الوطنية موبايل

wataniya mobile

Annual Report 2014

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In this year's report;

We've continued to add valuable information to this year's report to present a clearer picture of how we're running our business, and what our plans are. You can find sections on our strategy, KPIs, risk management and our actions towards sustainable development, in addition to a new section on key strengths.

Introduction

Sustainable Development

Business Review

Governance

Financial Statements

You can access the electronic document of this report via our online website at **www.wataniya.ps** investor relations section.

This report is dated April 30th, 2014.

A simple business model

We pursue a simple business model, flexible enough to match the needs of our clients, where our assets are dedicated to providing the best services to our subscribers; we generate revenue while managing our costs and expenses with the view of achieving profitability.

Our Values

Respect All: Embracing modesty and respecting everyone regardless of their position or status.

Engage Others: Contributing to our community and building social partnerships that add long-term and sustainable value.

Make a Difference: Innovation that matters is at the core of everything we do.

Our Vision

To become the telecom provider of choice in Palestine by leading in customer experience and innovation while fulfilling stakeholders' expectations.

Our people

At Wataniya Mobile we establish strong motives to enhance team and individual work and therefore we sight our employees' development from a sustainability angle. The Company's cadre comprises of 427 highly skilled employees. For more information about our employees, please see page 30.

Supplier relationships

Given the size of our business and in light of the global outreach of the international telecommunications provider Ooredoo Group, we believe that we are a strategic partner for many of our national suppliers in particular. We work closely with them to set up our telecommunications network, develop innovative services and offer a wider range of latest devices.

Brand and allegiance

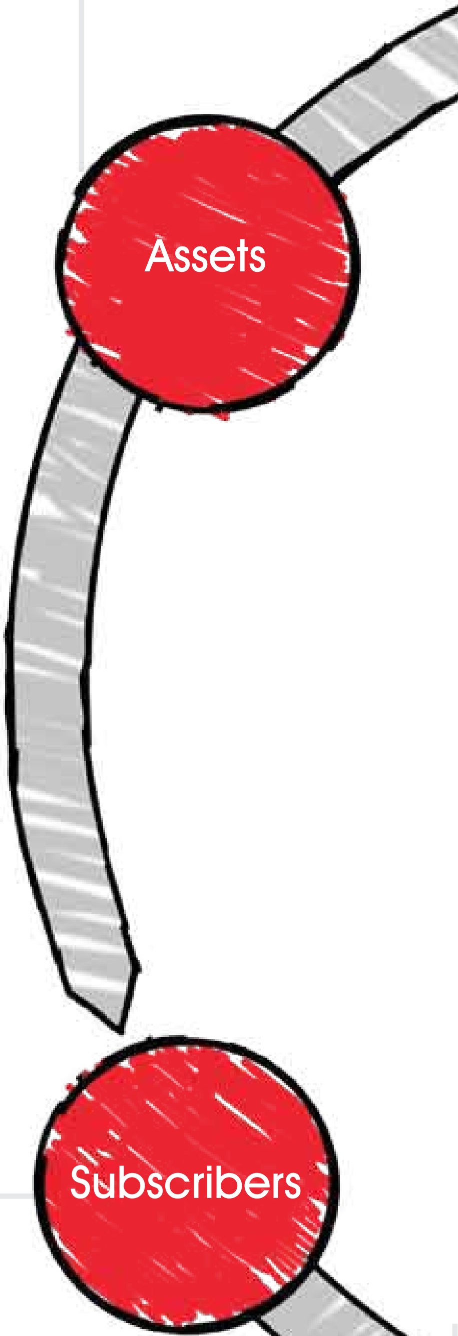
Being one of Ooredoo Group's operators, Wataniya Mobile deems its brand the most important of its assets. The Company benefits from the group's tributaries that have more than 95.7 million subscribers by the end of Quarter three 2014. (Source: Ooredoo Group Investors Relations).

Distribution Channels

We reach our customers through more than 1078 points of sale (POS) and an extensive network of exclusive distribution partners and retailers. In addition, we harness the internet as an increasingly significant marketing channel for communicating with our subscribers through our website and social networks.

Network

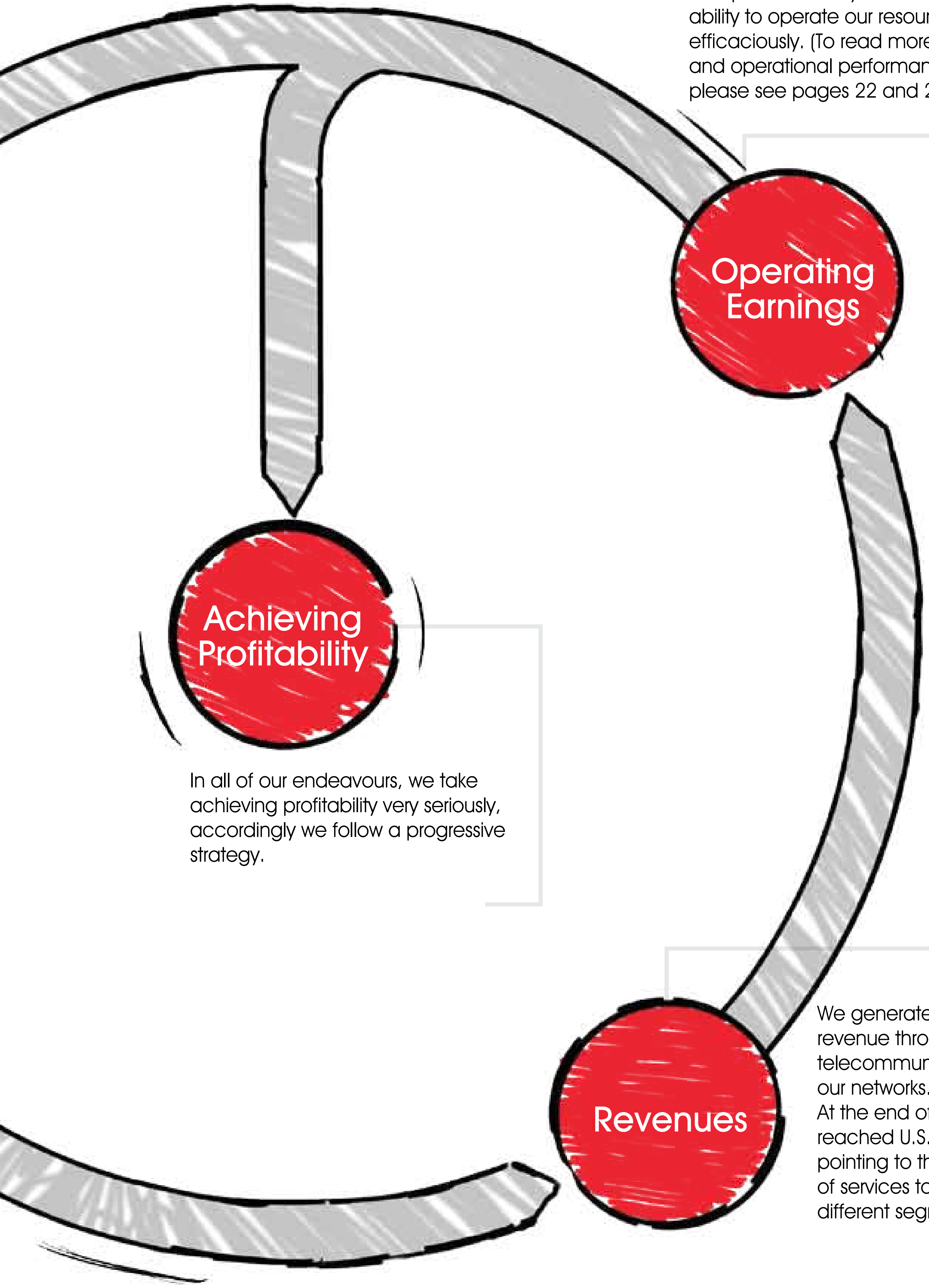
We operate a 2G wireless technology and we are licensed to provide 3G services in the West Bank and the Gaza Strip for 15 years. So far our network covers 97 percent of total population in the West Bank and we aim to achieve complete coverage in line with international standards of quality.



By the end of 2014, Wataniya Mobile served nearly 621 subscribers of individuals, private and public companies within the West Bank, where the Company's market share reached 28 percent[1]. Wataniya Mobile seeks to meet the needs of its subscribers and to earn the confidence of others.

1- This variable has been calculated at the end of 2014 based on the West Bank market only, as Wataniya Mobile has not hitherto launched its activities in the Gaza Strip, and the exclusion of illegal Israeli competition.

By the end of 2014, Earnings before interests, taxes, depreciation and amortization (EBITDA) rose by 43 percent reaching US$12.9 million compared to last year. Such rise reflects our ability to operate our resources efficiently and efficaciously. (To read more about financial and operational performance indicators, please see pages 22 and 24).



In all of our endeavours, we take achieving profitability very seriously, accordingly we follow a progressive strategy.

We generate service revenue through providing telecommunications services over our networks.
At the end of 2014, revenues reached U.S.$ 85.3 million pointing to the orderly provision of services to meet the needs of different segments of subscribers.

Message from the Chairman of the Board

To our valued shareholders,

Allow me to begin with expressing my genuine delight and honor for having recently joined Wataniya Mobile as the Chairman of the Board. As a national edifice, Wataniya Mobile has added high quality value and made tremendous contribution to the development of the telecommunications sector in Palestine where it has aptly manifested unremitting capability for spurring competition and provision of feasible alternatives to Palestinian citizens.

Speaking for myself and on behalf of the members of the Board of Directors, I am pleased to present to you Wataniya Mobile's Annual Report of 2014. The report provides a review of the most salient and significant achievements of the Company during the past year, which was indeed an exceptional year in terms of performance, given the volatile political situation and its economic ramifications.

Dear shareholders,

The Palestinian economy has witnessed a decline in growth. By the end of 2014, and prompted by the Israeli war on the Gaza Strip and the general economic recession in the West Bank, the GDP dropped by 2.5 percent[1] compared to last year. Impacted as any other national business within the economic system in Palestine, our operations at Wataniya Mobile were affected by the prevalent political conditions in the region. The restrictions imposed by the Israeli military authorities and the ongoing closure of Palestinian territories have had a deleterious effect on Palestinian economy, hampering labor, disabling trade and incapacitating industry. Undeterred by these obstacles, Wataniya Mobile has in 2014 competed with resilience and determination in a framework of transparency and world-class governance, and with the view of achieving profitability and sustainable growth.

On the level of operational outcomes in 2014, and consequent to the directions of the Board, the efforts of the Executive Management and staff, as well as the support of shareholders, subscribers' base has reached nearly 621,000 with a market share of 28 percent[2].

1- Palestinian Central Bureau of Statistics, National Accounts.
2- This variable has been calculated at the end of 2014 based on the West Bank market only, as Wataniya Mobile has not hitherto launched its operations in the Gaza Strip, and the exclusion of illegal Israeli competition.

Moreover, Wataniya Mobile has managed to end 2014 with a considerable 43 percent rise compared to the previous year in the operational performance (EBITDA), where Earnings before Interest, Taxes, Depreciation and Amortization amounted to US$12.9 million. In the same context, net loss reached US$ (16.5) million by the end of 2014 revealing an improvement of 23 percent compared to last year.

In line with its eagerness to achieve profitability and to provide better services, Wataniya Mobile is keen to perform its developmental mission in a sustainable manner as a leading economic entity in the Palestinian society. In addition to its community contribution during 2014, including donations, grants and sponsorships (ranging from culture, youth and community) and due to running its operations, Wataniya Mobile has contributed on the economic level to the creation of more than 1,360 direct & indirect jobs at the end of 2014. Furthermore, Wataniya is expected to contribute to the employment of more than 600 jobs in the event of its entry into the Gaza Strip.

All of this is done within a framework of transparency and governance. Wataniya Mobile has complied with all the laws regulating its listing as a Public Shareholding Company and the consequent legal disclosures. In an exploratory study of the annual reports of the public shareholding companies, Wataniya Mobile obtained the third rank of the 48 listed companies in terms of voluntary disclosure for corporate social responsibility. This reflects the level of governance the Company has adeopted.

Dear Shareholders,

Based on our strong belief and conviction that telecommunications services are one of the most dynamic sectors, Wataniya Mobile will do its utmost to protect its market position in line with the telecom sector variables and intense competition. Accordingly, we will focus in the coming years on the optimization of our resources.

Let me take this opportunity to express my sincere thanks and appreciation to you our shareholders for the great confidence which you have given to Wataniya Mobile in all of its decisions. I am also pleased to extend my deep thanks and gratitude to my colleagues, members of the Board of Directors, the Executive Management and staff for their outstanding efforts.

Respectfully,
Mohammed Abu Ramadan
Chairman of the Board


R&P

Business Review

Message from the Chief Executive Officer

Our valued shareholders,

I am pleased to meet with you in my capacity as Wataniya Mobile CEO through this new release of the Annual Report.

Our coordinates indicate a solid competitive capacity

The obvious progress attained by Wataniya Mobile since it has launched its commercial services five years ago points to the fact that the Company has been a strong competitor and capable of anchoring solid coordinates on the Palestinian map. Notwithstanding the ongoing battle of "national entitlements" including the Israeli prohibition of Wataniya Mobile to provide 3G services, and in spite of intense competition in the Palestinian market, Wataniya Mobile has successfully continued to provide tailored rate plans and services, meeting the needs of all the segments of the Palestinian market. By the end of 2014, our subscribers' base reached nearly 621,000 bringing our market share in the West Bank to 28 percent[1].

In order to keep pace with the nature of services and increasing demand, and with the view of raising quality and coverage, Wataniya Mobile has - in 2014 - undertaken a number of initiatives to further improve efficiency and raise productivity, including restructuring the infrastructure of its network and developing its information system. These initiatives have directly contributed to pumping capital investments worth US$18 million.

During 2014 Wataniya Mobile announced the artist Mohammad Assaf an ambassador for its commercial brand symbolizing its modern services and network, as well as the vitality of its staff and its ability to adapt with circumstances.

Our performance compass points to profitability

As part of its endeavors to achieve profitability, and in spite of the economic challenges of the preceding year, Wataniya Mobile's operational performance has in general continued to progress. At the end of 2014 the Company's revenues were estimated at US$85.3 million and earnings before interest, taxes, depreciation and amortization (EBITDA) improved to US$12.9 million with an increase of 43 percent from the preceding year and a cumulative annual growth rate of 49 percent since 2011. Also during 2014 Wataniya Mobile has consolidated the culture of rationalizing expenses using applied technology to automate procedures and workflow, and employed social media platforms as widespread marketing channels.

1- This variable has been calculated at the end of 2014 based on the West Bank market only, as Wataniya Mobile has not hitherto launched its operations in the Gaza Strip, and the exclusion of illegal Israeli competition.

Added-value service provision

Telecommunications services have become part and parcel of the Palestinian social and economic fabrics. Accordingly, Wataniya Mobile has continued its national contributions and activities in 2014 within the framework of sustainable development. The Company has sponsored a number of social and community activities throughout the year. In addition, Wataniya Mobile has been active in the Gaza Strip, sponsoring "We Are All Gaza Campaign" as a gesture of solidarity toward the people of Gaza who were affected by the latest Israeli war on the area. The Company has also carried out the "Mustaqbali" (My Future) program aiming to support orphaned children affected by the Israeli military attack on the Gaza Strip in 2008-2009.

Furthermore, Wataniya Mobile has contributed to environmental and economic projects. During the course of its work, the Company has committed itself to the adoption of effective steps toward the enhancement of environmental protection. It has also continued to impact different components in the Palestinian economy and make a difference in the telecommunications market, introducing new concepts for competition most notably of which the concept of "value for money." Finally, Wataniya Mobile, and in cooperation with the Ministry of Telecommunications and Information Technology, has applied a universal pricing model with the aim of spurring competition within the telecommunications sector.

Gaza: A color in the Palestinian spectrum

Since the Canaanites had established Gaza in the 15th century BC, it has been one of the most significant cities in Palestine due to its special strategic, economic status. Until today, the Gaza Strip is one of the pillars of the Palestinian economy. Despite Israeli obstacles, Wataniya Mobile has succeeded in entering part of the telecom equipment into Gaza during 2014. With the completion of the entry of equipment and tools into Gaza, Wataniya Mobile has developed technical, commercial and logistical plans to launch its services in the Gaza Strip once approved by the Israeli authorities. The Company is making strenuous efforts to provide the people of Gaza with the choice to communicate through Wataniya Mobile's network in the shortest time possible.

Year 2015

Wataniya Mobile follows a clear strategy. The Company has developed a future vision and goals by which it can realistically deal with changing circumstances and variables. While striving to achieve its goals and objectives, under the motto "value for money," the Company makes of providing services in the Gaza Strip and realizing a sustainable profitability the top of its priorities.

We are still in the beginning of 2015, but we believe that we can develop our work in a manner that can be more rewarding for our stakeholders in general and for our shareholders in particular. I would like to assert that the pace of work at Wataniya Mobile shall continue to realize greater achievements. With your help and support, dear shareholders, and through the hard work of our staff and the Executive Management, the Board of Directors shall continue to develop ambitious plans. Achievement is the outcome of ambition, and success is the fruit of assiduousness and perseverance.

Dr. Durgham Maraee
Chief Executive Officer

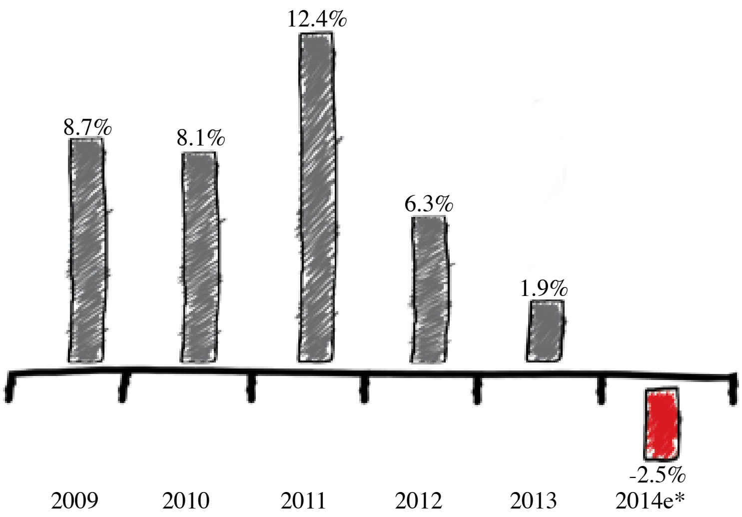
Economic Climate & Investment Atmosphere

Economic Climate

Economic climate within any given community is characterised by relative, if not absolute, dependency on its political atmosphere. Though the Palestinian economy has been somewhat immune to the direct repercussions of global and regional developments, several national factors - during 2014 - contributed to the inhibition of its performance including most notably the Israeli military war on the Gaza Strip in the summer of 2014, the Israeli-imposed restrictions, continued policies of blockade of trade and businesses, obstruction of industrial capabilities, and above all the denial of Palestinian access to occupied territories and resources and the failure of the private sector in Palestine to mitigate the economic crisis. Consequently, Palestinian economy has continued to slow and capabilities to achieve sustainable growth rates continued to scale down as well.

According to preliminary estimates presented by the Palestinian Central Bureau of Statistics (PCBS) concerning the performance of the Palestinian economy in 2014, Real Gross Domestic Product (GDP) in Palestine amounted to US$7.3 billion marking a decline of 2.5 percent from the previous year caused by the latest Israeli war on the Gaza Strip as well as the economic recession in the West Bank in general. This drove the GDP per capita down by more than 5 percent from the previous year[1].

Real GDP growth rate (2004 base year)[2]



1- The Palestinian Central Bureau of Statistics (PCBS); press release.
2- the Palestine Monetary Authority.
* The Palestinian Central Bureau of Statistics (PCBS); 2014 is an estimate.

With regards to the economic performance for 2015, as per the PCBS outlooks of the basic scenario at constant prices (2004 is base year), the Palestinian GDP is expected to grow at 2.8 percent, assuming that the economic and political situation in Palestine will remain the same as it was during 2014. It also assumes continued foreign countries' donations to support the budget of the State of Palestine, continued revenues clearance via Israel and improvement in taxes collections. Israeli obstacles imposed on the movement of people and goods inside Palestine, between regions or with neighboring countries as well as natural population growth in Palestine are expected to remain the same as in 2014.

Preliminary estimates indicated that gross of employed persons in Palestinian local labour market was stable during 2014 compared to last year despite natural population growth. This indicates the weak absorptive capacity of the local labour market. Preliminary estimates also indicated that the percentage of Palestinian employees working in Israel remained stable at around 10 percent and that unemployment rate during 2014 reached about 27 percent from about 24 percent during last year, which came as a result of the rescission in employment rates and lack of absorption of new employees in the local labour market and in Israel[1].

As for the Middle East & North Africa (MENA) future economic prospects, the World Bank reported that 2015 will be a slightly more prosperous year than 2013-2014 when the territories have witnessed an annual growth of 3 percent only. The optimistic scenario points to a recovery rate of 5.2 percent in 2015 due to an expected rise in public and private consumption triggered by financial expansion policies and the decline of political tension[2].

1- The Palestinian Central Bureau of Statistics (PCBS) - press release.
2- World Bank - Middle East & North Africa (MENA) Report.

Investment Atmosphere

The Palestinian investment atmosphere is known for certain milestones in terms of the regulatory legislations and incentives offered to investors, needless to mention the advancements in the Palestinian infrastructure, that guarantee safe and fair investment environment.

Palestine Exchange (PEX)

As published on the website of the Palestine Exchange (PEX), which commenced trading in 1997, it "aims at providing a safe and enabling trading environment characterized by efficiency, fairness and transparency;" and under the slogan of 'Palestine of Opportunities,' PEX offers trading of securities and stocks governed by a bundle of modern laws and systems, which guarantee fair, transparent, and efficient market trading that serves investors and protects their interests.

PEX's basic values and principles are represented in good governance, fairness, transparency, efficiency and equal opportunities among all investors.

As of 31 December, 2014 the number of PEX brokerage member firms reached 8, while listed companies totaled 48 in five main areas: Banks and financial services, insurance, investment, industry, and services. The PEX operates in accordance with and is governed by the Securities Law No. (12) of 2004; and the Palestine Capital Market Authority (PCMA) Law No. (13) of 2004.

Striding with steady steps toward achieving an eminent position in the global financial markets, PEX has been meritoriously listed on Financial Times Stock Exchange Indices (FTSE Indices) in 2014, after it has successfully met all eligibility criteria and was therefore accepted under Frontier Market Watch List. This important step will place PEX under the global investment radar and strengthen its competitiveness within the regional and global markets.

For the first time, and as a result of PEX's updated regulations and laws as well as its espousal of tech-savvy systems that keeps abreast of latest global IT developments and highly trained staff, PEX has introduced bonds as a new financial instrument with the aim of attracting new investors interested in such debt instruments. About 10,000 debenture bonds have been tendered for subscription in one of the listed banks for a nominal value of US$1000 for each bond. All the tendered shares have been fully subscribed to for a total value of US$10 million and the term of the debenture bonds, which represent an ordinary debt, is five years[1].

Palestine Capital Market Authority (PCMA)

The Palestine Capital Market Authority (PCMA) is the legislator responsible for supervising the financial securities sector, insurance, financial leasing, and mortgage finance sectors, in addition to non-banking financial institutions.

PCMA was established under a resolution by the Cabinet of Ministers in 2005 with an aim to maintain the stability and growth of the Palestinian capital market through organisational control and oversight over non-banking financial institutions. PCMA was established in a manner that guarantees the development of investments and economic growth by way of reinforcing the legal and regulatory frameworks governing the securities sector in accordance with the international standards; provide a fair, transparent, and efficient market for trading disclosures about Palestinian companies that serves investors and protects their interests. Also by developing local potentials, laying down regulations, rules and bylaws to control and mitigate investment risks, PCMA aimed at creating an enabling environment attractive to local and foreign investments that interact with local and Arab relevant institutions in a manner that serves the national economy and enhances the culture of investment in financial markets.

PCMA has earned full membership in the International Organization of Securities Commissions (IOSCO) as a major achievement during February 2014. Having completed all technical, monitoring and legal requirements, PCMA has also acceded to the signatory nations of the Multilateral Memorandum of Understanding (MMoU). Such accession is tantamount to a universal

1- PEX, Press Release.

declaration that the Palestinian securities sector is being regulated and monitored by PCMA consistently conforming to the international standards required by the IOSCO, which is the highest professional body in the area of monitoring and oversight of financial markets. The IOSCO is the body responsible for drawing up international and technical standards that must be followed by the supervisory authorities of financial markets members in the IOSCO[1].

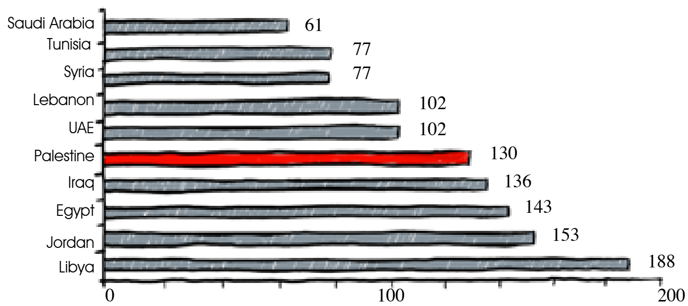
MTIT

Established in 1994, the Palestinian Ministry of Telecommunications and Information Technology (the Ministry) is responsible for the organization and monitoring the post, mobile and fixed telecommunications sectors in Palestine.

The Ministry, within its mission; aims at providing universal access to telecommunications and information technology at affordable prices, and at developing telecommunications and technology applications and skills to harness as a tool for economic and social development by providing legislative supportive environment featuring fair and transparent policies and procedures that allow the private sector to effectively compete. The ultimate goal is to create an attractive investment environment by ways of liberalising the telecommunications market to become an organized, opportunity based, and electronically built as major means for the advancement of the Palestinian people to achieve their aspirations of establishing an independent state with control over its natural resources.

In a press release about the achievements realized by MTIT in 2014; the Ministry have had a major impact on the development process of the IT and postal sector. On the international level, Palestine has been awarded a member status in the International Telecommunications Union whereby the latter will assist Palestine in completing the conversion process into digital terrestrial television broadcasting. On the local level, interconnection rates for mobile phone companies have been reduced and the first phase of applying the long run incremental costing model outputs was completed. Moreover, the first Government Training Center started operating and some postal offices have been refurbished and stamps holding various symbols have been issued. Furthermore, media campaigns have been launched to expose Israeli practices against the Palestinian telecommunications sector and promoters of Israeli telecommunications services were prosecuted. Finally, 400 institutions have been connected to the government network[2].

Protecting Investors Rank (2014)[3]



Despite the retraction of the Palestinian economic indicators, the Palestine's investment environment, which, as per the Doing Business Indicator in the World Bank's Report in terms of ease of doing business, rested at the 139th place in 2014 (outlooks). Despite the current political conditions, Palestine is ranked third in terms of protecting investors, to its neighbouring countries, Lebanon, Syria, Jordan and Egypt according to the same report. Further corroborates the foreign investment appetite in Palestine, is the fact that foreign investments account for 36 percent of all listed Palestinian stocks and 42 percent of their market value as of 31 December 2014.

1- The Palestine Capital Market Authority website.
2- MTIT, press release.
3- World Bank, doing business.

Management Discussion & Analysis

The management discussion and analysis section contains important information about our business and our performance for the year ended 31 December 2014. The reader is advised to read this section of the annual report in line with the audited financial statements section and its notes, which were prepared in accordance with the International Financial Reporting Standards (IFRS).

Market and Competition

As a basic manifestation of modern way of life, fixed and mobile telecommunications sectors have, more than any time in the past, emerged as one of the fastest growing markets in the world's economies. Herein below is an illustration of current facts about the Palestinian telecommunications market: market summary, competition & significant market power, and the horizon of this competition.

Market Summary

Mobile telecommunications services are provided in the Palestinian market by two licensed companies; Wataniya Mobile (the recent operator licensed in 2007), and the Palestine Cellular Communications Co. Ltd 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. 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, where penetration rate of Israeli telecommunications services over the Palestinian territories has reached 9 percent[1].

Competition & Significant Market Power

Competition has an increasing significance in the eyes of the telecommunications regulators, namely the Palestinian Ministry of Telecommunications and Information Technology (the MTIT). Thanks to competition the scope of services rendered is expanded, rates reduced and innovation encouraged. Considering the nature of subscribers, and based on the classification of the Palestinian economy by the World Bank as 'lower middle income,' it is expected for the demand on services to be immensely price elastic, for individual subscribers at least, as clearly manifested in the double-SIM phenomenon - where a subscriber possesses more than one mobile SIM card provided by different operators, the purpose of which is to save on spending- thereby dividing the monthly spending among operators.

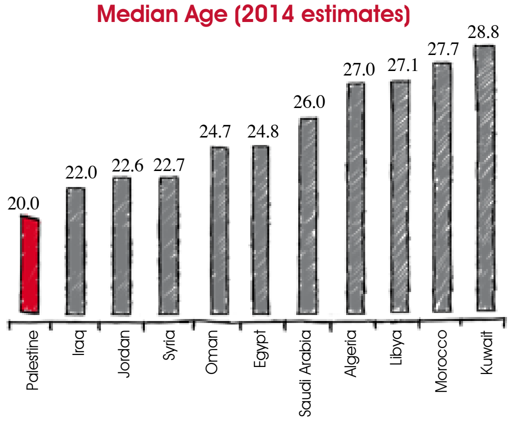
This high price elasticity of demand not only gives rise to genuine competition, but also eliminates any significant market power by which any operator in the market can raise prices while maintaining an equal level of demand.

Despite the above, the Palestinian telecommunications retail sector is characterised by its youth

1- According to Company estimates.

subscribers, who seek the most up-to-date advancement of information technology associated with the latest international trends. This fact is further corroborated by statistics of the Central Intelligence Agency of the United States (CIA) that the median age among the Palestinians is 20 years in 2014 (estimates), which is at the lower end when compared to other Middle Eastern countries, as depicted in the following chart:

Median Age (2014 estimates)



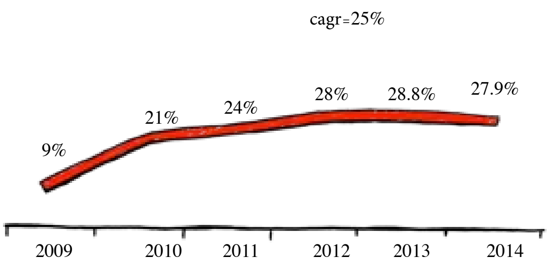
Amid these conditions, and in harmony with its strategy to remain the top choice among subscribers, Wataniya Mobile has achieved noticeable progress over the recent years: it succeeded in increasing its market share at a compound annual growth rate of 25 percent to reach 28 percent[1] by the end of 2014. These achievements are attributed to the successful sales and market strategies adopted to attract and retain subscribers. It is also ascribed to its wide-spreading operations over an extensive distribution network, efficiently capable of meeting subscribers' needs, in terms of time and place. Needless to mention the 24/7 Wataniya Mobile's customer service centre. All the aforementioned operates in harmony with the applied international standards thanks to Wataniya Mobile's partnership with (Ooredoo) Group and Palestine Investment Fund, being the major shareholders.

In this way, Wataniya Mobile has proved its competitiveness within the Palestinian telecommunications market; especially that its Network is now reaching 97% of the Palestinian population in The West Bank, and its services are availed by nearly 621 thousand subscribers, by the end of 2014.

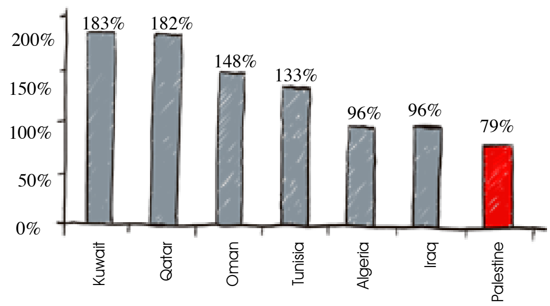
Prospects of Palestinian Telecommunications Market

The Palestinian telecommunications market is deemed to be lucrative, and the living proof to this fact is the low penetration rates, compared to Arab and other neighbouring markets: the penetration rate came to 79%1 by the end of 2014.

Wataniya Mobile market share development[1]



Penetration rate in Arabic Countries[2]



1- This variable has been calculated at the end of 2014 based on the West Bank market only, as Wataniya Mobile has not hitherto launched its operations in the Gaza Strip, and the exclusion of illegal Israeli competition.
2- Investors' slides - Ooredoo at a glance - third quarter 2014 except for Palestine rate.

Our Strategy

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

Focus on Growth & Revenues

- To compete in a new pattern, closer to our subscriber's life style, by introducing customized services in harmony with local geography and subscribers' behaviors.
- To focus on growth and increase revenues at unprecedented rates, while rationalizing overheads.
- To develop distinguished plans to retain our customers.
- To penetrate Gaza market.

Differentiated Proposition

- To continue reinforcing and expanding the telecommunications Network as a platform for offering profitable diverse products and services to guarantee its advancement.
- 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 reprioritize our commercial cycles and method of operation responsively to subscribers' needs.
- 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.

Leverage (Ooredoo) Group's Efficiencies

To reap benefits of belonginig to (Ooredoo) Group, in terms of: sharing the know-how and expertise:

- Roaming and interconnect.
- Procurements and economies of scale.
- Value-added services and products.
- Regional initiatives.

Wataniya Mobile's Key Strengths

Wataniya Mobile features several aspects while running its business:

Stand-alone Economy

The Palestinian economy was able to enjoy some immunity against the direct effects of global and regional developments during the previous years; and despite its own political repercussions, economic outlook remains positive in the long run.

Developing Market

The low penetration rate[1] in the Palestinian telecommunications market compared to other MENA countries, which amounted to 79 percent[2] at the end of 2014, as well as the low median age, are key factors in making any telecommunications market a promising investment opportunity. These market conditions, give way to Wataniya Mobile - being the second entrant to the Palestinian telecommunications market - to challenge competition.

Resilient Performance, with Determination to Compete

Despite the intense competition in the Palestinian telecommunications market, including competition from illegal Israeli operators, as well as political and economic repercussions during 2014, Wataniya Mobile has succeeded in raising its operating earnings (Earnings Before Interest, Taxes, Depreciation, and Amortization - EBITDA) at a compound annual growth rate of 49 percent over the previous four years and was able to significantly decrease its net loss over the previous year. These results highlight the Company's ability to adapt to circumstances and to effectively harness and operate its resources. Wataniya Mobile ranks first among listed companies at the Palestine Exchange in terms of paid in capital, and ranks second in terms of number of shareholders, who amounted to 11,254 by the end of the year 2014.

Strong Management Team

Having employed a blend of international and local expertise, Wataniya Mobile offers its services with aggregate years of senior management experience of 140 years. The team adopts a "management by objectives" style to enact the Company's strategy and achieve profitability.

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 the West Bank and Gaza Strip.

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.

1- The proportion of mobile phones to the population.
2- This variable has been calculated at the end of 2014 based on the West Bank market only, as Wataniya Mobile has not hitherto launched its operations in the Gaza Strip, and the exclusion of illegal Israeli competition.

Key Financial & Performance Indicators

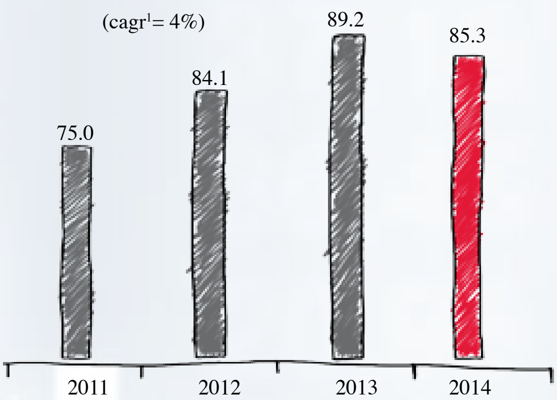
Wataniya mobile subscribers reached nearly 621 thousands by the end of 2014 with the Average Revenue per User at US$8.9 by end of 2014 bringing revenue to US$85.3 million at the end of 2014 compared to US$89.2 million for the same period last year; the slight decrease is mainly due to the economic repercussions during 2014.

The Company's Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased by 43 percent, reaching US$12.9 million at the end of 2014, compared to US$9.0 million for the same period last year. The Company's operating losses before Interest and Taxes (EBIT) also reduced by 30 percent, reaching US$(11.5) million in 2014, compared to US$(16.4) million for the same period last year. This came as a result of the increase in the operating profit.

Finally, the Company's net loss is reduced to US$(16.5) million at the end of 2014, compared to US$(21.3) million for the same period last year, an improvement of 23 percent.

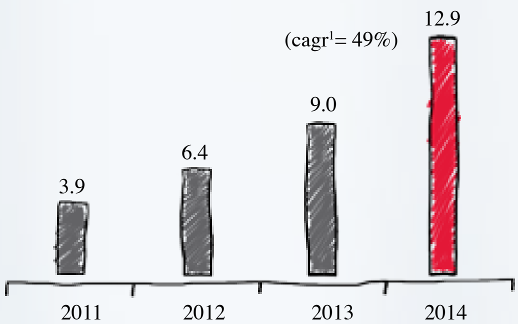
Operating Revenue

(Million US$)



Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA

(Million US$)



1- compound Annual Growth Rate

Furthermore, the Company continued to enhance its capabilities and quality of services through investing in telecommunications systems and infrastructure. Capital expenditures in 2014 amounted to US$18 million. On the Gaza front, Wataniya Mobile has invested another US$1.4 million during the same year, as part of its preparations for launch in Gaza, where management continues to exert all efforts with all relevant parties, despite of all the Israeli impediments attempting to prevent it.

Key Performance Indicators

We gauge our operational performance through monitoring key performance indicators across various departments, chiefly monitoring marketing performance, customers' services performance, technical and human resources performance. Below is a simplified illustration of some indicators:

Indicator			Stable
Brand Health Index	2012	105	This indicator is used to gauge the popularity and distinction of Wataniya Mobile's brand name, and to gauge the views of subscribers and others on whether or not it offers 'value for money.'
	2013	122	
	2014	118	

Indicator			Advancing
Female Worker Percentage	2012	17.9%	Wataniya Mobile firmly believes in 'equal opportunity' principle, without any discrimination. It also believes in the significant role women can play in building societies and institutions. Therefore, we endeavor to constantly increase the number of female staff members.
	2013	16.6%	
	2014	18.0%	

Indicator			More Work
Engagement Score	2012	74%	Wataniya Mobile is keen on gauging staff's association with the Company, as it believes this has a positive impact on their performance and commitment. This is measured through the annual survey conducted in cooperation with international firms. As a result of concerted efforts and methodical action aiming at creating a unique and a special work environment, we have scored a good result and planning to raise it.
	2013	79%	
	2014	77%	

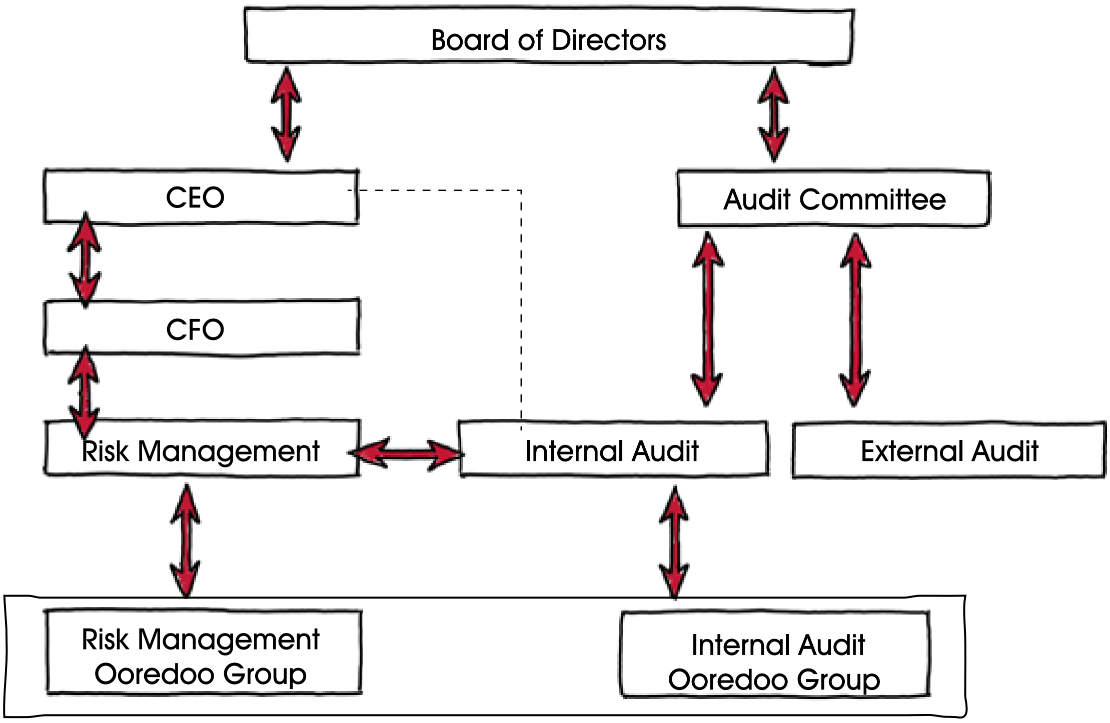
Indicator		Stable
Employee Turnover Rate	2012: 0.66%	This indicator helps us gauge the number of employees resigning from work. Compared to other similar companies, the rate of employees' turnover is sharply low; based on the studies conducted by a renowned consultancy firm where results showed that the average rate of employees' turnover is 7.8 percent[1], proving the success of the Wataniya Mobile's staff sustainability plans.
	2013: 1.0%	
	2014: 1.0%	

Indicator		More Work
Call Drop Rate	2012: 0.77%	The significance of this indicator lies in measuring and controlling the ability to place calls, which enables us to boost signal strength and coverage, and consequently improve the call quality. It is noted that the percentage of uncompleted calls has increased; this is due to the increase in demand vs. frequency insufficiency, where management is exerting efforts to acquire more frequencies.
	2013: 0.72%	
	2014: 0.92%	

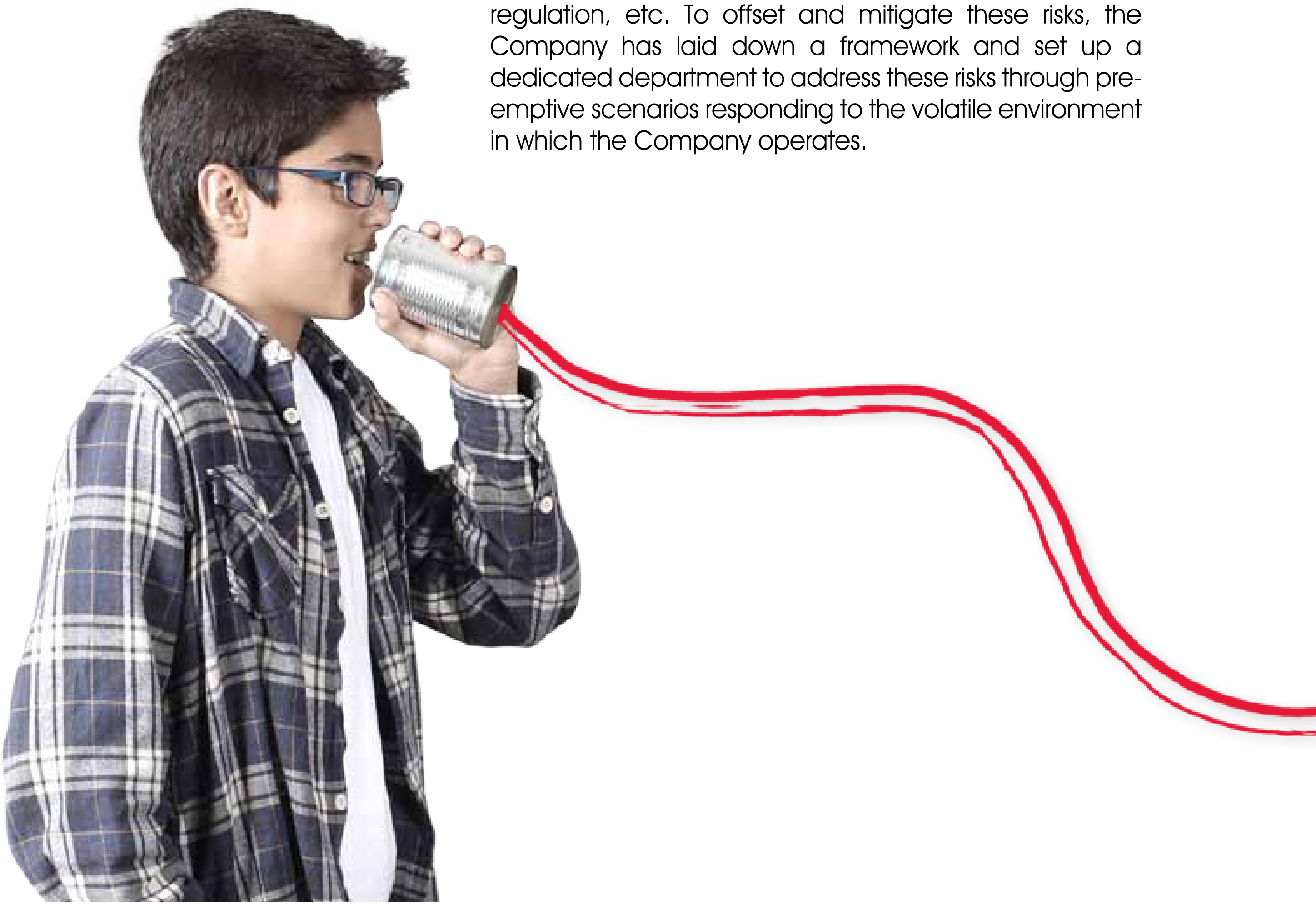
Indicator		Stable
Population Coverage	2012: 97%	The significance of this indicator lies in measuring the Network's coverage of population, and consequently the availability of service to subscribers wherever they are across the Palestinian territories.
	2013: 97%	
	2014: 97%	

1- A study conducted in 2013.

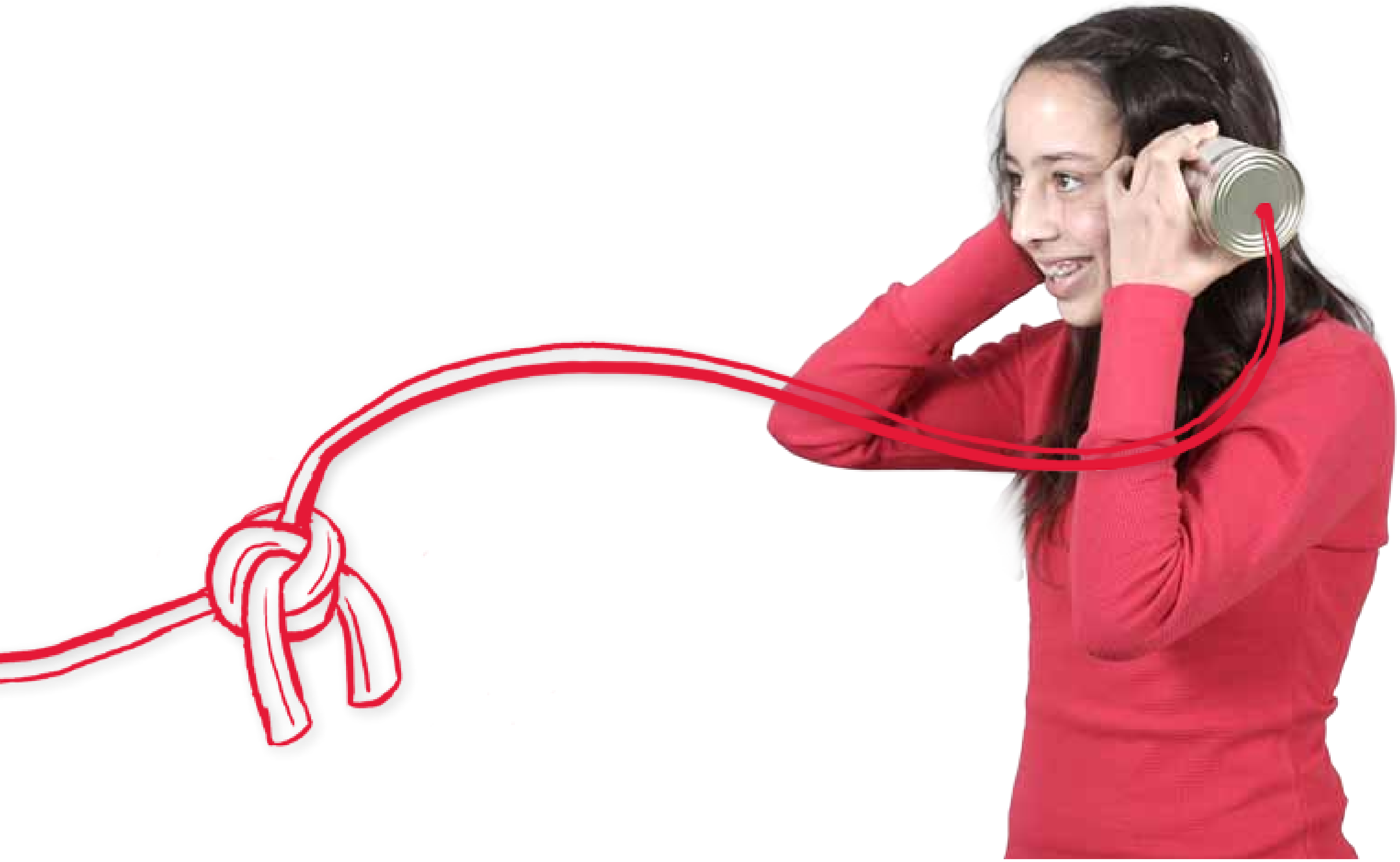
Risk Management



The results of Wataniya Mobile's operations are affected by a number of factors; the demand in telecommunications market, the volatility of exchange rates, laws and regulation, etc. To offset and mitigate these risks, the Company has laid down a framework and set up a dedicated department to address these risks through pre-emptive scenarios responding to the volatile environment in which the Company operates.



Wataniya Mobile is considered to be one of the leading companies adopting the principles of governance and risk management in the telecommunications sector. These principles form an integral part of the code of governance approved and applied by the international Ooredoo Group. Furthermore, a dedicated risk-management department has been set up to shoulder the responsibility of laying down business-sustainability plans necessary to ensuring the realisation of the Company's objectives, to creating a healthy positive work environment to address and pre-emptively act toward unexpected work conditions. The department is also responsible for educating the Company's departments about the significance of risk management process and its role across the board (including, inter alia, operational, financial, credit, strategic domains). Furthermore, during 2014, Wataniya Mobile adopted an international system of Risk Managment and Insurance Society (RIMS) to measure the maturity of the existing risk management, accordingly has laid down an operational plans to raise the level of risk management in the Company including strengthening internal audit systems and enhancing operational efficiency.



With regards to the risks the Company is currently addressing, they entail the challenges originating from the political and economical spheres, which risks are mostly faced by the majority of the organisations operating within the Palestinian territories. The aforesaid risks can be summarised as follows:

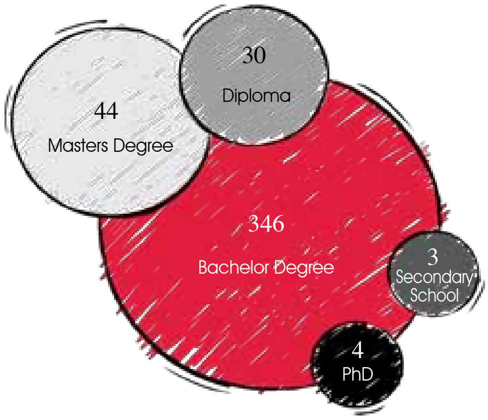
Operational & Market Risks:

Risk Classification	Description	Management Mechanism
Risk of technical faults.	Risks resulting from natural disasters, acts of vandalism, technical faults in Network or mainframes, cyber-attacks on the Network's mainframe or computer systems.	Wataniya Mobile has in place plans, programmes and duly qualified human resources for maintaining the technical capacities and logistic capabilities necessary to addressing risks related to technical faults that may hit the Network or its supporting computers or electronic systems. Those plans, programmes and professionals guarantee uninterrupted high quality services to subscribers under any emergency conditions, including, inter alia, war or natural disasters.
Risk related to regulatory decisions.	Regulatory decisions and change in regulatory environment may impact the Company's operations.	Wataniya Mobile's Regulatory & Public Affairs Department is responsible for closely monitoring the political developments and potential regulatory resolutions in order to identify the risks that may arise there from. It also engages, as and when required, in negotiations with the Palestinian Ministry of Telecommunications and Information Technology.
Risk of dependency on limited key suppliers.	The Company depends on key suppliers in building its Network and infrastructure.	Wataniya Mobile regularly assesses the performance of key suppliers, not only in terms of operational and financial aspects, but also from the perspective of Ooredoo Group. Furthermore, we regularly identify the suppliers categorised as 'risky' and adopt the relevant management measures as necessary.
Risk related to market share retraction.	Retraction of market share due to anti-competitive offers/ services by competitors.	Wataniya Mobile, in cooperation with the Palestinian Ministry of Telecommunications and Information Technology (the Ministry), monitors competitors' products to ensure no services/products are being illegally offered against the Instructions on competition safeguards, as issued by the Ministry.

Financial Risks:

Risk Classification	Description	Management Mechanism
Risk of exchange rate fluctuation	Estimated financial loss due to volatile exchange Rate (Shekel/ Dollar)	Wataniya Mobile's Treasury Department adopts a set of measures aiming at eliminating the negative impacts that result from exchange rates fluctuation. These measures are regularly examined according to the exchange rates outlooks.
Risk of delayed operations in Gaza Strip	Expected revenue setback due to delayed operations in Gaza Strip	Wataniya Mobile is closely following up with the competent government authorities to operate in Gaza Strip under the license obtained from the Palestinian Ministry of Telecommunications and Information Technology in 2007. So far, the Company succeeded in entering part of the costruction material into the Strip.

Our Employees



Wataniya Mobile firmly believes that all its staff members represent valuable assets and indispensible resources. Bearing this in mind, Wataniya Mobile gives top priority to developing the staff cadre, enhancing their skills and qualification, and above all securing all their employment rights. To achieve these objectives, Wataniya Mobile has laid down solid human resources policies, sound enough to provide a safe and healthy work environment and guarantee staff members' rights the moment they are recruited. These policies also aim at providing further training and qualification to the staff to help them achieve high performance levels and provide quality services to our value customers. As of 31 December, 2014, there existed 427 employees - 7 of whom are in Gaza - working for Wataniya Mobile, serving in the Company's various departments, 288 employees work at the headquarters located in Al Bireh – Sateh Marhaba.

Wataniya Mobile's staff members are carefully selected from among skilled and qualified personnel, and therefore they demonstrate certain qualities, expertise and proficiency.

Human Resources (HR) Polices are the official reference and main source of regulations applicable in Wataniya Mobile. Not only do these polices define and regulate the organisational and professional responsibilities, but they also establish certain procedures governing the employment relationships among the staff and management. Effectiveness of Wataniya Mobile's HR polices is proven as the employees turnover rate is low as 1.0% in 2014.

HR Policies include, but are not limited to, the following:

Recruitment & Employee Sustainability

Wataniya Mobile offers equal job opportunities, whether in terms of new applicants seeking employment or among current employees seeking training or promotion opportunities, regardless of their social status, ethnicity, religion, gender, nationality or even special needs. Applicants willing to join Wataniya Mobile may refer to the Company's website: www.wataniya.ps

Not only is it a priority to us, but it is also an integral part of our strategy retaining our employees. This strategy is based on our firm conviction that our employees are the linchpin of our operations. Respect is a core value for maintaining our staff members. Equally, Wataniya Mobile is embracing the values of commitment and respect to make a difference. All our employees and staff members are treated in absolute equality and transparency. The policy of remuneration, benefits and compensation applicable at Wataniya Mobile is expressive of the Company's philosophy of sustaining all its employees.

Compensations and Benefits Policy

Wataniya Mobile offers its employees a package of benefits in excess of those stipulated by Palestinian Labour Law. Wataniya Mobile incorporates a performance-based incentive system, where incentives are directly linked to employees' performance and in line with the 'management by objectives' system. In addition to competitive salaries, Wataniya Mobile provides its employees with a number of special benefits, including:

- Annual salary increment.
- Annual bonus.
- Excellent health insurance for the employee and his/her family members.
- Life insurance (Islamic Takaful scheme).
- A Savings Fund with benefits exceeding most similar funds provided by companies in the Palestinian market.
- A staff rate plan offering Wataniya Mobile's employees and their family members' special features and privileges for telecommunications services/ products.

Internal Communications Policy

The Internal Communications Department at Wataniya Mobile pays special attention to employees' issues within the Company. The Department operates to streamline communication and reinforce interaction among all Wataniya Mobile's employees by way of adopting unique methods. The department's functions also aim at cementing the principle of understanding as a means of creating a healthy environment between all the staff members.

Communication with employees is realised through a number of methods, including: (i) emails; (ii) the internal employee newsletter, (iii) the Communications Forum being the platform for discussion of certain issues directly by and among employees and also expressing their own views and opinions; (iv) the Company's Intranet, which is updated on daily basis with the latest news and most important information during the year; and special events organised by Wataniya Mobile for its employees, which helps create an atmosphere of engagement, communication and entertainment. Additionally, an atmosphere of entertainment is promoted through an event that is held to gather all employees of the Company in celebration.

Health, Safety and Security Policy

As maintaining health and public safety within Wataniya Mobile is the management's top priority, the Company has set up a Public Safety Committee, at its headquarters and all branches. The Committee continuously raises awareness among employees through campaigns and internal correspondence. With regards to security, all Wataniya Mobile's premises are equipped with an advanced surveillance, security and protection system to ensure the safety and wellbeing of all employees as well as visitors. Moreover, Wataniya Mobile Management set up an Operations Room to safeguard the Company's property and raise the level of preparedness when dealing with emergency situations and difficult weather conditions. The Operations Room is responsible for planning, and carrying out tasks in emergency situations.

Training, Talent and Innovation Development Policy

With regards to Wataniya Mobile's staff training and qualification scheme, the Company has dedicated more than 10 thousand training hours over the course of 2014. Based on Wataniya Mobile's policy of encouraging employees' creativity and innovation, being a cornerstone for success, the Company has launched the 'Innovation Platform Initiative,' through which employees post their creative ideas (for example: a new product, a marketing campaign, etc). Proposed ideas are assessed by a committee formed from among the Company directors. In case any creative idea is found fit for implementation, the employee behind the idea is rewarded. In addition, any employee discharging his/her duty in an innovative fashion is rewarded according to the degree or amount of his/her achievement. In addition, Wataniya Mobile developed a Middle Management Development program (MMD) consisting of modern training modules ranging from 6 to 12 months of training, as part of its succession planning.

Social Committee Policy

The Social Committee was created for the purpose of cementing relations among Company employees beyond their formal shape, as this reflects positively not only on the work environment, but also employees' productivity. The Committee for this purpose organises regular social, sports, cultural and recreational activities. In actual fact, the Social Committee has over the past three years become one of the Company work environment's cornerstones. The Committee is not only mirroring the uniqueness of Wataniya Mobile's togetherness and pluralism, but it is also reflecting the Company's culture and its success stories.

In 2014, the Social Committee organised a number of activities, namely: sports tournaments in various sporting disciplines, including football, basketball, bowling and table tennis. It also supervised weekly training sessions for the staff football and basketball teams.

The Social Committee adopts a special programme for the development of creativity, innovation and talents among all the staff members. In addition to all the above, the Wataniya Mobile's Social Committee has incorporated the Family Solidarity Programme, through which financial contributions are collected on behalf of Palestinian families in the Palestinian refugee camps in Lebanon. It also supports the families of political detainees, as regular visits are paid to them, also donations and token gifts are provided.

Rate Plans and Services

As subscribers have always been our top priority, Wataniya Mobile is keen on offering innovative rate plans and competitive services suitable to each segment. Therefore, in 2014, Wataniya Mobile continued to adopt the same philosophy, providing basic cellular services together with value-added services that varied across pre-paid and post-paid segments.

RESEARCH AND PRODUCT DEVELOPMENT

Being aware that in-depth knowledge of subscribers' needs is a key factor in the Company's strategic decisions and offered rate plans, Wataniya Mobile has dedicated its resources to research and development. Hence, the Company spares no effort analysing and assessing subscribers' calling trends and needs, with the aim of developing products and services to live up to, if not exceed, their expectations. Wataniya Mobile has laid down a detailed policy defining the tools of development of both operations and products, in line with the industry's international standards. The Company's policy includes professional marketing studies, subscribers' surveys, and market analysis studies. In line with this policy, Wataniya Mobile, focusing on the latest regional developments, has formed strategic partnerships with a number of significant players, namely:

- Oordeoo Group with its wide experience and abundant resources in the telecommunications industry;
- Leading providers of value-added services;
- Major business solution providers, who enable catering to the wider spectrum of corporate and business community;
- Local companies and innovation pioneers in the West Bank and Gaza Strip.

Wataniya Mobile is fully aware of the market needs and expectations of its subscribers. The Company carried out a number of expertise market studies and researches in the course of 2014 in order to achieve the highest possible level of customer satisfaction. The Company also measured its market performance. The costs of research and development including studies on marketing, public opinion surveys and other analyses conducted by Wataniya Mobile amounted to US$157,000. It is expected that Wataniya Mobile for the next year will conduct a number of researches and studies to continue to touch the pulse of the market and its developments, with the aim to maintain high quality services and customer satisfaction.

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:

- Wataniya Mobile Showrooms: Wataniya Mobile has 6 showrooms strategically distributed across the main cities in The West Bank, in order to provide the Company's valued customers with quality service and make all its products/services at their finger tips.
- Distributors: Wataniya Mobile entered into contractual agreements with 3 of the leading distribution companies in the Palestinian market, through which Wataniya Mobile's rate plans and services are dealt out to all agents, FMCGs, and points of sale.
- Authorized Agents Network: Wataniya Mobile entered into contracts with 84 authorised agents to distribute SIM cards for pre-paid rate plans. Wataniya Mobile's authorized agents also provide a number of other services and facilities, including the e-recharging.
- Corporate sales: Wataniya Mobile has a dedicated corporate sales and relations team, geographically based throughout The West Bank to serve post-paid corporate accounts.
- Points of Sale Network: In 2014, the number of points of sale reached 1078 locations, where charging cards are available to our valued subscribers. In addition, the e-recharging facility is provided at these locations.
- Wataniya Mobile Ambassadors: The Wataniya Mobile's Ambassador Programme was launched in 2012; and as a training programme it offers the opportunity to all undergraduates across the Palestinian universities and colleges to have an internship. As the name suggests, Wataniya Mobile's ambassadors are the true representatives of the Company within their own community in general and within their academic society in particular. Through promotional activities and events, Wataniya Mobile's ambassadors spread awareness about the Company and its services. In return, ambassadors are rewarded with certain incentives, including free monthly calling minutes, cash payments, in addition to many other material and in-kind incentives based on their performance. Being aware of its significance as a tool of positive engagement with the Palestinian community, Wataniya Mobile pays a great deal of attention to its Ambassadors Programme. Currently, Wataniya Mobile has tens of ambassadors representing the Company across The West Bank universities.

Sustainable Development

Knowledge, information and know-how play a key role in sustainable development, simply for the reason that these elements contribute to the change of people's social, economic and technological patterns and the evolvement of their productivity. Here, the role effectively played by the telecommunications services shows best, as they enable the smooth transfer of knowledge and information through auditory and visual media.

In line with the guidelines of the Global Reporting Initiative on Sustainability, Wataniya Mobile aspires to build a comprehensive sustainability report. We believe that Wataniya Mobile's achievements in this respect warrant a chapter of the Company's annual report, where they are herein below demonstrated at three parts: Development of our society; Development of our economy; and Development & preservation of our environment.

Our Community - Our Priority: We act to keep it Prosperous

Our Story In Gaza

Since the Canaanites founded Gaza City in the 5th century BC, Gaza Hashem has been considered one of the most important Palestinian cities due to its strategic, economic and urban location. As a result of its importance, Gaza did not have an independent rule throughout its history. It was occupied by many invaders, such as Egypt, Greece, Rome, Byzantium and others. Throughout history and until the recent Israeli war on Gaza in mid-summer of 2014, its residents, its streets, and its beach located in this ancient coastal city were accustomed to the change. Every time Gaza shakes off the ashes of wars and rises from rubbles, it resumes life with a new economy.

The past five years of Wataniya Mobile's have been characterized by prominent milestones that have established the Company and positioned it locally and regionally. Operating in a challenging environment, as is the case with all other Palestinian national projects, Wataniya Mobile faces further impediments when it comes to launching its commercial services in the Gaza Strip. Challenges include the seige imposed by the Israeli authorities on the Gaza Strip since 2007, which has denied the entry of the telecom equipment necessary for the launching of the Company's business in Gaza. The equipment was held in the Israeli ports since 2010 and for a period of three years.

At the beginning of 2014, Wataniya Mobile, in coordination with local and international parties, was able to bring part of the equipment and the construction materials needed to establish the network into the Gaza Strip. However, the Israeli authorities halted the entry of the equipment since March 2014.

As for the validity of our license, the Company is authorized to provide the second and third generation services in Gaza Strip, as is the case in the West Bank. Up until now the Israeli side is preventing the launching of services in Gaza Strip depriving the sector from accessing competitive services, leading to monopolize the telecommunications market. Concurrently, the Management of Wataniya Mobile continues its efforts in an attempt to ensure the entry of the remaining necessary telecom equipment and construction materials - due to the poor infrastructure in Gaza as a result of the effects of the siege - and to obtain the remaining approvals in order to launch the business in a sustainable manner.

In conjunction with the efforts on the entry of the equipment into the Gaza Strip, the Company continues to develop and update the necessary plans in each of the technical, commercial, logistics and other fields, so as to ensure full readiness in case the entry of the equipment has been completed at any moment. In this framework, all the sites necessary for the construction and installation of the network have been identified. The work necessary for the installation of the equipment and other supplies in the various fields has been completed. Throughout this period, Wataniya Mobile adopted an extremely conservative policy in terms of the expenses so as to take full advantage of all of the Company's resources until the launching of its commercial businesses.

Despite the inability of Wataniya Mobile to provide its commercial services to the local residents of Gaza until now, it - out of its social responsibility towards the Palestinian community - organized several campaigns to help support the victims of the wars in Gaza. In collaboration with several international and local institutions, such as the Welfare Association and the Palestinian Red Crescent and others, Wataniya Mobile has provided direct support to our people in the sector. It launched the "We Are All Gaza" campaign in the recent war. The Company also, in collaboration with Ooredoo Group, held several activities locally and internationally aimed at alleviating the suffering of the children of Gaza after the war.

The Company seeks that our people in Gaza can make calls through the Wataniya Mobile national network in the near future.

Mustaqbali (My Future Career) Program in Support of Gazan Mothers and Children

In line with Wataniya Mobile's policy of community partnership, the Company continued to support Mustaqbali (My Future Career) Program to support widower mothers and orphaned children affected by the 2008/9 Israeli war on the Gaza Strip. The 5-year program, kicked off in 2012, aims at improving the living conditions of this marginalized category of the Palestinian community and helping them reintegrate in all domains of life – educational, economic and social. As a result, the Program has in cooperation with other concerned organizations and societies realized many achievements including:

- Provided legal aid and psychological support to 100 women;
- Assisted 83 widower women to launch their own business enterprise;
- Provided a 4-month employment stringent to targeted widower mothers.

All the women, beneficiaries of the Program, expressed deep appreciation and gratitude to Wataniya Mobile for the extraordinary attention and care they received, and to which they were overwhelmed by throughout and after the Program. They also lauded the Program as an essential tool that helps women like them start a career. The women also pointed out that the Program helped them to positively modify their behavior and to take their attitudes and morals to a higher level. The Program did not only lessen the tension women were suffering from, but it has also shaped a bright future for them and for their children and families.

The second phase of the Program aimed to encourage talented orphaned children aged 10-16 boost their self-esteem and promote their civil participation. Children's skills and positive behavioral patterns were reinforced. Moreover, orphaned children were provided with health care services and their school and university education was paid for. About 250 male and female university graduates were given practical training on how to engage in and be actively involved in practical life.

"We Are All Gaza" Campaign

For the second consecutive year, Wataniya Mobile collected as donations more than US$150,000 for "We Are All Gaza" Campaign. Money contributions were made by the Company, the staff, the subscribers and the agents. Part of the donations was transferred to the Gaza Strip earmarked for the provision of medical care to Gazan children in cooperation with the Palestine Children's Relief Fund (PCRF), a non-political non-profit organization dedicated for more than 20 years to healing the wounds of war, occupation and poverty for children in the Middle East. The victim children were dispatched abroad to be surgically operated on and receive due medical treatment, where Wataniya Mobile covered all the travel and treatment costs. Within the framework of community partnership and in order to help children live a normal life, Wataniya Mobile undertook to help and cover the treatment costs of Yamen Abu Jeer, a child whose sister of two years-old was the only survivor in his family during the latest Israeli war on Gaza.

Wataniya Mobile, Sponsor of Cultural Events in 2014

Based on our belief in our responsibility towards our nation, Wataniya Mobile laid down a solid society partnership strategy not only to reinforce Palestinian national identity, but also to promote Palestinian culture and traditions. Wataniya Mobile believes that cultural events mirror the richness of our tradition and presents an occasion for the deep-rooted history to blend in harmony with the modernity of the present without failing to embody and preserve our Arab identity and Palestinian national traditions.

As the sponsor of Palestinian cultural events for the second consecutive year under the slogan of "Our Palestinian Culture Recounts the Story of Our People," Wataniya Mobile sponsored more than 8 cultural festivals across the country in 2014, with more than 100,000 visitors. Aiming to preserve Palestinian culture and introduce the young generation to the cultural wealth of Palestine, these festivals represented visible manifestations of the Palestinian heritage, culture and history.

Our main Sponsorships in 2014

Wataniya Mobile sponsored Jifna Days Festival in Jifna village, Ramallah Governorate, from 12 to 14 June 2014. The festival was a platform of many cultural activities attended by tens of thousands of Palestinians.

Wataniya Mobile sponsored Layali Birzeit Festival held in partnership with Birzeit University on 8-9 June 2014. The festival included culture and heritage shows by national groups.

In partnership with Al-Rozana Association, Wataniya Mobile sponsored Al-Rozana Festival from 26-30 June 2014 held in the Old City of Birzeit. The festival included shows by national and international groups as well as an exhibition of household products. It was attended by visitors and audiences in thousands.

In partnership with Al-Kamanjati Learning Music Center, Wataniya Mobile sponsored the Music Festival from 10-25 June 2014. The festival featured various cultural and art activities from different Palestinians areas.

In 2014, Wataniya Mobile also organized and sponsored a number of poetry and cultural functions at Mahmoud Dariwsh Museum.

On 6 October 2014, Wataniya Mobile sponsored Abdun Al-Karaz's concert partnering with the Spanish Repeesentative Office. The concert was attended by thousands of Palestinians.

Wataniya Mobile sponsored Tubas Festival from 13-16 March 2014. Thousands of people attended the festival.

In harmony with our efforts to contribute to the welfare of the Palestinian community, and in line with our endeavors to support various community sectors, Wataniya Mobile organized and sponsored a number of educational, sports, and cultural events over the course of 2014.

In line with corporate social responsibility and commitment to the Palestinian community, Wataniya Mobile sponsored and supported several sports activities including the renovation of Hebron Youth Club football stadium. In addition, the Company realized the dream of Ahmad Al-Tawil, a Palestinian child, facilitating his meeting with the renowned football player Lionel Messi, Ooredoo's commercial brand ambassador. Oordeoo agreed with Messi to provide the youth with opportunities to meet with him. Messi appeared in a TV commercial as part of a global telecommunications marketing campaign launched a short time before the opening of the Football World Cup Championship in Brazil last summer. Messi was featured demonstrating his skills with a team of children including the child Ahmad Al-Tawil, 12, from Al-Bireh city. Titled "Unleash Your Capabilities," the commercial rapidly gained momentum on social networking sites and egged on young Palestinians to upload video clips showing their football skills while playing on the streets on a special blog (instagram) under the name of #MeetMessi.

Wataniya Mobile continued to support and sponsor voluntary and charity activities including Ibda' (Creativity) Show displaying the innovations and inventions of students before Palestinian and foreign businessmen and investors in order to turn those innovations and inventions into feasible economic enterprises. Moreover, Wataniya Mobile sponsored a number of Ramadan evenings in different Palestinian universities as well as weekly game shows during the first two weeks of Ramadan which had to be cancelled as a result of the Israeli war on the Gaza Strip. Furthermore, Wataniya Mobile was the key sponsor of orientation and counseling sessions for new students in Abu Dis and Birzeit Universities as well as open days in various Palestinian universities. Finally, Wataniya Mobile distributed dates and water in different West Bank governorates during the holy month of Ramadan as well as flowers to mothers of Palestinian detainees in Israeli jails.

Wataniya Mobile announced Arab Idol Mohammad Assaf as its brand ambassador and sponsored the signing of his first album, which was held in the city of Ramallah Shopping Plaza, and also sponsored his charity event at Al Quds University in Abu Dis, which proceeds went to fund needy students. The artist Mohammed Assaf photographed many promotional campaigns for Wataniya Mobile, and met many of the Wataniya Mobile ambassadors.

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 total spending on its social responsibility programmes, including sponsorships and donations, amounted to US$1,014,917 over the course of 2014.

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.

Our Economy, Our Priority: We act to keep it strong

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 liberalising 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 and rates offered.

In addition, Wataniya Mobile's operations gave rise to indirect business opportunities and enhanced the partnership model with suppliers, taking their performance to higher levels. Moreover, Wataniya Mobile's operations have yielded in sizeable revenues to the government, and reflected positively on the Palestine Exchange.

Herein after is a brief summary of the aforesaid main contributions:

Liberalising the Palestinian Telecom Market

In 2006, The Palestinian National Authority resolved to liberalise 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 (the Ministry), 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.

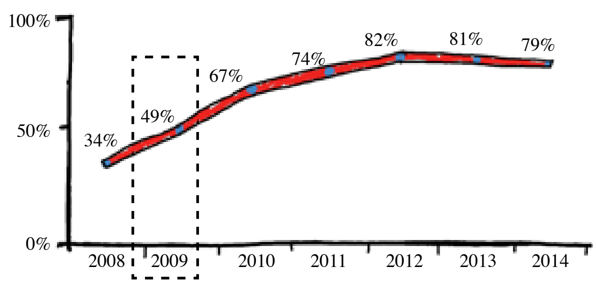
The entry of Wataniya Mobile into the Palestinian telecom market in 2009, namely in The West Bank, is a milestone achievement not only towards encouraging competition, but also giving Palestinian citizens the opportunity to choose the provider they may desire. Needless to say, the launch of Wataniya Mobile's operations contributed to providing multiple options, in terms of creative methods in rendering services, prices, and ultimately higher service quality.

While running its business, Wataniya Mobile has introduced new concepts to competition, most notably of which is the concept of the "value for money" in an economy with the income category, according to the World Bank, being ranked as "lower middle income" compared to other countries of the world. The Company has also succeeded in applying the Long Run Incremental Costing (LRIC) which will reflect positively on pricing and spur competition within the telecommunications sector.

Wataniya Mobile introduced dozens of rate plans and services into the Palestinian market. By the end of 2014, Wataniya Mobile's customers have reached nearly 621 thousand subscribers.

The following chart shows clearly how the advent of Wataniya Mobile impacted the growth of mobile penetration rate, from 34 percent by the end of 2008 to 49 percent by the end of 2009; equally, the decline in interconnect rates for mobile and fixed impacted the market end user prices.

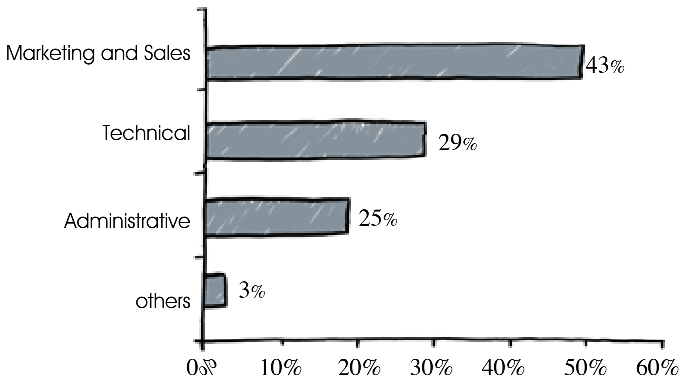
Penetration rate development in the West Bank



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 2014, Wataniya Mobile estimated creating more than 1,360 direct and indirect job opportunities within the West Bank Market. This entails sources of income and support to Palestinian families; and contributes directly to the improvement of citizens' living standard. The Company estimates to create 600 direct and Indirect jobs in Gaza Strip upon launch, and until the date hereof, the number of indirect jobs created by Wataniya Mobile has reached to more than 900 distributed among the following segments, as shown in the chart below:



Reinforcing Business Partnerships

Wataniya Mobile replaced the conventional buy-sell relationship with true partnerships, as a new effective concept achieving balance among and bringing the best out of the parties to such business relationship. In this context, Wataniya Mobile is adopting a solid procurement strategy, based on reinforcing long-term strategic partnerships with local and global players.

Globally speaking, Wataniya Mobile has entered into long-term agreements with Ooredoo Group as well as many international giant corporations, including, but not limited to, Microsoft, Ericsson, Oracle, etc. who are keen on dealing with Ooredoo Group's subsidiaries, namely Wataniya Mobile. Under these agreements, Wataniya Mobile avails of quality services at reasonable prices, benefiting by the accumulated purchase power of the Group's affiliate companies.

At the domestic front, Wataniya Mobile's strategic partnerships are built through business deals with major local companies, who, in turn, selected Wataniya Mobile as the exclusive mobile service provider for their employees. Not only is partnership reinforced, but also mutual benefits and interests are exchanged. On the global and national levels, Wataniya Mobile's adoption of ARIBA system for the unification and automation of procurement procedures - in line with those of (Ooredoo) - further develops efficiency and promotes performance, thereby reinforcing the sustainability of these partnerships.

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, 7% of annual revenues, 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.

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 11 percent of PEX market capitalization by the end of 2014, 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 fourth 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.

Our Environment, Our Priority:
We act to keep it healthy

The rapid technological development that the world has witnessed over the past decade has had a deep impact on society in general, and on the environment in particular. As a result of the progression, huge amounts of emissions, solid residues or radiations, may, if left untreated, harm our environment in many ways. And whereas telecommunications companies, like many other industrial applications, use the radio microwaves and solid materials in telecommunications chips and devices, Wataniya Mobile has, since its inception, adopted a rigid strategy and has been adhering to strict measures not only to protect and preserve the environment, but also to limit any harmful impacts. In this respect, Wataniya Mobile conducted a number of public awareness campaigns, and introduced a number of creative solutions to assist in maintaining a clean, safe and healthy environment.

Wataniya Mobile addresses the impact of its Network's operations on the environment, by adopting scientific methods based on three disciplines:

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 recommendations of the EU with respect to maintaining safe and healthy environment.
- Wataniya Mobile's transmission stations are scientifically designed using elevation tests. In addition, the types of towers and antennas are carefully selected to suit the geographical nature of the coverage area.
- 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.
- 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.

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 acceptable limit of (0.45 mw/cm2).

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 energy-saving batteries, which reduce the operational time of each generator by more than 50 percent, 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 rationalisation, 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 summarised in the collection and sorting of all waste materials of whatever nature. The waste materials are then disposed of in the internationally recognised scientific methods. The process adopted by Wataniya Mobile can be summarised as follows:

- Collecting the waste materials and dispose of them underground beyond the perimeters of the residential areas within the Palestinian territories. In other cases, it is required to incinerate the waste materials to reduce them to ashes in scientific manners.
- 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 organisation specialised in recycling used liquid batteries that are to be removed and destroyed from the Company's operational sites.

GOVERNANCE

Shareholders

Current Ownership

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, -formerly Qtel-), and Palestine Investment Fund. According to a primary underwriting 15% of Wataniya Mobile shares were presented for a public offering, immediately 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. The same ownership percentages were retained at the end of 31 December 2014, upon which same date the number of Wataniya Mobile shareholders reached 11,254.

Ooredoo Group is considered to be one of the pioneering international companies in the telecommunications market. It is listed on the Qatar 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 14 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 September 2014, over 95.7 million in 14 countries where Ooredoo runs telecommunications operations.

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. This contributes to creating tens of thousands of job opportunities for Palestinians, raising their living standards and increasing local income sources for the public treasury.

Development of Ownership

On January 27, 2007, Wataniya Mobile was established as a private limited shareholding Company with a capital of US$5 million. The founding parties were then as follows:

	January 27, 2007	
Founding Parties	Number of Shares	Ratio of Shares
Wataniya International - FZ LLC	2,850,000	57%
Palestine Investment Fund	2,150,000	43%
Total	5,000,000	100%

On September 1, 2008, Wataniya Mobile raised its capital from US$5 million to US$170 million, maintaining the same ownership percentages.

On October 14, 2010, Wataniya Mobile raised its capital from US$170 million to US$219.3 million, maintaining the same ownership percentages, and the founding parties then became as follows:

	October 14, 2010	
Founding Parties	Number of Shares*	Ratio of Shares
Wataniya International - FZ LLC	125,001,000	57%
Palestine Investment Fund	94,298,995	43%
Grand Park Hotels and Resorts Company **	1	-
Sama Real Estate Company **	1	-
Palestinian Commercial Services Company (PCSC) **	1	-
Al-Reehan Real Estate Investment **	1	-
Amaar Real Estate Group **	1	-
Total	219,300,000	100%

* This table shows shares directly before the initial public offering.
** A subsidiary company of Palestine Investment Fund.

On October 27, 2010, Wataniya Mobile raised its capital from US$219.3 million to US$258.0 million, and was transformed from a private limited shareholding Company to a public limited shareholding Company, ready for a public offering.

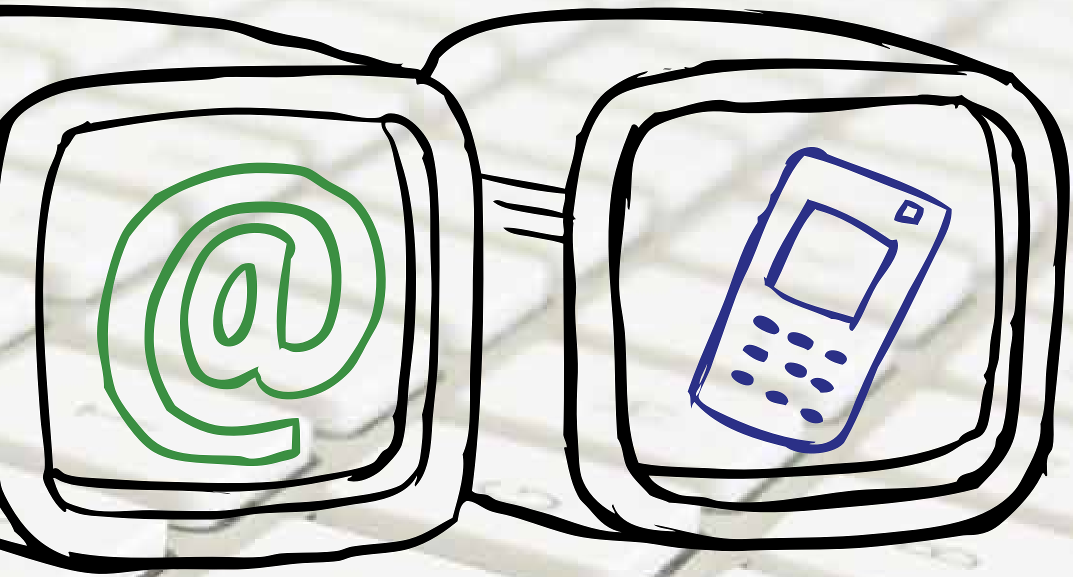
On January 9, 2011, Wataniya Mobile was listed as a public shareholding Company on the Palestine Exchange after 15% of the Company's capital was offered for public underwriting on November 7, 2010. Immediately after the public offering, shareholders distribution became as follows:

Shareholder	Ownership Rate
Wataniya International - FZ LLC	48.45%
Palestine Investment Fund	36.55%
Free Trading (Public)	15%

Change in Ownership

It is noteworthy that according to the license agreement signed between the Company and the Palestinian Ministry of Telecommunications and Information Technology, Wataniya Mobile is required to raise the public share to 30% of the Company's capital. Based on this, the Company plans to offer the second 15% share when circumstances and the economic climate permit, to guarantee the success of this operation, as was the case when the first 15% share was offered. Upon offering the second 15% share, ownership percentages in the Company will become as follows:

Shareholder	Ownership Ratio
Wataniya International - FZ LLC	40%
Palestine Investment Fund	30%
Free Trading (Public)	30%



Contact Information - Investor Relations

Shareholders can contact us through the following:

Tel: +970 (0)56 800 2000

Fax: +970 (0)56 800 2999

Email: ir@wataniya.ps

Website: www.wataniya.ps

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

Board of Directors and Executive Management

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, 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 Bachelors 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 four Ooredoo companies - Wataniya Mobile Palestine, Ooredoo Maldives, wi-tribe Pakistan and wi-tribe Philippines, and he is also a Chairman of those companies (except for the Philippines and Palestine). Mr. Al Mahmoud served as Chief Operating Officer of Nawras (an Ooredoo company in Oman) from February 2005 to March 2011, and also held that position from March 2011 to January 2012 in wi-tribe Group, a management company that supported Ooredoo’s wi-tribe branded operations. From 1989 to February 2005, Mr. Al Mahmoud held a number of positions with Ooredoo Qatar, including Manager – Marketing and Product Management, General Manager – Data Services (ISP) Business Unit, IT Divisional Manager, and Head of Information Systems – Business Applications.

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. Amer Sunna, Member - Representative of Wataniya International

Mr. Amer Sunna joined the Board of Directors of Wataniya Mobile in January 2011, and the Ooredoo family as CEO of wi-tribe Jordan in August of 2010, in August 2011 he was appointed as Chief Operating Advisor of wi-tribe Philippines, in February 2013 he was appointed as the Managing director of Asia cell Iraq, as of August 2013 he became the Chief Executive Officer / Managing Director of Asia cell Iraq. He brings with him 20 years of experience dedicated to the improvement of customer experience in telecommunications through a number of executive positions at various high profile organisations. Prior to joining wi-tribe, Mr. Sunna was the CEO of three specialised telecommunications and internet services companies owned by VTEL Holdings in the Commonwealth of Independent States region (Ukraine, Armenia and Georgia) and the Group Chief Operations Officer (COO) at Orange. Mr. Sunna holds a Bachelor of Science in Electrical Engineering from Jordan University.

Mr. Emad Qamhieh, Member - Representative of Palestine Investment Fund

Mr. Emad Qamhieh joined the Board of Directors of Wataniya Mobile in November 2014. Mr. Qamhieh serves as the Chief Financial Officer at Palestine Investment Fund, in this position; he is responsible for the fund's financial management and activities, including Corporate Accounting, Financial Planning, and Treasury Management. Mr. Qamhieh has gained his expertise throughout his career across multiple industries in Palestine with major exposure to investments in the MENA region, focusing on real estate, financial markets, soft drinks, advertising and telecommunications. Prior to Joining PIF, Mr. Qamhieh was the CFO of Amaar Real Estate Group (The Real Estate Investment Arm of PIF), and the CFO of Massar International overseeing its local and regional diversified investments. Moreover, Mr. Qamhieh served on the Board of Directors for several Palestinian companies, and currently serving on the Boards of Arab Palestinian Investment Company (APIC), Palestine Ijara Company, and the Convention Palace Company. Mr. Qamhieh holds a Bachelor's degree from the University of Jordan.

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 eighteen 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 Bachelors of Science in Finance & Business Administration from California State University of Sacramento.

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.

Brief Biographies of Members of Executive Management

Dr. Durgham Maraee, Chief Executive Officer

Dr. Maraee joined Wataniya Mobile in November 2014, where he previously served as a member of the Company's Board of Directors. Dr. Durgham Maraee has extensive experience with over 15 years in business management, investment and private equity. Prior to his appointment to the position of CEO of Wataniya Mobile, Dr. Maraee served as the Chief Investment Officer of the Palestine Investment Fund (PIF), Palestine's largest institutional investor. Earlier in his career, he 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 the financial, media, manufacturing and tourism industries, among others. Dr. Maraee holds a Master's and PhD degrees from Harvard University in International Law.

Mr. Fadi Abdellatif, Chief Financial Officer

Fadi Abdellatif joined Wataniya Mobile in March 2007, and assumed his current position as the Chief Financial Officer in September 2012. Fadi has over 16 years of diversified experience in management, auditing, accounting, information systems and consulting in various sectors, including telecommunications. Mr. Abdellatif joined Wataniya Mobile at its early stage after serving for a number of leading organizations, namely: 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. Robbert West, Chief Commercial Officer

Mr. Robbert West has joined Wataniya Mobile in March 2015 to assume his current position at Wataniya Mobile as the Chief Commercial Officer. Mr. West brings with him more than 20 years of multifunctional experience in the commercial domain in Telecom and FMCG sectors; prior to joining Wataniya Mobile, Mr. West has lead Zain (South Sudan) commercially as the Chief Commercial Officer, in addition he headed Sudan Telecom as the General Manager. Mr. West has also served at Coca Cola in many disciplines, managing areas in Asia and South Africa; he also served at Zain Group as the Group's Sales & Distribution Manager. Mr. West holds many certificates with extensive training and development.

Mr. Omar Al-Sahili, Business Transformation Director

Omar Al-Sahili joined Wataniya Mobile in February 2010 and assumed his current position as Business Transformation Director in October 2013. Mr. Al-Sahili offers 19 years of experience in commercial businesses development, as well as the information and communications technology. Prior to joining Wataniya Mobile, Omar had worked for DAI, PECDAR (Palestinian Economic Council for Development and Construction). He also served for the Institute of Law at Birzeit University in Palestine. As Wataniya Mobile's former Sales Director, Mr. Al-Sahili was a key strategic and tactical contributor to the successful institutionalising and restructuring of the Company's Sales Department. Mr. Al-Sahili holds a Master of Engineering Sciences and a Bachelor of Electrical Engineering. Both the degrees are from the University of Toledo, Ohio in the United States.

Mr. Haitham Abu Shaaban, Gaza Operations Director

Haitham Abu Shaaban joined Wataniya Mobile as Gaza Operations Director in June 2011. Mr. Abu Shaaban brought with him over 18 years of experience in project management, entrepreneurship, business development and strategic marketing management. Haitham 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. Mr. Abu Shaaban has a bachelor's degree in International Business Administration from the California State University, in the United States.

Mr. Amjad Al-Osaily, Network Director

Amjad Al-Osaily joined Wataniya Mobile in June 2007 and assumed his position of the Network Director in January 2010. Mr. Al-Osaily has over 15 years of experience in the field of network management and operation. In a previous position, Mr. Al-Osaily earlier worked for Ericsson International as part of its services contract with "Mobily." In addition to that position, Amjad also served for other telecommunications companies. Mr. Al-Osaily led Wataniya Mobile's efforts in establishing and operating its Network. He was instrumental in surmounting the many challenges concurrent to the Company's launch. Currently, and in addition to his present role, Mr. Al-Osaily undertakes the upgrading and expansion projects for the Wataniya Mobile's Network in The West Bank and Gaza Strip. Amjad holds a bachelor's degree in Electronics and Telecommunications Engineering from the Applied Sciences University in Jordan.

Mr. Saeed AbuElnaj, Information Technology Director

Saeed AbuElnaj joined Wataniya Mobile in December 2012 and assumed his current position as the Wataniya Mobile's IT Director eight months later. He offers over 21 years of experience in programme management in the ICT and programming domains. Mr. AbuElnaj has taken part in large scale ICT projects for renowned local and global companies, both in the United States and the Middle East. Saeed holds an academic degree of Doctor of Science (DSc.) in Engineering Management. He also has a Bachelor of Information Management (BIM) degree from George Washington University. He also holds a Bachelor of Electrical Engineering from Czech Technical University.

Mr. Osama Qawasma, Regulatory & Public Affairs Director

Osama Qawasma joined Wataniya Mobile in December 2008 and held the office of Regulatory & Public Affairs Director in January 2013. With more than 16 years of experience in the telecommunications sector, Mr. Qawasma is considered as an expert in the regulatory aspects of the industry. Osama has served as a Director General in the Telecommunications Ministry for more than 10 years. He has taken part in numerous international conferences on related issues, prior to joining Wataniya Mobile. Mr. Qawasma was one of Wataniya Mobile's key players in defying the many odds the Company has faced since its inception. Osama holds the Bachelor of Electronic Engineering Degree, major in Telecommunications, from Stettin University, in Poland.

Corporate Governance

Institutional Governance: Responsibilities and Mechanisms

In 2010, Wataniya Mobile developed its governance manual in compliance with the terms of the Code of Corporate Governance in Palestine, as issued by the Palestinian Capital Market Authority. The most significant of these standards are policies for disclosure and transparency; conflict of interests; confidentiality of internal information; trading suspension; the rights of shareholders and related parties including legislators, customers, employees and overall community; the responsibilities of the Board of Directors and executive management; and the authority matrix across all levels within the Company. The manual also includes committees' charters emanating from the Board of Directors, comprising the Audit Committee and the Executive Committee, as well as the expected code of conduct for members of the Board of Directors and employees of the Company.

Wataniya Mobile is committed to disclosure in accordance with the laws, regulations and instructions in force since its listing in Palestine Exchange on 9 January 2011. The Palestinian Capital Market Authority and Palestine Exchange have never asked for clarification or disclosure from the Company for vague or incomplete information, or penalised the Company as a result.

According to the shareholding agreement between Wataniya International - Free Zone and Palestine Investment Fund, Wataniya International - Free Zone was granted the right to manage the Company. In order to implement this, the shareholding agreement between Wataniya International - Free Zone and Palestine Investment Fund stipulated that the former will acquire a majority in the Board of Directors, whereby the Board, composed of seven members will have four members as representatives of Wataniya International - Free Zone and three members representing Palestine Investment Fund.

The Shareholding Agreement also determines the mechanisms for appointing the Chief Executive Officer, Chief Financial Officer, the Board's Secretary and any Chief position. Approvals of Wataniya International - Free Zone and Palestine Investment Fund must be obtained for these positions. The remaining executive management members, however, may be appointed by a simple majority by the Company's Board of Directors.

The executive management's authorities shall be determined by the Board of Directors in such a way that these authorities are related to running the Company's business affairs and administrative and internal affairs, each according to their managerial specialization.

Board of Directors' Responsibilities

The duties of the Board of Directors are diverse, and are governed by the Companies Law and the Company's internal bylaws. 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 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.

First: Setting Internal Policies

For the purpose of protecting shareholders' rights, the Board of Directors has adopted and approved a number of internal policies, such as:

Policy of Authorities, which specifies the persons authorized to endorse all Company's decisions, dealings, commitments, and the decision-making mechanisms therein.

Company Management Policy, it governs the relations between the Board of Directors and the executive management. It stipulates from the formation of a number of internal committees which aim at monitoring the executive management's work and guarantee that decisions are taken in a proper and well-informed manner.

Human Resources Policy, it deals with the executive management's duties towards employees and employee protection mechanisms, guaranteeing their rights and duties towards the Company and the job.

The Board of Directors is keen on adhering to disclosure and transparency principles through compelling the executive management to respect the principles of disclosure and sign all Company financial statements, making sure that shareholders are provided with all the necessary information to monitor the Company's business, whether upon the request of shareholders or through the Company's General Assembly.

Second: Identifying General Objectives

The Board of Directors identifies the Company's general objectives, and the CEO discusses them with the executive management, who, in turn, identify the respective departments' objectives in a manner that supports and is compatible with the Company's main objectives, noting that the responsibility of each member of the executive management is to distribute the responsibility for the fulfillment of objectives to the respective department staff.

The CEO supervises members of the executive management to assure that fulfillment of Company's objectives is progressing in the right direction. Each of the executive management members oversees the fulfillment by his/her respective department staff of their own objectives in a manner that supports the overall Company's objectives.

Third: Board of Directors' Meetings

The Board of Directors held six meetings during 2014, during which it discussed and approved a number of important issues related to the Company's performance and present accomplishments, in addition to approving strategic plans and any issues that require the Board's approval, which were disclosed at the time.

Fourth: Committees Formed by the Board of Directors

The Executive Committee:
A permanent committee, was formed on 10 December 2014, and its members are:
- Mr. Mohammed Abu Ramadan, Chairman
- Mr. Amer Sunna, Member
- Mr. Khalid Al Mahmoud, Member

Mr. Samer Al Fares was appointed as secretary of Committee.

Responsibilities and Authorities of the Executive Committee:

- Approve expenditures within the authority limits set by the Board of Directors.
- Approve all services and products offered by the Company to its customers, according to the authority limits granted by the Board of Directors to the Committee.
- Consider and adopt recommendations concerning the award of tenders, authorizing procurements and approving the value of contracts within the limits of authority conferred under adopted regulations, and authorizations granted by the Board of Directors to the Committee.
- Approve the appointment and promotion of staff in executive management positions, as well as disciplinary measures, in accordance with the policies and regulations of the Company and the authorizations granted by the Board of Directors to the Committee.
- Develop additional conditions of staff appointment or remove any of these conditions.
- Review draft regulations and new Company policies and make recommendations concerning these to the Board of Directors.

- Review and study all Company's regulations and policies, whenever appropriate, and raise proposals to the Board of Directors.
- Approve the draft strategic plan and the annual budget, before submission to the Board of Directors.
- Review the quality and efficiency of services and products offered by the Company and suggest ways and methods for development and promotion.
- Oversee the process of performance evaluation and the Company's compensation structure, or any amendment thereto.
- Adopt performance indicators, which form the basis for:
  - Determining the optimal rate of performance for the Company;
  - Determining the basis of annual bonuses calculation;
  - Evaluating the performance of the CEO.
- Submit recommendations to the Board of Directors with respect to the CEO compensation structure and specify management reporting to the CEO; and approve the compensation structure for other senior executives within the limits of plans and policies in place.
- Adopt the staff performance appraisal system and any related amendments thereto.
- Review annual objectives, performance appraisal, compensation and benefits with respect to the CEO and make recommendations thereon to the Board of Directors.
- Review and make recommendations to the Board of Directors concerning the adoption of a system of annual incentives (bonuses) to employees, and any amendments thereto.
- Review succession plans for the Company's top executive positions in consultation with the CEO, and submit recommendations to the Board of Directors with regards to the choice of candidates to succeed the CEO.
- Provide management with strategic guidance on priorities and risks related to financial and strategic investment operations.
- Oversee the implementation of financial and strategic investment policies through periodic reports filed by management.
- Consider management requests for the approval of financial and strategic investments, and other related matters.
- Approve financial and strategic investments and related matters, to a maximum value of US$10,000,000 (ten million) per investment, or US$100,000,000 (one hundred million) in total investments per fiscal year.
- Decide upon the liquidation of any of the Company's financial investments, or its affiliated subsidiaries.
- Approve investments and treasury affairs relating to any of the affiliated subsidiaries of the Company.
- Report regularly to the Board of Directors and make recommendations concerning the scope, direction, quality and volume of investments made by the Company.
- Decide which banks to deal with, and establish limits for transactions with these banks.
- The Executive Committee may delegate its authority to a sub-committee composed of one or more of its members, and the Chief Executive Officer of the Company.
- The Committee may also retain individual or corporate consultants to assist in achieving its objectives.
- Review the performance of the Committee and update the Board of Directors concerning its activities periodically.

Operations and Activities Undertaken by the Executive Committee in 2014:

- Review draft regulations and new Company policies and make recommendations on these to the Board of Directors.
- Approve the draft strategic plan and the annual budget before submission to the Board of Directors.
- Approve the scorecard target for the Company.
- Review the CEO's annual objectives, performance appraisal, compensation and benefits.
- Authorize the appointment and promotion of staff to executive management positions.

Methods for Relieving the Executive Committee from its Responsibilities
This committee is responsible to the Board of Directors in its work and performance, and it can only be relieved from its responsibilities by the Board of Directors.

The Audit Committee:
A permanent committee, was formed on 10 December 2014 includes:
- Mr. Abdulla Al-Zaman, Chairman
- Mr. Bertrand Alexis, Member
- Mr. Emad Qamhieh, Member

Mr. Mahmoud Othaman was appointed as secretary of the committee.

Audit Committee's Responsibilities, Domain and Authorities:

- 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.
  - Review internal audit reports submitted to the Committee on a quarterly basis, with copies to be submitted to the Chairman and members of the Board of Directors.
  - Review the reports of the external auditor and management comments regarding these reports.
  - Adopt investigation procedures that are independent and fair concerning any cases of financial violations or other cases, involving any employee of the Company or any other person, according to specific rules and a mechanism to enable the confidential reporting of those violations.
  - Submit observations and recommendations on the contents of the internal and external auditors' reports, and the results of any investigations to the Board of Directors.
- Examine draft annual plans for internal audit before submission to the Board for approval.
- Select the external auditor, recommend his/her appointment, determine his/her fees and determine the objectives and scope of his/her work.
- Select the internal auditor of the Company, recommend his/her appointment, and assess his/her performance.
- Supervise the administrative, financial and technical operations of the Internal Audit Department, including the proposition and implementation of its annual budget (operating and capital) and organizational structure, as well as the training, development and promotion of its employees, in accordance with the Company's regulations.
- Review internal control systems and arrangements for risk management and corporate governance, and inform the Board of Directors on the adequacy and effectiveness of such systems and arrangements.
- Evaluate the performance of internal and external audit annually, according to pre-determined performance indicators.
- Conduct an annual review of the Committee's performance, submit a report on the results of the review to the Board of Directors, and ensure the inclusion of the review in the Company's annual report.
- Consider any other matters as specified by the Board of Directors.
- In order to fulfill its tasks, the Committee may retain the services of an independent expert or consultant.

Operations and Activities undertaken by the Audit Committee in 2014:

- Define internal audit objectives and policies and determine its scope.
- Review internal control systems and arrangements for risk management and Company governance.
- Oversee the internal audit of the Company.
- Review of interim (quarterly and end of year) financial statements in 2014.

Methods for Relieving the Audit Committee from its Responsibilities

This committee is responsible to the Board of Directors in its work and performance, and it can only be relieved from its responsibilities by the Board of Directors.

Fifth: Decision-Making Mechanism

The decision-making mechanism in the Company is implemented based on the authority granted to the CEO and various department heads through the Company's Board of Directors. In addition to the above, the CEO has formed two main committees to monitor executive issues, as follows:

The Executive Committee: Headed by the CEO, this committee includes the directors of all Company departments. This committee performs strategic planning for the Company, prepares budgets and discusses administrative decisions and general Company issues. This committee is considered an effective communication and coordination tool among Company departments in general.

The Commercial Activities Team: Headed by the CEO and includes the Directors of the Marketing, Sales and Customer Care Departments. The Team concentrates on implementing the Company's commercial strategy and ensuring that commercial activities are transferred promptly to the market. The Team discusses various commercial activities and takes decisions regarding them. It also achieves an optimum level of harmony among business managers and their teams in the departments involved in commercial affairs. Further, it ensures communication with all Company departments through referring issues, based on their importance, to the Executive Committee.

There are also some committees entrusted with specific authorities, formed under decisions by the Company's Board of Directors. These include:

Human Resources Committee: This committee is composed of the CEO, the CFO, and the Human Resources Director. The committee is concerned with all decisions related to recruitment and to specifying salaries, compensations and promotions for employees at all job levels in the Company, with the exception of the salaries and benefits of the members of executive management.

Contracts and Procurement Committee: This committee is concerned with managing Company contracts and procurement. Representation in this committee is along different levels based on the financial value of the contracts and procured goods.

Bank Accounts and Investment Committee: This committee is concerned with managing Company bank accounts, investment of Company resources and obtaining financing if the need arises.

Sixth: Internal Audit Procedures

The work of the internal audit department at the Company adheres to the instructions outlined in the code of corporate governance, as follows:

- The Board of Directors has approved the formation of the Internal Audit Committee, reporting to it, comprised of three independent members with expertise in the Company's finances, administration and technical operations.
- The Committee has appointed the Head of its Internal Audit Department.
- The Board has approved the working process of the Audit Committee, authorizing it to supervise financial and administrative control systems in the Company, in addition to supervising the activities of internal and external auditors.
- The committee has approved the working process of its Internal Audit Department, defining the powers and responsibilities of the internal auditor, and ensuring the independence of the internal audit department, whereby this department reports functionally to the Audit Committee, and administratively to the executive management.

The committee meets periodically to review internal audit reports and make recommendations as it deems appropriate. It also approves the annual internal audit plan, and the allocation of human and financial resources to implement this plan.

Legal 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.

Laws and regulations Issued by the Palestinian government or any foreign government that had material impact on Wataniya Mobile operations

The following regulations were issued:

- The Council of Ministers' Resolution dated 25/03/2014 on the formation of a ministerial committee headed by the Minister of Finance. The responsibilities of the committee, as stated in Article II / clause 2, lie in revising Wataniya Mobile's financial payables in light of the difficulties and the losses it faces to when it comes to other companies' licenses fees.
- The Ministry of Finance's decision dated 09/05/2013 based on the General Supplies Act No. (1998/9) concerning methods and authorities matrix of procurement. It committed the cellular phone service companies to lure quotes when buying and providing communication service, which helps achieve fair and transparent competition.
- The Ministry of Telecommunications and Information Technology's decision no. (48) for the year 2013 issued on 28/08/2013. It provided for the implementation of the first phase of the Long Run Incremental Costing model of the Palestinian mobile phone, starting 01/09/2013. The interconnection rates for each stage are reviewed according to the market changes in order to reduce the interconnection rates gradually to reach rates based on model results. The first phase has also been applied on the fixed line since 01/06/2014.
- In March 2007, Wataniya Mobile was granted a license to provide mobile telecommunications services to the second and third-generation network in Palestine, as well as the international gateway services by the Palestinian Ministry of Telecommunications and Information Technology for 15 years. To this day, the Israeli authorities continue to prohibit the Ministry from using the third-generation frequencies, and thus they continue to impede the launch of the third-generation services in the Palestinian market. Accordingly, Wataniya Mobile has not benefited so far from one of the main pillars of its license, such as the only Palestinian Company licensed to provide the third-generation services in Palestine.
- The Council of Ministers' Resolution no. (18/17/2012) for the year 2007 on the approval of the interconnection instructions, which seeks to regulate the interconnection between licensed companies in Palestine.

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 2014

An ordinary meeting of the General Assembly was held on 14 March 2014, where voting was held on: approval of the Board of Directors’ report for the past financial year 2013, the adoption of the financial statements of the Company for the year 2013, relieving of the members of the Board of Directors for the financial year 2013, and the election of the Company’s auditor for the financial year 2014. The voting resulted in approving the first three matters and electing Ernst &Young as the Company’s auditor for the financial year 2014.

External Auditors

Wataniya Mobile retains Ernst & Young as External Auditors. The firm audited the financial statements for the year 2014. Their address is PADICO House Building, seventh Floor, Al-Masyoun, Ramallah.

Internal Auditors

The Internal Audit Committee appointed Mr. Mahmoud Othman as the internal auditor for Wataniya Mobile.

External Legal Counsel

Wataniya Mobile retains Amr, Zahaykah and Partners in the West Bank, and with The Legal Consultative Office in the Gaza Strip, both as external legal counsel for the Company.

Lineage and matrimonial relationships among members of the Board of Directors and members of the Executive Management

There is no lineage or matrimonial relationships among members of the Board of Directors and the executive management team of 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 2014 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 2014. 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$10,090 during 2014.

The following is a breakdown of the total:

Member's Name	Position	Total Annual Salary	Annual Travel Allowance	Annual Bonuses	Allowance for Attending Board Meetings	Total
Dr. Mohammed Abu Ramadan	Chairman of the Board	-	-	-	-	-
Mr. Khalid Al Mahmoud	Vice Chairman	-	-	-	-	-
Mr. Faisal Al-Shawwa	Member	-	$2,440	-	-	$2,440
Dr. Durgham Maraee**	Member	-	$7,202	-	-	$7,202
Mr. Emad Qamhieh	Member					
Mr. Michael Hancock*	Member	-	$448	-	-	$448
Mr. Amer Sunna	Member	-	-	-	-	-
Mr. Abdulla Al-Zaman	Member					
Dr. Bertrand Alexis	Member					
Total			$10,090			$10,090

* Resigned from the Board on 29-11-2014

** Resigned from the Board on 13-11-2014

With regard to the policy of attendance allowances at Board meetings for the members, Wataniya Mobile is in the process of finalizing the related policy.

Executive Management Remunerations

Total Remunerations of members of the executive management team amounted to US$1,807,147 including those of the current executive management members and those whose contracts ended during 2014, noting that there are no indirect remunerations such as guarantees or loans.

Executive Management Contracts

Executive management contracts are permanent contracts and aren't different from those of other employees, and comply with the Palestinian Labor Law.

Shareholders owning 5% or more as of 31 December 2014*

Name of Shareholder	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%

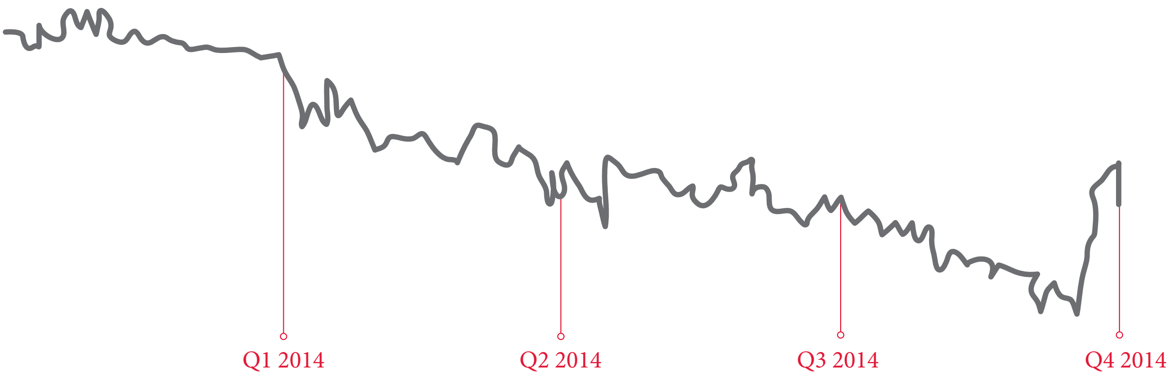
* As of 31 December 2014, there were no shareholders owning more than 5% within the free trading shareholders (the public).

Summary of Wataniya Mobile Shares trading Activity during 2014

Following the initial public offering (IPO), Wataniya Mobile's shares have been listed in the Palestine Exchange as of 9 January, 2011, where the Company's securities are traded.

Trade Information (2014)	Value	Ranking on Palestine Exchange
Number of Shares Traded	8,826,638	6
Value of Shares Traded (US$)	7,885,092	8
Number of Deals Concluded	2,945	4
Number of Trading Sessions	227	4
Company Market Capitalization as of yearend (US$)	219,300,000	4
Number of Shareholders	11,254	2

The following is Wataniya Mobile's stock movement during 2014:



The highest and lowest price for Wataniya Mobile shares per Quarter in 2014 and in 2013:

2014 (US$)	Q1	Q2	Q3	Q4
Highest Price	1.04	0.99	0.85	0.86
Lowest Price	0.97	0.80	0.77	0.64
Closing Price	0.97	0.80	0.80	0.85

2013 (US$)	Q1	Q2	Q3	Q4
Highest Price	1.23	1.13	1.13	1.10
Lowest Price	1.11	1.03	1.00	1.00
Closing Price	1.11	1.03	1.01	1.02

Intellectual Property, Franchises and Patents

Wataniya Mobile owns the concession rights to provide the 3G services; however Israeli occupation authorities are objecting to the release of the required radio spectrum necessary to providing the required frequencies. In addition, Wataniya Mobile also owns a number of trademarks (part of intellectual property) covering the majority of the activities and operations carried out by the Company. It must be noted here that Wataniya Mobile's trademark slogan is

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.

Other Disclosures

Disclosure Regulation - Article 18-2: Wataniya Mobile has submitted its 2014 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. The Company places great emphasis on providing its services in the Gaza Strip.

Disclosure Regulation - Articles 21-3 and 31- 4-I: 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.

Disclosure Regulation - Article 24: With respect to the properties and equipment, their location, size and the characteristics of each major category, they are as follows:

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

Disclosure Regulation - Article 29-H: Wataniya Mobile looks forward to listing its shares in the first market at Palestine Exchange, noting that its shares are currently listed in the second market.

Disclosure Regulation - Article 31-2: Financial transactions made during 2014 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 2014 to the U.S. Dollar according to the New Israeli Shekel against the U.S. Dollar exchange rate of 3.9025. The Bank of Palestine is the source of the exchange rates.

Disclosure Regulation - Articles 31-3-A+B:

A- 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 2014 audited financial statements.

B- Sources of capital have been referred to in note 10 and note 12 to the year 2014 audited financial statements, and projected changes in capital structure have been noted under the title Change of Control.

FINANCIAL STATEMENTS


TOTAL ASSETS
(IN 000's)
20,000
15,000
10,000

Wataniya Palestine Mobile
Telecommunication
Public Shareholding Company

Financial Statements
December 31, 2014

EY
Building a better working world

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Years in MENA

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

We have audited the accompanying financial statements of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (the Company), which comprise the statement of financial position as of December 31, 2014 and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management 's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

February 11, 2015

STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

	Notes	2014 U.S. $	2013 U.S. $
Assets			
Non-current assets			
Property and equipment, net	3	36,678,282	44,819,600
Intangible assets	4	146,852,041	148,450,379
Projects in progress	5	26,747,644	24,735,263
		210,277,967	218,005,242
Current assets			
Advances to contractors		12,436,614	4,274,340
Prepayments and other current assets	6	1,658,619	1,485,443
Inventory	7	1,559,457	787,351
Accounts receivable	8	9,065,378	12,436,854
Cash on hand and at banks	9	33,182,237	42,772,802
		57,902,305	61,756,790
Total Assets		268,180,272	279,762,032
Equity and liabilities			
Equity			
Paid-in share capital	10	258,000,000	258,000,000
Share premium		11,610,000	11,610,000
Accumulated losses		(194,769,608)	(178,244,001)
Net equity		74,840,392	91,365,999
Non-current liabilities			
Provision for employees' indemnity	11	6,737,119	6,005,810
Interest-bearing loans and borrowings	12	60,403,613	69,472,097
Other non-current liability	4	54,346,654	54,346,654
		121,487,386	129,824,561
Current liabilities			
Current portion of interest-bearing loans and borrowings	12	21,375,000	15,750,000
Accounts payable		9,294,855	7,738,771
Due to related parties	13	172,505	266,768
Deferred revenues		5,035,093	5,970,146
Other current liabilities	14	21,447,989	18,988,215
Accrued project cost	15	14,527,052	9,857,572
		71,852,494	58,571,472
Total liabilities		193,339,880	188,396,033
Total Equity and Liabilities		268,180,272	279,762,032

Wataniya Palestine Mobile Telecommunication
Public Shareholding Company

STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2014

	Notes	2014 U.S. $	2013 U.S. $
Revenue		85,310,995	89,214,709
Cost of services		(47,423,328)	(49,231,752)
		37,887,667	39,982,957
Finance revenues		607,695	625,615
Currency exchange gain (loss)		985,912	(85,869)
General and administrative expenses	16	(19,610,290)	(24,527,533)
Marketing expenses	18	(5,226,196)	(5,550,733)
Depreciation and amortization	3,4	(24,395,314)	(25,480,640)
Finance costs	17	(5,166,689)	(5,226,572)
Impairment loss of property and equipment	3,5	(1,345,852)	-
Provision for doubtful accounts	8	(262,540)	(1,062,107)
Loss for the year		(16,525,607)	(21,324,882)
Basic and diluted earnings per share	19	(0.06)	(0.08)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2014

	2014 U.S. $	2013 U.S. $
Loss for the year	(16,525,607)	(21,324,882)
Other comprehensive income for the year	-	-
Total loss and comprehensive income for the year	(16,525,607)	(21,324,882)

Wataniya Palestine Mobile Telecommunication
Public Shareholding Company

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2014

	Paid-in share capital	Share premium	Accumulated losses	Net equity
	U.S. $	U.S. $	U.S. $	U.S. $
Balance at January 1, 2014	258,000,000	11,610,000	(178,244,001)	91,365,999
Total comprehensive income for the year	-	-	(16,525,607)	(16,525,607)
Balance at December 31, 2014	258,000,000	11,610,000	(194,769,608)	74,840,392
Balance at January 1, 2013	258,000,000	11,610,000	(156,919,119)	112,690,881
Total comprehensive income for the year	-	-	(21,324,882)	(21,324,882)
Balance at December 31, 2013	**258,000,000**	**11,610,000**	**(178,244,001)**	**91,365,999**

The attached notes 1 to 26 form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	Note	2014 U.S. $	2013 U.S. $
Operating activities			
Loss for the year		(16,525,607)	(21,324,882)
Adjustments for:			
Depreciation		13,142,963	14,037,060
Provision for employees' indemnity		1,780,134	2,476,676
Provision for doubtful accounts		262,540	1,062,107
(Gain) Loss on disposal of property and equipment and intangibles		(33,546)	91,883
Impairment loss of property and equipment		1,345,852	-
Finance revenues		(607,695)	(625,615)
Finance costs		5,166,689	5,226,572
Amortization		11,252,351	11,443,580
Non-cash items		(26,263)	214,777
		15,757,418	12,602,158
Working capital changes:			
Prepayments and other current assets		(173,176)	4,036,726
Inventory		(772,106)	522,427
Accounts receivable		2,361,848	(1,823,211)
Accounts payable		1,880,696	492,152
Deferred revenue		(935,053)	1,930,863
Other current liabilities		2,439,073	3,043,518
Employees' indemnity paid		(600,086)	(333,167)
Net cash flows from operating activities		19,958,614	20,471,466
Investing activities			
Purchase of property and equipment		(650,957)	(1,087,691)
Purchase of Intangible assets		(259,205)	(1,675,136)
Proceeds from disposal of property and equipment		136,446	30,166
Increase in projects in progress		(12,537,149)	(10,672,946)
Advances to contractors		(8,162,274)	(3,616,725)
Interest received		607,695	625,615
Net cash flows used in investing activities		(20,865,444)	(16,396,717)
Financing activities			
Repayment of syndicated loan		(3,750,000)	-
Syndicated loan transaction costs paid		(911,120)	(1,327,139)
Interest paid		(3,928,352)	(4,677,881)
Due to related parties		(94,263)	103,679
Restricted cash		(2,669,817)	(449,338)
Net cash flows used in from financing activities		(11,353,552)	(6,350,679)
Decrease in cash and cash equivalents		(12,260,382)	(2,275,930)
Cash and cash equivalents, Beginning of year		42,323,464	44,599,394
Cash and cash equivalents, End of year	9	30,063,082	42,323,464

Wataniya Palestine Mobile Telecommunication
Public Shareholding Company

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

1. Activities

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 U.S. $ one par value each. During 2008, the Company's authorized and paid-in share capital was increased to 170,000,000 shares with U.S. $ one par value each. The Company's General Assembly in its extraordinary meeting held on October 25, 2010 resolved to increase the Company's authorized share capital to 258,000,000 shares with U.S. $ one par value each. The existing shareholders (WIL and PIF) subscribed for 49,300,000 shares through capitalizing 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 U.S. $ 1.3 per share, resulting in a share premium of U.S. $ 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.

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, 2014 were authorized for issue in accordance with the Board of Directors resolution on February 11, 2015.

2. Summary of significant accounting policies

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 convention.

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in the operational existence for the foreseeable future.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following new and amended IFRS's and IAS's effective January 1, 2014:

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

IAS 32 – Amendments: Offsetting Financial Assets and Financial Liabilities.

These amendments clarify the meaning of currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company

Adoption of these standards and interpretations did not have any effect on the results of operations or financial position of the Company.

The following IFRS have been issued but are not yet effective, and have not been adopted by the Company:

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 14 Regulatory Deferral account
IFRS 15 Revenue from Contracts with Customers

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:

Interconnection revenues and costs

The Company's management uses certain estimates to determine the amount of interconnection revenues, costs, receivables, and payables.

Useful lives of tangible and intangible assets

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

Provision for doubtful debts

The company provides services to a 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.

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.

Expenses recognition

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

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. During 2012, the right for this exemption was deferred for a period of two years ending December 31, 2013. Therefore, the exemption is extended until 2016.

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	8
Network infrastructure	8
Computers	3-5
Office equipment	2-5
Furniture and fixtures	4
Leasehold improvements	5

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.

Expenditure 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 expenditure is capitalized only when it increases 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Foreign currencies

Transactions denominated in currencies other than U.S. $, occurring during the period, are translated to U.S. $ using the exchange rate at the date of the transaction. Monetary assets and liabilities, which are denominated in foreign currencies are translated into U.S. $ 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.

3. **Property and equipment**

2014	Network equipment U.S. $	Network infrastructure U.S. $	Computers U.S. $	Office equipment U.S. $	Furniture and fixtures U.S. $	Leasehold improvements U.S. $	Others U.S. $	Total U.S. $
Cost								
At January 1, 2014	52,799,932	21,598,446	14,234,854	1,582,693	1,800,071	5,800,179	32,310	97,848,485
Additions	2,832,508	120,396	2,373,670	321,544	199,160	403,528	1,328	6,252,134
Disposals	(43,844)	(78,813)	(948,264)	(79,524)	(21,858)	(153,506)	-	(1,325,809)
At December 31, 2014	55,588,596	21,640,029	15,660,260	1,824,713	1,977,373	6,050,201	33,638	102,774,810
Accumulated depreciation and impairment								
At January 1, 2014	24,736,196	10,203,277	12,013,887	997,940	870,876	4,176,837	29,872	53,028,885
Impairment loss*	1,147,589	-	-	-	-	-	-	1,147,589
Depreciation charge for the year	7,592,138	2,730,227	1,146,994	421,709	320,111	930,163	1,621	13,142,963
Disposals	(12,183)	(46,208)	(930,998)	(72,419)	(20,597)	(140,504)	-	(1,222,909)
At December 31, 2014	33,463,740	12,887,296	12,229,883	1,347,230	1,170,390	4,966,496	31,493	66,096,528
Net carrying amount								
At December 31, 2014	**22,124,856**	**8,752,733**	**3,430,377**	**477,483**	**806,983**	**1,083,705**	**2,145**	**36,678,282**

* This item represents an impairment loss recognized from property and equipment. The loss was recognized as a result of the obsolescence of network equipment parts. The total cost of impaired assets was U.S. $ 4,480,387.

	Network equipment	Network infrastructure	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Others	Total
2013	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cost								
At January 1, 2013	51,740,063	21,252,628	12,645,988	1,346,905	1,160,247	5,424,678	31,878	93,602,387
Additions	1,078,248	504,758	1,601,621	310,741	646,033	406,888	828	4,549,117
Disposals	(18,379)	(158,940)	(12,755)	(74,953)	(6,209)	(31,387)	(396)	(303,019)
At December 31, 2013	**52,799,932**	**21,598,446**	**14,234,854**	**1,582,693**	**1,800,071**	**5,800,179**	**32,310**	**97,848,485**
Accumulated depreciation								
At January 1, 2013	17,904,770	7,570,296	9,286,989	692,597	602,202	3,087,823	28,118	39,172,795
Depreciation charge for the year	6,838,895	2,711,789	2,733,514	362,325	274,400	1,114,317	1,820	14,037,060
Disposals	(7,469)	(78,808)	(6,616)	(56,982)	(5,726)	(25,303)	(66)	(180,970)
At December 31, 2013	24,736,196	10,203,277	12,013,887	997,940	870,876	4,176,837	29,872	53,028,885
Net carrying amount								
At December 31, 2013	**28,063,736**	**11,395,169**	**2,220,967**	**584,753**	**929,195**	**1,623,342**	**2,438**	**44,819,600**

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 the total price of U.S. $354,000,000. The term of the License is fifteen years from the effective date, being the date on which the frequencies to enable launch of operations in West Bank were allocated 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 the frequencies were actually allocated.

An amount of U.S. $140,000,000 of the total license price was paid by the Company on August 6, 2008. The remaining price of the license of U.S. $214,000,000 is to be paid in two installments of U.S. $80,000,000 and U.S. $134,000,000 upon reaching certain subscribers milestones and provided that the MTIT fulfills its obligations to enable the Company to provide 2G and 3G services in West Bank and Gaza as stated in the license agreement.

The Company's license includes West Bank and Gaza. The MTIT notified the Company that it can start operations in West Bank; however, the Company's right to use the frequencies in Gaza was delayed until further notice.

Therefore, the license price of U.S. $354,000,000 was allocated between West Bank and Gaza based upon the split of addressable markets in both territories and assumed subscribers and revenues for each territory. 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.

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 Ministers' Council formed a committee to review the value of the License in light of the losses incurred by the Company.

The Company started amortizing the License on November 1, 2009 being the date on which it commenced its operations.

The movement on intangible assets is as follows:

	License	Software	Total
	U.S. $	U.S. $	U.S. $
Cost			
At January 1, 2014	184,871,337	11,944,412	196,815,749
Additions during the year	-	9,654,013	9,654,013
At December 31, 2014	184,871,337	21,598,425	206,469,762
Accumulated Amortization			
At January 1, 2014	42,013,264	6,352,106	48,365,370
Amortization for the year	9,158,810	2,093,541	11,252,351
At December 31, 2014	51,172,074	8,445,647	59,617,721
Net carrying amount			
At December 31, 2014	133,699,263	13,152,778	146,852,041
At December 31, 2013	142,858,073	5,592,306	148,450,379

5. Projects in progress

	2014	2013
	U.S. $	U.S. $
Network	22,771,066	17,437,173
Billing system	1,728,605	5,300,728
Capitalized interest cost	1,452,298	809,865
Data center expansion phase	333,035	295,430
Network infrastructure	216,583	175,476
Renovations	131,911	438,924
Sites electricity	1,763	25,463
Others	112,383	252,204
	26,747,644	24,735,263

The movement on projects in progress is as follows:

	2014	2013
	U.S. $	U.S. $
Beginning balance	24,735,263	19,576,928
Additions	17,206,629	11,404,966
Transferred to property and equipment and intangible assets	(14,995,985)	(6,246,631)
Impairment loss	(198,263)	-
Ending Balance	26,747,644	24,735,263

The estimated cost to complete the above projects as of December 31, 2014 is U.S. $ 15,160,727.

6. Prepayments and other current assets

	2014	2013
	U.S. $	U.S. $
Prepaid sites' rent	635,002	656,067
Prepaid warranty	381,517	386,931
Prepaid insurance	200,021	33,609
Prepaid advertisement	144,096	10,222
Prepaid rent expense	93,060	84,292
Due from employees	58,396	70,873
Prepaid software license	6,509	23,092
Other	140,018	220,357
	1,658,619	1,485,443

7. Inventory

	2014	2013
	U.S. $	U.S. $
Handsets	651,430	215,452
Accessories	635,471	303,756
Sim cards	107,219	114,321
Scratch cards	165,337	153,822
	1,559,457	787,351

8. Accounts receivable

	2014	2013
	U.S. $	U.S. $
Receivables from subscribers	8,416,979	10,913,706
Interconnection partners	5,301,637	4,297,680
Roaming partners and other receivables	1,588,049	3,951,303
	15,306,665	19,162,689
Allowance for doubtful accounts	(6,241,287)	(6,725,835)
	9,065,378	12,436,854

Following is a summary of the movement on the provision for doubtful accounts during the year:

	2014	2013
	U.S. $	U.S. $
Beginning Balance	6,725,835	5,220,354
Provision for the year	262,540	1,062,107
Foreign currency difference	(747,088)	443,374
Ending Balance	6,241,287	6,725,835

As at December 31, 2014, the aging analysis of the unimpaired trade receivables is as follows:

		Past due but not impaired					
	Not due	1-30 days	31-60 days	61-90 days	91-120 days	More than 120 days	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
2014	1,984,137	774,995	557,919	577,722	420,145	4,750,460	9,065,378
2013	5,819,900	1,177,426	370,870	179,326	991,908	3,897,424	12,436,854

The Company expects to recover all unimpaired receivables.

9. Cash and cash equivalents

	2014	2013
	U.S. $	U.S. $
Cash on hand	49,083	59,128
Cash at banks and short term deposits	33,133,154	42,713,674
	33,182,237	42,772,802

As of December 31, 2014, the Company has eleven short term deposits amounting to U.S. $ 25,296,398 (2013: U.S. $ 38,235,979) at local banks with an average interest rate of 1.98% (2013: 1.66%).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at December 31, 2014 and 2013:

	2014	2013
	U.S. $	U.S. $
Cash on hand	49,083	59,128
Cash at banks and short term deposits	33,133,154	42,713,674
	33,182,237	42,772,802
Restricted cash*	(3,119,155)	(449,338)
	30,063,082	42,323,464

* This balance represents as of December 31, 2014 an amount of U.S. $2,842,617 restricted in relation to the syndicated loan agreement (Note 12) and an amount of U.S. $ 276,538 in relation to a letter of credit granted from a local bank to the Company.

10. Paid-in share capital

	2014	2013
	U.S. $	U.S. $
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

11. Provision for employees' indemnity

	Employees' indemnity	Provident fund	Total
	U.S. $	U.S. $	U.S. $
2014			
Balance, beginning of year	4,351,284	1,654,526	6,005,810
Additions	1,153,750	950,996	2,104,746
Payments during the year	(460,537)	(139,549)	(600,086)
Currency exchange	(622,352)	(150,999)	(773,351)
Balance, end of year	4,422,145	2,314,974	6,737,119
2013			
Balance, beginning of year	2,857,668	956,289	3,813,957
Additions	1,756,605	997,012	2,753,617
Payments during the year	(246,474)	(86,693)	(333,167)
Currency exchange	(16,515)	(212,082)	(228,597)
Balance, end of year	4,351,284	1,654,526	6,005,810

12. Interest-bearing loans and borrowings

	2014	2013

	U.S. $	U.S. $
Shareholders' loans		
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)	785,557	613,874
Accrued interest (PIF)	592,169	462,653
	6,377,726	6,076,527
Third parties' loans		
Local banks' loans **	49,050,000	51,000,000
IFC loan**	34,200,000	36,000,000
	83,250,000	87,000,000
Less: transaction costs directly attributable to third parties' loans***	(7,849,113)	(7,854,430)
	81,778,613	85,222,097
Non-current portion	60,403,613	69,472,097
Current portion	21,375,000	15,750,000
	81,778,613	85,222,097

* On June 22, 2010, the Company entered into a loan agreement with its shareholders for a total amount of U.S. $ 30,000,000. The loan includes an unsubordinated portion of U.S $ 5,000,000 and a subordinated portion of U.S. $ 25,000,000. The loan bears annual interest rate of LIBOR plus 5.85%. The loan and the interest of the subordinated portion are 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 new syndicated loan (the Loan) agreements with various lenders for a total amount of U.S. $ 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 is related to refinancing and West bank operations, the second phase 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 will be utilized when the 3G frequencies will be obtained. During December 2012, the Company received U.S. $ 75,000,000 and repaid the utilized balance of the old syndicated loan and related interest. On January 30, 2014, the Company cancelled the third phase with total amount of U.S. $ 10,000,000. 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 non-utilized portion of the loan.

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 U.S. $ 12,000,000; the Company will repay this amount upon commencement of the second phase of the syndicated loan but not after December 9, 2013. The loan bears annual interest rate of 3 months LIBOR plus 5.25%. On December 9, 2014, the Company extended the repayment date till December 9, 2015.

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

	U.S. $
Matures during 2015	21,375,000
	21,375,000
Matures during 2016	15,000,000
2017	18,750,000
2018	18,750,000
2019	9,375,000
	61,875,000
	83,250,000

*** 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.

13. Due to related parties

	2014	2013
	U.S. $	U.S. $
Ooredoo Group LLC	172,505	266,768
	172,505	266,768

14. Other current liabilities

	2014	2013
	U.S. $	U.S. $
Accrued license fees*	6,068,938	4,504,423
Accrued interconnection and roaming cost	3,398,144	2,391,224
Accrued sales commission	2,287,095	1,912,450
Bonus	1,070,421	2,039,274
Accrued interest and commitment fees	922,802	268,269
Marketing costs	880,951	648,983
Due to VAT	533,666	371,647
Employees vacations	400,129	471,268
Payroll tax	291,228	250,844
Accrued transaction costs attributable to issuance of shares	23,351	20,721
Other	5,571,264	6,109,112
	21,447,989	18,988,215

* This item represents the license fee payable to Palestine National Authority at 7% of the Company's annual gross service revenues.

15. Accrued project cost

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

16. General and administrative expenses

	2014	2013
	U.S. $	U.S. $
Salaries and related expenses	11,673,567	15,225,642
Rent	1,752,718	1,833,641
System support	1,719,179	2,244,270
Accommodation, travel and transportation	716,156	904,311
Warehousing and logistics	608,000	626,000
Water, electricity and fuel	476,171	419,913
Professional and consulting fees	476,037	772,881
Insurance	378,974	308,270
Software license expense	180,164	230,370
Security services	158,300	181,092
Subscription fees	166,249	95,222
Maintenance	114,972	100,348
Telephone, fax and mail	85,791	111,639
Bank charges	65,201	58,680
Stationery and supplies	14,155	22,506
Other	1,024,656	1,392,748
	19,610,290	24,527,533

17. Finance costs

	2014	2013
	U.S. $	U.S. $
Interest on loans and borrowings	4,250,252	4,348,108
Amortization of transaction costs	916,437	878,464
	5,166,689	5,226,572

18. Marketing expenses

	2014	2013
	U.S. $	U.S. $
Media advertisements	2,253,316	2,443,375
Sponsorships	1,014,917	1,068,323
Promotions	759,654	638,063
Research	389,566	447,050
Designs and exhibitions	168,651	183,624
Other marketing expenses	640,092	770,298
	5,226,196	5,550,733

19. Basic and Diluted Earnings Per Share

	2014	2013
Loss for the year (U.S. $)	(16,525,607)	(21,324,882)
Weighted average number of shares (Share)	258,000,000	258,000,000
Basic and diluted loss per share (U.S. $)	(0.06)	(0.08)

20. Commitments and contingencies

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

Following is a summary of the outstanding commitments:

	2014	2013
	U.S. $	U.S. $
Contracts and purchase orders	14,515,377	12,938,076
License*	159,653,346	159,653,346

* 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 non-current liability, of U.S. $159,653,346 represents the unrecognized liability in the financial statements resulting from MTIT not fulfilling its obligations in relation with granting the Company access to Gaza and 3G frequencies.

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 U.S. $ 2,633,046 with an option to renew the contract.

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

	U.S. $
Within one year	431,853
After one year but not more than five years	661,722
	1,093,575

21. 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	2014	2013
		U.S. $	U.S. $
Interest-bearing loans and borrowings (note 12)	Shareholder	5,000,000	5,000,000
Due to related parties (note 13)	Shareholder	172,505	266,768
Accounts receivable	Shareholder	-	6,273
Accrued interest	Shareholder	1,377,726	1,076,527

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

	2014	2013
	U.S. $	U.S. $
Finance costs	301,199	303,329
Key management personnel compensation	135,110	973,089
Revenue from shareholders	16,367	10,589

22. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

	Carrying Value	Fair Value
	U.S. $	U.S. $
Financial assets		
Accounts receivable	9,065,378	9,065,378
Other current assets	198,414	198,414
	9,263,792	9,263,792
Financial liabilities		
Interest-bearing loans and borrowings	81,778,613	81,778,613
Other non-current liability	54,346,654	54,346,654
Accounts payable	9,294,855	9,294,855
Due to related parties	172,505	172,505
Other current liabilities	21,447,989	21,447,989
Accrued project cost	14,527,052	14,527,052
	181,567,668	181,567,668

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

23. 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, 2014. There is no direct impact on the Company's equity.

	Increase/ decrease in basis points	Effect on statement of profit or loss for the year U.S. $
2014		
U.S. $	+15	(84,487)
U.S. $	-10	56,325
2013		
U.S. $	+15	(68,864)
U.S. $	-10	45,910

Foreign currency risk

The analysis calculates the effect of a reasonably possible movement of the U.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 U.S. $
2014		
U.S. $	+5%	(153,666)
U.S. $	-5%	153,666
2013		
U.S. $	+5%	2,858
U.S. $	-5%	(2,858)

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 8).

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, 2014, based on contractual payment dates and current market interest rates.

December 31, 2014	Less than 3 months U.S. $	3 to 12 months U.S. $	1- 5 years U.S. $	Total U.S. $
Interest-bearing loans and borrowings	2,789,709	22,559,414	65,417,645	90,766,768
Accounts payable	9,294,855	-	-	9,294,855
Due to related parties	-	172,505	-	172,505
Other current liabilities	-	21,447,989	-	21,447,989
Other noncurrent liabilities	-	-	54,346,654	54,346,654
Total liabilities	12,084,564	44,179,908	119,764,299	176,028,771

December 31, 2013	Less than 3 months U.S. $	3 to 12 months U.S. $	1- 5 years U.S. $	Over 5 years U.S. $	Total U.S. $
Interest-bearing loans and borrowings	1,224,015	19,348,315	76,442,458	9,436,441	106,451,229
Accounts payable	7,738,771	-	-	-	7,738,771
Due to related parties	-	266,768	-	-	266,768
Other current liabilities	-	18,988,215	-	-	18,988,215
Other noncurrent liabilities	-	-	54,346,654	-	54,346,654
Total liabilities	8,962,786	38,603,298	130,789,112	9,436,441	187,791,637

24. 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, 2014 and the year ended December 31, 2013. Capital comprises paid-in share capital, share premium and accumulated losses, and is measured at U.S.$ 74,840,392 as at December 31, 2014 (2013: U.S.$ 91,365,999).

25. 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.

26. Comparative figures

Some of the 2013 balance sheet items were reclassified to conform with the presentation of the current year's balance sheet. The reclassification has no effect on the loss for the year 2014.

Glossary of Terms

GSM (Global System for Mobile Telecommunications)

A digital system for telephone telecommunications used by more than two billion users in 212 countries around the world. The GSM system transfers data into digital form, compresses them and sends them across a telecommunication conduit in parallel with two other circuits carrying the user data, with each circuit occupying its own time scope.

2G (Second Generation)

2G is the acronym referring to the mobile information technology belonging to the second generation. This technology encrypts voice into a digital form to become less prone to interference or duplication.

3G (Third Generation)

3G is the acronym identifying a new generation in the mobile telecommunications system that was applied after the release of the second generation (2G). This generation provides enhanced services, such as multimedia and video. The main technologies in the 3G scope include the UMTS and CDMA2000 systems.

GPRS (General Packet Radio Service)

GPRS is a radio data service for the directed bundle, available for 2G users of mobile telecommunication GSM systems. GPRS provides data ranging between 56 and 114 kilobits per second.

SMS (Short Messages Service)

SMS is a telecommunication protocol that permits the exchange of short text messages among mobile telecommunication systems.

MMS (Multimedia Messages Service)

An acronym for messaging systems that permit sending messages containing multimedia components (images, voice, video and enhanced text). MMS services are basically applied in mobile networks in addition to other messaging systems such as SMS and Mobile Instant Messaging, as well as mobile emailing service.

GSMA (GSM Association)

GSMA is an association of mobile operators and related companies devoted to supporting the standardizing, deployment and promotion of the GSM mobile telephone system. The GSM Association was formed in 1995.

WAP (Wireless Application Protocol)

WAP is an acronym which refers to the international standard for applications using mobile communications. WAP provides the potential for accessing the internet through a mobile telephone device.

ARPU (Average Revenue per User)

ARPU is an acronym which refers to the revenue from one user of a mobile phone or a pager or other similar device for a specific period of time, normally one month.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization)

EBITDA is an acronym which refers to the Company's operations profits before deducting interest, taxes, depreciation and amortization.

NOTES