CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(All amounts in US Dollars)

		As at	
	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Non-current assets			
Property and equipment	(3)	74,082,921	77,605,905
Projects in progress	(4)	1,952,795	3,659,553
Intangible assets	(5)	116,355,564	121,189,166
Right of Use assets	(6)	8,971,320	-
Total non-current assets		**201,362,600**	**202,454,624**
Current assets			
Advances to contractors		540,023	505,686
Restricted cash		617,757	2,260,522
Other current assets		3,782,814	2,561,309
Inventory		1,776,140	2,688,938
Accounts receivable		12,211,419	13,152,700
Cash on hand and at banks	(7)	9,779,350	27,937,624
Total current assets		**28,707,503**	**49,106,779**
Total assets		**230,070,103**	**251,561,403**
EQUITY AND LIABILITIES			
Equity			
Share capital		293,000,000	293,000,000
Share premium		11,610,000	11,610,000
Accumulated losses		(210,937,998)	(208,470,697)
Net equity		**93,672,002**	**96,139,303**
Liabilities			
Non-current liabilities			
Provision for employees' indemnity		6,816,998	6,723,380
Interest-bearing loans and borrowings	(8)	35,625,000	47,500,000
Other non-current liability		44,871,337	44,871,337
Non-current Lease liabilities		8,629,994	-
Total non-current liabilities		**95,943,329**	**99,094,717**
Current liabilities			
Accounts payable		9,668,898	21,189,650
Current portion of interest-bearing loans and borrowings	(8)	2,500,000	2,500,000
Due to related parties		145,755	145,755
Deferred revenues		4,466,184	4,591,660
Other current liabilities		19,354,951	17,188,930
Accrued project costs		2,502,541	10,711,388
Current lease liability		1,816,443	-
Total current liabilities		**40,454,772**	**56,327,383**
Total liabilities		**136,398,101**	**155,422,100**
Total equity and liabilities		**230,070,103**	**251,561,403**

- The above financial statements should be read in conjunction with accompanying notes on pages (8 to 18).

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(All amounts in US Dollars)

		For the three months period ended June 30,		For the six months period ended June 30,	
		2019	**2018**	**2019**	**2018**
	Note	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Revenue	(9)	23,650,324	26,328,036	46,838,821	50,019,027
Cost of service		(11,099,367)	(10,064,860)	(22,207,176)	(20,552,691)
Gross Profit		**12,550,957**	**16,263,176**	**24,631,645**	**29,466,336**
Finance revenue		79,831	416,476	261,812	674,310
Currency exchange gain (loss)		84,619	(42,545)	124,081	(103,852)
General and administrative expenses		(5,403,914)	(8,720,030)	(11,441,636)	(18,274,470)
Depreciation and amortization	(3,5,6)	(6,689,403)	(6,138,696)	(13,295,413)	(12,011,445)
Provision for doubtful accounts		(114,637)	(166,508)	59,349	(150,806)
Finance (cost) income , net	(10)	(729,868)	577,336	(1,588,623)	(1,247,767)
		(12,773,372)	**(14,073,967)**	**(25,880,430)**	**(31,114,030)**
(Loss) profit for the period		**(222,415)**	**2,189,209**	**(1,248,785)**	**(1,647,694)**
Basic and diluted earnings (losses) per share	(11)	**(0.001)**	**0.008**	**(0.004)**	**(0.006)**

- The above financial statements should be read in conjunction with accompanying notes on pages (8 to 18).

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US Dollars)

	For the three months period ended June 30,		For the six months period ended June 30,	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) income for the period	**(222,415)**	**2,189,209**	**(1,248,785)**	**(1,647,694)**
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) income for the period	**(222,415)**	**2,189,209**	**(1,248,785)**	**(1,647,694)**

- The above financial statements should be read in conjunction with accompanying notes on pages (8 to 18).

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(All amounts in US Dollars)

	Share capital	Share premium	Advance Payments to increase capital	Accumulated losses	Net equity
Balance at January 1, 2019	**293,000,000**	**11,610,000**	**-**	**(208,470,697)**	**96,139,303**
Change in accounting policy (see note 14)	-	-	-	(1,218,516)	**(1,218,516)**
Restated total equity as at January 1, 2019	**293,000,000**	**11,610,000**	**-**	**(209,689,213)**	**94,920,787**
Total comprehensive loss for the period	-	-	-	(1,248,785)	**(1,248,785)**
Balance at June 30, 2019	**293,000,000**	**11,610,000**	**-**	**(210,937,998)**	**93,672,002**
Balance at January 1, 2018	**258,000,000**	**11,610,000**	**8,000,000**	**(208,090,504)**	**69,519,496**
Change in accounting policy	-	-	-	(480,667)	**(480,667)**
Restated total equity as at January 1, 2018	**258,000,000**	**11,610,000**	**8,000,000**	**(208,571,171)**	**69,038,829**
Increase in the paid in capital	35,000,000	-	(8,000,000)	-	**27,000,000**
Total comprehensive loss for the period	-	-	-	(1,647,694)	**(1,647,694)**
Balance at June 30, 2018	**293,000,000**	**11,610,000**	**-**	**(210,218,865)**	**94,391,135**

- The above financial statements should be read in conjunction with accompanying notes on pages (8 to 18).

WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

Condensed Interim Financial Statements for the Six Months Ended June 30, 2019

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(All amounts in US Dollars)

	Note	For the six months period ended June 30, 2019 (Unaudited)	For the six months period ended June 30, 2018 (Unaudited)
Operating activities			
Loss for the period		(1,248,785)	(1,647,694)
Adjustments:			
Depreciation	(3)	6,970,240	6,420,653
Impairment of property and equipment	(3)	129,252	48,613
Right of use assets depreciation		1,113,986	-
Provision for employees' indemnity		730,498	1,035,846
Recovery for doubtful accounts		(59,349)	150,806
Finance revenues		(261,812)	(674,310)
Finance costs	(10)	1,291,843	1,247,767
Finance cost on Lease liability	(10)	296,780	-
Amortization	(5)	5,081,935	5,542,179
Gain on disposal of property and equipment		-	(143,918)
		14,044,588	**11,979,942**
Changes in operational assets and liabilities:			
Accounts receivable		1,000,630	(1,098,998)
Inventory		912,798	1,773,531
Other current assets		(1,221,505)	913,652
Accounts payable		(11,520,752)	7,507,668
Due to related parties		-	(204,415)
Deferred revenue		(125,476)	(157,196)
Other current liabilities		2,166,021	(2,133,392)
Employees' indemnity paid		(636,880)	(782,217)
Net cash flows provided by operating activities		**4,619,424**	**17,798,575**
Investing activities			
Purchase of property and equipment	(3)	(3,576,508)	(34,500,955)
Purchase of intangible assets	(5)	(248,333)	(977,515)
Proceeds from disposal of property and equipment		-	3,312,642
Decrease in projects in progress		(6,502,089)	19,294,220
Advances to contractors		(34,337)	(171,791)
Interest received		261,812	624,945
Net cash flows used in investing activities		**(10,099,455)**	**(12,418,454)**
Financing activities			
Repayment of loans		(11,875,000)	(3,750,000)
Loan transaction costs paid		-	(21,377)
Principal elements of lease payments		(1,154,165)	-
Interest paid		(1,291,843)	(2,914,347)
Increase in the paid in the paid capital		-	27,000,000
Restricted cash		1,642,765	(1,128,724)
Net cash flows (used in) provided by financing activities		**(12,678,243)**	**19,185,552**
(Decrease) increase in cash and cash equivalents		**(18,158,274)**	**24,565,673**
Cash and cash equivalents, beginning of the year		27,937,624	33,758,276
Cash and cash equivalents, end of the period	(7)	**9,779,350**	**58,323,949**

- The above financial statements should be read in conjunction with accompanying notes on pages (8 to 18).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

NOTE (1) GENERAL

Wataniya Palestine Mobile Telecommunication Company (the Company), located in Ramallah, was registered and incorporated in Palestine on January 27, 2007 as a Private Limited Shareholding Company under registrationNo. 562499541. On October 25, 2010, the legal form of the Company was changed to a Public Shareholding Company under registration No. 562601328.

The Company was formed with an authorized share capital of 5,000,000 shares with USD 1 par value each. During 2008, the Company's authorized and paid-in share capital was increased to 170,000,000 shares with USD 1 par value each. The Company's General Assembly in its extraordinary meeting held on October 25, 2010 resolved to increase the Company's authorized share capital to 258,000,000 shares with USD 1 par value each. The existing shareholders Wataniya International FZ - LLC (WIL) and Palestine Investment Fund, PLC (PIF) subscribed for 49,300,000 shares through capitalizing a portion of the shareholders' loans and the related accrued interest. The remaining 38,700,000 shares were offered to the public at an offer price of USD 1.3 per share, resulting in a share premium of USD 11,610,000. The public offering took place during the period from November 7, 2010 to December 2, 2010. On January 23, 2018 and during the extraordinary meeting of the General Assembly of the Company, the shareholders approved increasing the capital of Wataniya Palestine Mobile Telecommunication Limited Company through offering 35,000,000 more shares for public subscription to increase the capital from USD 258,000,000 to USD 293,000,000 with USD 1 par value each.

On March 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 is for fifteen years from the effective date being the date on which the MTIT makes the frequencies available to the Company. The effective date was originally set on August 6, 2008. On December 16, 2009, the MTIT approved the Company's request to determine September 10, 2009 as the effective date, instead of August 6, 2008, since it represents the date on which only 2G frequencies were allocated. On March 16, 2015, the MTIT approved to extend the terms of the license useful life for additional five years.

The Company started its operations on November 1, 2009.

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

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

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

The condensed interim financial statements of the Company as of June 30, 2019 were authorized for issue in accordance with the Board of Directors resolution on July 22, 2019.

The accompanying interim condensed financial statements were reviewed and not audited.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The condensed interim financial statements of the Company for the six months period ended June 31, 2019 have been prepared in accordance with International Accounting Standard 34, “Interim financial reporting”.

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

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

The condensed interim financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at December 31, 2018. The results for the period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

Segment reporting is not relevant due to the fact that telecommunication services revenue stream represents most of the company revenues.

Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Company:

A new or amended standard became applicable for the current reporting period, and the Company had to change its accounting policies and make retrospective adjustments as a result of adopting.
The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 14 below. The other standards did not have any impact on the Company’s accounting policies and did not require retrospective adjustments.

Use of estimates
The preparation of condensed interim financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The Company’s management continually evaluate its estimates, assumptions and judgements 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 judgement or complexity are described below:

<u>Useful life of tangible and intangible assets:</u>
The Company’s management reassesses the useful lives of tangible and intangible assets, and adjusts if applicable, at each financial year-end.

<u>Impairment of accounts receivable:</u>
The Company provides services to broad based clients, mainly on credit terms. Estimates, based on the Company’s historical experience, are used in determining the level of debts that the Company believes will not be collected.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

Risk management
The Company manages various risks through a strategy that identifies those risks and the procedures to mitigate them by applying a reporting systems aiming to review and adopt appropriate risk mitigating procedures. In addition, the business units are responsible for identifying risks associated with their operations and to apply and monitor appropriate control procedures. The overall responsibility of managing and monitoring the risks of the Company rests with the management. The condensed interim financial statements do not include all information and disclosures required in the annual financial statements under risk management, and should be read in conjunction with the Company's annual financial statements as at December 31, 2018 which were prepared under the international financial reporting standards.

Fair value of financial instruments

The table below presents a comparison between the book values and the fair values of the financial instruments as classified on June 30, 2019 and December 31, 2018:

	Book value		Fair value	
Financial Assets	**June 30, 2019**	**December 31, 2018**	**June 30, 2019**	**December 31, 2018**
Cash on hand and cash at banks	9,779,350	27,937,624	9,779,350	27,937,624
Restricted cash	617,757	2,260,522	617,757	2,260,522
Accounts receivable	12,211,419	13,152,700	12,211,419	13,152,700
Prepaid expenses and other receivables	85,124	116,564	85,124	116,564
	22,693,650	**43,467,410**	**22,693,650**	**43,467,410**
Financial Liabilities				
Interest-bearing loans and borrowings	38,125,000	50,000,000	38,125,000	50,000,000
Accounts payable	9,668,898	21,189,650	9,668,898	21,189,650
Due to related parties	145,755	145,755	145,755	145,755
Other current liabilities	18,470,302	16,456,480	18,470,302	16,456,480
Accrued project cost	2,502,541	10,711,388	2,502,541	10,711,388
	68,912,496	**98,503,273**	**68,912,496**	**98,503,273**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- The fair values of accounts receivable, other financial assets, cash and cash equivalents, accounts payable, due to related parties, accrued project costs and other financial liabilities largely approximate their carrying amounts due to the short-term maturities of these instruments.
- The fair value of other current assets was calculated after excluding prepaid expenses.
- The fair value of other current liabilities was calculated after excluding the due to VAT and employees vacations provision.
- The fair value of interest-bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for debt.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(All amounts in US Dollars)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(All amounts in US Dollars)

NOTE (3) PROPERTY AND EQUIPMENT

	Network equipment	Network infrastructure	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Others	Total
2019								
Cost								
Balance as of January 1, 2019	**72,406,250**	**40,566,451**	**13,675,119**	**2,678,606**	**2,693,773**	**8,820,610**	**50,910**	**140,891,719**
Additions	1,993,841	146,110	547,734	688,090	69,464	131,269	-	3,576,508
Disposals	-	-	-	-	-	-	-	-
Balance as of June 30, 2019	**74,400,091**	**40,712,561**	**14,222,853**	**3,366,696**	**2,763,237**	**8,951,879**	**50,910**	**144,468,227**
Accumulated depreciation:								
Balance as of January 1, 2019	**25,163,394**	**17,845,375**	**10,000,343**	**1,737,714**	**1,826,542**	**6,676,728**	**35,718**	**63,285,814**
Impairment loss	680	127,775	-	-	797	-	-	129,252
Depreciation for the period	4,014,545	1,338,533	750,250	415,795	115,155	334,868	1,094	6,970,240
Disposals	-	-	-	-	-	-	-	-
Balance as of June 30, 2019	**29,178,619**	**19,311,683**	**10,750,593**	**2,153,509**	**1,942,494**	**7,011,596**	**36,812**	**70,385,306**
Net book value:								
As at June 30, 2019	**45,221,472**	**21,400,878**	**3,472,260**	**1,213,187**	**820,743**	**1,940,283**	**14,098**	**74,082,921**
As at December 31, 2018	**47,242,856**	**22,721,076**	**3,674,776**	**940,892**	**867,231**	**2,143,882**	**15,192**	**77,605,905**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(All amounts in US Dollars)

NOTE (4) PROJECTS IN PROGRESS

Details:

	June 30, 2019	December 31, 2018
Balance, beginning of the year	3,659,553	30,534,192
Additions	1,272,549	3,076,681
Transferred to property and equipment and intangible assets	(2,972,983)	(29,951,320)
Adjustments	(6,324)	-
Ending Balance	**1,952,795**	**3,659,553**

NOTE (5) INTANGIBLE ASSETS

Details:

	License	Software	Total
Cost			
Balance as of January 1, 2019	184,871,337	30,474,330	215,345,667
Additions during the year	-	248,333	248,333
Disposals	-	-	-
Balance as of June 30, 2019	**184,871,337**	**30,722,663**	**215,594,000**
Accumulated Amortization			
Balance as of January 1, 2019	75,357,240	18,799,261	94,156,501
Amortization for the year	2,996,245	2,085,690	5,081,935
Disposals	-	-	-
Balance as of June 30, 2019	**78,353,485**	**20,884,951**	**99,238,436**
Net Book Value			
As at June 30, 2019	**106,517,852**	**9,837,712**	**116,355,564**
As at December 31, 2018	**109,514,097**	**11,675,069**	**121,189,166**

NOTE (6) Right of Use assets

Details:

	June 30, 2019	December 31, 2018
Balance, beginning of the year	-	**-**
Impact of IFRS 16 (refer to note14)	10,085,306	
Adjusted beginning of the year	**10,085,306**	-
Additions	-	-
Depreciation	(1,113,986)	-
Ending Balance	**8,971,320**	**-**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

NOTE (7) CASH ON HAND AND AT BANKS

Details:

	June 30, 2019	December 31, 2018
Cash on hand	235,883	207,557
Cash at banks and short term deposits	9,543,467	27,730,067
	9,779,350	**27,937,624**

As of June 30, 2019, the Company has eighteen deposits amounting to 9,077,414 (2018: USD 24,253,218 at local banks with an average interest rate of 3.55% (2018:3.55 %)

NOTE (8) INTEREST BEARING LOANS AND BORROWINGS

Details:

	June 30, 2019	December 31, 2018
Third parties' loans		
Local banks' loans *****	38,125,000	50,000,000
	38,125,000	**50,000,000**
Non-current portion	35,625,000	47,500,000
Current portion	2,500,000	2,500,000
	38,125,000	**50,000,000**

(*) During the second quarter of 2018 the Company signed a new loan agreement with Bank of Palestine for a total amount of USD 70,000,000 to refinance the syndicated loan. On July 30, 2018 the Company fully settled the syndicated loan with a total amount of USD 85,000,000 and recognized the liability from the utilized portion of the loan received from bank of Palestine with an amount of USD 50,000,000 on July 29, 2018. The Loan is repayable in quarterly installments commencing August 1, 2019 and ending May 1, 2024.

NOTE (9) REVENUE

Usage-based airtime revenue (including Subscription and activation) and interconnect revenue represent the largest revenue stream of the Company, which represents more than 72% of total revenues (79% of total revenues for the period ended June 30, 2018).

NOTE (10) FINANCE COSTS

Details:

	June 30, 2019	June 30, 2018
Interest on loans and borrowings	1,291,843	3,061,410
Amortization of transaction costs*	-	7,661,674
Recovery of provision**	-	(9,475,317)
Interest of adoption of IFRS 16	296,780	-
	1,588,623	**1,247,767**

(*) During the second quarter of 2018 the Company signed a new loan agreement with Bank of Palestine to refinance the existing syndicated loan and accordingly transaction costs related to the old syndicated loan

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

accumulated as of June 28, 2018 (being the date of signature of the loan) amounting to USD 7,661,674 were fully amortized.

(**) During the second quarter of 2018, The Company decided to reverse the accumulated interest on the deferred amount totalled USD 9,475,317 in the Interim statement of profit or loss as this amount does not represent the actual fair value of the liability to be paid by Wataniya Mobile.

NOTE (11) BASIC AND DILUTED EARNINGS PER SHARE

Details:

	June 30, 2019	June 30, 2018
Loss for the period	(1,248,785)	(1,647,694)
Weighted average number of shares	293,000,000	288,722,222
Basic and diluted loss per share	**(0.004)**	**(0.006)**

NOTE (12) COMMITMENTS AND CONTINGENCIES

As at 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:

	June 30, 2019	December 31, 2018
Contracts and purchase orders	9,794,842	10,632,169
License *	169,128,663	169,128,663

* The Company entered into a license agreement with MTIT for a total amount of USD 354,000,000. The unpaid portion of the license cost, net of the related non-current liability, of USD 169,128,663 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 amongst other things.

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

Following is the future minimum rentals payable under operating lease:

	June 30, 2019	December 31, 2018
Within one year	-	386,053
After one year but not more than five years	-	916,290
	-	**1,302,343**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

NOTE (13) 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 condensed interim statement of financial position were as follows:

	Nature of relationship	June 30, 2019	December 31, 2018
Due to related parties	Shareholder	145,755	145,755
Accrued key management personnel compensation	Key management	4,136,091	3,527,849

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

	June 30, 2019	June 30, 2018
Finance costs	-	147,063
Key management personnel compensation	535,242	686,242
Revenue from Key shareholders	10,625	9,567

NOTE (14) CHANGES IN ACCOUNTING POLICIES
This note explains the impact of the adoption of IFRS 16 Leases on the Company’s financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

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

NOTE (14. a) ADJUSTMENTS RECOGNISED ON ADOPTION OF IFRS 16
On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate of the Company (lessee) applied to the lease liabilities on 1 January 2019 was 5.892%.

	January 1, 2019
Operating lease commitments disclosed as at 31 December 2018	**1,302,343**
Add: Operating lease commitment not included in the opening balance	**11,356,874**
Adjusted Operating lease commitment at 31 December 2018	**12,659,217**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

Discounted using the lessee's incremental borrowing rate of at the date of initial application	10,626,250
Lease liability recognized as at 1 January 2019	**10,626,250**
Of which are:	
Current lease liabilities	1,996,256
Non-current lease liabilities	8,629,994
	10,626,250

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

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

	June 30, 2019	January 1, 2019
Cell Sites, Offices and Showrooms	**8,971,320**	**10,085,306**

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

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

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

NOTE (14. b) PRACTICAL EXPEDIENTS APPLIED

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in US Dollars)

NOTE (14. c) THE COMPANY’S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR
The Company leases various cell sites, offices and showrooms. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

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

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

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

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

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs

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