

**Wataniya Palestine Mobile
Telecommunication Public
Shareholding Company (Ooredoo
Palestine)**

Unaudited Condensed Interim Financial Information
For the Three Months Ended March 31, 2021

And Report on Review of the Condensed Interim Financial Information

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

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Report on review of the condensed interim financial information

To the Chairman and Board of Directors of Wataniya Palestine Mobile Telecommunication Public Shareholding Company

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Wataniya Palestine Mobile Telecommunication Public Shareholding Company "Ooredoo Palestine" (hereinafter the "Company") as of March 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three month period then ended and the notes, comprising significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard (34), 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of the condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34), 'Interim financial reporting'.

For and on behalf of PricewaterhouseCoopers Limited – Palestine

Yacoub Alloun
License number 106/2012
Ramallah, Palestine

May 5, 2021

A handwritten signature in blue ink, appearing to be 'Yacoub Alloun', written over a large, stylized blue circular mark.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at March 31, 2021 (Unaudited)	As at December 31, 2020 (Audited)
ASSETS			
Non-current assets			
Property and equipment	(3)	66,283,944	68,525,533
Projects in progress	(4)	1,951,942	2,643,960
Right of use assets	(5)	6,042,915	6,536,704
Intangible assets	(6)	101,818,540	103,835,517
Deferred tax asset		716,450	695,328
Total non-current assets		176,813,791	182,237,042
Current assets			
Inventories		1,761,311	1,549,806
Other current assets		4,785,489	3,439,355
Trade receivable	(7)	13,461,606	12,116,523
Cash and cash equivalents	(8)	36,977,096	30,662,429
Total current assets		56,985,502	47,768,113
Total assets		233,799,293	230,005,155
EQUITY AND LIABILITIES			
Equity			
Paid-in capital		293,000,000	293,000,000
Share premium		11,610,000	11,610,000
Accumulated losses		(198,444,185)	(201,024,881)
Total equity		106,165,815	103,585,119
Liabilities			
Non-current liabilities			
Long - term loans	(9)	11,875,000	14,375,000
Lease liability	(10)	4,490,523	4,747,090
Provision for employees' benefits		7,164,498	6,953,238
Other provision		44,871,337	44,871,337
Total non-current liabilities		68,401,358	70,946,665
Current liabilities			
Other current liabilities		31,213,618	26,600,299
Accounts payable		7,226,201	7,904,294
Accrued project costs		2,909,014	3,487,064
Deferred revenues		5,454,174	5,640,753
Income tax provision	(11)	895,069	515,593
Long term loans maturing within one year	(9)	9,375,000	8,750,000
Lease liability	(10)	2,159,044	2,575,368
Total current liabilities		59,232,120	55,473,371
Total liabilities		127,633,478	126,420,036
Total equity and liabilities		233,799,293	230,005,155

- The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 18.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the three months ended March 31

	Note	2021 (Unaudited)	2020 (Unaudited)
Revenue	(12)	27,288,669	25,735,029
Cost of services		(12,048,477)	(11,636,064)
Gross Profit		15,240,192	14,098,965
General and administrative expenses		(6,107,173)	(6,472,434)
Depreciation and amortization		(6,099,440)	(6,113,231)
(Provision) for impairment of trade receivables		-	(294,195)
Other gains/(losses), net		(2,518)	414,594
		3,031,061	1,633,699
Finance costs	(13)	(384,138)	(510,570)
Interest income		292,127	157,093
Profit before income tax expense		2,939,050	1,280,222
Income tax expense	(11)	(358,354)	-
Profit for the period		2,580,696	1,280,222
Basic and diluted earnings per share from the period's profit	(14)	0.0088	0.0044

The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 18.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended March 31

	2021 (Unaudited)	2020 (Unaudited)
Profit for the period	2,580,696	1,280,222
Other comprehensive income for the period	-	-
Total comprehensive income for the period	2,580,696	1,280,222

The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 18.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months period ended March 31

	Paid-in share capital	Share premium	Accumulated losses	Total Equity
Balance at January 1, 2020	293,000,000	11,610,000	(208,566,016)	96,043,984
Profit for the period	-	-	1,280,222	1,280,222
Balance at March 31, 2020	293,000,000	11,610,000	(207,285,794)	97,324,206
Balance at January 1, 2021	293,000,000	11,610,000	(201,024,881)	103,585,119
Profit for the period	-	-	2,580,696	2,580,696
Balance at March 31, 2021	293,000,000	11,610,000	(198,444,185)	106,165,815

The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 18.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the three months period ended March 31, 2021

	Note	2021 (Unaudited)	2020 (Unaudited)
Operating activities			
Profit for the period before income tax expense		2,939,050	1,280,222
Adjustments:			
Depreciation of property and equipment	(3)	3,072,854	3,070,666
Depreciation of right of use assets	(5)	555,081	520,640
Amortizations	(6)	2,471,503	2,521,925
Provision for impairment of trade receivables	(7)	-	294,195
Provision for employees' benefits		282,527	415,414
Loans interest	(13)	281,766	386,423
Lease contracts interest in accordance with IFRS (16)	(13)	102,372	124,147
Interest income		(292,127)	(157,093)
Non-monetary items		(591,661)	(178,370)
(Gain) from termination of lease contracts		-	(342,520)
(Provision reversal)/loss of assets classified as held for disposal	(3)	(16,315)	111,309
Loss on disposal of property and equipment and intangible assets		19,524	-
		8,824,574	8,046,958
Changes in operating assets and liabilities:			
Inventories		(211,505)	(43,468)
Other current assets		(1,121,054)	445,519
Trade receivable	(7)	(1,079,310)	(1,280,214)
Other current liabilities		4,626,562	3,437,101
Accounts payable		(678,093)	310,537
Deferred revenues		(186,579)	(685,654)
Net cash flows provided by operating activities before payments of employees' benefits		10,174,595	10,230,779
Payments of employees' benefits		(71,267)	(771,571)
Net cash flows provided by operating activities		10,103,328	9,459,208
Investing activities			
Purchase of property and equipment	(3)	(215,979)	(3,902,334)
Proceeds from sale of property and equipment and intangible assets		17,929	-
Purchase of intangible assets	(6)	(67,720)	-
Increase in projects in progress		(909,262)	1,590,084
Interest income received		252,329	181,326
Net cash flows (used in) investing activities		(922,703)	(2,130,924)
Financing activities			
Repayment of loans	(9)	(1,875,000)	(15,000,000)
Principal elements of lease payments	(10)	(695,949)	(574,232)
Interest paid		(295,009)	(482,077)
Net cash flows (used in) financing activities		(2,865,958)	(16,056,309)
Net increase (decrease) in cash and cash equivalents		6,314,667	(8,728,025)
Cash and cash equivalents, beginning of the period		30,662,429	25,222,593
Cash and cash equivalents, end of the period	(8)	36,977,096	16,494,568

- The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 18.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the unaudited condensed interim financial information

1. GENERAL

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

The Company was formed with an authorized share capital of 5,000,000 shares with USD 1 par value each. During 2008, the Company's authorized and paid-in share capital was increased to 170,000,000 shares with USD 1 par value each. The Company's General Assembly in its extraordinary meeting held on October 25, 2010 resolved to increase the Company's authorized share capital 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 unaudited condensed interim financial information of the Company as of March 31, 2021 was authorized for issue in accordance with the Board of Directors resolution on April 27, 2021

The accompanying condensed interim financial information was reviewed and not audited.

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the unaudited condensed interim financial information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial information of the Company for the three months ended March 31, 2021 has been prepared in accordance with the International Accounting Standard 34, "Interim financial reporting".

The condensed interim financial information has been prepared under the historical cost basis.

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

The condensed interim financial information has not included 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, 2020. The results for the period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

2.2 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 number of new or amended standards became applicable for the current reporting period. The company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards

New and amended standards and interpretations must be adopted in the first interim financial information issued after their effective date or date of early adoption. There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after January 1, 2020 and entities will need to consider whether any of these amendments could affect their existing accounting policies for their 2021 interim financial information:

- a) Definition of Material – amendments to IAS (1) and IAS (8).
- b) Definition of a Business – amendments to IFRS (3).
- c) Revised Conceptual Framework for Financial Reporting.
- d) Interest Rate Benchmark Reform – amendments to IFRS (9), IAS (39) and IFRS (7).

2.3 Use of estimates

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

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the unaudited condensed interim financial information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Use of estimates (continued)

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

Useful life of tangible and intangible assets:

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

Provision for impairment of accounts receivable:

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

2.4 Risk management

The Company manages various risks through a strategy that identifies those risks and the procedures to mitigate them by applying a reporting system 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 Board of Directors. The condensed interim financial information has 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, 2020 which were prepared under the international financial reporting standards.

2.5 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 March 31, 2021 and December 31, 2020:

	Carrying Value		Market Value	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
<u>Financial Assets</u>				
Other current assets	1,230,704	951,204	951,204	951,204
Trade receivable	13,461,606	12,116,523	12,116,523	12,116,523
Cash and cash equivalents	36,977,096	30,662,429	30,662,429	30,662,429
	51,669,406	43,730,156	43,730,156	43,730,156
<u>Financial Liabilities</u>				
Long term loans	21,250,000	23,125,000	23,125,000	23,125,000
Other current liabilities	29,008,942	24,098,935	24,098,935	24,098,935
Accounts payable	7,226,201	7,904,294	7,904,294	7,904,294
Accrued project cost	2,909,014	3,487,064	3,487,064	3,487,064
	60,394,157	58,615,293	58,615,293	58,615,293

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Notes to the unaudited condensed interim financial information

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Fair value of financial instruments (Continued)

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 trade receivable, other current assets, cash and cash equivalents, accounts payable, accrued project costs and other current 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 and non-current liabilities is estimated by discounting future cash flows using rates currently available for debt.

2.6 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).

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the three months ended March 31, 2021

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Notes to the unaudited condensed interim financial information

3. PROPERTY AND EQUIPMENT

2021 Cost	Network and infrastructure	Building	Land	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Total
Balance as of January 1, 2021	120,599,314	2,241,082	1,662,552	17,424,595	2,868,907	9,240,799	101,784	154,139,033
Transfers from projects in progress	609,424	-	-	27,000	-	-	-	636,424
Additions	205,289	-	-	4,929	3,023	2,738	-	215,979
Disposals	(117,488)	-	-	(16,354)	-	(25,262)	-	(159,104)
Assets classified as held for disposal	16,315	-	-	-	-	-	-	16,315
Balance as of March 31, 2021	121,312,854	2,241,082	1,662,552	17,440,170	2,871,930	9,218,275	101,784	154,848,647
Accumulated depreciation:								
Balance as of January 1, 2021	61,104,119	56,027	-	14,353,866	2,244,637	7,803,775	51,076	85,613,500
Depreciation for the period	2,502,013	14,007	-	352,752	52,499	148,933	2,650	3,072,854
Disposals	(80,046)	-	-	(16,343)	-	(25,262)	-	(121,651)
Balance as of March 31, 2021	63,526,086	70,034	-	14,690,275	2,297,136	7,927,446	53,726	88,564,703
Net book value:								
As at March 31, 2021	57,786,768	2,171,048	1,662,552	2,749,895	574,794	1,290,829	48,058	66,283,944
As at December 31, 2020	59,495,195	2,185,055	1,662,552	3,070,729	624,270	1,437,024	50,708	68,525,533

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

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Notes to the unaudited condensed interim financial information

4. PROJECTS IN PROGRESS

Details:

	March 31, 2021	December 31, 2020
Balance, beginning of the period	2,643,960	6,063,468
Additions	331,212	6,541,678
Transferred to property and equipment	(636,424)	(7,971,166)
Transferred to intangible assets	(386,806)	(1,990,020)
Balance, end of the period	1,951,942	2,643,960

5. RIGHT OF USE ASSETS

Details:

	March 31, 2021	December 31, 2020
Balance, beginning of the period	6,536,704	8,736,392
Additions	61,292	553,018
Depreciation	(555,081)	(2,158,411)
Termination of lease contract	-	(594,295)
Balance, end of the period	6,042,915	6,536,704

6. INTANGIBLE ASSETS

Details:

	License	Software	Total
Cost			
Balance as of January 1, 2021	184,871,337	33,378,312	218,249,649
Transfers from projects in progress	-	386,806	386,806
Additions	-	67,720	67,720
Balance as of March 31, 2021	184,871,337	33,832,838	218,704,175
Accumulated Amortization			
Balance as of January 1, 2021	87,458,100	26,956,032	114,414,132
Amortization for the year	1,489,846	981,657	2,471,503
Balance as of March 31, 2021	88,947,946	27,937,689	116,885,635
Net Book Value			
As at March 31, 2021	95,923,391	5,895,149	101,818,540
As at December 31, 2020	97,413,237	6,422,280	103,835,517

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Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the unaudited condensed interim financial information

7. TRADE RECEIVABLES

	March 31, 2021	December 31, 2020
Trade receivables	11,404,520	12,303,642
Unbilled	4,912,271	4,534,274
Others	4,586,450	2,986,015
	20,903,241	19,823,931
Provision for impairment of trade receivables	(7,441,635)	(7,707,408)
	13,461,606	12,116,523

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

	March 31, 2021	December 31, 2020
Balance, beginning of the period	7,707,408	6,387,206
Provision	-	766,914
Currency differences	(265,773)	553,288
Balance, end of the period	7,441,635	7,707,408

8. CASH AND CASH EQUIVALENTS

Details:

	March 31, 2021	December 31, 2020
Cash on hand	172,852	238,540
Cash at banks and short-term deposits	36,804,244	30,423,889
	36,977,096	30,662,429

As of March 31, 2021, the Company had short-term deposits amounting to USD 34,535,819 (2020: USD 27,997,731 at local banks.)

9. LONG – TERM LOANS

Details:

	March 31, 2021	December 31, 2020
Long term	11,875,000	14,375,000
Payable within one year	9,375,000	8,750,000
	21,250,000	23,125,000

During the second quarter of 2018, the Company signed a new loan agreement with local bank for a total amount of USD 70,000,000 to refinance the syndicated loan. On July 30, 2018, the Company received USD 50,000,000 of the loan and fully settled the syndicated loan balance of USD 85,000,000 and recognized the liability from the utilized portion of the loan received from the bank with an amount of USD 50,000,000 on July 29, 2018. The Loan bears an annual variable interest rate, and repayable in quarterly instalments commencing August 1, 2019 and ending February 1, 2023.

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Unaudited condensed interim financial information for the three months ended March 31, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the unaudited condensed interim financial information

10. LEASE LIABILITY

Details:

	March 31, 2021	December 31, 2020
Balance, beginning of the period	7,322,458	9,196,538
Interest	102,372	458,981
Additions	61,292	553,018
Termination of lease contract	-	(936,815)
Principle elements of lease payments	(695,949)	(2,217,197)
Currency differences	(140,606)	267,933
Balance, end of the period	6,649,567	7,322,458
	March 31, 2021	December 31, 2020
Non-current lease liability	4,490,523	4,747,090
Current lease liability	2,159,044	2,575,368
Balance, end of the period	6,649,567	7,322,458

11. INCOME TAX

The movement on the income tax provision is as follows:

	March 31, 2021	December 31, 2020
Balance, beginning of the period	515,593	-
Provision for the period	379,476	515,593
Balance, end of the period	895,069	515,593

The income tax expense on the statement of profit or loss represents the following:

	March 31, 2021	March 31, 2020
Provision for the period	379,476	-
Deferred tax asset	(21,122)	-
Income tax expense for the period	358,354	-

According to the Palestinian Investment Promotion Agency certificate issued on October 27, 2009, the Company was granted the right to benefit from the Palestinian Law for Encouragement of Investment. Accordingly, the Company is granted full exemption from income tax for a period of five years starting from the year in which the Company commenced its operations. In addition, the Company's taxable income will be subject to 50% of the nominal tax rate until December 31, 2030 (10% instead of 20%). During 2012, the Company agreed at the request of Palestinian Ministry of Finance to voluntarily defer the full income tax exemption for the years 2012 and 2013. Therefore, the full income tax exemption is extended until 2016. During 2017, the company has reached a clearance with the Palestinian tax department for the years 2009 to 2016. The company did not reach into a clearance for its business results for the years 2017, 2018, 2019, 2020 and 2021.

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12. REVENUE

Details:

	March 31, 2021	March 31, 2020
Telecommunication services	26,317,675	24,329,979
Others	970,994	1,405,050
	27,288,669	25,735,029

13. FINANCE COSTS

Details:

	March 31, 2021	March 31, 2020
Interest on loans and borrowings	281,766	386,423
Lease contracts interest in accordance IFRS (16)	102,372	124,147
	384,138	510,570

14. BASIC AND DILUTED EARNINGS PER SHARE

Details:

	March 31, 2021	March 31, 2020
Profit for the period	2,580,696	1,280,222
Weighted average number of shares	293,000,000	293,000,000
Basic and diluted earnings per share for the period	0.0088	0.0044

15. COMMITMENTS AND CONTINGENCIES

As at condensed interim financial information 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:

	March 31, 2021	December 31, 2020
Contracts and purchase orders	9,191,097	12,064,607
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 condensed interim financial information resulting from MTIT not fulfilling its obligations in relation with granting the Company access to Gaza and 3G frequencies amongst other things.

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16. 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	March 31, 2021	December 31, 2020
Due to related parties	Shareholders and affiliates	1,768,204	1,766,398

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

	Nature of relationship	March 31, 2021	March 31, 2020
Company's key management personnel compensation	Key management	448,822	429,745
Revenue from shareholders	Shareholders	2,351	2,818

17. SEGMENT REPORTING

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

	Telecommunication	Others	Total
March 31, 2021			
Revenues	26,259,553	1,029,116	27,288,669
Results of activities			
Profit for the period	2,554,802	25,894	2,580,696
Other information			
Depreciation and amortization	5,869,414	230,024	6,099,438
Capital expenditures	820,257	32,146	852,403
	Telecommunication	Others	Total
March 31, 2020			
Revenues	24,329,979	1,405,050	25,735,029
Results of activities			
Profit for the period	999,594	280,628	1,280,222
Other information			
Depreciation and amortization	5,779,468	333,763	6,113,231
Capital expenditures	4,101,776	236,877	4,338,653

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18. IMPACT OF COVID-19

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on our business and results has been minimal. The impact of COVID-19 on the telecommunication industry is insignificant compared to other industries like manufacturing and tourism sectors, as it's one of the necessary services for the people. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

For the non-financial assets, the Company has assessed the impact of the recent novel coronavirus (COVID-19) outbreak. Capital expenditure is expected to be broadly stable versus 2020. Up to the date of this Report, the outbreak has not had a material impact on the performance of the Company. However, the company will continue to monitor the situation closely, including the potential impacts on performance.

Due to the value of the telecom services, the telecommunication sector has been generally considered one of the least influenced sectors when it comes to the impact of COVID-19-related restrictions, such as stay-at-home orders and quarantine requirements, as it is recognized as an essential service. Also, the lockdown has not affected distributors, since distributors and points of sales (supermarkets) have not been shut down during the lockdown besides bakeries and pharmacies as they are considered essential to live, and therefore, the prepaid stream of revenue has not been significantly impacted by Covid-19. Because customers generally prioritize telecom services over other expenses, there was no decline in revenue, on the contrary, the revenue has increased.

Impact on Expected Credit Losses

The Company has considered the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. Considering all relevant factors in applying the ECL resulted in an additional provision as detailed in note (7) to the condensed interim financial information.

Liquidity management

The Company is not facing issues with collections from business since majority of its sales are prepaid. This does not create the need for additional working capital. Also, the Company limits its liquidity risk by securing bank facilities. It is worth mentioning that the company has higher operating cash flows for the three months ended March 31, 2021 compared to the three months ended March 31, 2020, and the company has positive cash projections.