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2017 Our family grew with you Gaza

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www.wataniya.ps

You can access the electronic document of this report via our online website at www.wataniya.ps/Investor Relations section. This report is dated March **2018**.





2017 ACHIEVEMENTS IN BRIEF



More than
ONE MILLION
SUBSCRIBERS

An increase of 31% compared to the previous year

Wataniya Mobile
IN GAZA

85.6 MILLION

The Value of operational revenues.

CORPORATE SOCIAL RESPONSIBILITY

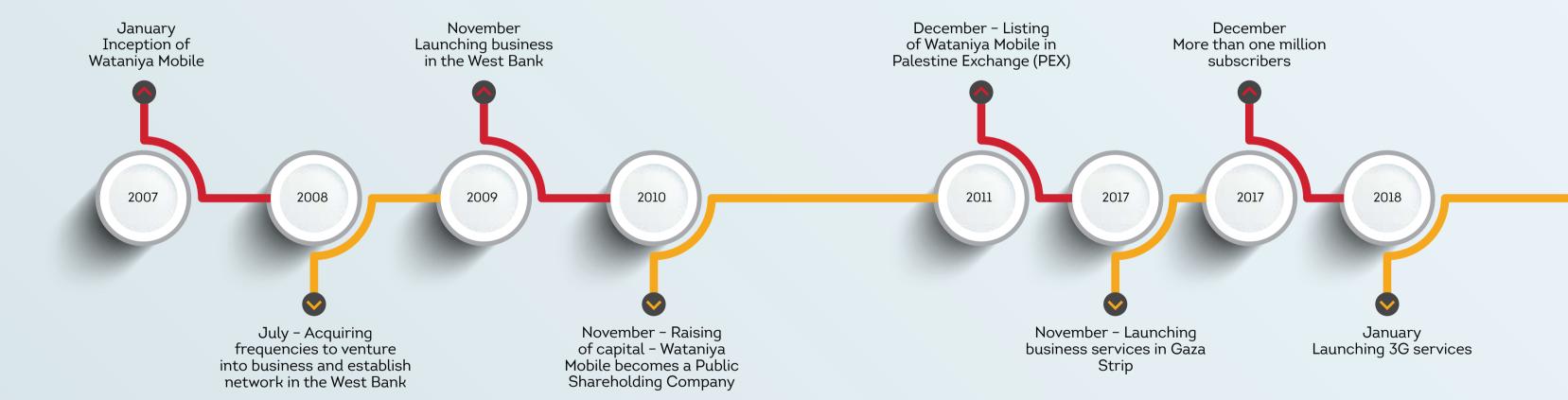
Sponsor of Palestinian football for the third consecutive year Sponsor of reconstruction enterprise of the old city of Hebron.

18.8 million

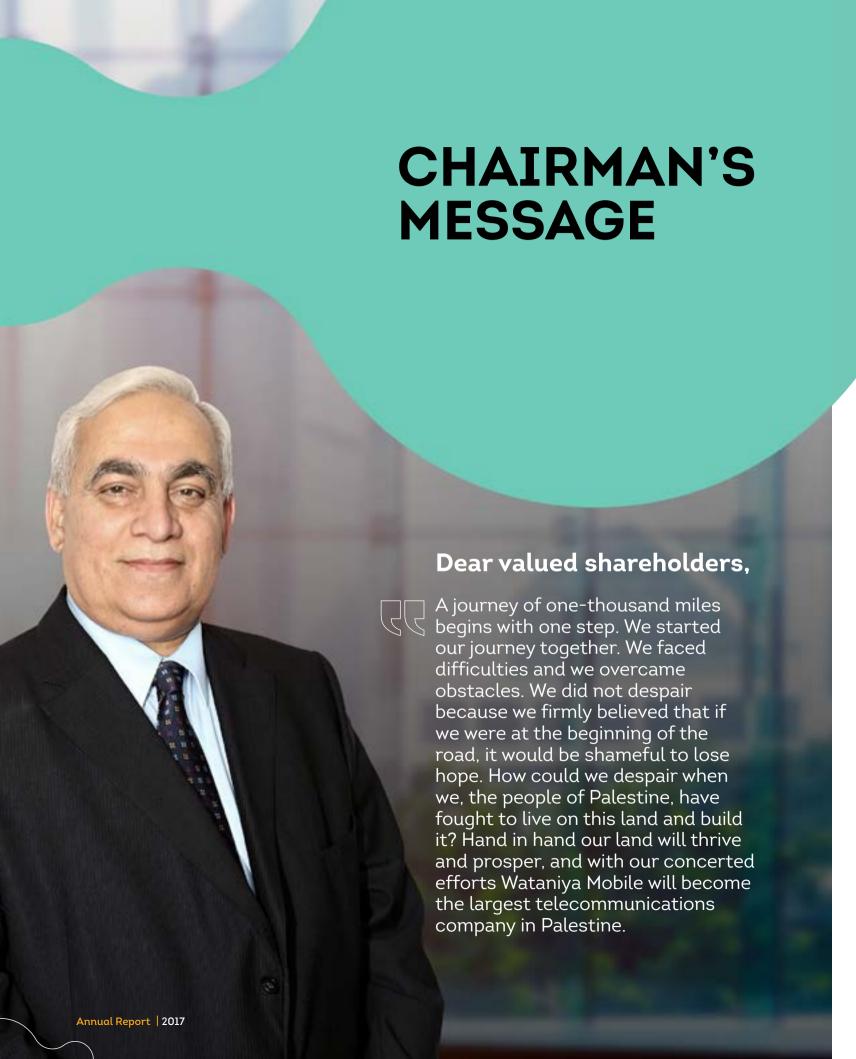
The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Wataniya Mobile

Journey



11



This is Wataniya Mobile. We promised you we were close to realizing the promise we have made, and today we are close to reach our goal. Eight years of assiduous and hard work have enabled us to officially enter Gaza market and launch our business services there. Moreover, we have succeeded in launching 3G services in the West Bank as a result of tremendous efforts we have made for this purpose.

In November 2009, Wataniya Mobile officially launched its commercial services in the WestBank but nevertheless could not enter Gaza because the Company was denied the permission to enter technical equipment into Gaza or acquire the spectrum of frequencies to operate there. However, Wataniya Mobile did not falter or give in; rather, after eight years of hard work and determination, and specifically on 23 November 2017, the Company managed to officially launch its commercial services in Gaza Strip thus declaring the end of the monopoly of the telecommunications market in Gaza which lasted for 18 years.

To complete our success story, Wataniya Mobile has successfully launched 3G services in the West Bank, providing subscribers with the opportunity to enjoy the use of internet, applications and programs anytime and anywhere through their smart phones. We will continuously work to launch 3G services in Gaza Strip in the near future. Our people deserve the best services and technologies like all the peoples of the world.

Dear Shareholders.

We aspire through Launching Wataniya Mobile in Gaza strip to recover, revitalize and promote Palestinian economy. We have indeed provided hundreds of direct work opportunities and thousands of indirect work opportunities, noting that since 2000 Gaza Strip has been subjected to a severe economic blockade that impeded all kinds of capital investment. The people of Gaza are passing through dire times and we hope the presence of Wataniya Mobile in their midst will make a constructive change in their life.

We are certain, God willing, that Wataniya Mobile will succeed in Gaza and that launching 3G services in the West Bank will have great results. Wataniya Mobile is determined to move forwards with steady and confident steps so that 2018 will be the year of change and liberation for the Palestinian telecommunications market. Palestinians will be granted the right to choose in a competitive and fair environment. We hope that our efforts will culminate in the launch of Mobile number portability will allow subscribers to change their telecommunications operator without a need to change their numbers.

We can say that 2018 will witness a new direction in the telecommunications sector in Palestine. This new direction has been initiated by Wataniya mobile and citizens and investors alike will benefit from it. About Two months ago we managed to raise Wataniya Mobile capital to US\$ 293 million during the extraordinary general assembly meeting and that's for the essential projects we have launched, and will enable us to provide distinctive and large-scale services to our subscribers.

The outcomes of the successful projects we achieved last year have resulted in an increase in customer satisfaction and strengthened our position in the market. The subscribers base continues to grow and to exceed the 1 Million subscriber. Likewise, Wataniya Mobile's revenues rose to US\$ 86 million by the end of 2017 compared to US\$ 84 million in 2016. Operational profit before deduction of interest, tax, depreciation and amortization (EBITDA) amounted to around US\$ 19 million

Let me take the opportunity to extend gratitude and appreciation to our shareholders for their continuous support since the inception of the Company. Allow me as well to praise the continued support and assistance of the shareholders and founders of Wataniya Mobile, Ooredoo Group and the Palestine Investment Fund (PIF), and their contribution to expanding Wataniya Mobile's role in corporate social, cultural and national responsibility.

Finally, I would like to extend my deep gratitude to my colleagues, members of the Board, the Executive management and our staff for their outstanding efforts, with all your efforts the Company grow and prosper.

Respectfully,
Mohammad Abu Ramadan
Chairman of the Board

CEO'S MESSAGE

Our Valued Shareholders.

"We extend our salutation crowned with love and respect to all our dear shareholders who have believed in us over the past years, to the founding partners of Wataniya Mobile Ooredoo Group and the Palestine Investment Fund for their unwavering support and confidence.

This year arrives and Wataniya Mobile is proud to announce the accomplishment of the two biggest projects since its inception, which are the official launching of the Company's commercial activity in Gaza strip after ten years of denial, and the launching of 3G services in the West Bank after many years of determined efforts.

Gaza

Every beginning has a tale to tell. The tale of Wataniya Mobile is like the tale of the Palestinian people who struggle to realize their rights and liberate their land. We at Wataniya Mobile have faced tremendous obstacles and were deprived of the honor to provide services to our people in Gaza Strip for many years, but with the perseverance of our staff that faced all challenges with determination, we were able to introduce telecommunication towers and technical equipment with best high technologies for operating Wataniya Mobile network. In addition, we were able to prepare our showrooms network, partners, dealers, distributors and officially launch our commercial services in Gaza in November 2017.

Wataniya Mobile has achieved a success story in Gaza. During the first three months alone the number of subscribers reached several hundred-thousands. This is in itself a success story that reflects the strength of our services in Gaza. Our motto was and is still to break monopoly and out an end for it once and for all as well as provide the population of Gaza to choose their most favorable network. Now Wataniya Mobile operates in full swing in both the West Bank and Gaza Strip.

3G

After long years of waiting, additional portion of the Palestinian frequency spectrum has been released, we were able to successfully launch 3G services in January 2018. This proves that we are in close connection with our subscribers need and the Palestinian public in general. We are fully aware that the absence of a Palestinian alternative for many years in the past has given Israeli companies to sneak into the Palestinian market and operate illegally in the West Bank. Even though we have been allocated 3G frequencies only, we have largely invested and innovatively in our network and latest technology so that our performance would compete and even surpass the performance of Israeli 4G companies. In fact, we use the latest version of 3.75 technology that is very close to 4G.

Moreover, 3G services will enable Palestinian entrepreneurs to innovate while using the applications pertaining to the Palestinian people through which additional services are provided to subscribers. Small and medium-size firms that depend in their work on the internet have started using 3G permanently and strongly.

Financial Outcomes

Wataniya continues to operate with the great success despite the difficulties facing the Palestinian telecommunications sector and regardless of the severe competition posed by the illegal operations of Israeli operators... The financial outcomes of Wataniya Mobile in 2017 present strong evidence of the trust of Palestinian subscribers in the services provided by the Company and its expedient marketing and communication strategy. As a result, the customer base exceeded more than one million subscribers by the end of 2017, compared to 773K subscribers in 2016, an increase of 31%. The Company's revenues rose to US\$ 86 million by the end of 2017 compared to US\$ 84 million in 2016. Operational profit before deduction of interest, tax, depreciation and amortization (EBITDA) reached around US\$ 19 million.

Raising the Company's Capital

In line with Wataniya Mobile strategy on performance development especially after launching the two largest projects last year and early this year, the Company's shareholders decided during the extraordinary General Assembly meeting held two months ago to raise the Company's capital from US\$ 258 million to US\$ 293 million, through offering 35 million

shares to shareholders for secondary public offering, with the view of expanding our investment activities concurrently with our entry into Gaza market and developing 3G services in the West Bank.

Corporate Social Responsibility

We, at Wataniya Mobile work with full responsibility and commitment toward our community, has developed a sustainable development strategy and expanded the geographical range of where services are provided to our community. Wataniya Mobile is proud to be part and parcel of the Palestinian community and as a result it has sponsored and supported a number of educational, sports, and cultural events over 2017. The Company has also a strong presence in Palestinian universities, organizations and sport centers, as well as in national and religious occasions.

Respectively, For the third year, in the field of sports, the Company sponsored Wataniya Mobile Professional tournament, which is the most important tournament in Westbank, as well as the Wataniya Mobile First League Football Championship, which is the largest and most important championship in the Gaza Strip.

In addition, Wataniya Mobile contributed to the reconstruction of the old city of Hebron and the renovation of homes and streets through partnering with Hebron Rehabilitation committee. This is the largest sponsorship provided by the private sector to the local community. The above two largest sponsorship are provided through the mother company – Ooredoo Group to the Palestinian community.

2018 ... New Telecommunications Map

Having launched 3G services, we are certain and confident that Wataniya Mobile will change the telecommunications map in Palestine. 3G new technology will boost the Palestinian economy and empower companies to be more efficient and give rise to more small and medium-size companies specialized in the development and implementation of applications.

In the end I would like to extend my deepest gratitude to our staff who have been loyal to the company and who have worked hard to launch the commercial services in Gaza Strip and launch 3G services in the West Bank. I would like as well to thank the Board of Directors, shareholders and investors for their trust in the Executive Management and Wataniya Mobile staff.

Dr. Durgham Maraee
Chief Executive Officer



ADMINISTRATIVE
AND OPERATIONAL
REPORT



The administrative and Operational report contains important information about our business and performance for the year ended 31 December 2017. We recommend reading this section of the annual report in line with the audited financial statements section for the year 2017 and its notes, which were prepared in accordance with the International Financial Reporting Standards (IFRS).

Telecommunications Market

Mobile telecommunications services are provided in the Palestinian market by two licensed companies; Wataniya Mobile, and the Palestine Cellular Communications Co. as part of the Palestine Telecom Group (the incumbent operator). The Palestinian telecommunications market has been under monopoly for more than ten years, until Wataniya Mobile's services were launched in the West Bank by the end of 2009.

The entry of Wataniya Mobile into the Palestinian telecommunications

market marked a quantum leap for the telecommunications sector; however, this step was incomplete due to the fact that the Company was unable to operate in the Gaza Strip. But eventually in November 2017, Wataniya Mobile entered Gaza market and achieved noticeable progress.

Competition in the Palestinian Telecom market isn't limited to the aforementioned two licensed operators, simply due to the illegal competition by the Israeli mobile operators utilizing coverage in the Israeli settlements constructed in the West Bank.

Competition in Brief

Wataniya Mobile is characterized by a high competitive capacity, being one of Ooredoo's operators that have long experience in the telecommunications sector and operate in 10 countries in the Middle East and North Africa. Hence the Company provides high quality cellular services in line with best international practices and agreements. Wataniya Mobile subscribers will benefit from the local and international prices and the highest standards of network services.

Wataniya Mobile has achieved noticeable progress over the recent years increasing its market share and maintaining an advanced status in the local market. In an extremely significant step for Palestinian economy, the Company launched its business in the Gaza Strip which constitutes approximately 40%-45% of the total Palestinian market. Moreover, Wataniya Mobile launched its services in the Gaza strip and inaugurated the best and stronger network in Palestine. Early this year the Company was able to bring technical equipment into the Gaza Strip and build the most updated telecommunications network that has a performance comparable to that of international networks.

Wataniya Mobile has increased its market share to 25% by the end of 2017. The calculation excluded Israeli illegal competition. This success, coupled with the launch of the Company's official services in the Gaza Strip, is attributed to the successful sales and marketing strategies implemented by the Wataniya Mobile throughout the year to attract and retain subscribers, as well as the deployment of an extensive distribution network capable of meeting the needs of subscribers in terms of time and place. Moreover, a 24/7 subscribers' service center is fully operational and provides services to our subscribers throughout the country in line with the best international standards.

Wataniya Mobile has demonstrated its ability to compete in the Palestinian market. It has succeeded in mixing high-quality communication services, providing the most up-to-date products in the Palestinian market by launching 3G services in the West Bank by the beginning of 2018. The company is working towards positive change and development in the Palestinian economy, with the number of subscribers rising to more than one million subscribers at the end of 2017.





OUR STRATEGY

To achieve our vision and advance our growth, we focus on three strategic objectives:

First: Focus on Growth and Revenues

- Competing in a new pattern, closer to our subscriber's life style, by introducing customized services in harmony with local geography and subscribers' behaviors.
- Focusing on growth and increase revenues at unprecedented rates, while rationalizing overheads.
- Developing distinguished plans to retain our customers and develop a communication network as a platform for offering profitable diverse products.
- Providing best services in the Gaza Strip, rehabilitating the telecommunications network, building personal capabilities of staff and creating a positive environment.
- Providing efficient 3G services in the Palestinian telecommunications market.

Second: Differentiated Proposition

- To continue reinforcing and expanding the telecommunications network.
- To enhance our extensive sales and distribution networks, both directly and indirectly.
- To promote our trademark and brand under the slogan of 'Value for Money.'
- To outclass through excellent quality services.
- To promote the Company's contributions to sustainable development by focusing efforts on social responsibilities, economic input, and environment conservation.

Third: Leverage Ooredoo's Group Efficiencies

- Sharing the know-how and expertise.
- Roaming and interconnect.
- Procurements and economies of scale.
- Value-added services and products
- Regional initiatives.

WATANIYA MOBILE KEY STRENGTHS

Wataniya Mobile features several aspects while running its business in the Palestinian telecommunications market:

First: Advanced Network

The Company operates an advanced network which was designed and built as a turnkey project by Ericsson to a specification particular to the Palestinian market using the latest possible technology. This allows Wataniya Mobile to grow its subscriber base whilst also allowing for high minutes usage, which enables Wataniya Mobile to be flexible in its marketing strategy and offer differentiated and more competitive products and tariffs as a result. Wataniya Mobile's ability to react to customers' needs and innovative product offerings is largely a function of its high quality network.

Second: Resilient Administrative and Operational Structure

Despite the intense challenges caused by the volatile economic climate, political instability and the fierce competition in the Palestinian telecommunications market, Wataniya Mobile constantly finds prompt and effective solutions due to the high resilience that characterize the Company's operations and administration.

Throughout the years the Company has developed a resilient operational capacity and organizational structure that can easily be adjusted to the surrounding environment, cope with the latest developments in the market and satisfy the demands of customers. This has contributed to developing a flexible marketing strategy and providing more competitive products and tariffs.

Third: Competent Staff and Incentivizing Policies

Wataniya Mobile employs professional and qualified staff with broad experience in the telecommunication services. In order for the Company to achieve its goals, it adopts an administrative system based on incentives and guidance hence combining both the strategic goals of the Company and the personal and professional goals of its staff.

Fourth: Strong Shareholders Support

Wataniya Mobile benefits from strong support, and international and local experience, provided by its ultimate Shareholders, Ooredoo Group and Palestine Investment Fund (PIF). Wataniya Mobile leverages Ooredoo's existing relationships with suppliers, industry vendors and financing banks. Ooredoo also enhances Wataniya Mobile's ability to access global products, services, people and know-how and offers time, expertise and resources to Wataniya Mobile's management as and when needed. Wataniya Mobile benefits from PIF's local knowledge and its expertise in operating several key businesses in Palestine and its extensive connections throughout Palestine.

Fifth: Social Role

Wataniya Mobile has a visible social role. It supports national priorities and provide work opportunities and distinguished telecommunication services to the public. Moreover, the Company devotes its resources to take part in and contribute to social events and support of cultural, educational, sports and charity programs.



FINANCIAL HIGHLIGHTS

Wataniya Mobile continues to achieve successes through its distinguished performance and growth in 2017. The Company launched its business services in the Gaza Strip, a step that will have a positive impact on the Company's performance in the short run and form a driving force towards the achievement of its goals and objectives.

Within the Company's efforts towards profitability, Wataniya Mobile has in 2017 enhanced its capabilities and quality of its services by way of reinforcing investment in the mobile phones infrastructure and operational systems. In 2017 capital expenditures amounted to US\$ 54.8, which was earmarked to cover for Wataniya Mobile two major projects, namely launching Wataniya Mobile in the Gaza Strip and 3G services in the West Bank.

Despite the numerous challenges, the competition in the Palestinian telecommunications sector and the illegal competition witnessed by the sector from Israeli companies, Wataniya Mobile managed to achieve a high performance level in 2017 as a result of the Company's smart marketing strategy that is based on the needs and aspirations of customers.

The successes achieved by Wataniya Mobile include the following:

The base of Wataniya Mobile subscribers increased by 31% compared to the previous year to reached more than one-million by the end of 2017, as a result of launching new programs, products and services, as well as prom campaigns and innovations.

The Company has achieved growth in its annual revenues by 2% reaching US\$ 85.6 million at the end of 2017 compared to US\$ 84.1 million in 2016.

The Company's Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) reached US\$ 18.8 million compared to US\$ 21.9 million at the end of 2016. The decrease was due to rise in Wataniya Mobile's expenditures in 2017 forz launching its services in the Gaza strip and 3G in the West Bank.

Wataniya Mobile achieved net income of US\$ 6.6 million compared to a net income of US\$ 1.5 million for the same period last year. This is mainly due to the Company's significant costs of preparations for launching the 3G services in 2017, a situation that is expected in light of the large investment expenses. These investments are expected to result in a significant change in the performance of Wataniya Mobile in the medium and long term, and in achieving sustainable profitability as its subscriber base continues to grow in the West Bank and Gaza.

PROGRAMS AND SERVICES

In line with Wataniya Mobile's commitment to providing the best services to its customers and to always be the pioneers and innovators, we present the most important campaigns and programs organized and carried out by Wataniya Mobile during 2017.

Super Programs: Launched in 2016, these programs, including Super Card, Super Bill and Super Shabab, were designed to provide subscribers with the opportunity to call at low unified prices using all local networks, including making calls to Jerusalem, and Jordan.

New Bonus Scheme "Nujoom:" Wataniya Mobile launched in the third quarter of 2016 the New Bonus Scheme "Nujoom" which provided old and new customers free monthly points based on the value of their monthly consumption. The points can be substituted with mobile phones, free balances, gifts in kind and other surprises at any time. The privileges subscribers receive are related to their own rating, and the more the rate of consumption is the higher the rating and the more are the privileges and bonus.

Campaigns & Services: During 2017 Wataniya Mobile presented different campaigns and promos with the aim to encourage recharging, attract new subscribers and honor old subscribers. These campaigns grant prizes for recharging, free balances, chips and packages. The most important campaigns launched by Wataniya Mobile in 2017 include the following:

- Smart mobile and gold pound every hour
- "Snake and Ladder" Campaign
- "200 Double your Cash Balance" Campaign
- "In Ramadan All Are Winners" Campaign
- "Scratch Code and Win" Campaign



Main Distribution Methods and Sales Channels

In line with its strategy to provide its services to all citizens and residents within the Palestinian market, Wataniya Mobile deemed it necessary to establish an extensive network of distributors, agents and points of sale in order to guarantee that the Company's services and products are widely and easily available to subscribers. Wataniya Mobile has established the following distribution channels:

- 1. Wataniya Mobile Showrooms: Wataniya Mobile has 10 showrooms strategically distributed across the main cities in The West Bank, and 6 showrooms in Gaza strip, in order to provide the Company's valued customers with quality service and make all its products/services at their fingertips.
- 2. Distributors: Wataniya Mobile entered into contractual agreements with two of the leading distribution companies in the Palestinian market in the West Bank and three companies in the Gaza Strip, through which Wataniya Mobile's rate plans and services are dealt out to all agents, FMCGs, and points of sale.

- **3. Authorized Agents Network:** Wataniya Mobile entered into contracts with 135 authorized agents distributed throughout the West Bank and 153 agents in the Gaza strip. The Company opened accredited outlets where subscribers can received various services including change of numbers and chips, e-payment, SIM card registration and maintenance of mobile phones. Wataniya Mobile's authorized agents also to provide a number of other services and facilities including the e-recharging.
- **4. Points of Sale Network:** In 2017, the number of points of sale reached 1800 locations distributed in the West Bank and the Gaza Strip, where prepaid chips and charging cards are available to our valued subscribers. In addition, the e-recharging facility is provided at these locations.

Future Prospects

Wataniya Mobile launched in 2017 its services in the Gaza Strip and will continue to expand the base of its subscribers and offer services at best prices. The Company also seeks to provide a unique and unprecedented experience in the field of telecommunications, targeting both individuals and companies.

Wataniya Mobile is implementing the strategy of customers' experience through all its communication points, taking the comments of its subscribers into serious consideration. The Company will strive to provide customers with the best 3G services at reasonable low process.

Research and Product Development

Since our inception, we have invested in research and development to offer the best products and services to our customers. This is reflected in many of the interactive campaigns and distinctive programs launched by the Company recently, relying on specialized marketing studies carried out continuously throughout the year as well as on international standards and indicators through which Wataniya Mobile's performance is compared with its counterparts locally and abroad.

The Company also carries out many studies and opinion polls for subscribers to evaluate its services and products, and carries out many studies analyzing the needs and requirements of the market. In addition, Wataniya Mobile has focused on business and product research and development by looking at the latest developments in the region in terms of telecommunications and the Internet by building strategic relationships with various parties and partners.







The story began when Wataniya Mobile announced vacancies in the Gaza Strip in preparation for launching its services in the strip. Our management reviewed thousands of applications to different positions submitted by thousands of applicants and held around 3,500 interviews in a very short time not exceeding three months. We have followed the highest degrees of professionalism and credibility in the selection of new employees on the basis of efficiency and professionalism, and aligned their capabilities with the requirements of the jobs.

In record time we managed to recruit male and female colleagues to operate different sections in

offices in
Gaza. The new staff received
intensive training provided by a professional capacity
development team.

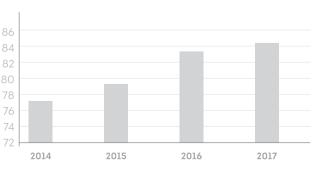
Wataniya Mobile staff did not slacken to provide support to new recruits during the period in preparation for the launch. They worked day and night and continued to inspire new colleagues with the experience they have gained during working for Wataniya Mobile and transfer to them their knowledge and expertise. The new recruits are now ready to start their future and journey of life working for the biggest and most professional company in Palestine.

In 2017 Wataniya Mobile expanded its cadre and recruited more than 175 new employees thus raising the total number of staff to 572 male and female employees until 31 December 2017. With perseverance and determination new and old recruits will join efforts and make Wataniya Mobile a pioneering company in Palestine.

In spite of the of the momentum of the projects that Wataniya Mobile has been engaged in, the Company has given job commitment special significance through an integrated program carried out by the Human resources. The program had a clear impact on increasing job commitment

We are proud of our achievements and staff.







ECONOMY AND INVESTMENTIN PALESTINE

Palestinian economy is founded on a fair legal and legislative environment that incentivizes sustainable growth and enhances its capability to confront emerging challenges. Despite the numerous obstacles and difficulties, the Palestinian economy is still capable of achieving average growth rates.

Economic Climate

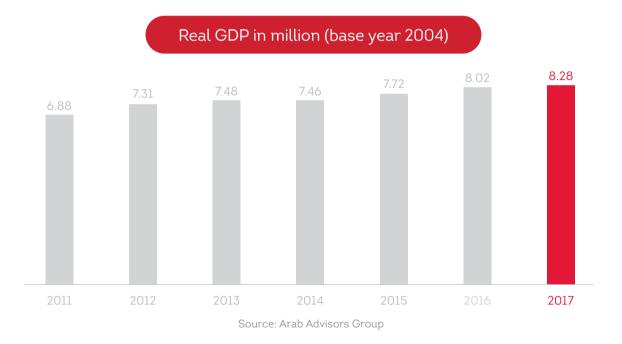
Palestinian economy continued to suffer from the political and security downbeat in 2017.

Increase in Gross Domestic Product (GDP) and Stagnation in Per Capita GDP in 2017

Preliminary estimates indicate a rise in the real GDP in Palestine reached 3.2% during 2017 compared to 2016. This percentage approximates the population increase percentage and therefore the per capita GDP grew only slightly growth by 0.1% during 2017 compared to 1.0% in the previous year.

The increase in the GDP is caused primarily by an increase in economic activities that have the highest GDP share, primarily by an increase of 4.4% in the construction sector, in which the total number of employees increased by 18%, followed by the industrial sector that witnessed a VAT growth of 4.2% in in 2017 compared to 2016. The total number of employees in the industrial sector increased by around 7%.

Preliminary estimates also pointed to an increase of 2.5% in 2017 in the total number of employees in the Palestinian local labor market compared to 2016. The increase is caused by an increase in the number of laborers in the construction, industrial and services sectors.



Palestine Exchange (PEX) 2017

As of the end of 2017, the total number of PEX shares traded reached 271 million shares achieving an increase of 16.47% compared to the previous year. Also the value of shares traded rose by 5.37% reaching US\$ 469 million.

Palestine Economy Performance Forecast in 2018

According to forecast by the PCBS, the real GDP value is expected to rise by %2.6 percent during 2018 and a drop in per capita share by 0.2%. PCBS estimates also indicate a growth in the total value of private and public consumption by 2.5% and in the total number of investments by 6.8% and an increase in the number of employees by 4.8% in 2018.



Since the advent of Wataniya Mobile in 2007, the Company's operations have had a positive impact on the Palestinian economy. From the direct investment Wataniya Mobile pumped into the market, to the establishment of its Network infrastructure, from the lease of sites and premises, to creating direct job opportunities, Wataniya Mobile added new components to the Palestinian economy. The impact Wataniya Mobile has had on the Palestinian economy was not short-lived, as it continued after the Company's commercial launch with liberalizing the Palestinian telecom market. Not only have Wataniya Mobile's operations spurred competition, but they also brought along positive outcomes to all subscribers, both individuals and corporate, in terms of quality of services rendered, rates offered, enhancement of partnerships with service providers and raising their capacities.

Liberalizing the Palestinian Telecom Market

Primarily, liberalizing the Palestinian telecommunications market was realized in the West Bank and after years of hard work we succeeded in liberalizing the telecommunications market in the Gaza Strip. Wataniya Mobile launched its services in the Gaza Strip in the third quarter of 2017 and broke the monopoly of the Palestinian telecommunications market that lasted for 18 years in the strip.

In 2006, The Palestinian National Authority resolved to liberalize the telecom market and open the door for competition following a monopoly that has lasted since 1997. In accordance with the strategy laid down by the

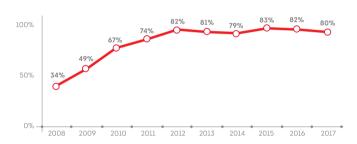
Palestinian Ministry of Telecommunications and Information Technology, with the purpose of increasing the base of telecommunications users, and providing quality services at lower prices to Palestinian citizens, a tender was floated for the license to build and operate a second mobile telecommunications network in Palestine.

The entry of Wataniya Mobile into the Palestinian telecommunications market in 2009, namely in the West Bank, is a milestone achievement not only towards encouraging competition, but also giving Palestinian citizens the opportunity to choose the provider they may desire. Needless to say, the launch of

Wataniya Mobile's operations contributed to providing multiple options, in terms of creative methods in rendering services, prices, and ultimately higher service quality.

Wataniya Mobile provides numerous programs through which the Company was able to reach out to Palestinian citizens throughout the West Bank and form a base of more than one-million subscribers by the end of 2017. The following chart shows clearly how the advent of Wataniya Mobile impacted the growth of mobile penetration rate, from 34% by the end of 2008 to 80% by the end of 2017.

Penetration Rate In West Bank



Government revenues

In addition to the above, Wataniya Mobile's operations contribute directly to the increase of revenues into the Palestinian Authority's Treasury, namely the license fees, in addition to taxes, including income tax and Value Added Tax. Wataniya Mobile's contribution extends indirectly to reach the government public facilities or other areas as envisaged under the government's plans.

Creating Job Opportunities

Due to the nature, size, quality and geographical stretch of its operations, Wataniya Mobile contributed heavily to creating various forms of partnership with Palestinian businesses across the board. These partnerships, without a doubt, created indirect job opportunities to many Palestinian citizens, through rendering services to Wataniya Mobile, and other business

opportunities. In addition, Wataniya Mobile is currently opening new horizons to small and medium-size businesses, and in the near future this will extend to reach to Gaza Strip. By the end of 2017, Wataniya Mobile estimated creating more than 4,000 direct and indirect job opportunities within the West Bank and Gaza Strip markets. This entails sources of income and support to Palestinian families, and contributes directly to the improvement of citizens' living standard.

Impact on Palestine Exchange (PEX)

Until date, Wataniya Mobile stands as the top of PEX's listed companies in terms of paid-up capital, with US\$ 258 million, which indirectly constitutes 6.89% of PEX market capitalization by the end of 2017. In addition, Wataniya Mobile contributed 98% to PEX's total trading sessions in 2017 thereby helping PEX to attract foreign investors and cement its foothold in the international investment arena.

As PEX's blue-chip Company, Wataniya Mobile adheres to the principles of transparency and governance, as applicable by the Law, PCMA, and PEX regulations. And as the market's top mover, Wataniya Mobile was selected, for the sixth year in a row, among the heavyweight sample companies affecting the performance of the PEX's Al Quds Index. This also required certain standards to be achieved, namely share's trading liquidity, trading volume, turnover rate, number of trading sessions, and above all the Company's market value.

Local Partnerships

At the domestic front, Wataniya Mobile promotes long-term strategic partnerships with local companies. The Company prefers local products in support of Palestinian economy and seeks to create partnerships with medium and small companies, which form the bedrock of Palestinian economy, in confirmation of the principle of mutual benefit. Wataniya Mobile provides medium and small companies with services and programs based on their needs and activities.

OUR ENVIRONMENT

We are keen to preserve our environment, so we continue to invest in promoting our environment friendly practices in order to maintain a clean and healthy environment. Wataniya Mobile has been addressing the environmental impacts of the operation of its network in the Palestinian territories, based on three main areas:

First: Addressing Radiation Impact

Upon the installation of transmission stations, Wataniya Mobile applies the local and international standards and procedures. This is achieved through the application of the recommendations handed down by both the Ministry of Environmental Affairs and the Ministry of Telecommunications and Information Technology. In addition, Wataniya Mobile adopts certain measures in harmony with the standards laid down by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

To maintain compliance, the following measures are adopted by Wataniya Mobile:

Wataniya Mobile uses European/Swedish devices and equipment, which are in compliance with the requirements and

- Insulation fences are set up around all Wataniya Mobile's stations, in compliance with the relevant local and European standards, to ensure the safety of citizens.
- Prior to the operation of any station, Wataniya Mobile obtains the relevant approvals from both the Ministry of Environmental Affairs and the Ministry of Telecommunications and Information Technology and complies with all their requirements.

The adoption of scientific methods in the installation procedures and operations contribute directly to the reduction of radio microwave exposure below the standard set under the Guidelines of (ICNIRP). Therefore, the microwave radiation resulting from Wataniya Mobile's transmission stations, as measured, is (0.005 mw/cm2) which is lower than the internationally

Second: Addressing **Emissions Impact**

The Operation & Maintenance Team at Wataniya Mobile follows standard procedures and practical measures for the purpose of reducing the emission of environment pollutants, including smoke and gas emissions. These measures, inter alia. include:

- Installing hybrid systems in all transmission stations which have no electricity connections yet. These hybrid systems consist of a diesel generator and energysaving batteries, which reduce the operational time of each generator by more than 50%, and ultimately are environment-friendly and cut down on fuel consumption. The hybrid systems reduce the emission of smokes and gases harmful to the environment.
- The Network Maintenance Team carries out regular maintenance and precautionary service works to all the generators and cooling machines, whether at the transmission stations or the Company's premises. These regular checks aim at ensuring the safety and efficiency of the equipment. This per se contributes to power rationalization, reduction of harmful emissions. In addition, strategies are in place to prevent leakage of fuel, oil, or Freon refrigeration gas into the environment.

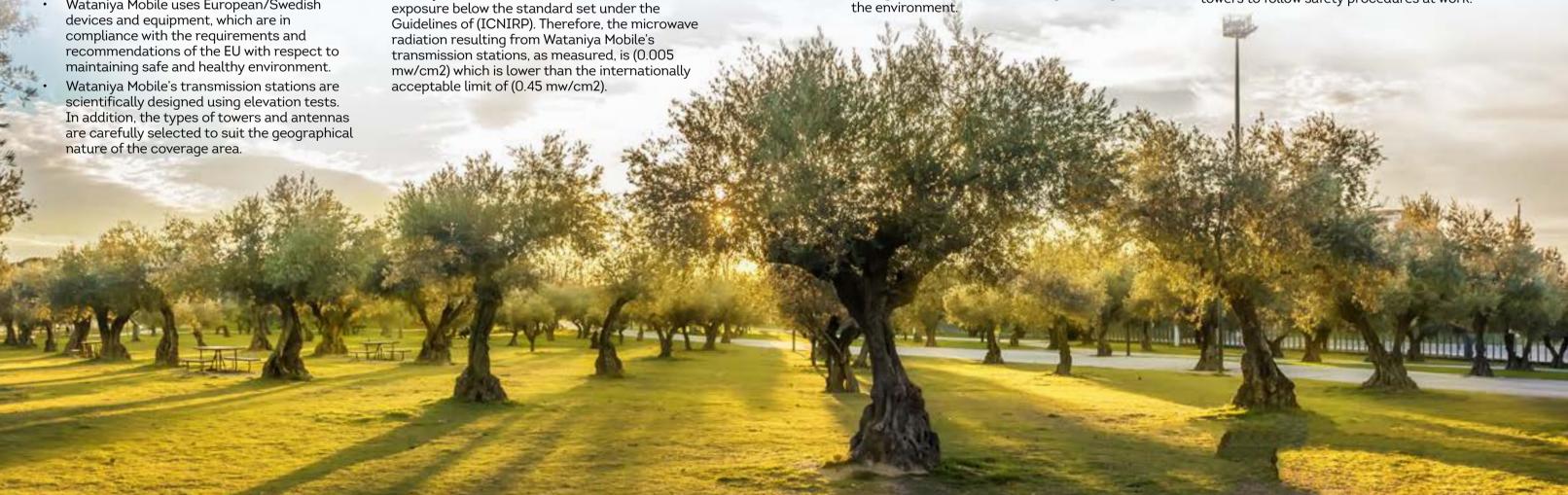
Third: Treatment & **Recycling of Solid Waste Materials**

The management of solid waste materials resulting from operations can be summarized in the collection and sorting of all waste materials of whatever nature. The waste materials are then disposed of in the internationally recognized scientific methods. The process adopted by Wataniya Mobile can be summarized as follows:

- Recycling the waste materials though dismantling these materials before reducing them to the raw state for further use.
- Wataniya Mobile has signed an agreement with a professional organization specialized in recycling used liquid batteries that are to be removed and destroyed from the Company's operational sites.

Fourth: Public Safety and Safety at Work

Wataniya Mobile provided specialized training on safety and civil defense to its field employees working on transmission towers. In addition, the Company oblige contractors constructing the towers to follow safety procedures at work.







CORPORATE SOCIAL RESPONSIBILITY

Sustainable development contributes to changing the socio-economic and technological life pattern and helps upgrade productive human life. Accordingly, Wataniya Mobile continues to upgrade its staff, partake in the successes of the Palestinian community, and contributes to strengthening and building our economy.

Our Community

"Year after year, Wataniya Mobile takes an active role and supports various community activities on the domestic, regional and international levels. For the third consecutive year, Wataniya Mobile organized and sponsored a number of sports, cultural, educational and economic events. In addition, Wataniya Mobile supported and sponsored children and youth activities with the view of upgrading youth education while entrenching the Palestinian historic heritage that we are proud of."

Wataniya Mobile works with a responsible vision toward the Palestinian community. The Company has drawn up a sustainable development strategy within its policy of social responsibility and expanded the range of services it provides to the public. In line with the Company's keenness to support the local community, Wataniya

Mobile has sponsored a large number of educational, cultural and sports activities on both the local and international levels in the course of 2017. The Company also maintained a strong presence in Palestinian universities, institutions and sports centers, as well as in religious and national occasions.

Wataniya Mobile ...

Sponsor of Palestinian Football

For the third year in arrow, Wataniya Mobile through Ooredoo sponsored major Palestinian football events including Wataniya Mobile Professional Football Championship, First Division league in the Gaza Strip, Super Cup and Abu Ammar Football Championship. In addition, Wataniya Mobile sponsored the Palestinian State Cup and the Football Academy for Talented Children in Jerusalem.



Sports Activities

in 2017

- Championship: The Company sponsored the new season of the football professional league for the third year in a row.

 The championship in which 12 of the best football teams in Palestinian are competing will go on until the end of June 2018.
- First Division Championship in Gaza: This year is a very special year for Wataniya Mobile because the Company succeeded in launching its services in the Gaza Strip. For the third consecutive year, the Company sponsored the First Division Championship in Gaza. The championship is the largest in Gaza and encompasses 12 football clubs.
- Sponsorship of the Super Cup: The Super Cup match brought together the winning team from the Professional Football Championship with the winning team from Palestinian State Cup. The winning team was crowned as the Super Cup champion.
- Martyr Abu Ammar Championship: This
 is the third sponsorship of the cup final
 of Abu Ammar championship, which is
 considered one of the most important
 football championships in Palestine.
 Professional football teams from all
 over the west Bank take part in the
 championship.

- Palestinian State Cup: Wataniya Mobile sponsored the Palestinian State Cup in the northern and southern governorates. The Company also sponsored for the second year the Palestinian State Cup final match and the winning team was crowned the champion of Palestine.
- Sponsorship of the Football Academy for Talented Children: Wataniya Mobile sponsored different sports activities for the Palestinian Football Academy for Talented Children especially in the city of Jerusalem. The Academy presents an ideal place for children in Jerusalem to play and receive football training.
- Organizations Football Championship in Deir Al-Balah: Wataniya Mobile sponsored the Second Organizations Football Championship organized by Deir Al-Balah Municipality. Twenty teams representing 20 government and civil organizations took part in the championship.
- Sponsoring the Orthodox Club in Beit Sahour: Wataniya Mobile supported and sponsored activities organized by the Orthodox Club in Beit Sahour during the course of 2018. The Orthodox Club is considered one of the largest clubs in Bethlehem governorate and has professional football and basketball teams.



Cultural and Youth Activities

in 2017

Wataniya Mobile gives special significance to Palestinian youth since they are the foundation for the future of the Palestinian community. Based on our belief in our responsibility towards our nation, Wataniya Mobile seeks to reinforce Palestinian national identity and to promote Palestinian culture and traditions especially among the younger generation.

- Sponsorship of Spider Boy: Wataniya Mobile supported and sponsored Spider Boy Mohammad Al-Sheikh from Gaza. Al-Sheikh can bend into seemingly impossible shapes, and with this contortion flexibility he has now broken a world record and aiming for his name in the Guinness world records. He has given a special public show in Amman, Jordan.
- Traveler Mu'tasem: Based on its strong belief to support the youth in realizing their dreams, Wataniya Mobile supported through the social media sites the Palestinian traveler Mu'tasem Ewewi in his attempt to climb up Mount Everest.
- Marking Palestinian heritage Day in Gaza: In an atmosphere replete with joy and delight, Wataniya Mobile marked the Palestinian Heritage Day in Gaza in cooperation with Gaza municipality. Bedouin tents were set up and works of traditional embroidery were on display, and a special show for horses and camels was staged.





Educational Activities

in 2017

Wataniya Mobile is keen on supporting and sponsoring the educational sector for the important role it plays in the Palestinian society. During the year 2017, the Company sponsored the following activities:

• **Fursa Training Program:** Wataniya Mobile signed with Birzeit University a joint cooperation agreement on Birzeit Fursa Training Program that aims to develop the capacity of students and harmonize their studies with the labor market. A number of Birzeit University students took part in the training program.



• **Fifth Science and Technology Week in Hebron University:** Wataniya Mobile maintained a strong presence in the events of the Fifth Science and Technology Week held in Hebron University and supported launching distinguished students' projects.



- Reconstruction of the Old City of Hebron: With support from Ooredoo Wataniya Mobile continues to contribute to the reconstruction process of the old city of Hebron. The Company contributed through Hebron Reconstruction Committee the amount of US\$800 thousand allocated to the renovation of homes and streets. The purpose of the support is to improve life conditions of Palestinian inhabitants and protect Palestinian property from confiscation by the Israeli authorities. The project covers the old center, infrastructure of Khan Shaheen and the market facades of Al-Qasaba area.
- Children with Cancer Recreation: Wataniya Mobile carried out a recreational activity for children with cancer in the Gaza Strip. The event included face painting by clowns and distribution of gifts.

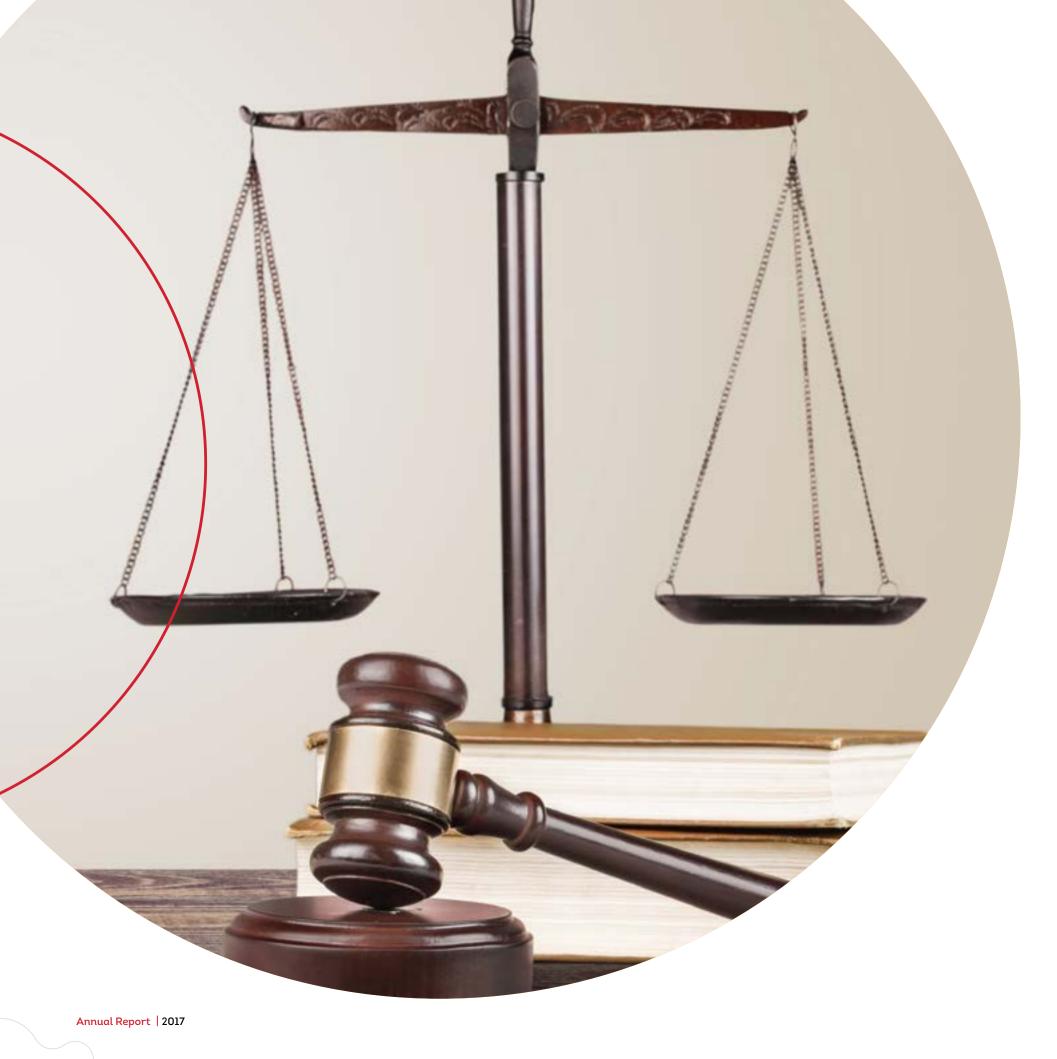
Sponsorships & Donations

Wataniya Mobile continues to fulfill its duty towards the Palestinian community; and therefore the Company spares no effort in instilling the spirit of cooperation and giving among the future generations. In line with this firm conviction, Wataniya Mobile's direct total spending on its social responsibility programs, including sponsorships and donations, amounted to US\$ 396,617 and its indirect spending through Ooredoo amounted to US\$ 1,800,000 over the course of 2017.

Social Responsibility Policy

Wataniya Mobile is effectively and efficiently translating its policy of social responsibility, and in line with the Company's strategy, Wataniya Mobile sponsors a large number of educational, cultural and sports activities. Sparing no efforts in paying utmost attention to the Palestinian social fabric, with all its components, Wataniya Mobile has formed a dedicated committee responsible for examining the sponsorship applications received. The committee is concerned with deciding on the nature and type of sponsorship according to the targeted category.





CORPORATE GOVERNANCE

Wataniya Mobile Board of Directors performs tasks targeting the conciliation of the interests if investors and those of all relevant segments, including employees, suppliers, and local communities. The main tasks of the Board include upgrading operational performance, profitability, empowering the commercial center of the Company, institutionalization of sustainable development, applying the principles of good governance, developing laws and work mechanisms, controlling and monitoring performance, managing and identifying risks.

Wataniya Mobile is committed to the criteria of public shareholding companies in line with the regulations of corporate governance. In 2010 the Company adopted a special governance manual that is consistent with the rules of corporate governance issued by the Palestinian Capital Market Authority.

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Commitment to Disclosure:

Wataniya Mobile Board of Directors performs tasks targeting the conciliation of the interests if investors and those of all relevant segments, including employees, suppliers, and local communities. The main tasks of the Board include upgrading operational performance, profitability, empowering the commercial center of the Company, institutionalization of sustainable development, applying the principles of good governance, developing laws and work mechanisms, controlling and monitoring performance, managing and identifying risks.

Wataniya Mobile is committed to the criteria of public shareholding companies in line with the regulations of corporate governance. In 2010 the Company adopted a special governance manual that is consistent with the rules of corporate governance issued by the Palestinian Capital Market Authority.

Board of Directors' Responsibilities:

The Board of directors is composed of seven members with a four-year term of office. The Board members are keen on applying the rules and criteria of good governance, which is an integral part of Wataniya Mobile culture. The duties of the Board of Directors,

are centered on protecting shareholders' rights and organizing companies' governance, are fulfilled through approving and ratifying the internal policies which regulate the work of the Company's executive management and its responsibilities, as well as control over the executive management through the Board of Directors' meetings, during which a detailed presentation about the Company operations is made to the Board, whether for the purpose of control or for taking the administrative decisions that are out of the executive management's area of specialization, in addition to disclosure and transparency.

The Board of directors Meeting:

During the 2017 the Board of Directors held 6 sessions that have been disclosed pursuant to the disclosure regulations valid in Palestine. During the sessions, the Board discussed the achievements of the company and approved matters of high importance including the annual strategic plans.

The Board of Directors Committee:

Two main committees support the Board of Directors in the performance of its tasks and duties:

The Executive Committee

The committee was formed on 10 December 2014, and its members are:

- Mr. Mohammed Abu Ramadan, Chairman.
- Mr. Khaled Al Mahmoud, Member.
- Mr. Issa Al-Muhannadi, Member.
- Mr. Rami Barghouti was appointed as secretary of Committee.

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 recommendations to the Board of Directors with regard to the priorities and risks related to financial and strategic investment.

The Audit Committee:

The committee was formed on 10 December 2014, and its members are:

- Mr. Abdulla Al-Zaman. Chairman.
- Mr. Bertrand Alexis. Member.
- Mr. Faisal Shawa, Member.
- Mr. Rami Barghouti was appointed as secretary of Committee.

Audit Committee's Responsibilities:

- Review annual audited financial statements and interim (quarterly) financial statements, related reports and accounting matters, including management processes, before submission to the Board for adoption.
- Set objectives and internal auditing policies and determine their scope.
- Select the external auditor, recommend his/ her appointment, determine his/her fees and determine the objectives and scope of his/her work.
- Evaluate the performance of internal and external audit annually, according predetermined performance indicators.

Responsibility of the Executive Committee in Developing Control and Internal Monitoring Systems:

Wataniya Mobile Executive Committee has developed a comprehensive and efficient internal monitoring system that guarantees the accuracy and transparency of financial disclosures consistently with international criteria and best practices:

- Wataniya Mobile developed a set of financial policies and procedures in line with IFRS and financial disclosure criteria of the Palestinian financial market and valid laws and regulations.
- Wataniya Mobile adopted an automated financial system to ensure financial accuracy and compliance with international criteria.
- The financial statements and internal monitoring regulations of Wataniya Mobile are inspected
 and reviewed by an independent external auditor and the Company's internal auditor. In order
 to ensure independence in line with corporate governance, the Audit Committee holds periodic
 meetings with the auditors and Executive Management to review the audit reports and confirm
 accuracy of the annual financial statements of the Company.

Accordingly, Wataniya Mobile sees that the control and internal monitoring systems and efficient and ensure the validity and accuracy of the annual financial statements of the Company.



Brief Biographies of the **Members of the Board of Directors:**

Mr. Mohammed Abu Ramadan

Chairman of the Board of Directors - Representative of Palestine Investment Fund Mr.

Mohammed Abu Ramadan joined the Board of Directors of Wataniya Mobile in December 2014. Previously, Mr. Abu Ramadan took office as Palestinian Minister of State for Planning Affairs during 2012-2014. In addition to being a Board member of the Palestine Investment Fund since 2006, the Chairman of the Board of Directors for Abu Ramadan Investment Group, and the Chairman of the Board for Gaza Buses Company, Mr. Abu Ramadan has served as member of the Board of Directors for the Palestinian Monetary Authority, Vice Chairman of the Board of Directors of Paltrade in addition to other Board memberships for many companies and economic institutions, as well as other leading community institutions. 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 Wataniya International

Mr. Khalid Al Mahmoud joined the Board of Directors of Wataniya Mobile in June 2012. Mr. Al Mahmoud serves as Group Chief Officer of Ooredoo Group's Small & Medium companies, which oversees number of Ooredoo Group companies. In addition to his duties, he is the Chairman of Board of Ooredoo Maldives and has also served in various Boards including the Chairman of Ooredoo Algeria, Vice Chairman of Ooredoo Oman, Chairman of PTC (Bravo) Saudi Arabia and Chairman of wi-tribe Pakistan. Since joining in 1989, Mr. Al Mahmoud has held number of key positions in Qatar and abroad including the COO of Ooredoo Oman, Head of Qatar ISP and Corporate Data services Business Unit, Head of Product Development and Communication and Head of IT of Ooredoo Qatar. Mr. Al- Mahmoud holds a Bachelor's degree in Computer Engineering from the University of Pittsburgh, United States.



Mr. Bertrand Alexis

Member - Representative of Wataniya International

Mr. Bertrand Alexis joined the Board of Directors of Wataniya Mobile in November 2014. Mr. Alexis is a Senior Legal Director of Ooredoo Group and a member of the New York State Bar. Before joining Ooredoo, Mr. Alexis was an Associate General Counsel of Cable & Wireless plc. Mr. Alexis has a Bachelor of Arts in Economics from Columbia University and a Juris Doctorate Degree from Harvard University.





Mr. Abdulla Al-Zaman

Member - Representative of Wataniya International

Mr. Abdulla Al-Zaman joined the Board of Directors of Wataniya Mobile in November 2014, and he is the regional CFO of Ooredoo Group. Mr. Abdulla Al-Zaman has more than 19 years of experience In Finance. Before joining Ooredoo Group he was the Chief Finance Officer in Qatar Railways one of the most strategic project in the State of Qatar. Mr. Al- Zaman, was also in charge of multiple Senior Financial position in Ras Gas and The National Health Authority. Mr. Abdulla Al-Zaman holds a Master's degrees in Executive MBA, from University of Hull and a Bachelor's of Science in Finance & Business Administration from California State University of Sacramento.



Mr. Faisal Al-Shawwa

Member - Representative of Palestine Investment Fund

Mr. Faisal Al-Shawwa joined the Board of Directors of Wataniya Mobile 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. Shadi Al Khatib

Member - Representative of Palestine Investment Fund

Mr. Al Khatib joined the Board of Directors of Wataniya Mobile in May 2016. He is the CEO of PIF's ASWAQ Company for Investment of Portfolios. His current notable positions as a representative in companies' board of directors include: Chairman of Grand Park Hotels and Resorts Company, Board Member of Palestine Industrial Investment Company, Board Member of Arab Hotels Company "Movenpick Ramallah", Board Member of Convention Palace Company, and Board Member of National Aluminum and Profiles 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.



Mr. Eisa Mohammed Al-Mohannadi

Member - Representative of Wataniya International

Mr. Eisa Mohammed Al-Mohannadi joined the Board of Directors of Wataniya Mobile in February 2016. Mr. Al-Mohannadi currently serves as Director 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. AlMohannadi holds a Bachelor's degree in Business Administration from Marymount University in the United States of America.



BRIEF BIOGRAPHIES OF MEMBERS OF EXECUTIVE MANAGEMENT

Dr. Durgham Maraee Chief Executive Officer

Dr. Durgham Maraee is the CEO of Wataniya Mobile. Dr. Maraee has extensive experience in Telecom and in business management and investment. Prior to his appointment to the position of CEO of Wataniya Mobile, Dr. Maraee served as the Chief Investment Officer of PIF, where he managed PIF's investment portfolio and developed new investment programs that aim to promote economic growth in Palestine. Prior to joining PIF, Dr. Maraee worked as a consultant at the Boston Consulting Group (BCG), where he 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. Fadi Abdellatif Chief Financial Officer

Fadi Abdellatif assumed his current position as the Chief Financial Officer in September 2012. Mr. Fadi has diversified experience in management, auditing, accounting, information systems and consulting in various sectors, including telecommunications. He is also a Board member in the Palestinian Information Technology Association of Companies – PITA, and Palestine Information and Communications Technology Incubator (PICTI). Mr. Abdellatif joined Wataniya Mobile at its early stage in 2007 after serving for a number of leading organizations including Andersen, ATS and Hulul. Mr. Abdellatif holds a Master of Business Administration Degree from University of Haifa. Fadi is also a Certified Public Accountant (CPA) from the United States.



Mr. Haitham Abu Shaaban Chief Commercial Officer

Haitham Abu Shaaban assumed his current position as Chief Commercial Officer in December 2017. 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 field of development projects, telecommunications, information technology and the private sector in Palestine in general and in the Gaza Strip in particular. He has made several achievements with unions and NGOs on a voluntarily basis in his capacity as an elected board member. Mr. Abu Shaaban has a bachelor's degree in International Business Administration from the California State University, in the United States.



Mr. Osama Qawasmi Regulatory & Public Affairs Director

Osama Qawasmi assumed his current position as Regulatory & Public Affairs Director in January 2013. He has wide experience in the telecommunications sector and is considered an expert in the regulatory aspects of the industry. Mr. Qawasmi has served as a Director General in the Telecommunications Ministry for more than 11 years. He has taken part in numerous international conferences on related issues, prior to joining Wataniya Mobile as chargé of government and institutional relations. Mr. Qawasmi holds the Bachelor of Electronic Engineering Degree, major in Telecommunications, from Stettin University, in Poland.



Mr. Tarik Soufan

Human Resources & Administration Director

Mr. Tareq Soufan assumed his current position as Human Resources & Administration Director since August 2015. Mr. Soufan has extensive professional experience, and he has managed different functions in the HR Directorate at Wataniya Mobile. 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. In addition, Mr. Soufan holds a host of international certificates, most notably are the information systems analysis & Design certificate from McGill University in Canada, the HR Management certificate from Concordia University in Canada and a certificate from the Ooredoo Group Business Leaders Program, conducted by IMD business school in Switzerland in 2015.



Mr. Ziad Nimer

Customer's Care Director

Mr. Nimer assumed his present position as Customer's Care Director in February 2018 after assuming the post of Sales Manager since 2015. Mr. Nimer has distinctive experience in the development and implementation of sales strategies and operational plans in the Sales Department through long years of experience working in the banking and telecommunications sector. Mr. Nimer held the position of Branches Network Manager in the Arab Bank before joining Wataniya Mobile as Subscribers' Services First Manager. In addition, he has effectively contributed to the establishment of Wataniya Mobile's Contact and Customer Services station. Mr. Nimer has a Bachelor's degree in Accounting from Birzeit University and a Master's degree in Business Administration.



Mr. Naim Nazzal Network Director

Mr. Naim assumed his current position as Network Director in May 2015. Mr. Nazzal enjoys extensive experience in the field of telecommunications, frequency management, project management, and business development. He accumulated lots of expertise working for various domestic and international renowned companies in the field of telecommunications. Mr. Nazzal holds a Bachelor's degree in telecommunications engineering from the University of Birzeit, and a Master's degree in Business Administration majoring in Entrepreneurship from the same university, in addition to a number of international certifications in multiple areas of planning, operations and managing telecommunications systems.



Mr. Ahmad Eid Information Technology Director

Mr. Ahmed Eid assumed his current position as Information Technology Director since May 2015. Mr. Eid has extensive experience in the field of mobile telecommunications in several sectors including information technology, large-scale projects, marketing, production management and quality management. Mr. Eid holds a Bachelor's degree in computers from the Al-Quds University.



Mr. Murad Al-Haroun Marketing Director

Mr. Murad Al-Haroun assumed his current position as Marketing Director in November 2017. He has extensive professional and technical experience in the sphere of strategic planning, marketing, consultation and strategic projects management. He held important posts in international, regional and local telecommunications companies. Mr Al-Haroun holds a Bachelor's degree in Business Administration and Administrative information System from the Arab Academy for Sciences and Technology in Egypt. He also holds professional certificates in related fields of work.



Mr. Shadi Qawasmi Marketing Communications Director

Mr. Shadi Qawasmi assumed his position as Marketing Communications Director in November 2017. He was instrumental in making tremendous change in the marketing strategy and enhancing the market position of Wataniya Mobile trademark. He joined Wataniya Mobile in February 2015 and is considered one of the key strategic consultants in trademark development and has a record of in designing and managing marketing campaigns for the interest of many private companies inside and outside Palestine. Mr. Qawasmi holds a Bachelor's degree in Advertising from Brigham Young University in the United States and a Master's degree in Marketing Management from the University of EDHEC in France.



Mr. Rami Barghouti Legal Counsel & Board Secretary

Mr. Rami Barghouti assumed his position as a Legal Counsel for Wataniya Mobile in August 2013. He has distinctive experience in the field of Telecommunication, Corporate and Labor Laws. Due to his experience in corporate governance, Mr. Barghouti has been appointed as the Secretary of the Board at the beginning of 2014. Mr. Barghouti holds a Bachelor's degree in law from Birzeit University, and a Master's degree in Commercial Law from University of Central Lancashire in the United Kingdom.





SHAREHOLDERS OF WATANIYA MOBILE

Wataniya Mobile was established as a partnership between Wataniya International - Free Zone (fully owned by the National Mobile Telecommunications Company (NMTC) that is mostly owned by Ooredoo Group and Palestine Investment Fund. According to a primary underwriting 15% of Wataniya Mobile shares were presented for a public offering, after which the ownership of Wataniya International - Free Zone became equivalent to 48.45% and that of Palestine Investment Fund equivalent to 34.03%, while 17.52% is publicly owned, while retaining the same ownership percentages at the end of 31 December 2017, upon which same date the number of Wataniya Mobile shareholders reached 10,948.

Ooredoo Group, (formerly Otel - the Group changed its trademark from Otel to Ooredoo in the middle of 2013)) is considered to be one of the pioneering international companies in the telecommunications market. It is listed on the Oatar Exchange and offers a wide range of services in the field of mobile and fixed telecommunications in the Middle East and Southeast Asia. This gave Wataniya Mobile the opportunity to gain international experience from other Ooredoo Group companies, operating in 10 other markets, also to benefit from Ooredoo Group's strategic relationships with suppliers, sellers and finance institutions in the management of its operations, guaranteeing Palestinian performance at

international levels. The number of subscribers with Ooredoo Group was, as of 30 December 2017, nearly 164 million.

As indicated above, Ooredoo Group holds its interests in Wataniya Mobile through a chain of subsidiary companies, including the National Mobile Telecommunications Company (NMTC), which is a pioneering telecommunications Company listed on the Kuwait Stock Exchange. The Ooredoo Group raised its stake in the National Mobile Telecommunications Company (NMTC) to 92.1% on 7 October 2012, and (NMTC) owns 48.45% of Wataniya Mobile in Palestine through Wataniya International. The increase in investment by the Ooredoo Group reflects indirectly on raising its stake in Wataniya Mobile in Palestine

Palestine Investment Fund (PIF) is a national Palestinian institution that manages Palestinian funds and invests them in a manner that maintains them as a national and strategic reserve. PIF aims at playing a leading role in establishing an independent Palestinian state by contributing to the development of the Palestinian economy to make it strong, sustainable and mainly reliant on its own resources, through launching strategic investment programs with local and international partners from both the public and private sectors.





LEGAL DISCLOSURES

As a public shareholding Company, listed on the Palestine Exchange, Wataniya Mobile is keen on adhering to standards through which it can guarantee the legality of disclosure and compliance with its deadlines. Since the Company's listing on PEX on 9 January 2011, neither the PCMA nor PEX has ever asked Wataniya Mobile to give further clarifications on its disclosures.

Compliance with Legal Disclosures:

As a public shareholding Company, listed on the Palestine Exchange, Wataniya Mobile is committed to legal requirements that guarantee continuous communication with investors, in accordance with disclosure principles, in addition to the values by which Wataniya Mobile works, including trust, transparency and clarity. Wataniya Mobile is

keen on adhering to standards through which it can guarantee the legality of disclosure and compliance with its deadlines, through continued commitment to monitoring and regulating parties of Wataniya Mobile shares trading on one hand, and through enhancing communication and transparency with investors and shareholders on the other.

Regulations issued by the Palestinian government or any foreign government that had material impact on Wataniya Mobile operations:

The Important regulations issued by the Palestinian government that had material impact on Wataniya Mobile operations:

The MTIT Decision No. (17) on 09/03/2017, that defines the prices of interconnection services in the local networks, according to the decision the local Fixed Termination Rate is $US \&partial{c} 1.3$ per minute, and $US \&partial{c} 1.8$ per minute for local Mobile Termination Rate, While the Transit rate in local networks is 0.7 cents per minute. The interconnection services calculation unit is determined on a second basis.

Lawsuits brought against Wataniya Mobile:

There are no legal procedures of lawsuits brought against Wataniya Mobile until the date of this report.

Shareholders' Voting during 2017:

An ordinary meeting of the General Assembly was held on 19 April 2017, where voting was held on:

Approval of the Board of Directors' report and the financial statements for the past financial year 2016, relieving of the members of the Board of Directors for the financial year 2016, and the election of the Company's auditor for the financial year 2017. The voting resulted in approving the first three matters, electing the members of the Board, and electing PricewaterhouseCoopers (PWC) as the Company's auditor for the financial year 2017.

External Auditors

Wataniya Mobile retains PricewaterhouseCoopers Auditors. The firm audited the financial statements for the year 2017.

External Legal Counsel

Wataniya Mobile retains BSH the legal and consulting services in the West Bank, and with The Legal Consultative Office in the

Gaza Strip, both as external legal counsel for the Company in 2017

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 Wataniya Mobile. Further, none of them has a business interest with the Company.

Major agreements concluded by the Company with related parties

Wataniya Mobile didn't undertake any major transaction with related parties during the previous two fiscal years, whether directly or indirectly. No related party is indebted to Wataniya Mobile, nor have they received a benefit from any guarantee which value exceeded Five Thousand (5000) Jordanian Dinars or the equivalent of a currency in circulation from the beginning of the 2017 fiscal year.

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 Wataniya Mobile did not receive any bonuses, remunerations, or in-kind benefits during 2017. Wataniya Mobile, however, covers all travel expenses of the Board members to attend meetings of the Board of Directors,

which amounted in total to US\$2,735 during 2017.

Executive Management Remunerations

Total Remunerations of members of the executive management team amounted to US\$2,751,314 including those of the current executive management members and those whose contracts ended during 2017, noting that there are no indirect remunerations such as guarantees or loans.

Executive Management Contracts

Executive Management contracts are permanent contracts and are not different from those of other employees, and comply with the Palestinian Labor Law.

Intellectual Property, Franchises and Patents

Investment Policy and Risks

Wataniya Mobile has not made any major investments - beyond the scope of its work - over the past two fiscal years. Accordingly, the Company is not subject to any investment risks.

Shareholders owning 5% or more as of 31 December 2017

Trade Variable	Number of Shares Owned	Percentage of Shares Owned
Wataniya International - FZ LLC	125,001,000	48.45%
Palestine Investment Fund (PIF)	87,794,885	34.03%

As of 31 December 2017, there were no shareholders owning more than 5% within the free trading shareholders (the public).

Summary of Wataniya Mobile Shares trading Activity during 2017

Trade Variable	Value 2017	Ranking on Palestine Exchange 2017
Number of Shares Traded	11,435,935	9
Value of Shares Traded (US\$)	12,057,835	9
Number of Deals Concluded	5,025	4
Number of Trading Sessions	239	4
Company Market Capitalization as of yearend (US\$)	268,320,000	4
Number of Shareholders	10,948	2

The highest and lowest price for Wataniya Mobile shares per Quarter in 2016 and in 2015:

2017 (US\$)	Q1	Q2	Q3	Q4
Highest Price	0.87	1.06	1.06	1.37
Lowest Price	0.82	0.83	0.93	0.95
Closing Price	0.83	0.94	1.04	1.04
2017 (US\$)	Q1	Q2	Q3	Q4
Highest Price	0.84	0.71	0.69	0.95
Lowest Price	0.60	0.61	0.63	0.63
Closing Price	0.63	0.67	0.65	0.85

Wataniya Mobile's stock movement during 2017



Other Disclosures

Disclosure Regulation - Article 18-2: Wataniya Mobile has submitted its 2017 audited financial statements to the Company's Board of Directors for approval; so there were no preliminary financial statements.

Disclosure Regulation - Article 20-1-A: In general, there has been no change that has impacted Wataniya Mobile's business for the past two consecutive fiscal years, such as declaration of bankruptcy, merger or disposition of any of its core assets.

Disclosure Regulation - Article 20-4: Most of Wataniya Mobile's services are permanent, non-seasonal, with the exception of some value added services related to providing special seasonal content.

Disclosure Regulation - Article 20-8: There has been no interruption in the flow of Wataniya Mobile'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 Wataniya Mobile's vision on its future business development, the Company is in a constant state of developing its services to suit the needs of its subscribers denoted in the research and development paragraph (page 27).

Disclosure Regulation - Articles 21-3: Wataniya Mobile does not invest or hold equity in any other company, inside or outside of Palestine.

Disclosure Regulation - Article 21-4: Wataniya Mobile does not carry out any operational activities outside of Palestine.

Property and equipment	roperty and equipment Location Size and fe	
Network equipment	North, middle and south of the West Bank & Gaza Strip	Switches, transmission, radio base station, and power equipments
Network infrastructure	North, middle and south of the West Bank & Gaza Strip	Civil and infrastructure works, towers and fences
IT systems & Computers	Main headquarters and showrooms	Information systems
Office equipment	Main headquarters and showrooms	Office supplies and accessories
Furniture and fixtures	Main headquarters and showrooms	Furniture & fixtures at headquarter and showrooms
Leasehold improvements	Main headquarters and showrooms	Civil, electrical & mechanical works
Others	Main headquarters and showrooms	Fire extinguishers

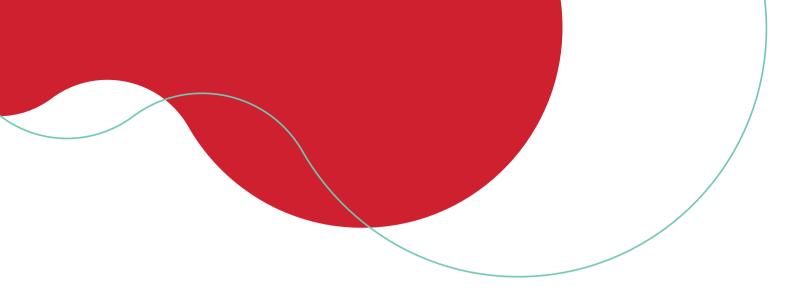
Disclosure Regulation 30-2: The return of each of Wataniya Mobile securities has been referred to in Note 21 to the year 2017 audited financial statements.

Disclosure Regulation - Article 31-2: Financial transactions made during 2017 in currencies other than the U.S. Dollar are converted to the U.S. Dollar according to the exchange rates prevailing on the transaction date. Whereas, monetary assets and liabilities were revaluated at the end of 2017 to the U.S. Dollar according to the New Israeli Shekel against the U.S. Dollar exchange rate of 3.48. The Bank of Palestine is 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 has been referred to in the cash flow statement in the year 2017 audited financial statements.
- 2. Sources of capital have been referred to in Note 11 and Note 13 to the year 2017 audited financial statements, and projected changes in capital structure have been noted under the title Change of Control.





WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATMENTS

For the year ended December 31, 2017

AND INDEPENDENT AUDITORS' REPORT



Independent auditor's report

To the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company

Report on the audit of the financial statements

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 the "Company") as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2017;
- the statement of profit and loss for the year then ended;
- the statement of other 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;
- 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 these requirements.

Other matters

The financial statements of the Company for the year ended December 31, 2016 were audited by another auditor whose report, dated February 27, 2017, expressed an unmodified opinion on those statements.



Independent auditor's report (continued)

To the shareholders of Wataniya Palestine Mobile Telecommunication -Public Shareholding Company (continued)

Our audit approach

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Key Audit Matters	Financial Performance Revenue Recognition and its related IT systems
	Impairment of accounts receivable

As part of designing our audit, we determined materiality and assessed the risks of material misstatements in the financial statements. In particular, we considered where management made subjective judgments; 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's override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatements due to fraud.

We tailored the scope of our audit to perform sufficient procedures 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 Matter	How our audit addressed the Key Audit Matter
Financial performance As explained in note (27) "financial performance" accumulated losses amounted to USD 208,090,504 as of December 31, 2017, which represents 75% of equity. We focused on this matter due to its impact on the working capital and for its importance to the users of the financial statements, especially lenders and investors.	We inquired management about the Company's business plans including actions that have been taken to recover the accumulated losses. In addition, we performed the following audit procedures: • Assessed these executed plans especially on expanding their services in Gaza in the last quarter of 2017, its costs reduction plans and Shareholders' approval to issue additional capital during the extraordinary General assembly meeting on January 23, 2018. • Furthermore, we reviewed main shareholders' support letters for the Company.



Revenue recognition and its related IT Systems

As referred to the accompanying financial statements, the Company's revenues for the year ended December 31, 2017 amounted to USD 85,642,733. Usage-based airtime revenue and interconnect revenue is the largest revenue stream of the business, which represents more than 76% of total revenues.

Usage-based airtime revenue and interconnect revenue is highly dependent on the reliability of its IT environment to support processing of operations. We focused on this matter because a significant risk exists in respect of both occurrence and accuracy of Usage-based airtime revenue and interconnect revenue due to the complexity of billing systems and the high volume of transactions.

 Assessed the appropriateness of related disclosure in the financial statements.

We have audited the revenues through a combination of controls testing, data analytics and substantive audit procedures covering, in particular:

- Understanding and evaluating the significant revenue processes and identifying the relevant controls (Including information technology systems, interfaces systems and reports).
- Tested IT general controls, covering pervasive IT risks around access security, change management, data center, network operations and rate changes in the billing system
- We performed substantive analytical procedures after developing an expectation of revenues based upon usage data and subscribers' numbers, which are the key drivers of each airtime revenue stream.
- We have also tested the accuracy of revenues by agreeing a sample of revenues transactions back to the customer contracts and published or agreed tariffs.
- Performed automated and manuals controls, and substantive tests to ascertain accuracy and completeness of the revenues.
- Review the reconciliations between the billing systems and the accounting system.
- Ensure revenues are reconciled between billing systems and prepaid system with what has been recorded in the accounting system through samples covering the entire period.
- We also assessed the adequacy and presentation of disclosures relating to revenues in the accompanying financial statements.



Impairment of accounts receivable

As referred to in note (2) to the We have performed the following accompanying financial statements, the Company's policy on impairment reasonableness of the management's allowance is to estimate impairment when estimate of the impairment allowance: collection of the full or part of the amount is no longer probable which involves judgment and the use of estimate. Estimates, based on the Company's historical experience, are used in determining the level of debts that the Company believes will not be collected.

The Company provides services to broad based clients, mainly on credit terms.

We focused on this matter due to the high judgment and the use of estimate involved in calculating the impairment allowance, particularly regarding the estimation of future cash collection.

As referred to in note (9) to the accompanying financial statements, the Company's outstanding gross accounts receivable as at December 31, 2017 amounted to USD 18,707,581 and the respective impairment allowance amounted to USD 6,435,072.

procedures to assess

- Assessed the Company's accounting policies and methods process. assumptions used to develop the estimate of the allowance for doubtful accounts.
- · Assessed key assumptions used by management based on our understanding of the Company.
- · Assessed the allowance for doubtful accounts by examining reports aged by customer (accounts receivable sub ledger or other detailed listing) for amounts that have been outstanding for a long period of time to verify that the allowance for doubtful accounts is appropriate at period end.
- · We tested the key controls relating to data used in the impairment allowance computation.
- the management Tested procedures used to determine the amount of the provision as of December 31, 2017.

Other information

The management is responsible for the other information. The other information comprises the 2017 annual management report, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the 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.

If based on the work we have performed, we conclude that a material misstatement on this other information, we are required to report the fact to those charged with governance.



Independent auditor's report (continued)

To the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (continued)

Management's responsibility 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 IFRS, applicable laws in the State 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 its 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 misstatements, 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 IFRSs 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 skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatements 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.

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Independent auditor's report (continued)

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 appropriateness of accounting policies used and the reasonableness of accounting estimate 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.
- 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 Pricewaterhole

Ramallah, Palestine

March 20, 2018

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

STATEMENT OF FINANCIAL POSITION

(All amounts are in US Dollar)

	23	As at	
	Note	December 31, 2017	December 31,
ACCETE	Note	2017	2016
ASSETS Non-control of the Control of			
Non-current assets	(2)	55 004 353	27.460.622
Property and equipment	(3)	56,981,253	27,469,533
Intangible assets	(4)	131,316,610	139,111,200
Projects in progress	(5)	30,534,192	18,883,868
Total non-current assets	_	218,832,055	185,464,601
Current assets			
Advances to contractors	7338	447,520	5,417,874
Restricted cash	(6)	6,041,514	3,951,235
Other current assets	(7)	4,046,513	1,808,979
Inventory	(8)	4,230,008	3,463,535
Accounts receivable	(9)	12,272,509	11,276,707
Cash in hand and at banks	(10)	33,758,276	12,263,583
Total current assets		60,796,340	38,181,913
Total assets		279,628,395	223,646,514
EQUITY AND LIABILITIES			
Equity			
Paid-in share capital	(11)	258,000,000	258,000,000
Share premium		11,610,000	11,610,000
Advance payments on capital	(12)	8,000,000	1600 80000000
Accumulated losses		(208,090,504)	(201,444,884
Net equity	-	69,519,496	68,165,116
Liabilities			
Non-current liabilities			
Provision for employees' indemnity	(13)	6,395,159	5,520,317
Interest-bearing loans and borrowings	(14)	74,038,352	44,300,352
Other non-current liability	(4)	54,346,654	54,346,654
Total non-current liabilities	ann S	134,780,165	104,167,323
Current liabilities	-		
Accounts payable		6,222,226	9,128,538
Current portion of interest-bearing loans			
and borrowings	(14)	10,620,000	19,500,000
Due to related parties	(15)	252.856	177,759
Deferred revenues	free	3,684,628	3,647,075
Other current liabilities	(16)	17,766,226	17,052,821
Accrued project costs	(17)	36,782,798	1,807,882
Total current liabilities	1777	75,328,734	51,314,075
Total liabilities	_	210,108,899	155,481,398
Total equity and liabilities	-	279,628,395	223,646,514
rotor equity and machines	_	2/9,028,393	223,040,514

⁻ Notes to the financial statements from 1 to 29 form an integral part thereof.

Financial Statements for the year ended December 31, 2017

STATEMENT OF PROFIT OR LOSS

(All amounts are in US Dollar)

For the period ended December 31, 2017 2016

	Note	2017	2016
Revenue		85,642,733	84,118,637
Cost of services	200	(35,969,598)	(36,876,009)
Gross Profit	_	49,673,135	47,242,628
Finance income		390,172	340,927
Currency exchange gain		34,008	1,222
General and administrative expenses	(19)	(31,256,041)	(27,489,911)
Depreciation and amortization	(3,4)	(21,447,079)	(19,358,364)
Finance costs	(20)	(4,334,445)	(4,273,940)
Recovery of impairment of accounts receivable	(9)	294,630	1,999,497
	5/49/75	(56,318,755)	(48,780,569)
Loss for the year	-	(6,645,620)	(1,537,941)
Basic and diluted loss per share	(21)	(0.026)	(0.006)

⁻ Notes to the financial statements from 1 to 29 form an integral part thereof.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

STATEMENT OF OTHER COMPREHENSIVE INCOME

(All amounts are in US Dollar)

	For the pe ended Decem	
	2017	2016
Loss for the year	(6,645,620)	(1,537,941)
Other comprehensive income for the year		
Total comprehensive loss for the year	(6,645,620)	(1,537,941)

⁻ Notes to the financial statements from 1 to 29 form an integral part thereof.

Financial Statements for the year ended December 31, 2017

STATEMENT OF CHANGES IN EQUITY

(All amounts are in US Dollar)

	Paid-in share capital	Share premium	Advance payments on capital	Accumulated losses	Net equity
Balance at January 1, 2017 Total comprehensive loss for	258,000,000	11,610,000		(201,444,884)	68,165,116
the year			8,000,000	(6,645,620)	1,354,380
Balance at December 31, 2017	258,000,000	11,610,000	8,000,000	(208,090,504)	69,519,496
Balance at January 1, 2016 Total comprehensive loss for	258,000,000	11,610,000		(199,906,943)	69,703,057
the year				(1,537,941)	(1,537,941)
Balance at December 31, 2016	258,000,000	11,610,000		(201,444,884)	68,165,116

⁻ Notes to the financial statements from 1 to 29 form an integral part thereof.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

STATEMENT OF CASH FLOWS

(All amounts are in US Dollar)

For the p	eriod
ended Dece	mber 31
017	2
Control Control	6-7

		ended Decer	mber 31,
	Note	2017	2016
Operating activities		- 024 Chapter Chap	70000000000000000000000000000000000000
Loss for the year		(6,645,620)	(1,537,941)
Adjustments:			
Depreciation	(3)	10,313,421	9,386,955
Provision for employees' indemnity	(13)	1,865,991	1,789,856
Recovery for doubtful accounts	(9)	(294,630)	(1,999,497)
Gain on disposal of property and equipment		(1,170)	(7,140)
Finance revenues		(390,172)	(340,927)
Finance costs	(20)	4,334,445	4,273,940
Amortization	(4)	11,133,658	9,971,409
Non-cash Items	1925.2	784,757	114,278
		21,100,680	21,650,933
Changes in operational assets and liabilities:			3-300/000-000
Accounts receivable		(701,172)	(1,252,825)
Inventory		(766,473)	464,278
Other current assets		(2,200,666)	(183,279)
Accounts payable		(2,906,312)	(1,749,194)
Due to related parties		75,097	20,988
Deferred revenue		37,553	(932,951)
Other current liabilities		713,405	(84,332)
Transfers to provident fund	(13)	(1,391,491)	(362,415)
Employees' indemnity paid	(13)	(384,415)	(483,258)
Net cash flows from operating activities	(23)	13,576,206	17,087,945
Investing activities		25/570/200	27,007,545
Purchase of property and equipment	(3)	(39,874,975)	(2,631,734)
Proceeds from disposal of property and	(3)	(33,074,373)	(2,031,734)
equipment		51,004	32,932
Purchase of intangible assets	(4)	(3,339,068)	(1,620,641)
Increase in projects in progress	(4)		
Advances to contractors		23,324,592	(7,612,391)
44.01.0777 0773 NAMED 100 AND 1000		4,970,354	1,469,245
Interest received Net cash flows used in investing activities		353,304	319,159
Net cash flows used in investing activities		(14,514,789)	(10,043,430)
Financing activities			
Repayment of loans		(19,500,000)	(9,375,000)
Long term loans received		40,000,000	venezani.
Loan transaction costs paid		(623,175)	(551,395)
Interest paid		(3,353,270)	(4,058,950)
Advance payments on capital	(12)	8,000,000	0.000
Restricted cash		(2,090,279)	50,701
Net cash flows from (used in) financing		20000000000000000	1000 0000000000
activities		22,433,276	(13,934,644)
Increase (decrease) in cash and cash			
equivalents		21,494,693	(6,890,129)
Cash and cash equivalents, beginning of the year		12,263,583	19,153,712
Cash and cash equivalents, end of the year	(10)	33,758,276	12,263,583
and the land	17	337.3072.0	22,203,303

⁻ Notes to the financial statements from 1 to 29 form an integral part thereof

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Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

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. 562499541. 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 170,000,000 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 by 88,000,000 shares to 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 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 the West Bank and Gaza. The term of the License shall be 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 period for additional five years.

The Company started its operations on November 1, 2009.

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, 2017 were authorized for issue in accordance with the Board of Directors resolution on February 21, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements are presented in United States Dollar, which is the functional currency of the Company.

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

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2.2 Changes in accounting policies and disclosures

a- New and amended standards 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 2017:

- Recognition of Deferred Tax Assets for Unrealized Losses Amendments to IAS 12, and
- . Disclosure initiative amendments to IAS 7.
- . Annual Improvements to IFRS Standards 2014-2016 Cycle, and
- . Transfers of Investment Property Amendments to IAS 40.

The adoption of these amendments did not have any impact on the amounts recognized in prior periods. Most of the amendments will also not affect the current or future periods.

b- New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	IFRS 9 Financial Instruments Nature of change IFRS 9 addresses the classification
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets
Impact	The Company does not expect the new guidance to affect the classification and measurement of the financial assets
	There will be 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.
	The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39
	The Company is continuing to analyse the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its first interim financial statements on 31 March 2018 that includes the effects of it application from the effective date.
Date of adoption by the Company	Must be applied for financial years commencing on or after 1 January 2018.

Title of standard	IFRS 15 Revenue from Contracts with Customers
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

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Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

Impact	The Company does not expect to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its first interim financial statements on 31 March 2018 that includes the effects of it application from the effective date.
Date of adoption by the Company	Mandatory for financial years commencing on or after 1 January 2018. The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Title of standard	IFRS 16 Leases
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Company's operating leases. The Company has not yet assessed what adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Company's profit or loss and classification of cash flows going forward.
Date of adoption by the Company	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

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 experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. 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.

Impairment of accounts receivable

The Company provides services to broad based clients, mainly on credit terms. Estimates, based on the company's historical experience, are used in determining the level of debts that the company believes will not be collected.

2.4 Revenue recognition

Revenues are recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are measured at the fair value of the consideration received, excluding discounts and sales commissions. The following specific recognition criteria must also be met before revenue is recognized:

Rendering of services

Revenues from airtime are recognized when the service is rendered. Sales of prepaid cellular phone cards are recorded as deferred revenues until recognized as revenues.

Equipment sales

Revenues from sale of cellular phone sets are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be reliably measured.

Interest income

Interest income is recognized as interest accrues using the effective interest rate.

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, 2030. During 2012, the Company agreed on the request of Palestinian Ministry of finance regarding voluntary deferral of exemption for the years 2012 and 2013. Therefore, the exemption is extended until 2016. The company did not record income tax provision for the years from inception to the date of financial statements due to increase in taxable expenses over taxable revenues.

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful Lives (years)
Network equipment	3-10
Network infrastructure	15
Computers	3-6
Office equipment	4-10
Furniture and fixtures	2-10
Leasehold improvements	3-8
Others	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. During 2016, the Company's management changed useful lives of property and equipment based on a market study.

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 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full or part of the amount is no longer probable. Bad debts are written off when there is no possibility of recovery. During 2016 the company changed the provisioning policy for accounts receivable as the company believes that new policy provides more relevant information and is more aligned to the industry practice.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2.11 Impairment and uncollectibility of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of profit or loss. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of profit or loss;
- For assets carried at cost, impairment is the difference between carrying value and present value of future
 cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortized cost, impairment is the difference between carrying amount and the
 present value of future cash flows discounted at the original effective interest rate.

2.12 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of restricted cash.

2.13 Accounts payable and accruals

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

2.14 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

2.15 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.

2.16 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.

2.17 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.

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2.18 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 fifteen years from the effective date of September 10, 2009, being the date on which the frequencies to launch operations in the West Bank were made available to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any 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 in the expense category consistent with the function of the intangible asset. On March 16, 2015, the MTIT approved to extend the terms of the license useful life for additional five years.

License

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

Software

Software cost is amortized using the straight-line method over the useful lives of the assets. During 2016, the Company's management changed the useful lives of software based on market study made. The software's useful lives ranged Between 3 to 6. Amortization expense is recognized in the income statement.

2.19 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.

SHAREHOLDING COMPANY

Il amounts are in US Dollar)

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	Network	Network infrastructure	Computers	Office	Furniture and fixtures	Leasehold improvements	Others	Total
2017 Cost								
At January 1, 2017	57,614,789	22,182,433	17,398,250	2,187,916	2,034,416	6,852,362	34,924	108,305,090
Additions	17,815,308	17,410,748	1,405,201	893,637	570,857	1,762,655	16,569	39,874,975
Disposals	(699,148)	(323,338)	(130,488)	(25,728)		•		(1,178,702)
At December 31, 2017	74,730,949	39,269,843	18,672,963	3,055,825	2,605,273	8,615,017	51,493	147,001,363
Accumulated depreciation								
At January 1, 2017	42,902,293	14,753,535	14,204,539	1,733,674	1,500,523	5,707,749	33,244	80,835,557
Depreciation charge for the year	7,028,445	1,257,685	1,142,910	241,412	159,467	482,469	1,033	10,313,421
Disposals	(661,101)	(312,891)	(129,148)	(25,728)		٠	•	(1,128,868)
At December 31, 2017	49,269,637	15,698,329	15,218,301	1,949,358	1,659,990	6,190,218	34,277	90,020,110
Net carrying amount								
At December 31, 2017	25,461,312	23,571,514	3,454,662	1,106,467	945,283	2,424,799		17,216

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY Financial Statements for the year ended December 31, 2017 NOTES TO THE FINANCIAL STATEMENTS (All amounts are in US Dollar)

	Network	Network	Computers	Office	Furniture and fixtures	Leasehold improvements	Others	Total
2016 Cost								
At January 1, 2016	55,209,989	22,011,240	16,380,279	1,845,755	1,923,781	6,283,958	33,638	103,688,640
Additions	2,565,304	171,193	1,017,971	382,751	110,635	568,404	1,286	4,817,544
Disposals	(160,504)			(40,590)				(201,094)
At December 31, 2016	57,614,789	22,182,433	17,398,250	2,187,916	2,034,416	6,852,362	34,924	108,305,090
Accumulated depreciation								
At January 1, 2016	36,277,389	13,782,479	13,192,394	1,596,055	1,368,176	5,374,924	32,487	71,623,904
Depreciation charge for the year*	6,785,408	971,056	1,012,190	152,417	132,347	332,825	712	9,386,955
Disposals	(160,504)			(14,798)				(175,302)
At December 31, 2016	42,902,293	14,753,535	14,204,584	1,733,674	1,500,523	5,707,749	33,199	80,835,557
Net carrying amount								
At December 31, 2016	14,712,496	7,428,898	3,193,666	454,242	533,893	1,144,613	1,725	27,469,533

aged useful lives by USD 576,292

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

4. Intangible assets

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 the frequencies to enable launch of operations in West Bank were allocated to the Company.

The license amount recorded in the Financial Statement represents the best estimate by the company made in 2008 based on expected dates of the Gaza launch and 3G launch. The portion of the license price relating to West Bank was estimated at U.S \$212,400,000, of which U.S \$140,000,000 was paid on August 6, 2008. The remaining amount of U.S \$72,400,000 was deferred. The portion of the license price of U.S \$141,600,000 relating to Gaza was not recognized in the financial statements as the Company was not granted access to launch services in Gaza. The deferred portion was initially recorded as other non-current liability at its fair value of U.S \$44,871,337 calculated by discounting the U.S \$72,400,000 to its present value using an interest rate of 8%, which approximated the company's borrowing interest rate. The deferred portion of the price was subsequently measured at amortized cost using the effective interest method. The intangible asset was initially recorded at U.S \$184.871,337 being the total of the payment made on the effective date of U.S \$140,000,000 and the present value of the deferred portion of U.S \$44,871,337.

The company wasn't able to launch its services as anticipated originally due to MTIT's inability to meet its obligation under the license by allocating the needed frequencies and securing the necessary approvals for equipment entry, the fact that delayed 2G services by 3 years in West Bank and by 10 years in Gaza in addition to a delay of more than 10 years for 3G services in the West Bank while the permissions and frequency needed to launch 3G services in Gaza are still pending.

Based on the fact that the company is unable to utilize all the benefits granted in the license agreement resulting from MTIT not fulfilling its obligations related to 3G frequencies and international Gateways portion of the license, the Company prospectively changed its accounting estimates related to the remaining license cost as of January 1, 2011. Accordingly, the company started to amortize only the paid amount of the license less accumulated amortization as of December 31, 2010 over the remaining useful life of the license. Further, the Company stopped calculating interest on the deferred liability until the time it reaches an agreement with MTIT regarding the 3G frequencies and international Gateways portion of the license.

The Company requested the Government to waive the remaining license fee of U.S \$214,000,000 that was set to be paid in two installments of U.S \$80,000,000 and U.S \$134,000,000 upon reaching certain subscribers milestones in addition to launching 2G and 3G services in both west bank and Gaza to compensate the Company for the losses incurred from the MTIT's inability to meet its obligation under the license. During 2014, the ministers' council formed a committee to review the value of the License in light of the losses incurred by the Company. During 2015 and based on committee's recommendations, the MTIT issued a decree which granted the Company an extension of the useful life of the License by an additional 5 years. Thus, the Company's management changed the estimated useful life of the License from 15 to 20 years.

On October 23, 2017 the MTIT requested the second payment of the license for an amount of USD 60,000,000. However, due to the MTIT delay in fulfilling its obligations in relation with launching 2G in Gaza and 3G in west bank and not fulfilling its obligations yet in relation with launching 3G in Gaza which resulted in accumulated losses incurred by the Company, the Company's management believes that this amount will not become due and is still in discussion with the Government in this regard.

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

The movement on intangible assets is as follows:

	License	Software	Total
Cost			
At January 1, 2017	184,871,337	33,277,388	218,148,725
Additions during the year		3,339,068	3,339,068
At December 31, 2017	184,871,337	36,616,456	221,487,793
Accumulated Amortization			
At January 1, 2017	63,272,934	15,764,591	79,037,525
Amortization for the year *	6,042,153	5,091,505	11,133,658
At December 31, 2017	69,315,087	20,856,096	90,171,183
Net carrying amount			
At December 31, 2017	115,556,250	15,760,360	131,316,610
At December 31, 2016	121,598,403	17,512,797	139,111,200

^{*}During the year 2016, the management of the company conducted a market study that resulted in the modification of the useful life of computer systems. This adjustment resulted in a decrease in the amortization amount of USD 381,386 for the year.

Projects in progress

. 13,755,297 - 2,822,835 29 1,331,673 377 339,891
29 1,331,673
77 339.891
30 100,406
01 88,200
45 22,726
42 422,840
92 18,883,868
2016
68 30,049,245
89 1,841,876
(8,236,219)
05) (4,771,034)
92 18,883,868
8 4 4 4

The estimated cost to complete the above projects as of December 31, 2017 is USD 5,469,917 (2016: USD 7,486,426).

6. Restricted cash

This balance represents as of December 31, 2017 an amount of USD 3,960,989 (2016: USD 3,932,906) restricted in relation to the syndicated loan agreement (Note 14) and an amount of USD 2,080,525 (2016: USD 18,329) in relation to letter of guarantees granted from local banks to the Company.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

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(All amounts are in US Dollar)

Other current assets

		2016
Prepaid sites' rent	1,237,625	911,946
Prepaid warranty	608,467	424,414
Prepaid rent expense	234,244	197,877
Due from employees	50,404	42,462
Prepaid advertisement	67,423	13,050
Due from VAT	1,570,286	
Other	278,064	219,230
	4,046,513	1,808,979
8. Inventory		
	2017	2016
Spare parts	1,012,331	2,468,914
SIM cards	737,784	497,891
Accessories and other consumables	1,949,729	234,985
Scratch cards	171,957	140,389
Handsets	358,207	121,356
	4,230,008	3,463,535
9. Accounts receivable		
	2017	2016
Receivables from subscribers	15,068,204	14,500,014
Interconnection partners	2,927,984	2,780,958
Roaming partners and other receivables	711,393	89,606
	18,707,581	17,370,578
Impairment of accounts receivable	(6,435,072)	(6,093,871)

Following is a summary of the movement on the impairment of accounts receivables account during the year:

12,272,509

11,276,707

	2017	2016
Beginning Balance	6,093,871	8,184,295
Recoveries	(294,630)	(1,999,497)
Write offs		(167,331)
Currency exchange	635,831	76,404
Ending Balance	6,435,072	6,093,871

During the year 2016, the Company's management amended the policy of the impairment of accounts receivables. In the opinion of the Company's management, the new impairment of accounts receivables policy provides more relevant information to the market. This adjustment resulted in USD 627,260.

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

As at December 31, 2017, the aging analysis of the unimpaired trade receivables is as follows:

	72	0.000		Past due bu	t not impaired		
	Not due	1-30 days	31-60 days	61-90 days	91-120 days	More than 120 days	Total
2017	7,680,989	1,600,561	1,061,897	832,422	1,096,640		12,272,509
2016	6,123,940	1,113,942	1,259,711	1,086,448	905,115	787,551	11,276,707

The Company expects to recover all unimpaired receivables.

10. Cash in hand and at banks

	2017	2016
Cash in hand	230,340	117,530
Cash at banks and short term deposits	33,527,936	12,146,053
	33,758,276	12,263,583

As of December 31, 2017, the Company had ten short term deposits amounting to USD 25,313,254 (2016: USD 11,926,261) at local banks with an average interest rate of 3.12% % (2016: 2.92%).

11. Paid-in share capital

	2017	2016
Wataniya International FZ – LLC (WIL)	125,001,000	125,001,000
Palestine Investment Fund, PLC (PIF)	87,794,885	87,794,885
Public shareholders	45,204,115	45,204,115
	258,000,000	258,000,000

Advance payments on capital

This amount represents the advance payments from the main shareholders to increase capital.

	2017
Wataniya International FZ - LLC (WIL)	4,560,000
Palestine Investment Fund, PLC (PIF)	3,440,000
	8,000,000

13. Provision for employees' indemnity

	Severance pay	Due to provident fund	Total
2017			
Balance, beginning of year	4,991,727	528,590	5,520,317
Additions	1,190,337	675,654	1,865,991
Payments during the year	(384,415)		(384,415)
Transfer to provident fund account*		(1,391,491)	(1,391,491)
Currency exchange	545,245	239,512	784,757
Balance, end of year	6,342,894	52,265	6,395,159
2016			
Balance, beginning of year	4,246,500	55,324	4,301,824
Additions	1,180,998	845,294	2,026,292
Payments during the year	(483,258)		(483,258)
Transfer to Provident fund account*	-	(362,415)	(362,415)
Currency exchange	47,487	(9,613)	37,874
Balance, end of year	4,991,727	528,590	5,520,317

The company transferred the balance to the provident fund account which is separately administered.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

2017

2016

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

14. Interest-bearing loans and borrowings

	2017	2016
Shareholders' loans	d consessed that	HE WAS A
Wataniya International FZ – LLC (WIL)*	2,850,000	2,850,000
Palestine Investment Fund, PLC (PIF)*	2,150,000	2,150,000
Accrued interest (WIL)	1,310,483	1,141,442
Accrued interest (PIF)	988,166	860,644
	7,298,649	7,002,086
Third parties' loans		
Local banks' loans **	43,347,200	39,300,000
IFC loan**	41,652,800	25,200,000
	85,000,000	64,500,000
Less: transaction costs directly attributable to third parties'		
loans***	(7,640,297)	(7,701,734)
	84,658,352	63,800,352
Non-current portion	74,038,352	44,300,352
Current portion	10,620,000	19,500,000
	84,658,352	63,800,352
		The second secon

- On June 22, 2010, the Company entered into a loan agreement with its shareholders for a total amount of USD 30,000,000. The loan includes an unsubordinated portion of USD 5,000,000 and a subordinated portion of USD 25,000,000. The loan bears annual interest rate of 5.85%. The loan and the interest of the subordinated portion had been converted to equity during the year 2010. The repayment of the loan and interest of the unsubordinated portion is to be made when the Company has the financial ability to make payment. On September 3, 2014, the Company amended the agreement and increased the unutilized loan balance to become U.S. \$ 35,000,000.
- On May 31, 2012, the Company signed a new syndicated loan (the Loan) agreements with various lenders for a total amount of USD 125,000,000 to finance the expansion of the existing network in West Bank, the launch and development of the network in Gaza and its operations and to repay the old syndicated loan. The loan was divided to three phases, the first phase amounting to USD 75,000,000 is related to refinancing and West bank operations, the second phase amounting to USD 40,000,000 is related to Gaza operations and will not be utilized until the approval is obtained to release the network equipment to Gaza, and the third phase amounting to USD 10,000,000 will be utilized when the 3G frequencies will be obtained. During December 2012, the Company received USD 75,000,000 and repaid the utilized balance of the old syndicated loan and related interest. On January 30, 2014, the Company waived the third phase with total amount of USD 10,000,000 with the approval of the various lenders. The Loan bears annual interest rate of 3 months LIBOR plus 5% and repayable in quarterly installments commencing September 15, 2014 and ending June 15, 2019. The Company will be subject to 2% as commitment fees on the nonutilized portion of the loan. During 2016, the Company extended the repayment schedule date till 15, 2021 and the lenders granted a waiver to the Company to reduce the commitment fees to 1% on the nonutilized portion of the loan. Due to the fact the company released the network equipment to Gaza on October 24, 2017, the company became eligible to the second phase on the syndicated loan and accordingly in December 17, 2017 the company received the USD 40,000,000 representing the second phase of the syndicated loan. Second phase of the loan is repayable in quarterly installments commencing December 15, 2019 and ending September 15, 2024.

On December 9, 2012, the Company signed an agreement with a local bank to finance the network equipment purchased for Gaza with a total amount of USD 12,000,000; the Company will repay this amount upon commencement of the second phase of the syndicated loan but not after December 9, 2017. The loan bears annual interest rate of 3 months LIBOR plus 5.25%. On December 17, 2017 the Company repaid this loan as it became eligible for the second phase of the syndicated loan.

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

Following is the third parties' loans principal maturities for the utilized balance:

Matures during 2018	10,620,000
Matures during 2019	14,740,000
2020	18,240,000
2021	13,900,000
2022	10,000,000
2023	10,000,000
2024	7,500,000
	85,000,000

^{***} This item represents legal and other fees directly attributable to loans and borrowings that were incurred in relation to the loan agreements with the respective financial institutions.

15. Due to related parties

		2016
Ooredoo Group LLC	252,856	177,759
16. Other current liabilities		
	2017	2016
Accrued interconnection and roaming cost	2,502,330	3,067,511
Accrued bonus	3,826,883	2,997,317
Accrued royalty fees	•	430,952
Accrued sales commission	2,648,866	873,063
Accrued payroll	1,181,901	1,277,372
Marketing costs	842,325	1,168,053
Due to VAT		377,474
Employees vacations provision	676,090	408,188
Accrued interest and commitment fees	307,832	223,839
Other	5,779,999	6,229,052
	17,766,226	17,052,821

17. Accrued project cost

This account represents the accrued cost for the projects in progress (Note 5).

18. 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 on the request of Palestinian Ministry of Finance regarding voluntary deferral of exemption for the years 2012 and 2013. Therefore, the exemption is extended until 2016. The Company did not record income tax provision for the years from inception to the date of financial statements due to increase in taxable expenses over taxable revenues. During 2017 the Company reached to a settlement with the Palestinian tax Department for the year 2009 to 2015. The Company has not yet reached to a settlement with income tax department for the years 2016 and 2017.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

19. General and administrative expenses

25. October and doministrative expenses	2017	2016
Salaries and related expenses	15,656,571	13,269,698
Marketing expenses	5,448,200	5,898,116
Maintenance	2,971,615	2,824,397
Rent	2,553,469	1,942,041
Accommodation, travel and transportation	997,967	561,325
Warehousing and logistics	408,000	414,458
Water, electricity and fuel	470,884	397,388
Professional and consulting fees	879,673	362,707
Insurance	326,670	347,076
Security services	266,316	197,190
Software license expense	170,446	162,664
Telephone, fax and mail	70,171	85,761
Subscription fees	137,791	82,093
Bank charges	48,011	35,809
Stationery and supplies	23,074	18,600
Other	827,183	890,588
	31,256,041	27,489,911
20. Finance costs		
	2017	2016
Interest on loans and borrowings	3,649,833	3,612,168
Amortization of transaction costs	684,612	661,772
	4,334,445	4,273,940
21. Basic and Diluted Earnings Per Share		
	2017	2016
Loss for the year	(6,645,620)	(1,537,941)
Weighted average number of shares (Share)	258,000,000	258,000,000

22. Commitments and contingencies

Basic and diluted loss per share

As of the financial statements date, the Company has outstanding contractual commitments resulting from purchases, services and construction contracts, as well as its license.

(0.026)

(0.006)

Following is a summary of the outstanding commitments:

		2016	
Contracts and purchase orders	35,294,055	12,360,970	
License*	159,653,346	159,653,346	

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

* As disclosed in (Note 4) to the financial statements, the Company entered into a license agreement with MTIT for a total price of U.S. \$ 354,000,000. The unpaid portion of the license cost, net of the related noncurrent liability, of U.S. \$159,653,346 represents the unrecognized liability in the financial statements resulting from MTIT delay in fulfilling its obligations in relation with launching 2G in Gaza and 3G in west bank and not fulfilling its obligations yet in relation with launching 3G in Gaza which resulted in accumulated losses incurred by the company.

The Company entered into an agreement to lease the office building on January 27, 2007. During 2012, the Company renewed the contract for additional 5 years for a total amount of USD 2,633,046 with an option to renew the contract. The Company has renewed the contract for additional five years during February 2017.

Following is the future minimum rentals payable under non-cancellable operating lease:

	USD
Within one year	471,897
After one year but not more than five years	1,502,344
	1,974,241

23. Related party transactions

Related parties represent associated companies, 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.

Balances with related parties included in the statement of financial position were as follows:

	Nature of relationship	2017	2016
Interest-bearing loans and borrowings			
(note 14)	Shareholders	5,000,000	5,000,000
Accrued interest	Shareholders	2,298,649	2,002,086
Due to related parties (note 15)	Shareholders	252,856	177,759
Accrued key management personnel			and the same of the same
compensation	Key management	3,215,951	2,445,467
Accounts Receivable	Shareholder	-	1,727
Advance payment on capital	Shareholders	8,000,000	

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

	2016	
296,563	321,330	
1,070,484	1,202,430	
24,953	21,975	
	296,563 1,070,484	

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

24. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Carrying Value	Fair Value
Al— - Belata Bayon—8	C-010/09/02/02/04/
12,272,509	12,272,509
221,349	221,349
12,493,858	12,493,858
84,658,352	84,658,352
54,346,654	54,346,654
6,222,226	6,222,226
252,856	252,856
17,766,226	17,766,226
36,782,798	36,782,798
200,029,112	200,029,112
	12,272,509 221,349 12,493,858 84,658,352 54,346,654 6,222,226 252,856 17,766,226 36,782,798

Financial assets other than cash in hand and cash at banks consist of, accounts receivable 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

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 loan 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, 2017. There is no direct impact on the Company's equity.

ect ment of oss for the ar
D
(81,755)
54,503
(80,461)
53,641

Financial Statements for the year ended December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

Foreign currency risk

The analysis calculates the effect of a reasonably possible movement of the U.S. S currency rate against the Israeli Shekel (ILS), with all other variables held constant, on the statement of profit or loss.

	Increase/ decrease in ILS rate to U.S. \$	Effect on Statement of profit or loss for the year
No. 15 cm /	96	U.S. \$
2017		
USD	+5%	97,468
USD	-5%	(97,468)
2016		
USD	+5%	3,210
USD	-5%	(3,210)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Most of the Company's customers are prepaid card customers. The maximum exposure with respect to customers is the carrying amount as disclosed in (Note 9).

With respect to credit risk arising from the other financial assets, including cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Liquidity risk

The Company limits its liquidity risk by securing bank loans and funding from shareholders.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at December 31, 2017 and 2016 based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	1-6 years	Total
December 31, 2017 Interest-bearing loans and				
borrowings	3,348,805	13,022,631	89,034,701	105,406,137
Accounts payable	6,222,226			6,222,226
Due to related parties		252,856		252,856
Other current liabilities		17,766,226		17,766,226
Other noncurrent liabilities			54,346,654	54,346,654
Total liabilities	9,571,031	31,041,713	143,381,355	183,994,099
	Less than 3 months	3 to 12 months	1-5 years	Total
December 31, 2016 Interest-bearing loans and				
borrowings	2,655,722	20,582,828	50,751,083	73,989,633
Accounts payable	9,128,538			9,128,538
Due to related parties		177,759		177,759
Other current liabilities		17,052,821		17,052,821
Other non-current liabilities		Section 1	54,346,654	54,346,654
Total liabilities	11,784,260	37,813,408	105,097,737	154,695,405

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY

Financial Statements for the year ended December 31, 2017

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(All amounts are in US Dollar)

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. No changes were made in the objectives, policies or processes during the year ended December 31, 2017 and the year ended December 31, 2016. Capital comprises paid-in share capital, share premium and accumulated losses, and is measured at USD 69,519,496 as at December 31, 2017 (2016: USD 68,165,116).

27. Financial Performance

The balance of accumulated losses reached to USD 208,090,504 (2016: USD 201,444,884) as at December 31, 2017. The major shareholders of the company are committed to keep on financing the Company's operations and cover losses. Moreover, actions have been taken by the Company during 2017 to execute plans such as expanding the services in Gaza in the last quarter of 2017. Further, Shareholders approved to issue additional capital during the extraordinary General assembly meeting on January 23, 2018 which is part of the actions and plans to recover accumulated losses.

28. Concentration of risk in geographic area

The Company is carrying out the majority of its activities in Palestine. The political and economic situation in the area increases the risk of carrying out business and may adversely affect the performance.

29. Subsequent Events

On January 23, 2018 and during the extraordinary meeting of the General Assembly of the Company, 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.