Wataniya Palestine Mobile Telecommunication Public Shareholding Company (Ooredoo Palestine)

Condensed Interim Financial Information (Unaudited)
For the Nine Months Ended September 30, 2024

And Report on Review of the Condensed Interim Financial Information

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Report on review of condensed interim financial information

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

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 at September 30, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the three and nine months periods then ended, and condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine months period then ended and 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 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 Palestine Ltd Co.
License number 207/2012

Yacoub Alloun
License number 106/2012

October 22, 2024
Place: Ramallah, Palestine

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at September 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	43,144,478	48,824,404
Right of use assets	4	8,305,480	8,880,802
Intangible assets	5	36,372,994	40,337,066
Other non-current assets		345,715	342,833
Deferred tax asset		936,941	840,300
Total non-current assets		89,105,608	99,225,405
Current assets			
Inventories		1,136,881	827,796
Other current assets		3,200,937	2,714,737
Trade and other receivables	6	24,284,244	22,486,011
Income tax provision	10	151,882	-
Other bank balances	7	43,097,702	33,238,098
Cash and cash equivalents	7	69,480,591	61,717,269
Total current assets		141,352,237	120,983,911
Total assets		230,457,845	220,209,316
EQUITY AND LIABILITIES			
Equity			
Share capital	1	293,000,000	293,000,000
Share premium	1	11,610,000	11,610,000
Accumulated losses		(144,431,467)	(154,825,754)
Total equity		160,178,533	149,784,246
Liabilities			
Non-current liabilities			
Lease liabilities	8	4,768,002	3,643,132
Employees' benefit		9,369,412	8,403,003
Total non-current liabilities		14,137,414	12,046,135
Current liabilities			
Trade and other payables	9	49,840,820	48,714,496
Deferred income		3,209,923	3,695,485
Income tax provision	10	-	1,751,401
Lease liabilities	8	3,091,155	4,217,553
Total current liabilities		56,141,898	58,378,935
Total liabilities		70,279,312	70,425,070
Total equity and liabilities		230,457,845	220,209,316

- The accompanying notes from pages 7 to 22 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

		For the nine months period ended September 30,		For the three months period ended September 30,	
	Note	**2024 (Unaudited)**	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Revenue	11	**82,029,300**	83,801,511	**27,728,293**	28,131,179
Network, interconnect, and other operating expenses	12	**(37,403,102)**	(38,046,931)	**(12,950,288)**	(12,940,119)
Employees' salaries and associated costs		**(14,261,560)**	(13,738,592)	**(4,725,436)**	(4,345,984)
Depreciation and amortization		**(17,703,014)**	(17,607,429)	**(6,114,687)**	(5,949,669)
Finance cost	13	**(385,677)**	(479,858)	**(109,906)**	(146,351)
Finance income		**2,704,702**	1,799,441	**969,472**	664,173
Impairment of trade and other receivables	6	**(1,130,061)**	-	**(450,658)**	-
Impairment loss	14	**(2,434,441)**	-	**(565,474)**	-
Other gains / (losses) - net		**103,768**	(302,879)	**2,997**	(180,128)
Profit before income tax		**11,519,915**	15,425,263	**3,784,313**	5,233,101
Income tax expense	10	**(1,125,628)**	(1,438,790)	**(385,321)**	(508,422)
Profit for the period		**10,394,287**	13,986,473	**3,398,992**	4,724,679
Basic and diluted earnings per share from the period's profit	15	**0.0355**	0.0477	**0.0116**	0.0161

- The accompanying notes from pages 7 to 22 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the nine months period ended September 30,		For the three months period ended September 30,	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Profit for the period	**10,394,287**	13,986,473	**3,398,992**	4,724,679
Other comprehensive income for the period	**-**	-	**-**	-
Total comprehensive income for the period	**10,394,287**	13,986,473	**3,398,992**	4,724,679

- The accompanying notes from pages 7 to 22 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Accumulated losses	Total Equity
Balance at January 1, 2024	**293,000,000**	**11,610,000**	**(154,825,754)**	**149,784,246**
Total comprehensive income for the period	**-**	**-**	**10,394,287**	**10,394,287**
Balance at September 30, 2024 (unaudited)	**293,000,000**	**11,610,000**	**(144,431,467)**	**160,178,533**
Balance at January 1, 2023	293,000,000	11,610,000	(170,964,781)	133,645,219
Total comprehensive income for the period	-	-	13,986,473	13,986,473
Balance at September 30, 2023 (unaudited)	293,000,000	11,610,000	(156,978,308)	147,631,692

- The accompanying notes from pages 7 to 22 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

Condensed Interim Statement of Cash Flows

		For the nine months period ended September 30,	
	Note	2024 Unaudited	2023 Unaudited
Cash flow from operating activities			
Profit before income tax		**11,519,915**	15,425,263
Adjustments for:			
Depreciation of property and equipment	3	**7,647,408**	8,588,187
Depreciation of right of use assets	4	**4,102,748**	3,455,617
Amortizations	5	**5,952,858**	5,563,625
Impairment of trade and other receivables	6	**1,130,061**	-
Impairment loss	14	**2,434,441**	-
Provision for employees' benefits		**1,278,609**	1,124,466
Interest on lease liability	13	**350,677**	434,860
Finance income		**(2,704,702)**	(1,799,441)
Non-monetary items		**-**	(1,388,043)
Currency variance on cash and cash equivalents		**(271,093)**	-
Loss from the termination of lease contracts		**-**	18,519
(Gain) on disposal of property and equipment		**-**	(33,231)
		31,440,922	31,389,822
Change in working capital:			
Inventories		**(522,732)**	223,034
Other current assets		**(486,200)**	(281,895)
Trade and other receivables		**(2,383,826)**	866,895
Trade and other payables		**1,126,324**	(4,638,177)
Deferred income		**(485,562)**	(1,382,793)
Net cash inflow from operating activities before employees' benefits and income tax payments		**28,688,926**	26,176,886
Payments of employees' benefits		**(312,200)**	(917,369)
Income tax payments, net of currency differences	10	**(3,125,552)**	(1,381,215)
Net cash from operating activities		**25,251,174**	23,878,302
Cash flow from investing activities			
Payments for property and equipment		**(4,191,158)**	(4,138,435)
Payments for intangible assets	5	**(1,988,786)**	(1,343,030)
Proceeds from sale of property and equipment		**-**	85,676
Cash (used in) / from deposits with maturity of more than three months		**(4,166,029)**	2,910,866
Cash (used in) restricted cash		**(5,693,575)**	(48,818)
Net movement in other non-current assets		**-**	769,679
Finance income received		**2,160,234**	1,777,964
Net cash (used in) / from investing activities		**(13,879,314)**	13,902
Cash flows from financing activities			
Principal elements of lease payments, net of currency difference		**(3,528,954)**	(3,683,923)
Payments of interest on lease liability		**(350,677)**	-
Interests paid		**-**	(40,000)
Net cash used in financing activities		**(3,879,631)**	(3,723,923)
Net increase in cash and cash equivalents		**7,492,229**	20,168,281
Currency variance on cash and cash equivalents		**271,093**	-
Cash and cash equivalents, beginning of the period		**61,717,269**	59,368,485
Cash and cash equivalents, end of the period	7	**69,480,591**	79,536,766

- The above unaudited condensed interim financial information should be read in conjunction with the accompanying notes on pages 7 to 22.

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 was 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 September 30, 2024, was authorized for issue in accordance with the Board of Directors resolution on October 21, 2024. The accompanying condensed interim financial information was reviewed and not audited.

2. Summary of Material Accounting Policies

The principal accounting policies applied by the Company in the preparation of these condensed interim financial information are set below:

2.1 Basis of preparation

The condensed interim financial information of the Company for the nine months ended September 30, 2024, 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.

2. Summary of Material Accounting Policies (continued)

2.1 Basis of preparation (continued)

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, 2023. The results for the period ended September 30, 2024, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

2.2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of the condensed interim financial information for the Company are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2023, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Company:

The Company has applied the following standards, amendment, and interpretations for the first time for their annual reporting commencing on January 1, 2024:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7.
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

The above standards, amendments, and interpretation to accounting standards did not have any material impact on the Company's condensed interim financial information and did not require retrospective adjustments and there are no other standards, amendments or interpretations that became effective for the first time for the annual reporting period commencing 1 January 2024 and have a material impact on the Company.

2.3 Significant accounting judgments and estimates

The preparation of the condensed interim financial information in conformity with IFRS accounting standards requires the management to make estimates and assumptions. that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the condensed interim financial information as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the condensed interim financial information.

Going concern

The Company has considered the impact of the conflict in Gaza on the ability for the Company to continue as a going concern. The Company still runs the majority of its operations in the West Bank and accordingly derives the vast majority of the revenue, profit, and cash flows from the West Bank. The Company's unleveraged position means that management expects to be able whether any downturn in revenues and fund the rebuilding of assets when circumstances permit. Even if the conflict in Gaza persists into the future, the Company expects to be able to generate positive cash flows from its operations in the West Bank alone. Furthermore, the Company has an insurance policy that includes coverage against damage to assets

2. Summary of Material Accounting Policies (continued)

2.3 Significant accounting judgments and estimates (continued)

caused by war and expects to be able to make a claim under this policy to aid in funding reconstruction in the future. The Company continues to monitor the situation closely, including potential impacts on its operations. Any further escalation in the conflict impacting the business in Gaza may result in additional material impacts on the Company's future results and operations, but management does not expect that the conflict in Gaza will significantly endanger the Company's ability to continue as a going concern.

Impairment

In light of the situation in Gaza the Company had a number of its cell phone towers destroyed in the course of the conflict. The Company has taken the view that any towers substantively destroyed in their entirety can be assessed for impairment at the asset level and have no recoverable amount. These assets have been impaired in full. Other towers that have been damaged but not destroyed still form part of the single overall Cash Generating Unit (CGU) and cannot be tested separately. It would not be appropriate to make a provision for the future repair costs of fixed assets, so these damaged towers were tested for impairment as part of the single CGU. This impairment test included budgeted cash outflows for reconstruction.

The Company believes that there is only a single CGU because in normal times subscribers can move between Gaza and the West Bank and therefore the towers in Gaza do not generate cash inflows that are separate from towers in the West Bank. The results of the impairment test performed at the CGU level are set out in note 3.1.

Revenue recognition

Revenue recognition under IFRS 15 necessitates the collation and processing of very large amounts of data, use of management judgements and estimates to produce financial information. The most significant accounting judgements and source of estimation uncertainty are disclosed below.

Judgments in determining the timing of satisfaction of performance obligations

Per note 11, the Company generally recognizes revenue over time as it performs continuous transfer of control of these services to the customers. Because customers simultaneously receive and consume the benefits provided by these services and the control transfer takes place over time, revenue is also recognized based on the extent of service transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these services as well as the nature of its performance.
For performance obligations satisfied at a point in time, the Company considers the general requirements of control (i.e., direct the use of asset and obtain substantially all benefits) and the following non- exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

In making their judgment, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Company had transferred control of the goods to the customer. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs. However, the determination of obligations is, for the primary goods and services sold by the Company, not considered to be a critical accounting judgment.

2. Summary of Material Accounting Policies (continued)

2.3 Significant accounting judgments and estimates (continued)

Principal versus agent

Significant judgments are made by management when concluding whether the Company is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Company. The assessment requires an analysis of key indicators, specifically whether the Company:

- Carries any inventory risk;
- Has the primary responsibility for providing the goods or services to the customer;
- Has the latitude to establish pricing; and
- Bears the customer's credit risk.

Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its business partners. Scenarios requiring judgment to determine whether the Company is a principal, or an agent include, for example, those where the Company delivers third-party branded services (such as value-added services) to customers.

Determining the lease term

Extension and termination options are included in a number of asset leases across the Company. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension and termination options are included in several leases across various classes of right-of-use assets across the Company.

For leases of the assets, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial interim position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period are discussed below.

Impairment of non-financial assets

In addition to the judgment disclosed above in respect of the application of IAS 36 "Impairment of assets" to damaged and destroyed cell phone towers in Gaza, significant estimates were also made in determining the numerical amounts of the impairment loss recorded. Full details of these estimates are disclosed in note 3.1.

2. Summary of Material Accounting Policies (continued)

2.3 Significant accounting judgments and estimates (continued)

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property, and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. but it is not considered to be a significant risk of material adjustment to the carrying values of property and equipment in the period up to September 30, 2024, if these estimates were revised.

Intangible assets (license)

As set out in note 5 and note 16, the Company's telecommunication license was agreed for a fixed sum of USD 140,000,000 plus additional contingent payments of USD 214,000,000 based on growth in subscriber numbers. Certain other capping mechanisms were also included within the contract. However, the Company is of the opinion that the Ministry of Telecommunications and Information Technology (MTIT) did not comply with the license terms and as such the Company cannot be required to pay the full license fee of USD 354,000,000. In light of the fact that MTIT did not provide the relevant 2G and 3G frequencies on a timely basis and was not able to secure import permits for the necessary equipment, the Company does not believe that it is bound by the original contractual payment terms. The Company is in negotiations with MTIT in respect of the license and in light of the circumstances believes that this arrangement represents a potential liability of uncertain timing or amount within the scope of IAS 37. Furthermore, the Company is of the opinion that the significant underperformance on the part of MTIT, taken together with other capping mechanisms in the original contract, means that no additional amounts will be paid in respect of this license above and beyond the original USD 140,000,000 payment.

Calculation of loss allowance

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. The forward-looking estimates are Oil prices, unemployment rate, and inflation.

Functional currency determination

The Company is based and has its operations in Palestine. Palestine does not have any domestic currency. The majority of the Company’s sales are denominated in Israeli Shekels while cost is denominated in US Dollars. Thereby there are mixed primary indicators. However, the Company obtains funding for its operations in US Dollars and also retains the earnings largely in US Dollars. Therefore, the Company has concluded the US Dollar to be the functional currency of the Company.

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 unaudited condensed interim financial information does 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, 2023, which were prepared under IFRS accounting standards.

2. Summary of Material Accounting Policies (continued)

2.5 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company makes adjustments to its capital structure, in light of changes in economic and business conditions. No changes were made in the objectives, policies or processes during the period ended September 30, 2024. Equity includes share capital, share premium and accumulated losses amounted to USD 160,178,533 as at September 30, 2024, and USD 147,631,692 for the period ended September 30, 2023.

The Company's management reviews the capital structure of the Company on a semi-annual basis. As part of this review, the committee considers the cost of capital, and the risks associated with each class of capital. The gearing ratio as at September 30, 2024, and 2023 is 0%. The Company is in net funds position and therefore, has no net debt.

2.6 Fair value of financial instruments

Given that trade and other receivables, cash and cash equivalents, other bank balances, and trade and other payables have a short-term collection or payment period their book values are considered equal to their fair values.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

(All amounts expressed in US Dollar unless otherwise stated)

3. PROPERTY AND EQUIPMENT

	Network and infrastructure	Land	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Work in Process*	Total
Cost								
Balance as at January 1, 2024	131,820,625	3,952,800	17,982,487	2,974,611	9,593,701	280,889	5,081,601	171,686,714
Transfers from work in process	2,916,133	-	426,195	-	82,973	-	(3,425,301)	-
Additions	1,179,273	-	117,510	10,977	84,922	4,151	2,791,443	4,188,276
Disposals	-	-	(165,349)	(460)	(16,874)	-	-	(182,683)
Balance as at September 30, 2024	135,916,031	3,952,800	18,360,843	2,985,128	9,744,722	285,040	4,447,743	175,692,307
Accumulated depreciation and impairment								
Balance as at January 1, 2024	94,546,774	-	16,536,426	2,763,595	8,896,794	118,721	-	122,862,310
Depreciation for the period	6,794,458	-	544,875	76,387	204,060	27,628	-	7,647,408
Disposals	-	-	(165,349)	(460)	(16,874)	-	-	(182,683)
Impairment (note 3.1)	2,078,889	-	-	81,532	-	-	60,373	2,220,794
Balance as at September 30, 2024	103,420,121	-	16,915,952	2,921,054	9,083,980	146,349	60,373	132,547,829
Net book value:								
As at September 30, 2024	32,495,910	3,952,800	1,444,891	64,074	660,742	138,691	4,387,370	43,144,478

* Work in process relates to network expansions under construction.

(All amounts expressed in US Dollar unless otherwise stated)

3. PROPERTY AND EQUIPMENT (CONTINUED)

	Network and infrastructure	Buildings	Lands	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Work in Process*	Total
Cost									
As at January 1, 2023	128,263,292	2,241,082	1,662,552	17,213,686	2,944,748	9,591,303	279,403	4,174,570	166,370,636
Transfers from work in process	1,860,672	-	-	228,667	13,784	75,877	249	(2,179,249)	-
Additions	2,222,215	-	3,952,800	547,122	16,079	83,989	1,237	3,086,280	9,909,722
Disposals	(624,511)	(2,241,082)	(1,662,552)	(6,988)	-	(157,468)	-	-	(4,692,601)
Assets held for disposals	98,957	-	-	-	-	-	-	-	98,957
As at December 31, 2023	131,820,625	-	3,952,800	17,982,487	2,974,611	9,593,701	280,889	5,081,601	171,686,714
Accumulated depreciation and impairment									
As at January 1, 2023	80,787,929	168,081	-	15,475,930	2,580,008	8,746,101	81,911	-	107,839,960
Depreciation for the year	9,613,447	56,027	-	1,067,484	136,555	305,897	36,810	-	11,216,220
Disposals	(475,371)	(224,108)	-	(6,988)	-	(155,204)	-	-	(861,671)
Impairment (note 3.1)	4,620,769	-	-	-	47,032	-	-	-	4,667,801
As at December 31, 2023	94,546,774	-	-	16,536,426	2,763,595	8,896,794	118,721	-	122,862,310
Net book value									
As at December 31, 2023	37,273,851	-	3,952,800	1,446,061	211,016	696,907	162,168	5,081,601	48,824,404

* Work in process relates to network expansions under construction.

3. PROPERTY AND EQUIPMENT (CONTINUED)

3.1 Impairment

The situation in Palestine and specifically in Gaza continues to be unstable and unpredictable. As a result of the conflict, certain infrastructure of the Company has been damaged or destroyed either partially or fully and there were disruptions to the operation of many cellular transmission towers. The management has made an assessment that includes significant judgment to determine the amount of the impairment loss for the property and equipment, primarily cell phone towers.

As explained in Note 2.3, the Company in the first instance identified towers that were known to be substantively destroyed in order to impair these in full. As a completely destroyed tower clearly has no value in use or fair value, the recoverable amount was considered to be nil, tested at the asset level. While the Company is not able to freely visit and inspect all of its assets in Gaza at the current time, certain inspections have been possible. The Company is also able to identify towers that are definitely still working as traffic data from these towers can be observed at the Head Office in the West Bank. For the remaining towers that are offline, but the Company has not been able to visit, it cannot be assessed with certainty whether these towers are offline because power has been cut, the fiber optic communication line to the tower has been cut, or the tower has been destroyed. The Company has applied various estimation techniques to extrapolate the data about sites where information is available to sites that are offline and have not been visited. On this basis the Company has also fully impaired certain other tower sites that are presumed destroyed based on this and other publicly available information about the amount of destroyed buildings in Gaza. During the year ended December 31, 2023, an impairment of USD 4,620,769 was booked for destroyed towers. During the nine months period ended September 30, 2024, an additional impairment provision of USD 2,078,889 was booked (for the three months ended September 30, 2024 USD 565,474).

The Company's other property and equipment in Gaza is not as significant as the towers and there is no indication that any other assets are fully destroyed except for furniture and fixtures were impairment loss amounted to USD 81,532 was booked during the nine months period ended September 30, 2024. In addition to that, during the nine months period ended September 30, 2024, an impairment provision of USD 60,373 was booked for the nine months period ended September 30, 2024. To the extent that other assets are damaged and will require repair, their value is supported as part of the value in use impairment test described above. Repair costs will be charged to profit or loss in future years as expenditure is incurred. New towers to replace destroyed ones will be capitalized when built.

While a significant amount of estimation was required in determining the appropriate impairment loss to record, the Company believes that the approach taken has enabled it to determine an appropriate charge within the bounds of materiality.

(All amounts expressed in US Dollar unless otherwise stated)

4. Right of Use Assets

	September 30, 2024	December 31, 2023
Balance, beginning of the period / year	**8,880,802**	11,134,783
Additions	**3,527,426**	2,422,808
Depreciation for the period / year	**(4,102,748)**	(4,612,475)
Termination of lease contract	**-**	(64,314)
Balance, end of the period / year	**8,305,480**	8,880,802

5. Intangible Assets

	License*	**Software**	**Work in process****	**Total**
Cost				
Balance as at January 1, 2024	**140,000,000**	**37,079,047**	**1,862,976**	**178,942,023**
Transfers from the work in process	**-**	**397,813**	**(397,813)**	**-**
Additions	**-**	**1,813,054**	**175,732**	**1,988,786**
Balance as at September 30, 2024	**140,000,000**	**39,289,914**	**1,640,895**	**180,930,809**
Accumulated Amortization				
Balance as at January 1, 2024	**105,584,559**	**33,020,398**	**-**	**138,604,957**
Amortization for the period	**4,535,754**	**1,417,104**	**-**	**5,952,858**
Balance as at September 30, 2024	**110,120,313**	**34,437,502**	**-**	**144,557,815**
Net Book Value				
As at September 30, 2024	**29,879,687**	**4,852,412**	**1,640,895**	**36,372,994**
As at December 31, 2023	34,415,441	4,058,649	1,862,976	40,337,066

* The Company's telecommunication license was agreed in 2007 and commenced in 2009 when frequencies were first allocated to the Company in the West Bank. The terms of the license covered 2G and 3G in both the West Bank and Gaza for a total price of USD 354,000,000. An initial payment was made of USD 140,000,000 with additional payments to be made once certain subscriber numbers were reached.

However, the Ministry of Telecommunications and Information Technology ("MTIT") was not able to allocate the needed frequencies for 3G service in the West Bank, or any service in Gaza, for significant periods of time. MTIT was also unable to secure the necessary approvals for equipment entry to Palestine to facilitate the roll out of the network on a timely basis.

In light of the fact that the Company has not received access to all of the intangible rights for which they contracted, it believes that a large part of the license arrangement remains executory. MTIT has not provided all of the contracted rights, and the Company has not paid in full. Consequently, the Company has assessed what it believes is a reasonable fee for the license received bearing in mind the attributes that were substantially delayed and others that still remain undelivered. The Company was unable to launch its services as originally anticipated due to MTIT's inability to meet its obligation under the license by allocating the needed frequencies and securing the necessary approvals for equipment entry, which resulted in a delay of the 2G services by 3 years in West Bank and by 10 years in Gaza while the permissions and frequency needed to launch 3G services in Gaza are still pending.

** Work in process represents capitalization of significant changes in the functionalities in the existing software or additions of new major software purchased from third-party suppliers from which the management believes that the Company will have future economic benefits.

(All amounts expressed in US Dollar unless otherwise stated)

5. Intangible Assets (continued)

The Company's best estimate of the amount it will ultimately have to pay for the current license is USD 140,000,000 representing the amount already paid. The amount ultimately due will be determined through negotiations during 2024 with MTIT and could significantly vary from the amount provided.

During the previous years, the MTIT requested the Company to pay additional amounts for the license, though the Company's current best estimate shows that it will not be obliged to pay any additional amounts for the license other than what was already paid since it was unable to utilize all the benefits granted in the license agreement.

Given the facts mentioned above and based on the delays, the management believes that its previous estimate that was made by considering a provision amounting to USD 44,871,337 to provide for and present the estimated value of the license is incorrect and accordingly during the 2023 they have corrected it.

The Company is currently in discussion with the government authorities in this regard. The government will assign a third-party evaluator, and a conclusion is expected to be reached during 2024.

6. Trade and Other Receivables

	September 30, 2024	December 31, 2023
Trade receivables	**23,891,175**	17,014,654
Unbilled receivable*	**7,470,303**	8,989,466
Others	**990,863**	3,619,396
	32,352,341	29,623,516
Provision for impairment of trade and other receivables	**(8,068,097)**	(7,137,505)
	24,284,244	22,486,011

* The unbilled receivable is recognized as revenue in each related accounting period. Unbilled receivable represents the unbilled revenue rendered but not billed for postpaid sales and sales of goods.

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

	September 30, 2024	December 31, 2023
Balance, beginning of the period / year	**7,137,505**	6,936,289
Additions during the period / year	**1,130,061**	375,160
Currency differences	**(199,469)**	(173,944)
Balance, end of the period / year	**8,068,097**	7,137,505

7. Cash and Cash Equivalents and Other Bank Balances

For the purpose of the condensed interim statement of cash flows, cash and cash equivalents comprise the following items:

	September 30, 2024	December 31, 2023
Bank balances, short term deposits and cash on hand	**106,302,027**	94,372,676
Restricted cash	**6,276,266**	582,691
	112,578,293	94,955,367
Less (Other banks balances):		
Deposits with maturity of more than three months (i)	**(36,821,436)**	(32,655,407)
Restricted deposits (ii)	**(6,276,266)**	(582,691)
Cash and cash equivalents as per statement of cash flows	**69,480,591**	61,717,269

(All amounts expressed in US Dollar unless otherwise stated)

7. Cash and Cash Equivalents and Other Bank Balances (continued)

(i) The Company had deposits at local banks amounting to USD 105,560,037 as at September 30, 2024, and USD 93,893,593 as at December 31, 2023. Of the total deposits USD 36,821,436 as at September 30, 2024, are deposits with maturity of more than three months and USD 32,655,407 as at December 31, 2023.

(ii) Restricted deposits with banks are related to bank guarantees, and letters of credit.

8. Lease Liabilities

	September 30, 2024	December 31, 2023
Balance, beginning of the period / year	**7,860,685**	10,157,830
Interest	**350,677**	556,762
Additions	**3,527,426**	2,422,808
Termination of lease contract	**-**	(45,796)
Principle elements of lease payments	**(3,777,457)**	(5,130,712)
Currency differences	**(102,174)**	(100,207)
Balance, end of the period / year	**7,859,157**	7,860,685

	September 30, 2024	December 31, 2023
Current lease liability	**3,091,155**	4,217,553
Non- current lease liability	**4,768,002**	3,643,132
Balance, end of the period / year	**7,859,157**	7,860,685

9. Trade and Other Payables

	September 30, 2024	December 31, 2023
Accrued expenses*	**27,333,695**	21,999,475
Trade payables	**9,740,934**	13,996,434
Accrued project cost	**5,368,419**	5,332,845
Payroll accrued cost	**2,677,412**	3,377,753
VAT payable	**1,287,574**	354,926
Other payables	**3,432,786**	3,653,063
	49,840,820	48,714,496

* Accrued expenses mainly consist of accrued operating and other regulatory expenditures.

10. Income tax provision

The movement on the income tax provision for the period ended September 30, 2024, and the year ended December 31, 2023, is as follows:

	September 30, 2024	December 31, 2023
Balance, beginning of the period / year	**1,751,401**	3,863,202
Provision for the period / year	**1,326,401**	1,721,500
Payments	**(3,071,769)**	(3,545,337)
Income tax incentive	**(104,132)**	-
Currency differences	**(53,783)**	(287,964)
Balance, end of the period / year (assets) liability	**(151,882)**	1,751,401

(All amounts expressed in US Dollar unless otherwise stated)

10. Income Tax Provision (continued)

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

	September 30, 2024	September 30, 2023
Provision for the period, net of income tax incentive	**1,222,269**	1,459,500
Deferred tax asset	**(96,641)**	(20,710)
Income tax expense for the period	**1,125,628**	1,438,790

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 voluntary defer the full income tax exemption for the years 2012 and 2013. Therefore, the full income tax exemption is extended until 2016. The Company has reached a clearance with the Palestinian tax department for the years until 2022. The Company did not reach a clearance for its business results for the year 2023.

11. Revenue

	September 30, 2024	September 30, 2023
Telecommunication services	**76,864,078**	75,427,959
Others	**5,165,222**	8,373,552
	82,029,300	83,801,511
Recognized:		
Over time	**79,178,542**	78,234,924
At a point in time	**2,850,758**	5,566,587
	82,029,300	83,801,511

12. Network, Interconnect, and Other Operating Expenses

	September 30, 2024	September 30, 2023
Outpayment and interconnect charges	**11,832,042**	9,340,941
Network operations and maintenance	**5,135,968**	5,078,535
Rentals and utilities	**4,766,688**	3,996,579
Regulatory and related fees	**4,702,725**	4,763,722
Commissions of cards	**3,272,425**	3,901,646
Cost of equipment sold and other services	**2,741,344**	5,176,711
Marketing cost and sponsorship	**1,311,213**	2,210,348
Legal and professional fess	**155,673**	194,050
Other expenses	**3,485,024**	3,384,399
	37,403,102	38,046,931

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

(All amounts expressed in US Dollar unless otherwise stated)

13. Finance Cost

	September 30, 2024	September 30, 2023
Interest on lease liability	**350,677**	434,860
Other finance charges	**35,000**	44,998
	385,677	479,858

14. Impairment Loss

Impairment- tangible assets, inventory, and receivables

The Company has assessed the impact of the on-going conflict in Gaza on the inventory, trade and other receivables, and tangible assets. The Company has performed an assessment, accounted for the increased credit risk and estimated impairments. The Company has recorded an impairment loss of the estimated losses in Gaza for a total of USD 3,564,502 for the period ended September 30, 2024, as detailed below. The Company will continue to evaluate the quantitative impact on its financial statements as circumstances develop.

	September 30, 2024	September 30, 2023
Network and infrastructure - property and equipment (note 3)	**2,078,889**	-
Inventories	**213,647**	-
Furniture and fixtures - property and equipment (note 3)	**81,532**	-
Work in progress - property and equipment (note 3)	**60,373**	-
Reported as “Impairment loss”	**2,434,441**	-
Trade and other receivables (note 6)	**1,130,061**	-
Reported as “Impairment of trade and other receivables”	**1,130,061**	-
Total impairments arising from Gaza conflict	**3,564,502**	-

15. Basic and Diluted Earnings Per Share From The Period’s Profit

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. There were no potentially dilutive shares outstanding at any time during the year and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

	September 30, 2024	September 30, 2023
Profit for the period	**10,394,287**	13,986,473
Weighted average number of shares	**293,000,000**	293,000,000
Basic and diluted earnings per share for the period	**0.0355**	0.0477

(All amounts expressed in US Dollar unless otherwise stated)

16. COMMITMENTS AND CONTINGENCIES

As at the unaudited condensed interim financial information date, the Company has outstanding contractual commitments resulting from purchases, services, and construction contracts, as well as operating license of the Company.

Following is a summary of the outstanding commitments:

	September 30, 2024	December 31, 2023
Contracts and purchase orders	**17,250,544**	9,159,182
Operation License *	**214,000,000**	214,000,000

* As disclosed in note 5 to the condensed interim financial information, 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, the remaining amount of USD 214,000,000 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 estimates that this amount will not be payable to MTIT and therefore no provision for the same has been recognized.

In addition to the above, as disclosed in notes 3.1 and 14, the Company has detailed the impairment losses recognized as a result of the conflict in Gaza. The Company has an insurance policy that covers it against losses arising from war. In due course the Company expects to recover these losses from its insurer but at the present time it has not been possible to prepare and submit claims for the insurer's consideration. Consequently, recovery of these losses is not yet considered to be virtually certain and have not been recognized.

17. RELATED PARTY TRANSACTIONS

This item represents transactions carried out with related parties which include the Parent Company, shareholders who have significant influence over the Company and their subsidiaries, key managerial personnel and board of directors. Pricing policies and terms of these transactions are approved by the Company's management.

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

	Nature of relationship	**September 30, 2024**	December 31, 2023
Due to related parties	Parent Company	**403,867**	300,564
Due from related parties	Ultimate Parent Company	**2,284,529**	-
Due to related parties	Ultimate Parent Company	**13,064**	-
Right of use assets	Subsidiaries of a shareholder having significant influence over the Company	**1,541,788**	-
Lease liability	Subsidiaries of a shareholder having significant influence over the Company	**1,389,765**	-
Due to related parties*	Subsidiaries of a shareholder having significant influence over the Company	**-**	1,569,248

(All amounts expressed in US Dollar unless otherwise stated)

17. Related Party Transactions (continued)

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

	Nature of relationship	September 30, 2024	September 30, 2023
Company's key management personnel compensation and Board of directors' compensation - short term	Key managerial personnel and Board of directors	**983,103**	1,105,913
Company's key management personnel - Post employment benefits	Key management	**58,303**	76,815
Telecommunication services revenue	Ultimate Parent Company	**6,136,182**	-
Revenue from shareholders	Shareholders	**6,314**	4,902
Outpayment and interconnect charges	Ultimate Parent Company	**255,925**	-
Interest on lease liability	Subsidiaries of a shareholder having significant influence over the Company	**63,497**	-
Depreciation expense on right of use assets	Subsidiaries of a shareholder having significant influence over the Company	**513,930**	-

* These amounts represent the net amounts receivable / payable from related parties related to sell/purchase of property and equipment with related parties at arm's length (due in 35 days) in 2023.

18. Segment Reporting

The Company has a single operating and reportable segment "Telecommunication services" because the Board (Chief Operating Decision Maker) reviews performance of the Company only as a whole and not on a segmental basis. The Company is a mobile telecoms operator in Palestine only so there is no segmental information to disclose.