication Limited Company through offering 35,000,000 more shares for public subscription to increase the capital from USD 258,000,000 to USD 293,000,000 with USD 1 par value each. Capital comprises paid-in share capital, share premium and accumulated losses, and is measured at USD as at December 31, 2019 USD 96,043,904 (2018: USD 96,139,393).

(All amounts expressed in US Dollar unless otherwise stated)

27. CONCENTRATION OF RISK IN GEOGRAPHIC AREA

The Company carries out most of its activities in Palestine. The instability of the political and economic situation in the area increases the risk of carrying out its business and could adversely affect its performance.

28. SEGMENT REPORTING

The company's business segments are presented according to the nature of the company's activities, as the risks and the rate of return are fundamentally affected by the different services. The company's services consist of telecommunication and others

	Telecommunication	Others	Total
December 31, 2019			
Revenues	96,229,521	3,185,645	99,415,166
Results of activities			
Profit for the period	936,724	186,393	1,123,117
Other information			
Depreciation and amortization	24,119,175	1,002,376	25,121,551
Capital expenditures	4,095,143	814,868	4,910,011

	Telecommunication	Others	Total
December 31, 2018			
Revenues	95,276,000	5,143,675	100,419,675
Results of activities			
Profit for the period	83,800	16,674	100,474
Other information			
Depreciation and amortization	27,262,780	4,031,966	31,294,746
Capital expenditures	30,630,780	6,095,032	36,725,812

29. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 and IFRS 15 on the Company's financial statements. This note explains the impact of the adoption of the new accounting policies starting from 1 January 2018. Also, this note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements it also explains the new accounting policies that was applied starting from January 1, 2019.

(29. a) Impact on the financial statements due to the implementation of IFRS 9 and 15

This note explains the impact of the adoption of IFRS 9 – Financial Instruments and IFRS 15 Revenue from contracts with customers on the Company's financial statements. This note explains the impact of the adoption of the new accounting policies starting from 1 January 2018, in places where different from those applied in previous periods.

As a result of the changes in the entity's accounting policies, prior year ended 2017 financial statements had not to be restated. As explained in note 29.a.1 and 29.a.2 below, IFRS 9 and IFRS 15 was generally adopted without restating 2017 information. The adjustments arising from the new rules are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognized in the opening statement of financial position on 1 January 2018.

29. CHANGES IN ACCOUNTING POLICIES (continued)

The following table shows the adjustments recognized for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail by standard below.

	December 31, 2017 As originally presented (Audited)	IFRS 9	IFRS 15	January 1, 2018 (Audited)
ASSETS				
Trade receivables	12,272,509	(205,220)	-	12,067,289
Equity				
Accumulated losses	(208,090,804)	(205,220)	(275,447)	(208,571,471)
Current liabilities				
Deferred revenues	3,684,628		275,447	3,960,075

IFRS 9 "Financial Instruments"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 "Financial Instruments" from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The new accounting policies are set out in note 2 below. In accordance with the transitional provisions in IFRS 9 comparative figures have not been restated.

There is no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. Regarding financial assets, the only type that was impacted by IFRS 9 was trade receivables, taking into consideration that other types of financial assets are also subject to the impairment requirements of IFRS 9. However, the identified impairment loss was immaterial.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaces IAS 18 which covers goods and services contracts and IAS 11 which covers construction contracts. Based on the new standard, revenues are recognized upon the transfer of control of the goods or services to the customer. Thus the idea of control replaces the idea of risks and returns.

The adoption of IFRS 15 from January 1, 2018 resulted in changes in accounting policies adjustments to the amounts recognized in the financial statements. The new accounting policies are set out in note 2.

The only revenue stream that was impacted by IFRS 15 was multi elements arrangements revenues, taking into consideration that other revenue streams such as connection fees and any other revenue recognized over period of time, are also subject to the requirements of IFRS 15. However, the identified change was immaterial.

(All amounts expressed in US Dollar unless otherwise stated)

29 CHANGES IN ACCOUNTING POLICIES (continued)

The total impact of IFRS 9 and IFRS 15 of the company's accumulated losses as at January 1, 2018 is as follows:

	Sub-Notes	
Closing accumulated losses as of December 31, 2017		**(208,090,504)**
Adjustments		
Increase in provision for impairment of trade receivables from adoption of IFRS 9	29-a-1	(205,220)
Increase in deferred revenue from adoption of IFRS 15	29-a-2	(275,447)
Total adjustments from adoption of IFRS 9 and IFRS 15		(480,667)
Opening accumulated losses as of January 1, 2018		**(208,571,171)**

29. a.1 IFRS 9 IMPACT OF ADOPTION – Impairment of financial assets

The only type of financial assets that was subject to IFRS 9's new expected credit loss model was trade receivables. The Company was required to revise its impairment methodology under IFRS 9 for trade receivables. The impact of the change in impairment methodology on the company's accumulated losses and equity is disclosed in the note above. While other types of financial assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on share credit risk characteristics and the days past due.

The loss allowance for trade receivables as at December 31, 2017 reconcile to the opening loss allowance on January 1, 2018 as follows:

As at December 31, 2017 calculated under IAS 39	6,435,072
Amounts restated through opening accumulated losses	205,220
Opening loss allowance as at January 1, 2018- calculated under IFRS 9	6,640,292

The loss allowance for trade receivables increased by a further USD 205,220. The loss allowance would have been USD 205,220 lower under the incurred loss model of IAS 39

Trade receivables are written off when there is no reasonable expectation of recovery. 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 Company, and failure to make contractual payments for a period of greater than 360 days past due.

29. a.2 IFRS 15 impact of adoption

The Company adopted IFRS 15 "Revenue from Contracts with Customers" from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amount recognized in the financial statements. In accordance with the transition provision in IFRS 15, the Company has adopted the modified retrospective approach which means that the cumulative impact of the adoption is recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated. The only revenue stream that was impacted by IFRS 15 was multi elements arrangements revenues, taking into consideration that other revenue streams such as connection fees and any other revenue recognized over period of time, are also subject to the requirements of IFRS 15.

29 CHANGES IN ACCOUNTING POLICIES (continued)

However, the identified change was immaterial. In summary, the following adjustment was made to the amounts recognised in the balance sheet at the date of initial application January 1, 2018:

Particulars	Accumulated losses
Closing balance under IAS 18 (31 December 2017)	(208,090,504)
Impact on revenue recognition	
Multi elements arrangements	(275,447)
- Transit services & value added services	-
- Customer loyalty programme	-
- Connection fees	-
- Any other revenue recognised over period of time	
Impact on cost recognition	
- Installation cost, commission to third party dealers, marketing expense	-
- Any other cost recognised over period of time	
Impact on other recognition	
- Royalties & fees on net impact	-
- Related tax impact on net impact	-
Opening balance under IFRS 15 on date of initial application of 1 January 2018	**(208,365,951)**

The deferred revenue increased by a further USD 275,447. The revenues would have been USD 275,447 higher under IAS 18.

(29.b) Adjustments recognised on the adoption of IFRS 16

This note explains the effect of the adoption of IFRS 16 "Leases" on the company's financial statement

The Company has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The adjustments arising from the new leasing rules are therefore recognized in the opening balance of accumulated losses starting from 1 January 2019 in the changes in equity statement, as explained in this standard.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate of the Company (lessee) applied to the lease liabilities on 1 January 2019 was 5.89%.

Measurement of lease liabilities:

	January 1, 2019
Operating lease commitments disclosed as at 31 December 2018	1,308,000
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,206,212
Add: finance lease liabilities recognised as at 31 December 2018	9,420,038
Lease liability recognised as at 1 January 2019	**10,626,250**
Of which are:	
Current lease liabilities	1,996,256
Non-current lease liabilities	8,629,994
	10,626,250

(All amounts expressed in US Dollar unless otherwise stated)

(29.b) Adjustments recognized on the adoption of IFRS 16 (continued)

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	December 31, 2019	January 1, 2019
Cell Sites, Offices and Showrooms	8,142,997	10,085,306

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right of use assets – increased by USD 10,085,306
- Prepayments – decreased by USD 677,572
- Lease liabilities – increased by USD 10,626,250

The net impact on retained earnings on 1 January 2019 was a decrease of USD 1,218,516.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Company leases various cell sites, offices and showrooms. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of cell sites, offices and showrooms were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(29.b) Adjustments recognized on the adoption of IFRS 16 (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the financial statements presentation for the current year. Management believes that the current period presentation provides more meaningful information to the readers of the financial statements.

A Palestinian Company with an International Vision