مجموعة الاتصالات الفلسطينية

PALTEL GROUP

Annual Report

2019

The Story of Giving Continues

مجموعة الاتصالات الفلسطينية

PALTEL GROUP

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2019

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2019 in Brief

About Paltel Group

Key Milestones

Key Performance Indicators 2019

Chairman’s Letter

CEO’s Letter

About Paltel Group

Vision

As a market leader in Palestine, we are committed to remain the first choice for our customers in the telecommunication services by adhering to our values and principles, following the highest standards in management practices, and taking care of our customers as well as providing the best telecommunication services in Palestine in order to maintain our pioneering position as a leading telecommunications group in the region.

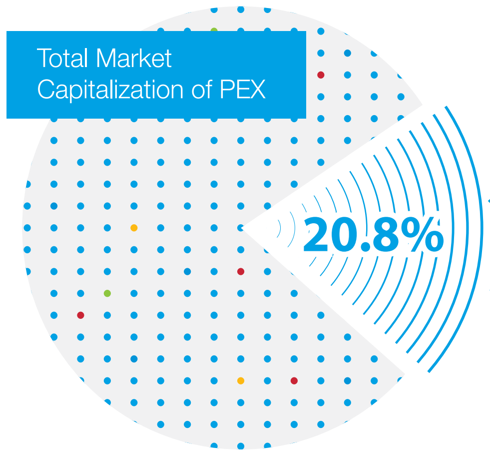
Since 1995, Paltel Group has kept on its success journey represented by the quality of top-notch services, the returns of its investments, and its role in developing both the Palestinian economy and society. As the first and largest provider of telecommunication services in Palestine, Paltel Group has been working towards developing its businesses and keeping up the latest infrastructure in information technology and communication technologies despite the numerous obstacles that affects its operations since its establishment.
As part of its endeavor to provide better services to Palestinian individuals and institutions and to expand the Company's operations in order to enhance its financial position, Paltel Group established the first data center of its kind nationwide through the Palestine Telecommunications Company (Paltel) last year and opened the second data center in Al-Bireh City, as part of is expansion plan, to provide the highest level of services. For this purpose, Paltel Group is still working on developing the network and 3G services through the Palestine Cellular Communications Company (Jawwal) and maintaining the quality of services provided by both Hadara Technology Investment Company (Hadara) and Reach Communication Services Company (Reach). As for diversifying income and empowering the Company's financial performance, Paltel Group acquired additional 25% stake in Jericho Gate for Real Estate Investment Company to become a subsidiary of Paltel Group with an ownership of 75%. It also initiated the establishment of the Innovation Hub (Fikra) to support, develop, and invest in pioneering and promising ideas that can make a difference in various fields and worldwide.
In spite of political and economic challenges faced recently, Paltel Group has always been steady and stable on terms of its financial position through achieving historical profits, while its investment policy has been a systematic pattern aiming at empowering financial and operational performance. Moreover, Paltel Group has continued to serve the largest employment capacity in the private sector. It is worth mentioning that Paltel Group distributed dividends of 768 million Jordanian Dinars to shareholders since its establishment.

بـوابـة أريـحـا
JERICHO GATE

Jericho Gate for Real Estate Investment Company is the first project of its kind in terms of creating an integrated lifestyle.

Paltel Data Center Opening in Al-Bireh

Being the largest and pioneer economic leader in Palestine, Paltel Group has maintained its position as the largest company listed on Palestine Stock Exchange with market value of $780 million as of 31/12/2019, which accounts for 20.8% of the total market capitalization of Palestine Stock Exchange.



Paltel Group is the largest employer in the private sector employing

2,719
Direct Employees

Since its establishment Patel Group contribution to the treasury of the Palestinian National Authority amounts to approximately

1.7
Billion US Dollars

including licenses, taxes and government fees on revenues.

It also has given top priority to its responsibility towards Palestinian society, and the establishment of Paltel Group Foundation for Community Development in 2008 was, therefore, an important milestone for both the Group and the Palestinian community, as the Foundation is continuing to support emerging projects, providing educational scholarships, and introducing Palestinian youth to the information technology sector to support Palestinian talents and prepare the to find their way towards global opportunities through self-financing from the Group's subsidiary companies.

Patel Group invested 83 million Jordanian dinars in the Palestinian society and economy since its establishment.

The Group's investment in social responsibility
83 Million Jordanian Dinars
since 2005

مجموعة الاتصالات الفلسطينية
PALTEL GROUP

Main Group Companies

Paltel

Palestine Telecommunication Company, leader of Telecommunication and Information Technology sector in Palestine.

Jawwal

Palestine Cellular Communications Company, the first mobile operator and 3G services in Palestine.

Hadara

Hadara Technology Investment Company, the largest internet service provider in Palestine.

Reach ريتش

Reach Telecommunication Services Company, the first specialized communication center in Palestine.

بوابة أريحا
JERICHO GATE

Jericho Gate for Real Estate Investment Company is an integrated real estate project and the first of its kind and size nationwide.

PalTel Group Foundation
مؤسسة مجموعة الاتصالات للتنمية

The Development Arm

Paltel Group Foundation For Community Development is the Group Local Non-Profit ;Development Organization

Fikra
Paltel Group Innovation Hub

Paltel Group Innovation Hub

Group Values

Transparency and Sustainability

Applying standards of transparency, accountability and governance in all our businesses and projects, aiming at implementing our vision and strategy, in accordance with the best standards, so to ensure sustainability in our services and communal orientations.

Integrity and Honesty

Keeping promotion of confidence amongst ourselves, shareholders and partners by taking into account the values of integrity and honesty, in order to continue strengthening our plans, moving confidently towards achieving growth so as to maintain the rights of our shareholders, as well as the rights of our employees and subscribers.

Strengthening internal Capacities

Developing professional capabilities of all Group staff so as to enable them contribute into the construction process in order to serve our customers, shareholders and society by investment in youth capacities.

Quality and Excellence in our services

Always striving to learn, utilizing our expertise and the global experiences, to provide quality services, innovate leading solutions based on a comprehensive view, overview the technological future, with flexible capability of continued adaptation to the Palestinian reality.

Subscribers' Satisfaction

Understanding the customer needs, exerting our best endeavors to maintain their trust by focusing on the quality services, doing more to achieve excellence in meeting their needs, and responding to their technical and economic needs.

Ethics & Principles

Committed to business ethics, professional assets, and deriving our principles from the ethics of our Palestinian society, being the basis of our business, and a beacon of our future tendencies.

Commitment to Social & National Responsibility

Committed to social responsibility for sustainable development, our national responsibility to build a prosperous technological future by strengthening the ICT sector in Palestine.

Building Towards a Digital World

We aspire to collaborate with every citizen and enterprise in Palestine to mutually build the technological future in Palestine.

Key Milestones

1995
Incorporation of the Palestinian Telecommunications Company "Paltel"

1996
Obtaining License from PNA

1997
Listing of Palestine Telecommunications shares in Palestine Stock Exchange

1999
Commercial launch and operation of Jawwal cellular network

2005
Establishment of holding company "Paltel Group"

Establishment of Hadara, a subsidiary company of Paltel Group

Jawwal overcame challenges to import equipment into the country and located its main switches in London

Implementation of social responsibility programs, as part of Paltel Group's corporate social responsibility

2006
Established VTEL; the international investment arm of Paltel Group

2007
JAWWAL exceeds one million subscribers

1,000,000 Subscribers

2008
Establishment of Paltel Group Foundation For Community Development

2011
Listing Paltel share on the two indices of "Standard and Poors" for Arab Federation of Exchanges and "Dow Jones" for the federation of Euro-Asian Stock Exchanges

2012
Partnership between the Paltel Group and TTI Company, one of the subsidiary companies within the Turk Telecom International, as the first direct and independent Palestinian network connection through sea cable

2016
License renewal of Palestine Telecommunications Company (Paltel) and Palestine Cellular Communications Co. (Jawwal) for the next 20 years

2018
JAWWAL launches 3G services on the West Bank

Opening First Data Center of its kind in Palestine - Nablus City

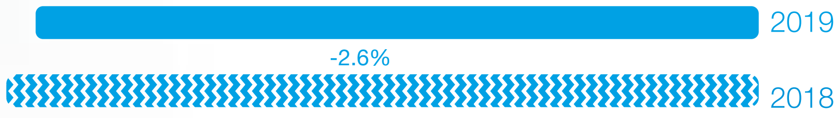
2019
Opening of Paltel second data center in Al-Bireh

Launch of Paltel Group Innovation Hub (Fikra) to support entrepreneurial companies and invest in them

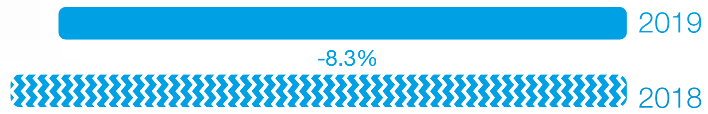
Acquisition of additional stake in Jericho Gate Company to become a subsidiary company

Key Performance Indicators 2019

Operating Revenues
297.6
Million JOD

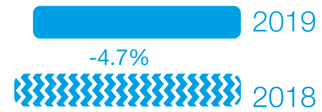


Gross Profit
238.5
Million JOD

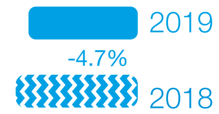


EBITDA
114.8
Million JOD

Net income attributable to parent company shareholders
64
Million JOD



Earnings Per Share (EPS)
0.486
JOD



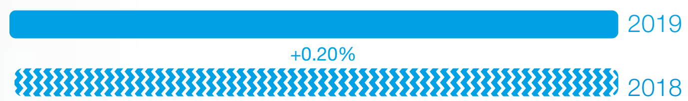
Number of Fixed Lines — **467** Thousand Lines

Number of Mobile Lines — **3.01** Million Lines

Super-Fast Internet Lines — **363** Thousand Lines

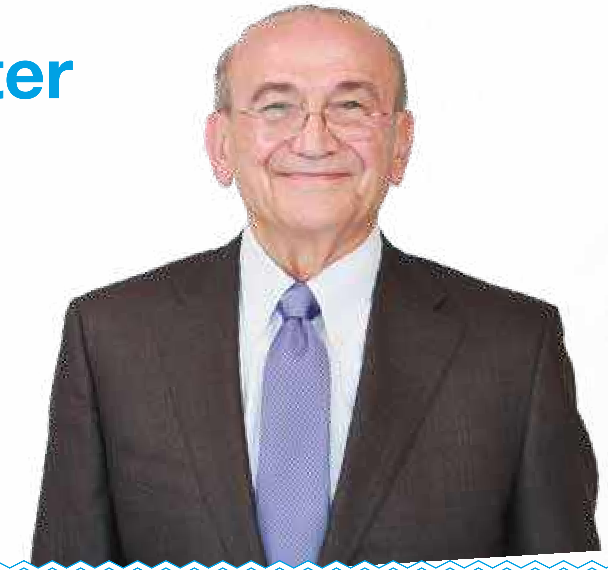
Total number of Subscribers — **3.841** Million Subscriber

+0.20%
+0.20% compared to end of 2018



Growth Rate in total number of Subscribers

Chairman's Letter



I'm pleased to submit Paltel Group's annual report to shed another light on Paltel Group's journey, and celebrate a year of success and creativity. We are steadily moving towards achieving our established goals to remain at the top of the Palestinian economy.

Dear Shareholders;

Paltel Group has been always committed to provide you with detailed updates on the annual achievements carried out by Group over the past twenty-four years. We are pleased to adopt the slogan "The Story of Giving Continues" on both theoretical an practical levels. Paltel Group accounts for the most distinguished giving contributions the same as you are also distinguished by holding the shares of this prominent economic institution. Our shareholders, therefore, are considered the most trusted shareholders among other institutions, despite the complex fluctuations in our region and the effects of such fluctuations on investment.

Such trust and confidence in our Group and shareholders did not come out of the blue, but rather thanks to the investment policies and the right decisions taken by the Board of Directors and the executive management and its teams to seize all successful opportunities and avoid risks and adventures in order to maximize your revenues and profits. All of such achieved by our vision of moving forward in a steady pace and putting up long-term strategies.

Sustainability and Creating Investment Opportunities

Since starting its economic and investment activity in Palestine, Paltel Group has been synonymous for vital and self-innovation, and has believed in alternative opportunities to maintain a strong leadership position in the economy. It has enhanced its ability to add financial and moral value to shareholders, through continuous innovation and upholding the spirit of challenge which is clearly reflected in all of our investment programs, out of our faith in Palestinian human resources and young capabilities that keeps sustainable creativity, awareness of the concepts and values of innovation and creativity, and the ability to apply such in a manner that can be translated into financial revenues.

This approach is the most pivotal crossing point to achieving sustainability and improvement of production processes through high efficiency, motivating innovators, and timely correcting mistakes. This aims at preserving Paltel Group's companies identity which was acquired over the previous years, enable them to use multiple investment opportunities, and maintain the level of service provided with high efficiency, without losing sight of technological advancements and utilizing and harnessing such technological advancements on ground to enhance the Paltel Group role as a pioneer in the Palestinian economy.

Key Achievement of Paltel Group Companies

Paltel Group is the largest investment hub and each of its companies has maintained its own footprint by providing the best service to subscribers, to be at the forefront of the competitive companies in sector, through setting work plans, designing its programs and services to meet the needs of its customers, and the ability to transform those needs into service programs, at both individual and institutional levels.

The Group companies therefore kept their pioneering position supported by confidence of their customers through regularly communicating with them, listening to their comments carefully and taking them seriously, in order for the service to meet the needs of the Palestinian citizens.

4G Services is our Inspiration

Paltel Group launched 3G frequencies in the West Bank governorates during the last two years, after many years of delay due to the Israeli procedures and withholding the necessary frequencies to operate this service. Our Gaza Strip people are still deprived of using this service. We has been working over the last two years to provide the best services at the most appropriate prices, by strengthening our networks to reach citizens everywhere so that subscribers can enjoy all benefits of this service.

At the same time, we are seeking to obtain 4G and 5G frequencies at the earliest time, as it is unreasonable that the developed world is preparing to launch 5G services while we are still deprived of the 4G services. In this context, Paltel Group continues liaison with the competent authorities to use our rights as Palestinian companies and liberate them from the grip of the occupation.

The Elements of our Success

Achieving financial returns and good profits are pivotal for any investment, but this should not be the ultimate goal. Successful investments should touch the concerns and suffering of its people, and must be a partner in finding solutions for them. Paltel Group realized that by dedicating a private institution to social responsibility and launching various initiatives in different areas of community work, through supporting small projects for "hidden" families, offering grants to undergraduate students, supporting women's empowerment projects, and contributing to support some health projects and public service centers of municipalities and local councils, as well as many other small projects that provided a decent life to many Palestinian families in the West Bank and Gaza Strip. This is in addition to the educational institutions including schools and universities, under the slogan "Palestine deserves" .... and Palestine really deserves.

Sabih T. Masri
Chairman

CEO’s Letter

Dear shareholders,

It gives me great pleasure to communicate with you as we all share a part of Paltel Group's name, the pioneer of the national economy, the largest operator in the Palestinian private sector, and the owner of the most stable share nationwide. As you would expect, Paltel Group is at the top of Palestinian private sector, and its management and teams continue to look for various investment opportunities that will enhance the independent Palestinian economy and achieve the best returns and revenues for shareholders, despite all the uncertainty and turnovers the region is facing which add more complications to any investment.

Exceptional Circumstances

As you are aware, Palestinian people faced complex circumstances in 2019, as well as many obstacles and challenges that Israel puts in our way to hinder investing in the Palestinian market. This was clearly evident as the Israeli occupation decided to pirate our Palestinian people's money which disadvantage local economic balances. This necessitates us to unite with the aim of protecting our achievements and institutions, preserving rights of our shareholders, and achieving the revenue possible for those rights.

The Palestinian private sector had not been immune from Israeli occupation's measures which continues its illegal activity to violate the Palestinian market and distribute SIM cards of its companies in various governorates which accounts for more than half a million in the Palestinian market, in addition to developing the infrastructure to strengthen its networks in the Palestinian territories with Israeli government's support.

In this context, Paltel Group have been working on preparing a comprehensive plan to address this issue, by supporting beneficiaries of our services in line with the directions of the leadership and the government that addressed the private sector institutions to take a set of measures to alleviate the burden on beneficiaries' shoulders, and at the same time preserve shareholders’ rights and revenues. This is in addition to addressing all relevant international bodies, continuing liaison with the Palestinian National Authority and the local community, implementing the strategic plan for the Group’s management, working to continuously enhance quality, and aligning prices to maintain the Group’s subscriber base and beneficiaries of its services.

Outstanding Investments at all Levels

Paltel Group exceeded expectations through different successful investments at various levels during the past year, by launching Paltel Group's data center project, the first of its kind in Palestine and the latest one in the region. The project will provide servers for the Palestinian business sector and public sector institutions. In doing this, Paltel Group did not lose sight of the creative development side and it, therefore, opened Paltel Group Innovation Hub (Fikra) to support emerging Palestinian creative energies, initiatives and projects and encouraging them to moving forward towards innovation.

Jericho Gate

A dream project that Paltel Group undertook the responsibility to develop as part of strengthening its investment strategy and diversification to be one of the Group's successful investment projects. The project is expected to increase tourist attraction to the city of Jericho and be its gateway towards development and prosperity. The project reached advanced stages recently.

New Achievements Every Day

This is not just a marketing slogan, rather, it is an approach Paltel Group pursues. Two years ago, we retrieved 3G, and our teams were fully responsible towards your confidence and trust. Therefore, Paltel Group was able to maintain the lead, and our 3G services were competing with the 4G services provided by Israeli companies. Such services become essential for Jawwal users, especially as best services and highest quality are balanced with best prices.

Today, we are preparing for a new round to recover all of our rights, as is the case in all global telecommunications companies in order to provide 4G and 5G services. We are aware that the Israeli companies and government will not stand idly by, and we are ready for this round, while maintaining the level and diversity of the Group’s investments in a way that ensures revenue and returns flow to investor shares. Paltel Group seeks to focus on the most feasible investment on the one hand and will not compete with small companies nor acquire their market shares on the other hand.

Our Social Responsibility

Paltel Group continues to adopt the same policy towards the Palestinian society, despite the surrounding circumstances. It endeavors to achieve its mission aiming at transforming “social responsibility” from a relief-related work into a sustainable developmental work, adopt entrepreneurial initiatives and ideas, and transform them into projects. This aims at securing a decent life for poor families, as well as offering scholarships to thousands of university students in various disciplines in Palestinian universities in order to provide study opportunities for students who suffer from economic conditions that prevent them from completing their university studies. This is in addition to other educational initiatives and development programs in the West Bank and the Gaza Strip and Jerusalem alike, financing and sponsoring service centers of local councils and municipalities, and supporting health institutions in order to make it easier for citizens who need these services.

In conclusion, allow me to extend my sincere thanks to the Chairman and members of the Group’s board of directors and to the Group's shareholders and all our partners in our journey of success. I reiterate my thanks and appreciation to all the executive teams for their dedication and untiring efforts in the leadership and achievement of the Board of Directors' vision to achieve the goals and aspirations of our shareholder. Thanks will also be extended to all customers for their confidence and choice of our services.

Ammar A. Aker
Chief Executive Officer

Our Group

The Story of Giving Continues

Members of the Board of Directors

Executive Management

The Story of Giving Continues ..

Paltel Group went through an inspiring journey of unlimited giving and loyalty that overcomes all restrictions and obstacles and adds value along two and a half decades to constitute the first economic edifice throughout the region, the largest operator in the country, and the pioneer of social responsibility.

Just as the state of Palestine become on the map of the international community, its sons from various fields rushed forward to establish the institutions that unify that state and help it cross the time. The vision of Mr. Sabih Al-Masri, Chairman of the Group's Board of Directors, therefore, aimed to extract the Palestinian identity in the field of telecommunications, and end any dependency on Israeli telecommunications services, which was highly appraised and recognized by martyr President Yasser Arafat. By efforts and efficiency of persons in charge, Paltel Group became a solid reality, which meets the needs of the Palestinian people in every inch of the West Bank and Gaza Strip, through relying on all its teams and departments using Palestinian competencies, capabilities and expertise. Paltel Group is now the largest operator in the local market.

The success path that the group took in close association with its companies was not an easy, as the occupation turned it into a field of mines in every sense of the word. We took the challenge without any hesitation, and the Israeli occupation started its war against the idea from the first moment, through placing obstacles on entry of necessary equipment for operation, continuous penetration of the local market, and withholding the 3G frequencies that we were able to recover subsequent to major battles, ended by the Israeli government allocating large budgets to expand the services offered by Israeli companies in Palestine in a way that violates the law.

In spite of all these obstacles, Paltel Group is shaping the dream of the Palestinian people, by extracting its rights, achieving success in building and giving, taking the lead for new achievements every day, and providing its services with unparalleled dedication. Today, Paltel Group offers telecommunication services, on top of which are the 3G services, managed by Jawwal's teams technologically and professionally. This is in addition to internet services, the accumulated achievements by Hadara Company which are benefiting our subscribers, fixed line services, and the achievements of Paltel Company, which culminated recently in the opening of data and information centers to offer its services to institutions and individuals.

Due to scarcity of investment opportunities in telecommunications sector, and developments achieved in this sector which resulting profits, the Group's board of directors and the executive management aimed to investment diversification, as is the case in the Jericho Gate project, projects supporting leadership and youth and invest in their initiatives and ideas through the Innovation Center "Fikra", and other investments aiming exclusively to maintaining the investor's money and the level of returns.

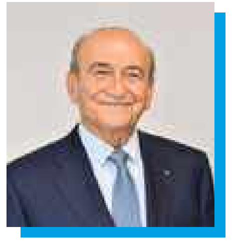
Investment in state of uncertainty and ambiguity, the exceptional turns in the Palestinian case, and the state of instability in the global business sector increase the risks surrounding the Palestinian economy and put it in very sensitive crossroads, either to escape and resort to a safer environment, or move forward with our deep belief in our national right hand in hand with competency of our cadres and their ability to turn crises into investment opportunities, coexist with these risks, and leading the investments to safe shores. All of this enhances our reassurance and confidence that we invest in the future and build our country properly.

This entails us to send a message to the group's shareholders in particular, and its customers in general, that Paltel Group's share proved immune for nearly twenty-five years and achieved financial returns increase its strength, and at the same time enable the Group's companies to grow and expand which eventually resulting in more manpower, supporting more university graduates, and contributing to reducing unemployment.

In light of regression witnessed in the Palestinian life conditions due to the Israeli occupation policies, Paltel Group took the lead to extend strong hands to the society it works from within, accumulated in establishing Paltel Group Foundation for Community Development, which carried out various charitable initiatives in the governorates of Palestine from Rafah through Jenin to Jerusalem, the capital of the Palestinian people, with aim of targeting hidden families, community institutions, service institutions, entrepreneurial initiatives, and university scholarships, out of its belief of the necessity to move away from relief assistance to sustainable development.

> In conclusion, Paltel Group believes that Palestine and the Palestinian people deserve bright future to enter the developed world and advance to a better tomorrow.

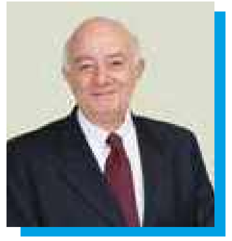
Members of the Board of Directors



Mr. Sabih Masri – Chairman of the Board

Mr. Sabih Masri is the Founder and Chairman of the Arab Supply and Trading Co. (ASTRA Group) since 1966, which is a corporation that works in multiple fields in Saudi Arabia, Jordan, and the United Arab Emirates. The activities of the Group cover agriculture, commercial, contracting and construction, health, manufacturing, plastic, telecommunications, hotels, and banking sectors. Mr. Masri is the chairman for the following companies: Arab Bank, Astra Industrial Group, Zara Investment Holding Co., Sikon Construction Company, and Paltel Group, which he joined its board of directors in 1999. In addition, he is the Chairman of AnNajah University's Board of Trustees in Nablus, Palestine, and a member in the Board of Directors of Palestine Development and Investment Company (PADICO) and Fahad Bin Sultan University. Mr. Masri graduated with a Bachelor's Degree in Chemical Engineering from the University of Texas in Austin, USA.its board since 1999. He is also a member of the Board of Directors of Palestine Development and Investment Company (PADICO) and the Board of Trustees of Fahd Bin Sultan University. Mr. El-Masri holds a Bachelor Degree in Chemical Engineering from the Texas University, Austin, USA.

Mr. Ghiath Sukhtian – Representative of GMS Holdings Co.



Mr. Ghiath Sukhtian is the Chairman of GMS Holdings, an investment company that manages its investments in various geographical areas and economic sectors, including pharmaceuticals, telecommunications, construction, oilfield services, and agriculture. In regards to the pharmaceutical industry, Mr. Sukhtian is the Founder and Chairman of MS Pharma Inc. Mr. Sukhtian is the chairman of several pharmaceutical companies, such as Tabuk Pharmaceutical Industries in Saudi Arabia, Stelis Pharmaceuticals in the United States, and Stelis Company in India. In addition, he is a founding member of Paltel Group, Astra Industrial Group in Saudi Arabia and Ogier Electronics. In addition, he is also the chairman of the Microfund for Women in Jordan. Mr. Sukhtian received his education at the American University in Beirut and the University of Houston, USA with a degree in economics.

Mr. Leith Masri - Representative of the Palestine Development and Investment Co. (PADICO)

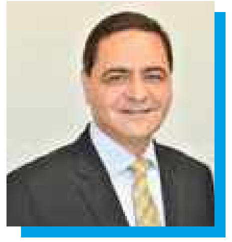
Mr. Leith Masri is a Founding Partner of Foursan Group, a leading Middle Eastern investment firm which was established in 2000 and manages private equity funds that take significant equity positions in accelerated growth companies in the Levant and North Africa. Previously, Mr. Masri was with the Blackstone Group in New York, a global private equity house specialized in alternative asset investing. Mr. Masri is the Chairman of Estarta Solutions (a pioneering firm in the MENA IT sector), and a Director of Foursan Capital Partners I, Mr Masri is also a board member at Paltel Group which he joined its board of directors in 2001, as well as being a Trustee of Medical Aid for Palestinians. Mr. Masri is an attorney admitted to the New York Bar. He received his Juris Doctorate in Law and Masters of Business Administration from Stanford University, and a Bachelors of Arts in Economics from Harvard University.

Mr. Talal Nasereddin – Representative of Birzeit Pharmaceuticals

Mr. Talal Nasereddin is the Chairman and Chief Executive Officer of Birzeit Pharmaceutical Co., he is also one of the founders and the Chairman of The National Bank (Al Rafah Microfinance Bank previously) established in 2005. Mr. Nasereddin is the Chairman of Abraj Real Estate Investment Company, Petropal for Mineral Oils Company, Lotus for Financial Investments, and the Vice Chairman of the Palestine Islamic Bank. In addition, Mr. Nasereddin is a member of Paltel Group's Board of Directors since 2004. He is also a member of the Palestinian Electricity Company Board and a member of Mar Yousef Hospital Board. Mr. Nasereddin was a member of Palestine Investment Fund Board of Directors (PIF) between the years 2002 - 2006 and was the head of the Conflict Resolution Committee, besides being a member of the Investment and Nomination Committees. Additionally, he was a board member of the Palestinian Monitory Authority (PMA) between the years 2002-2006. Mr. Nasereddin has also established the Palestinian Federation of Industries (PFI) and was its President until 2003; he also contributed to the establishment of Palestine Trade Center (Paltrade) in 1997 as well as the Palestinian Businessmen Association (PBA) in 1998. Mr. Nasereddin obtained a Master's Degree in Chemistry from the American University of Beirut (AUB) in 1974

Mr. Sharhabil Elzaeem – Representative of Palestine Development and Investment Company (PADICO)

Mr. Sharhabil Al-Zaim assumed various managerial positions in several countries, during which he acquired extensive experience in various fields, most importantly law, political and commercial negotiations and conflict resolution. Mr. Al-Zaim is currently the Chairman of "Atfaluna Association" for children with hearing disabilities, and Development Association of Al-Rimal Northern Neighborhood, besides being the Vice Chairman of Women's Affairs Center, and a board member of Gaza Sports and Community Club. Mr. Al-Zaim is also the founder and the President of AlZaeem & Associates Firm for Law & Legal Consultancy. He is a member of Paltel Group's Board of Directors since 2004. In addition, he is a member in the Board of Directors of Palestine Electric Company, Palestine Power Generation Shareholding Ltd Company, and Palestine Industrial Estate Development & Management (PIEDCO). Mr. Al-Zaim holds two Master Degrees, Masters of Law from Al-Azhar University in Gaza in 2007, and a Masters of American Studies from Al-Quds University, Abu Dees in 2008. Mr. Al-Zaim had received his Bachelor's Degree in Law from Alexandria University in 1982 and had studied Alternative Conflict Resolutions in the International Center for Arbitration in Texas in 1997.



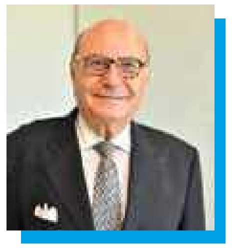
Mr. Samir Hulileh - Representative of Palestine Development and Investment Co. (PADICO)

Born in Kuwait on 1957, Mr. Samir Hulileh is one of the Palestinian businessmen with great experience in the Palestinian economy. He graduated as an economist from the American University of Beirut (AUB) with a master's degree in 1983. He held various administrative positions in public and private sector, including Cabinet Secretary General during 2005-2006 and the Assistant Undersecretary for the Ministry of Economy and Trade (1994-1997). In addition, he held various positions in private sector institutions and civil society, most recently the CEO of PADICO Holding for the period 2008-2017. Mr. Samir has been a member of Paltel Group's board of directors since 2008 until now.

Mr. Basil Abdel-Nabi – Representative of Arab Bank PLC

Mr. Basil Abdel Nabi is the Director of Information Systems (EVP) at the Arab Bank since 2007, in addition to holding managerial positions in information systems management at the bank since 2002. Mr. Abdel Nabi assumed several managerial positions in the past, including the position of Senior Manager at Andersen Business Consulting at which he worked as a Certified Information Systems Auditor, in addition to business consulting, Implementation of digital solutions, designing data and technical strategies for banks and other sectors. Mr. Abdel Nabi also worked as a Manager of Technology and Information Systems Group at the Saudi Standards and Equipment Company, and Manager of the Computer Center at the Pacific Medical Laboratories in California, USA. In addition, Mr. Abdel Nabi is a board member of Arab Gulf for Technique in the United Arab Emirates, and Paltel Group which he joined since 2008 as well as Arab Islamic International Bank which he joined its Board since 2016.
Mr. Abdel Nabi holds a Master's Degree in Business Administration from Leicester University in the United Kingdom, and a Bachelor's Degree in Engineering from (CSUF) University in California, USA; and he graduated from high school in Paris, France.

Mr. Zahi Khouri - Representative of Al-Maseera International Co.



Mr. Zahi Khouri is the Founder, Chairman, and CEO of the National Beverage Company (Coca-Cola/Cappy) in Palestine. Mr. Khouri holds a number of executive positions and Board Memberships of many economic institutions, including Palestine Development & Investment (PADICO Holding), Jerusalem Development and Investment Co (Jedico), Al-Quds for Tourist Investment (Jacir Palace Hotel Bethlehem). Moreover, Mr. Khouri was an Executive Board Member of the Olayan Group, and CEO of Olayan Saudi Holding Co. in Saudi-Arabia and the (USA) for more than 20 years. Mr. Khouri was the Chairman of the Executive Committee of the Palestine Telecommunications Company – Paltel (2001-2004) and the Chairman of Jawwal Co. Board of Directors (2001-2005).
Mr. Khouri is an active member in many civic local and international organizations, as he heads the Board of Directors of Tatweer Center, and Chairman of the Board of Trustees of Dar Al Kalima – Bethlehem. He is a Board member of Rasmala Holding Co. for Investment in Dubai and the founder of the Innovation Fund, the first of its kinds in Palestine. Mr. Khouri received several awards, including: "Business for Peace Award" in 2015 in Oslo - Norway, and "Cavaliere" medal from the Italian Republic. Mr. Khouri holds a Bachelor's degree in Engineering from Technische Hochschule Stuttgart University in Germany in 1962, and later obtained a Master's degree in Business Administration from the European Institute of Business Administration (INSEAD. He completed his high school in Beirut, Lebanon.
Mr. Khouri holds his M.Sc. in Engineering from the Technische Hochschule in Stuttgart, Germany an M.B.A. from the European Institute of Business Administration (INSEAD), Fontainebleau, France and a. He ended his high school in Beirut, Lebanon.

Mr. Basem Abdel Haleem – Representative of Aswaq Investment Company (Palestine Investment Fund)

Mr. Basem Abdel Halim has extensive experience for more than 20 years in the field of investment, financing, and development of the private sector, which he acquired through his work with a range of local and international investment, financial and development institutions. Mr. Abdel Halim is the CEO of Palestine Power Generation Company and became a member of Paltel Group since 2012. Mr. Abdel Halim holds a Master's Degree in Finance and Management from Cranfield University in the UK and a Master's Degree in Business Administration from Maastricht University in the Netherlands, in addition to a Bachelor's Degree in Industrial Engineering from The University of Jordan

Mr. Yazeed Al-Mufti – Representative of Cairo Amman Bank

Mr. Yazid Al-Mufti has extensive experience in the banking sector, where has he has held multiple senior positions at a variety of banks, including his role as General Manager of Cairo Amman Bank from 1989 to 2004. He also served as the Vice President and Deputy General Manager of Citibank in Amman, Jordan for 12 years. Mr. Al-Mufti is currently the Chairman of the Board of Directors of Cairo Amman Bank since October 2012 and the Chairman of Safa Bank. He is also a board member of several financial and investment companies including Zara Investment Holding and Palestine Development and Investment Company (PADICO). Mr. Al-Mufti holds a Bachelor degree in Business Administration from the American University of Beirut in 1976.

Mr. Ammar Aker - Representative of the Arab Supply and Trading Co. (ASTRA)

Mr. Ammar Aker is the Chief Executive Officer and board member of Palestine Telecommunications (Paltel) Group. He was the CEO of Palestine Cellular Communications Company (Jawwal) and the Chairman of the Board of Directors of VTEL Middle East and Africa (MEA), He is also a board member of PADICO Holding and on the board of trustees of Al-Najah National University.
Mr. Aker is an active board member of many international, regional and local initiatives, such as Palestine for a New Beginning (PNB); the Palestine International Award for Excellence and Creativity; and the Amideast Advisory Board in Palestine. He is also an active member of the Young Presidents' Organization (YPO) Palestine Branch, the Palestinian Businessmen Association (PBA), and Mahmoud Darwish Foundation.
Mr. Aker holds a Bachelor of Science degree in accounting from Edinboro University of Pennsylvania and a Master of Science degree in accounting from Kent State University, Ohio.

Executive Management

Paltel Group

Ammar Aker	Chief Executive Officer
Salameh Khalil	Chief Financial Officer
Kamal Ratrout	Chief Technical Officer
Basel Amer	Chief Internal Auditor
Hatem Natsheh	Regulatory Affairs Director
Abdul Nasser Al-Tibi*	Financial Controller
Khalil Hamad	Board of Directors Secretary

Paltel Group Foundation for Community Development

Samah Abu Oun Hamad	General Manager

Palestine Telecommunications Company (Paltel)

Maen Melhem	General Manager
Khalil Abu Salim	Gaza Regional Manager
Khalid Sayeh	Strategic Planning and Development Director
Mahmoud Jallad	Customer Care Director
Luay Abu Skhaidem	Sales Director
Zahi Kanaan	Finance Director
Ibrahim Kharman	Marketig Director
Sulaiman Abu Hejleh	Human Resources Director
Nizar Shanaah	Information Technology Director
Jamal Taweel	Core Operations and Development Director

*Mr. Abdul Nasser Al-Tibi was appointed as the Financial Controller subsequent to resignation of Mr. Michael Hajal on 28/02/2019.

Palestine Cellular Communication Company (Jawwal)

Abdulmajeed Melhem	General Manager
Omar Shamali	Gaza Regional Manager
Malak Ziadneh	Information Technology Director
Alaa Hijazi	Sales Director
Mamoon Fares	Customer Care Director
Hatem Turabi	Finance Director
Shadi Abu Al-Hawa*	HR and Supply Chain Director
Iyas Kassas*	Marketing director

Hadara Technology Investment Company

Rami Quttaineh	General Manager

Reach Communication Services Company

Hisham Zaid	General Manager

Jericho Gate for Real Estate Investment Company

Waleed Fteiha*	General Manager

Legal Advisor	Al-Zubi Law Firm
External Auditor	Ernst & Young- Middle East

* Mr. Shadi Abu Al-Hawa was appointed as the HR and Supply Chain Director on 06/01/2019.
* Mr. Iyas Kassas was appointed as the Marketing Director on 06/01/2019.
* Mr. Waleed Fteiha was appointed as the General Manager of Jericho Gate for Real Estate Investment Company subsequent to his resignation from the position of Paltel Group's Chief Procurement Officer on 05/31/2019.

Financial and Management Report

Business Sectors

Competitive Analysis

ICT Sector in Palestine

Financial and Operating Results

Paltel Group Family

Paltel Group Innovation Hub (Fikra)

Business Sectors

Palestine Telecommunications Company (Paltel)

Vision

Paltel's vision is crystallize in its motto "Change Tomorrow" and represents Paltel Group's continuous quest for development in all its offerings and services, which enabled it to move from a company providing telecommunications and infrastructure services to providing integrated information and technology services. Paltel adopted digital transformation as a tool to build knowledge-based economy, and the telecommunications sector has become, therefore, the main pillar for all sectors. Paltel succeeded in providing managed services, cloud services, data protection and data storage services, by establishing data centers adhering to the highest international standards and considered the most advanced and sophisticated in the region.

Scope of Business

Paltel is the main provider of high-speed internet lines, fixed line, business services, connectivity, and data transfer that enable various business sectors in Palestine to communicate with the world and with their customers. It also provides wholesale services to major companies operating in the telecommunications sector, as well as advanced technology products, integrated technology solutions services, and data centers through its centers in Nablus and Al-Bireh.

Key Achievements 2019

Paltel data centers affirmed its leadership in the telecom and ICT sector in Palestine and succeeded in transforming the vision to a distinct Palestinian Achievements

Subsequent to the success of Nablus data center, Paltel took upon itself to keep Palestine at the forefront of countries having such centers. Therefore, Paltel established new data center in Al-Bireh which is the latest in the region and the largest investment in Palestinian technological infrastructure applying the highest security and protection standards followed by global data centers to ensure uninterrupted service. The center received Uptime Institute's Tier-3 certification, and Paltel data centers are serving now more than 22 major institutions and companies from the public and private sectors in Palestine.

The most prevalent network for permanent and independent services

In order to be the primary and independent source of Internet and telecommunication services in Palestine, Paltel completed the third phase and started the fourth phase of modernizing the new generation mobile network (NGN) it launched a year and a half ago in partnership with GENBAND. It implemented several projects on the copper and fiber optic network such distance shortening projects implemented in 213 sites and network expansion projects. Network monitoring was also done through the "Network Operations Center" equipped with the latest technologies to support and protect its network 24/7, in addition to developing and qualifying Paltel's stores in the cities of Nablus and Bethlehem so that subscriber can enjoy the best services in a comfortable environment. This was accumulated by implementing subscribers' applications in due time and constantly monitoring service status of subscribers with the aim of predicting faults before they occur and addressing them without affecting quality of services submitted to subscribers.

The launch of a new set of technology services

Paltel launched online projects and provided top-notch technology services, most important of which was smart Wi-Fi for the business sector, managed phone system service, SIP-T corporate phone line service, data backup service, Cloud storage service, in addition to quality services provided by data centers. Paltel, therefore, became the hub of these advanced services that Palestinian business sector needs in line with the technological revolution witnessing in the recent time.

Paltel also recognizes the importance of data science and its impact on the development of public and private sectors, due to increase and volume of data flowing, which entails the necessity of knowing how to deal with such data through analyzing and protecting it using best technological technologies. For this purpose, Paltel provided Data Mining services to top insurance companies, banks, and shopping centers in Palestine, which enabled them to analyze huge amount of data and utilize it in understanding customers, knowing their way of thinking and desires, and making decisions in a more effective and intelligent way to ensure customer satisfaction.

Strategic partnerships to enhance cooperation between the public and private sectors

Paltel's top agreements in 2019 were an agreement with Palestine Monetary Authority, an agreement with the North Electricity Distribution Company, several agreements with prominent Palestinian banks, including the Housing Bank for Trade and Finance, the Jordan Commercial Bank, the Palestine Islamic Bank, and an agreement with the Mall of Palestine to provide integrated technology solutions services, data center services, interconnection, and linking its branches to the main headquarters via the fiber optic network, in addition to an agreement with the General Authority for Industrial Estates and industrial free zones to implement internal and external telecommunication infrastructure for the Jenin Industrial Free Zone.

Opening of the Paltel Business Center in Gaza

Paltel seeks to meet the aspirations of the Palestinian business sector, so it, therefore, opened a specialized center to serve its subscribers in Gaza business sector, through which training workshops were organized by best local and international trainers, in addition to holding meetings in an interactive and new way.

Success in meting needs of Palestine banking sector

Affirming its leadership in telecommunication and information technology sector in Palestine, Paltel organized the "First Annual Symposium" under the title "The Future of Digital Banking" for its subscribers in the Palestinian banking sector in Turkey in partnership with major international companies including (Mckinsey, HP, Fortinet, IBM, afs, Palo Alto Networks). The symposium discussed the latest developments in digital technology and how to link them with banking services to support the leadership and development of banking institutions in a direct way.

Challenges in 2019

The most challenges faced by Paltel in 2019 were the illegal competition by Israeli companies that expanded their areas of coverage through constructing towers within the Palestinian territories in addition to strengthening Israeli 4G services in the West Bank and Gaza Strip. This is due to the support by the Israeli government of these networks and exempting them from taxes and fees required to provide communications services, in addition to difficulty of expanding the network and services to our subscribers in Gaza Strip as a result of preventing the entry of Paltel materials and equipment into the sector, which resulted in continuation of illegal competition by the local companies providing Internet services and resale of Wi-Fi service in the West Bank and Gaza Strip. Despite this, Paltel provided special offers to Gaza populations at competitive prices, but was unable to maintain its services due to restrictions imposed on providing services for Gaza Strip populations.

Competitive Situation

Since its establishment, Paltel has been keen on providing fixed-line, internet services, data transmission, and other services with global quality and at appropriate prices. Paltel is currently promoting high-speed internet sector and data transmission through partnership with the business sector and providing them with integrated technology solution services and up-to-date data center services. Paltel faces many challenges due to illegal competitive environment and illegal practices by Israeli companies, in addition to difficulty of expanding and maintaining the network geographically in some areas (most of them are locating in Area C) and its inability to provide integrated services to the Palestinian citizen as a result of BSA problems.

Future Outlook

- Upgrading integrated information and technology services to enhance Paltel's strategy to transform from telecommunications and infrastructure services provider to providing integrated information and technology services.
- Expanding its network and increasing coverage of its services nationwide.
- Providing advanced applications to control and manage its services remotely in all areas of its expansion to ensure convenience for and provide top quality services to its subscribers.
- Increasing local and regional business services coverage and wholesale sales.
- Establishing new data centers to add to the existing centers in Nablus and Al-Bireh and competing on a global level using these centers and their services.

12.8
Mbps
Average speed provided by Paltel

77.8%
Spread of super-fast internet lines compared to fixed lines

9.97%
Fixed line penetration rate (excluding residents of Jerusalem)

More than
363,000
Super-fast internet lines

More than
467,000
Fixed lines

BUSINESS SECTORS

Palestine Cellular Communications Company (Jawwal)

Jawwal

Vision

Jawwal seeks to keep abreast of advanced information and communications technologies, and play a more prominent role in providing telecommunication services to subscribers to facilitate their business everywhere at any time.

Scope of Business

Palestine Cellular Communications Company (Jawwal) is the leading provider of cellular communication services and the 3G networks in Palestine. Since its establishment 20 years ago, it has been providing the most distinguished and up-to-date services to keep up the accelerating technological development in the world. Therefore, Jawwal has been the pioneer of cellular communications services and the largest and first operator of 3G services in Palestine, and it, therefore, puts Palestinian subscribers at top of its priorities in order to provide them the highest level of quality and services.

Since its very beginning in 1999 till now, Jawwal has been keen to develop its internal and central systems to ensure subscriber satisfaction and facilitate business in order to keep pace with the latest developments in cellular communication technology in the world by introducing latest global systems for subscriber data management. It also focused on permanent investment in infrastructure, especially by constructing towers supporting its network. There are more than 1500 towers recently in West Bank and Gaza to support its ability to provide telecommunication and 3G services to all its subscribers in various locations, which represent a giant leap towards global technological future of Palestine, evidenced by huge growth in the volume of data used on the network after being launched, which increased from a few thousand Gigabytes to millions of Gigabytes per month, and doubling numbers of 3G subscribers indicating subscribers thirst and desire to use this service.

Key Achievements 2019

During its twentieth year of operation, and in line with this tremendous development in the digital market, Jawwal had the biggest role in strengthening digital infrastructure in Palestine, as 3G services had a major role in bringing about this tremendous change and development. Jawwal submitted various huge offers allowing millions of free gigabits to subscribers to celebrate its twentieth anniversary. 3G network facilitated subscribers' communication and make their life easier anywhere and everywhere. Jawwal was keen to provide applications that contribute effectively to the transition towards a digital life making mobile devices not only as a mean of communication but also as an important tool for developing business and creating new business opportunities and horizons in the market. This contributed to the launch of digital revolution and creation a supportive environment suitable for entrepreneurship and young entrepreneurs to support and empower the national economy.

In turn, Jawwal contributed in preparing and offering many services and applications facilitating lives of its subscribers, such as introduction of "Jawwal Pay" electronic wallet allowing financial transactions easily, safely and without cash. It will help subscribers in depositing, withdrawing and transferring money without bank account, as well as the ability to recharging balance, buying internet packages, paying bills, e-shopping, and obtaining various electronic cards, to move forward towards advanced digital financial services.

Moreover, Jawwal introduced "Enjoy" application, the biggest rewarding system in Palestine, which offers digital coupons and discounts in several areas as an appreciation to its subscribers for their trust in its services and support of its success. It also went along way to develop Jawwal MyAccount App (HISABI), its most important application, allowing subscribers to implement services quickly, the most downloadable application in Palestine, providing digital alternative to traditional means. Jawwal connects its subscribers to latest technology in the digital world, including the "I Teacher" online platform used in explaining lessons in an interactive way directly and solving questions and ministerial exam samples, and "WAVO" application allowing customers to watch recent movies and series. This is in addition to many corporate commercial services such as Jawwal tracking systems which includes vehicle management service, school bus management and tracking system, field business management service, and asset tracking service. Such technologies would not have been possible without the presence of 3G services, which strengthened its presence.

Jawwal pays special attention to bill subscribers and Mix Bundle, as it introduced "Smart ++" program which offers many advantages at lowest prices in the West Bank and Gaza Strip. The program offers twice the internet packages, free minutes on all networks, and reduced subscription by half in the Gaza Strip. Jawwal also worked on upgrading mechanisms of granting devices to subscribers by rearranging the matrix of discounts and the installment period up to 36 months, in a step to provide best offers for subscribers to enable them to obtain advanced devices with low monthly installments.

It is worth mentioning the continuous roaming campaigns on roaming net packages, and the services designed for Hajj and Umrah seasons which offered competitive prices for receiving and making calls and messages, to help subscribers remain in close contact with the family during their presence in Saudi Arabia and other countries.

Jawwal has been sharing community moments in all national and religious events, occasions, and holidays, such as the holy month of Ramadan, olive harvest, Christmas Day, Eid al-Fitr and Eid al-Adha, and other occasions. In addition, Jawwal is the main sponsor of the Palestine national football team in all its local and international activities and matches, most important of which was its match with the Saudi national team in Palestine in the double qualifiers for the Asian Cup 2023 and World Cup 2022.

Challenges in 2019

- The obstacles laid down by the Israeli occupation by not allowing the launch of 3G services in the Gaza Strip, which led to the separation of the West Bank market from the Gaza Strip, and the introduction of offers that suit every place and every category.
- The Israeli occupation is constructing more towers of Israeli telecommunications companies, thereby increasing their coverage in the West Bank, and infringing on the market share of Palestinian telecommunications companies.

Competitive Situation

Since its establishment, Jawwal has been seeking to meet needs and desires of its subscribers, despite difficult political and economic conditions, competitive situation in the Palestinian market including local companies, and the spread of towers related to illegal Israeli companies in all Palestinian regions offering 4G services at low prices. This in return deprives Palestinian companies from introducing 4G services to its subscribers.

Future Outlook

In its twentieth year of operation, Jawwal proved true to its vision to remain trustworthy and accountable to our Palestinian society, catering to its needs in all categories, and developing it cognitively. It also aims to be at the forefront of telecommunications sector and the digital and economic sectors.

%65

Jawwal's market share of the Palestinian market including the illegal Israeli SIM cards

1500
towers in the West Bank and Gaza Strip

3
Million Subscribers

4.50
JOD
Average monthly Revenue per User

BUSINESS SECTORS

Hadara Technology Investment Company

Vision

Hadara Technology Investment Company endeavors to continue upholding its vision and slogan "a new world" out of its believe that entering this world is possible through continuous communication with subscribers, whether by providing best internet services and technical support or creating a unique digital experience using interactive TV and entertaining applications.

Scope of Business

Hadara is the first and most widespread provider of internet services in the Palestinian market. Since its establishment, Hadara has been aspiring to create and develop the most sophisticated internet services, products and technology, including "Hadara Interactive TV" and high-speed "SuperBox-v" router in addition to "Myhadara" application, targeting all segments of the Palestinian market (Palestinian family, youth, and business sector).

Key Achievements 2019

An updated version of Hadara TV smart applications

Hadara introduced an updated Hadara TV application to add to its achievements in 2019. The application offered a unique technological experience for users and upgraded "Hadara TV" slogan from being the fastest, easiest, and smartest to be the most intelligent, fastest performing, and easiest interactive application in presenting films, series and local and international channels. Hadara continues to add more new applications from different content providers, and attracts subscribers to discover the new device by offering internet subscription service packages and low device prices. It therefore launched “Khalli Mazajak Malaki” campaign, to allow existing and new subscribers freely get the device.

Successful launch of Hadara TV in Gaza

Subsequent to restrictions set by the Israeli occupation, Hadara succeeded in 2019 in opening a new window for Gaza populations by launching Hadara TV and offering specials prices for internet packages. All subscribers can now enter the world of interactive TV and enjoy a new experience through updating content of applications including films, series and local and international channels through various applications.

Expanding internet subscriber base through campaigns targeting new subscribers

Hadara introduced competitive offers to new subscribers aimed at expanding subscriber base, including “Net Zay eL-Ful” campaign which provided 29 shekels-home internet packages a speed of 8 MB for 3 months, and “Net Haqiqi” campaign which strongly competed in providing internet prices to allow new subscribers enjoy a speed of 16 MB at rate of 12 shekels for only 3 months.

Increasing internet speeds up to a speed of 30 MB for free for all subscribers

Hadara launched this campaign as appreciation for subscribers constituting a wide and varied segment in the market with the aim of keeping abreast of new advancements in the world of technology and internet. In addition, it increased internet speed up to 30 MB for all its subscribers at the same price and for 4 months. “Hadara Asraa” campaign was also an opportunity for Hadara to stay ahead of the Palestinian market through attracting new subscribers within the Internet sector, compared to other competitors in the market.

Reducing internet prices out of the company's vision to value its subscriberss

Hadara launched “Almomayyaz Beil-zamoh Net Momayyaz” campaign to offer new SMART package for existing and new subscribers at a fixed price of 39 Shekels per month throughout the subscription period and at a speed identical to Paltel's internet speed. Cost of the subscription became proportional to the capabilities of citizens and respond to difficult economic conditions Palestinian people are going through recently.

Providing facilities for public sector employees within the framework of its social responsibility

One of Hadara's initiatives aroused mainly due to delaying public sector employee salaries. It also part of the Company's priorities within the framework of social responsibility, as it enabled subscribers to benefit from the internet services until the crisis ends.

Challenges in 2019

Due to illegal competition, Hadara faces challenges in offering 4G services as Israeli companies competes in this sector in the Palestinian areas, not to mention the economic recession in the West Bank and Gaza Strip resulting in irregularity of public sector salaries. This in addition to competition in the Palestinian market as a result of entry of new licensed or unlicensed internet companies providing Wi-Fi services.

Competitive Situation

Hadara provides its services in all governorates in the West Bank and Gaza Strip in presence of 8 competitive companies in the West Bank, and 6 companies in the Gaza Strip, as well as indirect competing companies providing internet service using a different system than BSA including wireless internet, fiber optic lines, and unlicensed Israeli companies. Hadara market share represents nearly half of the total domestic market compared to direct competitors using the same technology.

Hadara offers the up-to-date and best internet services and technology. In 2019, Hadara was at the forefront of interactive internet services through Hadara TV applications that offered simulating smart digital world, enhanced subscriber experience, and succeeded in attracting new subscribers. This is addition to "Super-Box v" router allowing subscribers to control internet services through "Myhadara" application, as well as the team dedicated to support subscribers anywhere and everywhere through the largest network of agents and distributors in the West Bank and Gaza Strip. Such competitive advantages positioned Hadara at heart of market.

Moreover, Hadara maintains its competitive advantage by meeting needs of the target groups, developing technological services and products provided to them, providing the best campaigns and offers meet their satisfaction, and upgrading the most important technological network connections to 100 gigabytes per second, in order to enhance quality of services provided towards an integrated support teams to keep up with the aspirations of the participants for quality services, which constitutes an integral part of the Company's vision and goals.

From cost management plans to developing services and products and enhancing human capabilities, Hadara puts research and development activities on top priorities, out of its believe that providing business and innovative solutions will focus on the Company's business development and thus consolidating its position in internet services field in the market. Hadara seeks to develop innovative technological solutions to achieve its vision and strategic goals, as it focuses on investing in employees and developing their capabilities by offering a variety of training courses in Palestine while encouraging employees to interact with their superiors to obtain the necessary support and guidance towards research and market study plans carefully.

Future Outlook

In 2020, Hadara aspires to expand its network and increase its footprint to new borders for its subscribers in the Palestinian market.

Continuing developing and providing new updates of smart applications used to manage and control their digital services and products and attract new subscribers.

Increasing Hadara TV brand penetration in the West Bank and Gaza, especially through digital communication sites and their users.

Providing its services and products with international quality standards and competitive prices.

Developing its added services to enable it finding new creative areas that maintain its sustainability and leadership in the Palestinian market.

%14

Growth in the Number of Subscribers During last 4 years

%50

Increase in numbers of subscribers in Hadara TV

BUSINESS SECTORS

Reach Communication Services Company

Vision

Reach Communication Services Company aspires to remain the leading provider of telecommunication and customer care services of highest quality standards locally, regionally and globally through using communication services in providing creative solutions that meet various needs in this field.

Scope of Business

Reach is the first call center specialized in providing customer care services in Palestine. It strives to make the center a major specialized tool for each company within the nature of its work and its own needs in order to help it meet best customer satisfaction. Reach team endeavors to apply innovative and modern solutions through distinct mechanisms to communicate with customers and submit their inquiries and needs in an organized and documented manner to the Company to be followed as required. Reach enjoys the ability to provide services to all commercial sectors, including health, insurance services, communications, information technology and others.

Key Achievements 2019

Reach's team works continuously to strengthen the Company's leading position in local and international markets by entering into new business agreements with local and regional companies and institutions, including banking sector, finance companies, consulting firms, non-government organizations, UN institutions, and municipalities, though providing them with unified call center services for incoming and/or outgoing calls.

Reach upgraded the Unified Contact Center Enterprise (UCCE) and implemented the PCI standards for banking transactions in order to expand customer base to include financial institutions in general with addition of services provided by the Company. Reach has also renewed and reviewed the infrastructure to suit new business requirements: New additional areas were opened to train university students.

Moreover, Reach built a virtual environment to transfer all Reach servers and develop Business Processing Outscoring services through providing sales and marketing services and automating the interactive response service. This was accompanied by developing a system of notification via text messages and email to external accounts and preparing and building a Robotic Process Automation project of the UCCE by enhancing using systems such as Chatbot for automatic chatting and virtual Clouding system. Digital Services and training services related to customer service and customer loyalty programs were also added.

Reach strategy were transformed into targets distributed among the Company's departments, so that goals would be transformed into performance indicators in the level of management and department. Reach local share were also increased through expanding local customer base and increasing international and regional customer base. This is in addition to investing in the systems to increase the financial return made subsequent to making a detailed and clear study of expenses, material return, and priorities in a way that achieves its goals.

Challenges in 2019

Reach continues to spread awareness to some institutions and companies about the importance of having a specialized unified contact center, which in turn enhances the Company position among its customers and maintains a high level of customer satisfaction. Reach always strives to increase the scope of its business and service portfolio while focusing on maintaining viable projects and canceling projects with returns less than required in order to maintain its profitability.

Competitive Situation

Reach seeks to expand the scope of its services locally and globally, through providing communication and customer care services to many local, regional and international companies. It is worth mentioning that the Company's business is volatile during the year, especially for customers looking for opinion poll services provided by Reach through outgoing calls and in line with customer needs, which are seasonal occasionally. Reach services, as a call center, are focused on voice services, which depend on incoming and outgoing calls through which communication with subscribers is done in a professional manner, in addition to enhancing communication through non-voice services such as social networking services, instant chat, and email reply.

The Company enjoys a distinguished position locally by having a solid infrastructure based on fiber networks and a professional experience proved by Reach team and specialists in the field of customer care for many years. It also owns an internally developed follow-up system dealing with customer complaints which proven successful in current customer service companies in addition to strong business relationships. Globally, Reach obtained ISO 2700, which is used as a system for quality control and safety certification policy (Quality Assurance System and Policy Certificate Integration). This is in addition to its staff of more than 400 employees to serve customers. Reach has the ability to provide services to all commercial sectors, including medical, insurance, services, communications and information technology, etc. This is done by providing the best high-quality and professional services through our professional and specialized staff, in addition to adhering to the deadlines to deliver the necessary and desired results from the services provided to our customers by applying the level of service and required performance indicators. In this year, attention and focus was placed on entrepreneurial projects through determining the needs of such projects and providing them with the necessary services such as online research, technical support, and unified call center services.

Reach always strives to apply various research and development methods to develop its business, in order to create new services that suit needs and requirements of the local and international market and study the services provided, in addition to possibility of developing them and examining horizontal and vertical ways with companies, markets and current and targeted sectors. This aims to maintain a high level of service and quality in line with customer needs. Through research and development, we develop new and appropriate services for customers, and through training, we build a team with knowledge and skills necessary to serve our customers.

The company won several awards in 2019, the most important of which were:

- **Best HR and IT specialist in Europe and the Middle East**
- **Best Technical Support Center - obtained in Dubai**
- **Best Call Center in Europe and the Middle East**
- **Best Unified contact Center Manager - obtained in Dubai**

Future Outlook

Reach aspires to enter local, regional and global markets by focusing on the British and American market to provide unified contact center services and business processing services.

Seconds 35

Average wait time per call

35,213

Average number of daily inward calls

BUSINESS SECTORS

Jericho Gate for Real Estate Investment Company

بـوابـة أريـحـا
JERICHO GATE

Vision

Jericho Gate for Real Estate Investment Company aspires to encourage developers and investors to create integrated modern urban complexes in Palestine and provide an opportunity for new generations to lead a sophisticated and modern life.

Scope of Business

Out of our belief in teamwork and to encourage innovation and professionalism, Jericho Gate has been keen constantly to determine the market requirements as well as needs and desires of its partners including developers, investors, residents, and pioneers in an effort to meet their aspirations and create a new environment and culture. While Jericho Gate is the first of its kind in Palestine; it represents a clear road map for upgrading the investment sector in general and real estate in particular during the next few years to achieve the best economic and social returns for investors and the local community at the same time. The project came as a part a clear vision aiming at leading the development of real estate sector in Palestine, including all its residential, tourism, entertainment, commercial and cultural component in line with the highest international standards.

Jericho Gate aims at developing lands and providing all infrastructure services, through allowing real estate developers and investors build residential villas, commercial, tourist, and cultural facilities under direct supervision of Jericho Gate's engineering team to maintain standards and foundations necessary for the establishment of a city with international specifications in line with general and specific conditions in order to keep the general spirit of the project's design.

Key Achievements 2019

The development and rehabilitation works of the infrastructure for the first phase were completed in a record period for Jericho portal to meet all its obligations towards the public and developers. All the available residential plots in the first and second phases were sold with total area of 164 dunums of residential lands in addition to 72 dunums of tourist lands and 12 dunums of commercial lands during 2019

Infrastructure development works of the second and third phase of Jericho Gate project has started and will be completed at the end of 2020 in order to meet the growing demand for the project due to the established standards, the approved quality, and commitment with the deadlines set for the completion of the project.

Challenges in 2019

Providing services for an area of 3033 dunums of lands and projects developed for many distinct services that suit the aspirations of the developers and residents of Jericho Gate project.

Maintaining and monitoring water sources to ensure their permanence and availability in the future, upon completion of the project.

The Jericho Gate management works hard to overcome all challenges through intensive meetings and submitting suitable proposals and alternatives that serve all parties to overcome all obstacles.

Infrastructure

Jericho Gate project's infrastructure elements are characterized by the highest and most sophisticated specifications, represented by the following:

Road networks of twelve meters, sixteen meters, twenty meters, and forty meters	Fiber optic communications network
Sewerage Network	Flood Protection Network
Drinking Water Network	Upper and Lower Water Tanks
Irrigation Water System	Electrical and Mechanical Works
Fire-proof System	Low and Medium Voltage Electricity

Future Outlook

The project has a prominent economic and social impact that affects all economic sectors, which will contribute significantly to attracting diverse investments and creating different job opportunities during the project development phases and after its completion in order to achieve the concept of sustainable economic and social development.

Major Offers and Campaigns for Paltel Group Companies

Palestine Cellular Communication Company (Jawwal)

Palestinian Telecommunications Company "Paltel"

Hadara Technology Investment Company "Hadara"

Competitive Analysis

West Bank Population 3.02 Million

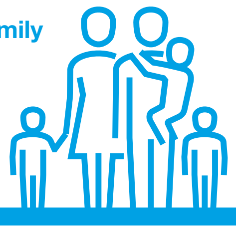
Gaza Strip Population 2.02 Million

Palestine Population **5.04 Million** (end of 2019)

5.1 individual

Average size of the family

(end of 2017)



2019

2018

2.5% Annual growth rate of population in Palestine

Age-gender structure of population (end of 2019)

3.3% ≤65 years	**58.4%** 15-64 years	**38.3%** 0-14 years

GDP per capita (USD)

GDP (Million USD)

values were estimated based on the results of the first nine months 2019

The added value of the ICT sector to Palestine's GDP in 2018

USD **497** Million

3.2%

Source: Palestinian Central Bureau of Statistics (PCBS)

ICT Sector in Palestine

In a world where digital space and the application of information technology has become an essential endeavor to develop business, improve services, and increase production efficiency, Palestine has been implementing and pursuing the latest and most sophisticated developments in this field globally. In spite of obstacles laid down by the Israeli occupation to hinder the development of the Palestinian economy and society in the scope of information and communications technology, this sector, however, proved its capabilities and prospects for economic independence from the Israeli occupation and enhanced the areas of development that have become close to globalization and the Palestinian presence in international forums related to this matter. This sector proven its existence and stability in the Palestinian economy despite the fluctuations and instabilities that Palestine has been going through in particular and the region in general, and thus this sector remained an essential economic pillar of the Palestinian national economy.

Based on the latest reports issued by the Palestinian Central Bureau of Statistics and the Ministry of Telecom and Information Technology, number of institutions operating in the telecommunications and information technology sector reached 972 out of 148,974 economic establishments operating in Palestine, and this sector employs 9,000 employees out of the total number of workers in Palestine of 1,022,200, constituting 0.9% of Palestine total employment. The sector's share of the Palestinian GDP reached 3.2% as at the end of 2019.

972 entities out of a total of **148,974** economic entities operating in Palestine

9,000 employees out of **1,022,200** employees in Palestine

0.9% of total employment in Palestine

Competitive Factors Analysis

The Ministry of Telecom and Information Technology regulates the telecommunications sector and maintains fair competition between operators and internet service providers. Despite fair competition and ambition to permanently upgrade this sector, Israeli companies follow their permanent agenda of exerting economic and social pressure on the Palestinian people, and prejudicing transparency and fairness of competition in various sectors, especially telecommunications, through strengthening their presence in internationally prohibited settlements and exploiting modest Palestinian economy by offering internet services at prices aiming at tampering with integrity of market and position of one the most important sectors on which the Palestinian economy relies. In addition, everything related to matters and competitive factors for each of Paltel Group's companies in the previous business sectors.

Palestinian Information Systems Association (PITA)

The Palestinian Information Systems Association represents more than 150 companies operating in the telecommunication and information technology sector, and it is one of the most important emerging companies in Palestine. PITA was established by an elite of Palestinian businessmen in 1999 who shared their vision to establish a non-profit organization concerned with the interests of the Palestinian ICT sector aiming to highlight the positive social impact achieved by this sector. Hoping that the Palestinian people would contribute to foster innovation and participate in building the global knowledge. PITA has, therefore, become a major force in promoting the interests and role of the telecommunications and information technology sector, and a primary source of information on this sector in Palestine.

Source: Palestinian Central Bureau of Statistics

Relationship with the Ministry of Telecom and Information Technology of the State of Palestine

The Ministry of Telecom and Information Technology recognizes the importance of keeping abreast of technological advancements and apply the latest technologies in telecommunication and internet fields, as an integral part of achieving economic growth and social progress. For this purpose, the Ministry of Telecom and Information Technology took the charge of regulating, controlling, developing and enhancing the presence of the telecommunications and information technology sector, and increasing its impact on the Palestinian economy as part of its future vision to apply new global advancements once applicable.

The Ministry of Telecom and Information Technology mainly organizes and supervises the sector, guarantees its integrity and transparency, and follows the highest levels of fair competition between companies, to maintain user rights of telecommunications, internet and information technology services. The Ministry supervises the infrastructure of companies operating under its umbrella to ensure its quality, safety reputation, and effectiveness, in addition to upgrading it permanently to maintain rapid progress of development in this sector. It also seeks to build a solid legal environment, and follows up with the Palestinian government institutions to ensure they apply the most up-to-date trends in electronic institutionalization systems for governmental and civil procedures to serve the country and the citizen and enhance digital technology through educational methods to ensure that future generations are keeping pace with the rapid global development.

> “Paltel, which owns the largest infrastructure and the biggest cadre, prides its strong relationship with Ministry of Telecom and Information Technology as the Ministry is the first reference and the main organizer of the sector. Both parties, coupled with the efforts of other companies operating in the sector, seek integration to continue developing and modernizing operations of telecommunications and information technology in the country and support and upgrade the national economy.

Research and Development

Paltel Group was operating in an ever-expanding sector during the past decade. It recognizes the importance of keeping abreast of global advancements in this field through research and development carried out by the Group and its subsidiaries, including but is not limited to, developing infrastructure and communication networks, bringing latest programs and upgrades to services for the Palestinian consumers, expanding the know-how of its cadre, and educating stakeholders to ensure increased efficiency of services, in addition to continuously striving to innovate and find new services that would create a competitive advantage for the Group's companies and distinguish them from their competitors in the local markets and at regional levels at the same time. Research and development efforts have always been improving the Group's profitability and sustainability to be at top of private sector as well as a solid pillar of the Palestinian economy.

International Quality Standards

Paltel Group takes a big responsibility of bringing latest developments in telecommunications and information technology sector globally to the Palestinian people and representing it in various international forums, aiming to keeping Palestine on the map of development permanently, which in return would reflect a positive and sincere image of Palestine. For this purpose, products and services are developed according to the latest applications of the sector while ensuring development and improvement of the services provided. Regular training courses are organized to ensure continuous flow of knowledge for the public interest. Paltel adopted this policy since its establishment, and it has, therefore, excelled in this field due to the accumulated developments over years that allowed it to absorb new advancements smoothly.

Jawwal, the first operator for cellular communication and 3G services in Palestine, maintains the excellence and quality of its services provided to more than 3 million customers. It seeks to maintain such excellence and quality by applying the ISO 14001 quality standards and providing the highest quality in wireless communication services. Moreover, Reach continued to apply standards necessary to maintain the ISO 27001 quality standards aiming to control quality and safety policies (Certification Integration Quality Assurance System and Policy).

Intellectual Property and Patent Rights

The Group and its subsidiaries have become a key landmark in representing the Palestinian private sector. Therefore, Paltel Group continuously endeavors to preserve intellectual property of these names that represent the outstanding quality of services provided by the Group companies, in order to preserve the Palestinian consumer's rights to obtain services emanating from the source without manipulation or prejudice from any other party. Paltel Group, through its subsidiaries, maintains intellectual rights by the following:

The Group provides unique services, ads and slogans to protect the Palestinian consumer and ensure prevention of counterfeiting and commercial impersonation.

Paltel adheres to the laws of the Palestinian brand, which entails the distinctiveness of the trademark and non-violation of public regulations and ethics.

Paltel Group registers all of its current and potential products as these trademarks are the right of Paltel' companies subscribers who put their trust in these services during the past two decades despite the Israeli occupation attempts to steal Palestinian market shares.

Paltel Group ensures that trademarks of its subsidiaries are preserved locally and internationally as they have national and economic status in Palestine and are represented in many countries.

Branches and Showrooms of Paltel Group Companies

	Number of Showrooms	Main and exclusive distributors	Other
Jawwal	18 / 8	428	Main and exclusive distributors — Point of Sale: nearly two thousand selling points
Paltel	14 / 6	10	Sub-distributor: 269
Hadara	7 / 4	421	
Reach	Two Branches		
بوابة أريحا JERICHO GATE	One branch		

Sustainability

Paltel Group maintained an outstanding performance at many institutional levels. Being one of the prestigious companies in Palestine, it has been seeking to preserve this image in front of its investors, subscribers and stakeholders through:

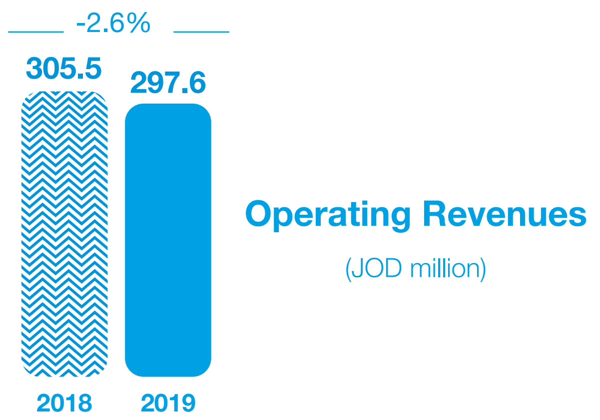
- Determining planned goals and results of adopting concept of sustainability, which can be summarized in enhancing competitiveness of the Group, increasing margins of profitability, expanding operations, and entering new markets to take advantage of available investment and operational opportunities.
- Determining parties that affect and are affected by the Group's activity, involving them in decision-making process, and providing the necessary information enabling them to know and define their expectations regarding the financial performance and future opportunities the Group may be able to achieve in the future.
- Translating the Group's vision and goals into an executive plan adopted by the management and applied by employees, suppliers and shareholders.
- Allocating part of the annual budget to develop the Group's cadres and subsidiaries, which in turn ensures the creation of an internal environment that embraces the concept of sustainability and implements it in various stages of production and service provision.
- Adopting standards and objectives that measure the extent of sustainability in the Group and its subsidiaries, which greatly helps in assessing performance and taking corrective actions, when needed.

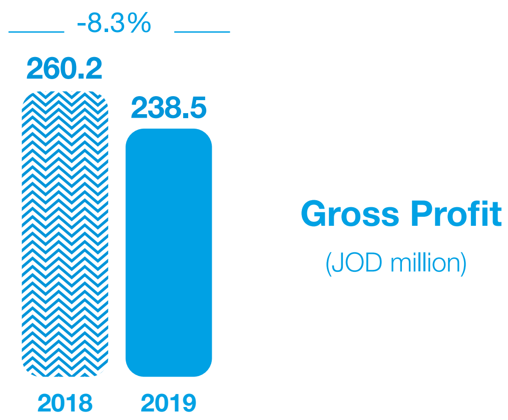
Financial and Operational Outcomes

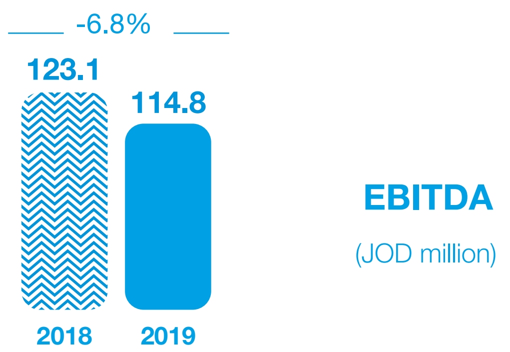
Financial Indicators

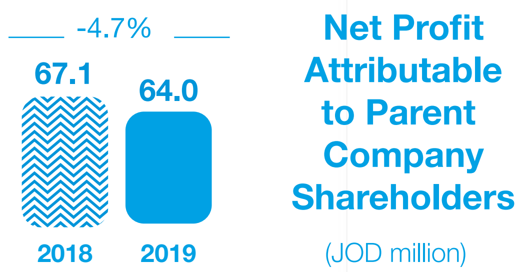
Sustainable profitability and solid financial performance is synonymous to Patel Group, as it has been achieving profitable returns for its shareholders in spite of the Palestinian political and economic scene. Paltel Group overcame various obstacles and achieved a net profit for the shareholders of the parent company amounting to JOD 64.0 million in 2019 compared to JOD 67.1 million in 2018. Earnings per share recorded JOD 0.486 in 2019 compared to JOD 0.510 in 2018.

In addition, Paltel Group overcame political and economic obstacles in 2019 evidenced by slight decrease in operating revenues by 2.6% compared to 2018 to reach JOD 297.6 million, due to illegal presence of Israeli telecommunications networks in the West Bank and the continuing local competition in this sector in both the West Bank and Gaza. Moreover, telecommunications revenues from external parties decreased by 12.6%. It is worth mentioning that real estate became one of Paltel Group business segments in 2019, subsequent to the acquisition of additional shares from Jericho Gate Company. In terms of key operational indicators and profitability ratios, net income, gross profit, operating profit and EBITDA ratios reached 21.5%, 80.1%, 21.3% and 38.6%, respectively.





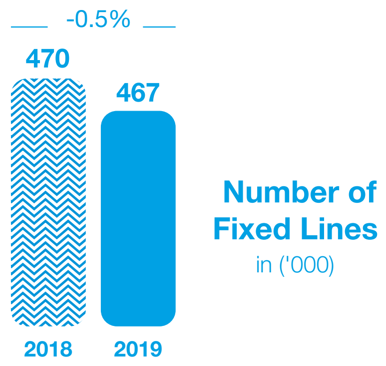


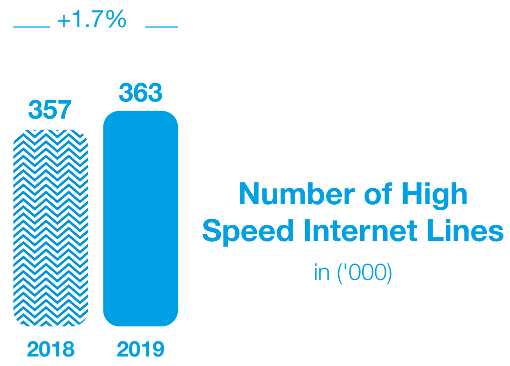


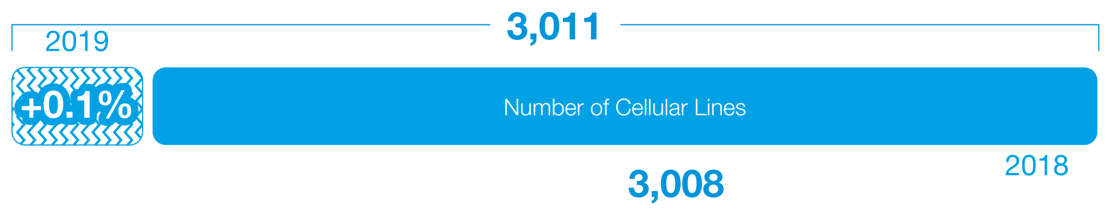
Operational Indicators

At level of subscriber base and total number of subscribers of Paltel Group subsidiaries, growth continued in 2019 despite the decrease in number of wired subscribers. Total numbers of the Group's subscribers reached 3.841 million subscribers at a growth rate of 0.2% at end of 2019, attributable to an increase in number of subscribers of wireless lines and high-speed internet services.

Number of Subscribers of Fixed Lines & Internet (in thousands)





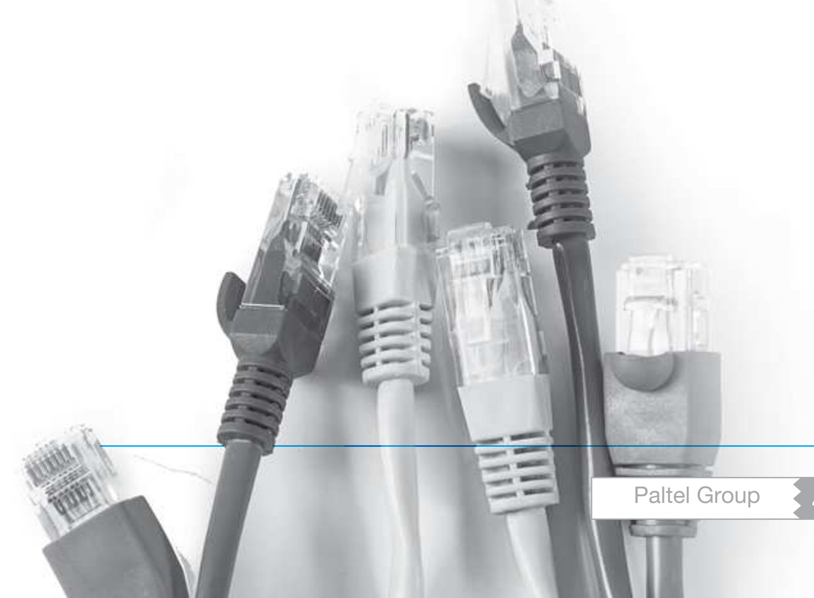


In line with the increasing number of subscribers, the average monthly revenue per subscriber in the telecommunications and wireless sectors decreased by 11.4% and 12.6% reaching to JOD 6.39 and 4.50 respectively in 2019 compared to 2018.

Debts

With regard for Paltel Group's financial obligations and credit facilities, the overdraft balance used by the Group on December 31, 2019 amounted to USD 102.9 million (equivalent to JOD 73.0 million) out of the credit facilities ceiling of USD 140 million (equivalent to JOD 99.3 million). It is worth noting that Paltel Group signed an overdraft agreement with a regional bank with an amount of USD 20 million. It also renewed overdraft ceiling agreements with regional and local banks with a total ceiling of USD 100 million as well as renewing and raising the overdraft ceiling with a local bank from USD 10 million to USD 20 million. In addition, during the period, the Group signed a long-term loan agreement with a regional bank in an amount of is € 2.9 million (equivalent to USD 2.3 million) to be paid over a period of 4 years. Also, one of the Group's subsidiaries signed a funding ceiling with a regional bank, and the total amount of the financing ceiling used as of December 31, 2019 was JOD 4.1 million

Total credit facilities and the current portion of long-term loans amounted to JOD 103.4 million, as of December 31, 2019.



Financial Position Analysis

Paltel Group applies financial analysis and performance evaluation standards by using financial ratios and forecasting future performance to follow up the performance of the Group and its subsidiaries and maintain a solid and stable financial position. It provides quarterly financial analytical reports to monitor the financial position through performance indicators, in order to achieve sustainable profitability and maintain efficiency of its financial position.

The Group continues to analyze its financial data and operational performance in full details and perform operations in comparison with performance of other similar companies in the region in order to maintain advanced levels in terms of operational financial performance indicators. The main objective of these analysis is to follow up the Group performance and investments in addition to monitoring the subsidiaries operating status, in order to maintain strengths and enhance weaknesses, so that the Group remains at the forefront of companies in terms of superior financial performance.

Profitability Ratios	2019	2018
EBITDA Margin	38.6%	40.3%
Operating Profit Margin	21.3%	24.0%
Net Profit Margin	21.5%	22.0%
Return on Average Assets ROaA[1]	8.3%	9.4%
Return on Average Equity ROaE[2]	10.2%	12.3%

Liquidity Ratios	2019	2018
Current Ratio (times)	0.7	0.8
Quick Ratio (times)	0.5	0.8
Cash Flow from Operations to Interest Expense (times)	13.1	15.1
Cash Flow from Operations to CAPEX[3] (times)	2.8	2.5

Financial Leverage Ratios	2019	2018
Total Liabilities to Total Equity	43.8%	43.7%
Total Liabilities to Total Equity[4]	80.9%	77.6%
Interest Bearing Debt to Total Assets	19.1%	19.0%
Interest Bearing Debt to Total Equity	35.3%	33.8%
Total Long-term Debt to Total Equity and Long-term Debt	11.9%	15.5%

1- Return on average assets is calculated using operating profit plus the results of the investment activities, and the Group's share of associates' results.

2- Return on average equity is calculated using net profit excluding other net expenses and revenues.

3- Capital expenditures do not include investing in intangible assets

4- Owners equity does not include non-controlling interest

Investments

Paltel Group invests in securities listed in local and regional markets in order to maintain high liquidity investments. Its investments are classified as follows:

Investment Classification (JOD '000)	Local	Regional	Total
Fair Value through Profit and Loss (FVTPL)	6,312	19,671	25,983
Fair Value through Other Comprehensive Income (FVTOCI)	34,570	114,475	149,045
Total	**40,882**	**134,146**	**175,028**

Investment Policy

Paltel Group management continues to make permanent investment and financial analysis of its investments and investment opportunities in local and regional financial markets as well as other investment opportunities not listed in the markets. This is achieved through monitoring top opportunities and following them to achieve sustainable growth and increase income returns from distributed cash profits resulting in low risks, future growth, and financial durability, with a primary goal of maximizing ownership rights of the Group's shareholders, enhancing its financial position and maintaining its profitability, and diversifying investment to mitigate risks and confront fluctuations in financial markets and economic conditions, by investing in several sectors and various geographical regions. This policy is stemming from the Group belief that investing in other sectors, alongside with the telecommunications sector, will contribute to sustaining and increasing profitability in the future. The Group recognizes the importance of continuing investing in the telecommunications sector, especially infrastructure, and applying the latest findings of the communications, internet and information technology market in the world. It also invests in several sectors, including real estate, financial and banking services, and the investment sector, which were traditionally the most prominent and stable sectors in the Palestinian economy.

Paltel Group continues to enhance its investment operations every year, therefore, the year 2019 was full of achievements in this respect, as the Group acquired additional shares in Jericho Gate Co. thus having 75% ownership in the Company which become a Paltel Group's subsidiary. Moreover, Paltel Group raised its stake in the Arab Bank up to 3.1% compared to the previous year, which was 3.0%. Investment classified as FVTPL and FVTOCI amounted to JOD 175.0 million at end of 2019, compared to JOD 188.9 million at end of 2018, and this decrease is attributable to a change in the closing price of some of the Group's listed investments. Also, cash dividends from the Group's investments in financial markets and allied companies increased to reach JOD 11.0 million in 2019 compared to JOD 9.4 million in 2018.

Investments in Other Activities and Companies

Paltel Group invests in several effective sectors aiming to enhance its financial position, expand its operations, and increase its profits. These operations aim to reduce risks, increase profits, and diversify investments in the Group's financial position to support financial solvency. Paltel Group Board of Directors works in harmony with the executive management to achieve a solid future vision, which seeks maintaining profitability, diversifying investment, and investing in the latest developments in global information and telecommunications technology by applying them in the business of its subsidiaries and communicating them to the Palestinian consumer. Moreover, the Group pays concrete attention to invest a large part of its investments in public joint stock companies in order to maintain high liquidity ratios and obtaining investment amounts as quickly as possible. Paltel Group key investments in the financial markets are as follow:

		Number of Shares		Ownership %		Market Value (JOD)	
Company	**Country**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**
Arab Bank	Jordan	19,140,750	19,999,998	3.0%	3.1%	118,864,058	114,999,989
Cairo Amman Bank	Jordan	10,579,282	11,167,017	5.9%	5.9%	14,070,445	11,502,028
PADICO	Palestine	42,279,573	42,279,573	16.9%	16.9%	38,369,558	32,973,839
The National Bank	Palestine	12,603,318	13,107,451	16.8%	16.8%	15,190,779	17,657,047

In addition, Paltel Group owns stakes in unlisted companies, such as owning 26.93% in VTEL; the Group's investment arm in the telecommunication sector in the region.

Paltel Group's Operations and Activities Outside Palestine

Due to the constant expansion and the aspiration to diversify the Group's investments, the Group's subsidiaries core operations aim to provide fixed and cellular telecommunication services, Internet, communication, data centers, and various real estate services, in addition to invest in local and regional financial markets through the purchase of shares distributed over several sectors. The Group distributes its operations in the telecommunications sector in the region through VTEL, the Group's investment arm in the telecommunication sector outside Palestine.

Management's Assessment of the Financial Position

Paltel Group constantly analyzes the financial, administrative and competitive position of its subsidiaries, compares it with its counterparts in the local, regional and global markets, discusses areas of development, and improves weaknesses so that financial indicators remain at the highest level compared to others. This is attributable to predicting future performance and taking expected future changes in the telecommunication market in consideration. such analysis help the management to take the most correct procedures and the most appropriate future plans to maintain stable performance through prudent investment at most appropriate sectors. The Group seeks to maintain moderate borrowing percentages to the total assets, as this percentage reached about 19%, and the Group proved its strengthened financial position with a total assets amounting to JOD 879 million at end of 2019 compared to JOD 858 million at end of 2018.

On terms of working capital, it reached - JOD 93 million at end of 2019 compared to – JOD 54 million at end of 2018, as the Group always monitors the working capital and its management to ensure no risks are related to the Group's fulfillment of its potential obligations. It is worth mentioning the Paltel Group manages its borrowings to reduce financing costs, which means that it borrows in the form of an overdraft, which in turn affects its working capital. The liquidity ratio (current assets to current liabilities) reached 0.7 times compared to 0.8 times in 2018, noting that the Group has sufficient capabilities to fulfill its short-term obligations and achieve the required financial balance. Moreover, the Group pays top priority to its future goals to continue enhancing and improving liquidity ratios in the upcoming years, especially as the Group made a payment related to licenses of both Paltel and Jawwal in 2019, which means that it paid the full value of the license with a value of USD 290 million to the Palestinian National Authority.

Paltel Group is known for its high financial capabilities and solid financial position that help it meet its short and long-term obligations. The Group maintained a high cash balance amounting to nearly JOD 39 million at end of 2019, subsequent to its commitment to pay all operating license fees, distribute profits, commitment to loans, and finance its operational operations and investments. In this regard, the balance of credit facilities and short-term loans reached 11.8% of total assets, and the balance of long-term loans reached 7.3% of total assets as at end of 2019. This demonstrates the Group financial position size, and these ratios are acceptable compared with the telecommunication companies operating in the region. Therefore, Paltel Group enjoys full eligibility to borrow out of its ability to comply with and fulfill its financial facilities.

Risks

Paltel Group monitors the performance of its investment portfolio by applying the most accurate financial analysis and comparing its performance with its counterparts in local and regional markets, in order to ensure that its operations are in line with the Group's vision of investing in growth guaranteeing shares and increasing profits. The Group carries out these analysis regularly on quarter and annual basis to keep abreast of the latest figures on the financial statements of these companies. On terms of the operation of its subsidiaries, the Group makes currency forward contracts with banks in order to hedge against the fluctuation of the shekel exchange rate against the USD and the JOD, as revenues are collected in shekels while financial reports are issued in JOD, which may leave impacts on performance due to different currency rates. By doing so, Paltel Group has been able to limit such losses, in harmony with following up and forecasting all political and economic news in order to be fully prepared to face any unusual or sudden situations. It should be noted that expected risks to the Group's performance are not limited to the currency, but also include share closing prices in the financial markets, which are re-evaluated in each period of, thus may not indicating the real or expected value of the shares in the future.

In addition to the risks related to the investment and economic nature, there are risks of a special nature related to companies operating in Palestine in general and telecommunications companies in particular, as the Palestinian political and economic scene is constantly exposed to turmoil, instability, and independence. As a result, financial performance and operational operations of companies operating in Palestine face permanent disturbance due to the status. The Israeli occupation seeks and invests permanently to negatively, marginalize and destabilize the telecommunications sector in Palestine due to its important role in the growth of the Palestinian economy, and it do so by strengthening networks of its companies inside the internationally illegal settlements and through offering prices aimed at harming the sector and prejudicing the fair competition between the companies operating in it. With regard to wireless services, it is worth noting that the second operator started its operations in the Gaza Strip two years ago, thus dividing market shares among operators. Moreover, Jawwal prepared sales and marketing plans to maintain the largest market share and maintain the confidence of its subscribers.

> Paltel Group proved financial strength and operational efficiency, and is able to face various local and regional economic risks and challenges.

Paltel Group Family

Human Resources Achievements in 2019

Paltel Group and its subsidiaries continue their achievements in the field of human resources management through achieving many qualitative achievements and leaps in 2019, which are paramount in upgrading the human resources department in particular and the Group as a whole in general, in order to ensure achieving high efficiency and effectiveness of the Group's performance. The Group's top achievements including:

- Developing and reviewing work mechanisms in human resources and automating work procedures at Paltel.
- Continuing developing the video recruitment feature in Paltel to attract youth energies in distinct ways, and updating the recruitment electronic website.
- Continuously working to maintain and develop internal structure to ensure employee comfort and satisfaction.
- Continuing using automation systems for operations in Jawwal through applying digital work space as it enhances communication between employees.
- Cooperating with various medical authorities to promote and spread healthy culture in the Group's subsidiaries.
- Upgrading health insurance services for Group subsidiaries employees.
- Cooperating with the Innovation Hub "Fikra" in order to attract entrepreneurs and people with experiences and creative ideas, and to benefit from them and their entrepreneurial ideas.
- Developing and upgrading candidate recruiting mechanisms and expanding Reach's recruitment base.
- Signing cooperation agreements with Palestinian universities for training and development purposes.
- Updating electronic human resource systems that would enhance and facilitate the process of internal communication between employees.
- Embracing a number of university students by the Group's subsidiaries to train, qualify, and provide them with necessary expertise and skills.
- Providing largest number of opportunities to train university students on practical side and facilitate their entry into labor market.
- Adopting and implementing information security policies and implementing employee awareness and education programs regarding data protection procedures.

Qualifications and Trainings in 2019

Employees are key resources of the Group, and investing in them is an essential choice for Paltel Group and its subsidiaries. Therefore. Paltel Group always seeks to arm its employees with adequate trainings aiming at refining their technical skills, develop them, and keep them abreast of new advancements in their field, in order achieve higher productivity for them and enhance their confidence. This is in addition to organizing behavioral competency courses, and participating in global and regional conferences in the field of information technology.

The group continues to create job opportunities and open horizons for new university graduates. Both Jawwal and Paltel continued to attract new graduates to "Go Professional" training programs in Jawwal and "Step" in Paltel, as these programs seek to enhance graduate skills and develop their capabilities through practical experience in a real working environment. This is done through a team with long, solid and specialized experience in the Group' subsidiaries to transfer their scientific and practical experiences to university students. In this regard, Paltel Group is considered one of the prestigious institutions prioritizing the educational sector and focus on developing youth segment in the Palestinian society. Accordingly, the cooperation agreement with Al-Quds University was renewed within the bilateral education program through Jawwal. This program aims to integrating work experience with academic attainment during the student's study years to ensure that students acquire the necessary expertise when starting their working journey.

Human Resources' Key Policies in Paltel Group

Paltel Group and its subsidiaries embrace a set of policies aiming at building sustainable monitoring systems that regulate the relationship between employees and the Group. Key policies are as follow:

Recruitment Policy

Through its subsidiaries, Paltel group endeavors to implement a solid recruitment policy that aims at investing in human cadre, which is the main pillar of successful operations. Therefore, the Group seeks to attract best qualified cadres to provide best services to its subscribers, relying on transparency and quality standards and clear foundations in recruitment and interviews procedures, which are based on the availability of a specific job vacancy. Accordingly, the candidates' requests submitted on the Group's website are studied to keep the Group subsidiaries a platform to give opportunities to all groups and for those whose qualifications fit the requirements of job vacancy. A group of candidates who are interviewed by the interviewing committee is selected for the job vacancy based on the recommendations issued by the committee, which means that employees are selected based on their qualifications, behaviors and technical skills necessary to obtain the job.

Training Policy

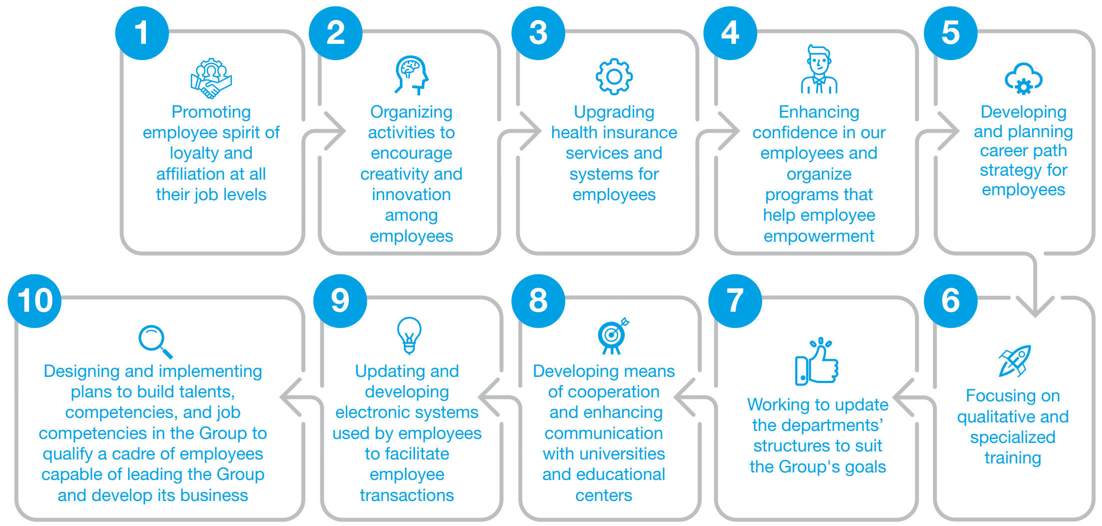
Paltel Group strives to invest in human resources through training and continuous skills development to raise the efficiency and performance of employees and acquaint them with the up-to-date technology used in the telecommunications and information technology sector to assist employees in completing their work. Training needs are determined by heads of departments to ensure employee benefit from them and identify the weaknesses to be enhanced. Accordingly, training plan is approved as per priorities of the training programs and at the approved budget. Implementing these programs begins by selecting the best training centers based on the coach's curriculum vitae, training content, and the price quotation. Subsequently, performance of employee and trainer is reviewed and a full evaluation is made for the course to ensure its effectiveness.

The Group also offers training programs to university students to five them the chance to widen their perspective and increase their professional experience, thus to help them start their career in a strong manner.

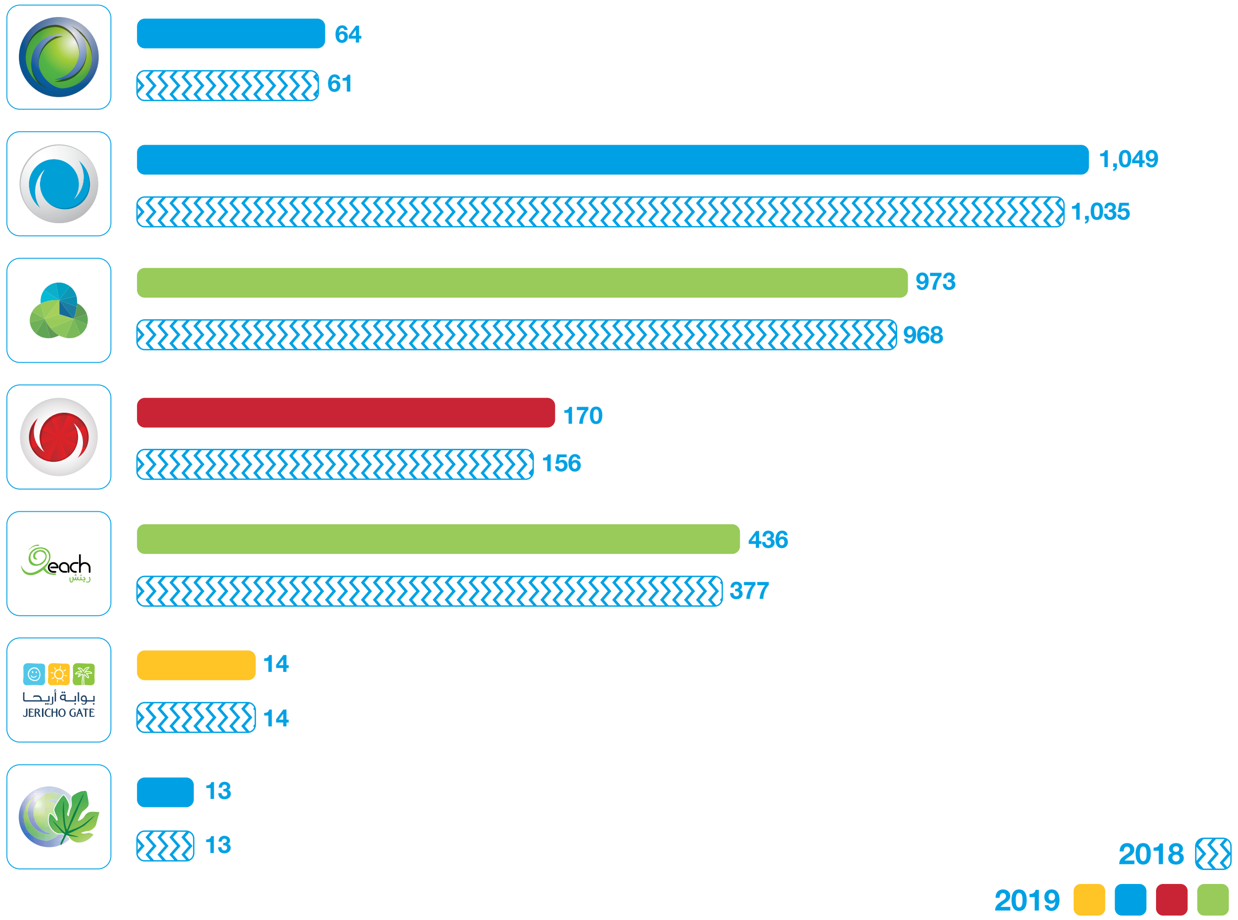
Incentives Policy

Incentives Policy motivates employees by setting sophisticated and fair systems for bonuses and rewards based on personal performance to ensure identifying distinctive elements and other employees as an important priority for Paltel Group and its subsidiaries. This helps in motivating employees and enhancing their affiliation with their companies by providing many benefits to them, such as provident fund, social solidarity fund, employee and family health insurance, medical care fund, social care fund, universities/colleges scholarships for employees' children, graduate studies policy, bachelor's certificate policy, and professional certificates, in order to motivate employees to join universities, in addition to providing benefits and providing annual rewards for employees to enhance affiliation and loyalty to the Group.

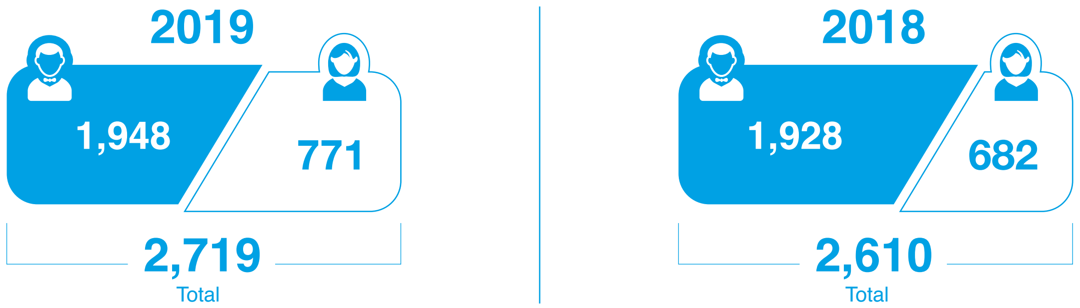
Future Plan of Human Resources Department in 2020



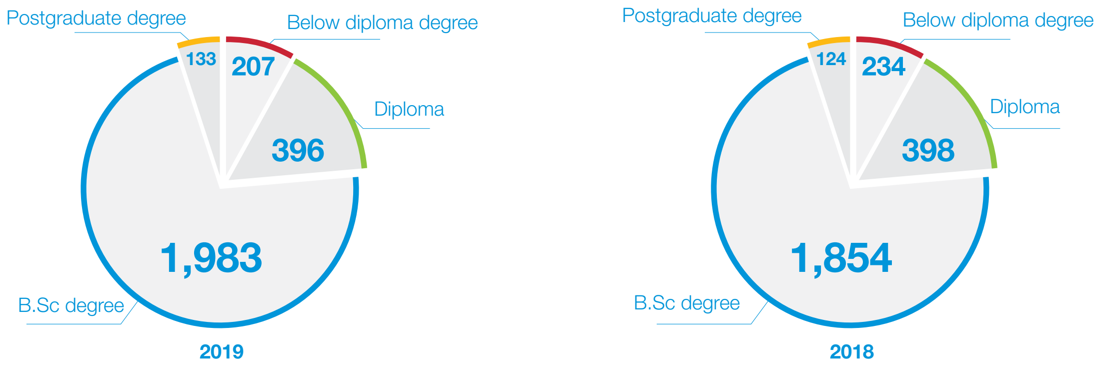
Numbers of employees of Paltel Group and its subsidiaries (2018-2019)



Classification of Paltel Group and its subsidiaries by gender (2018-2019)

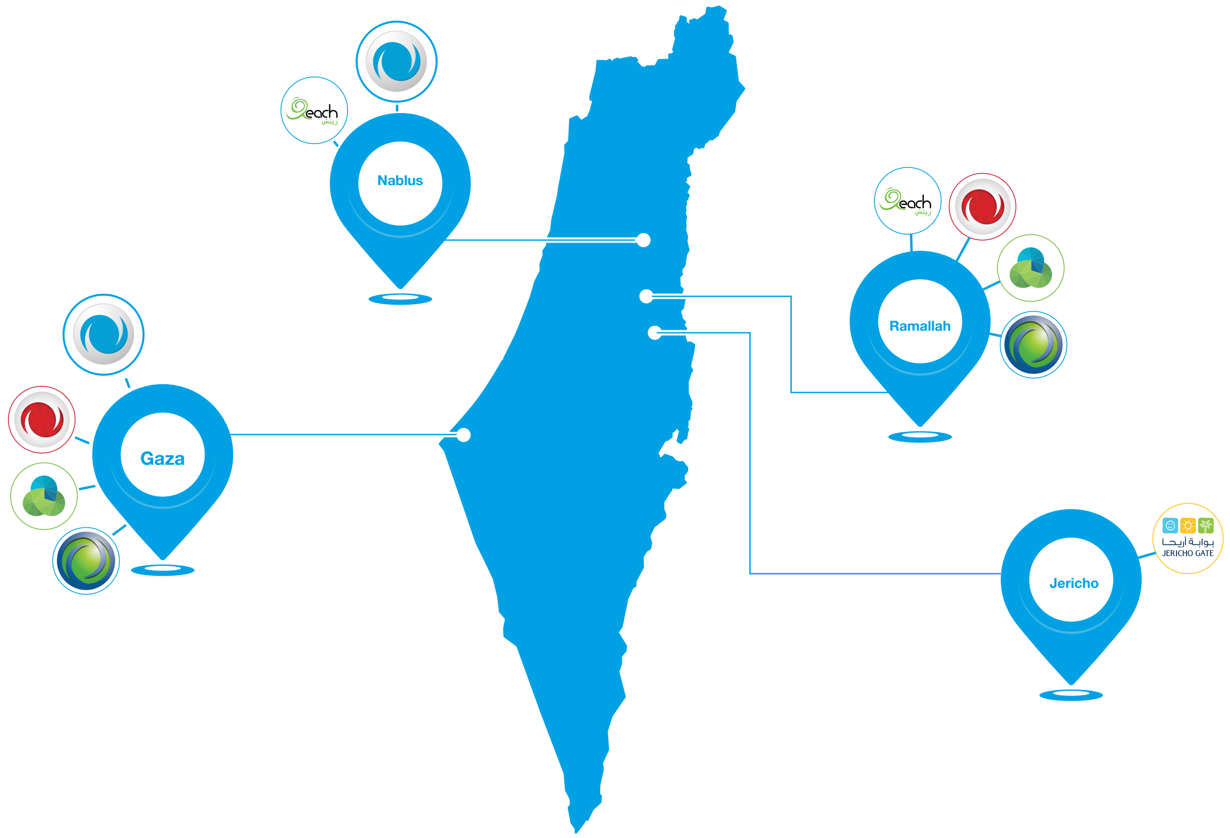


Classification of Paltel Group and its subsidiaries by Education (2018-2019)



Summary of Training Courses (2018-2019)

Main Branches of Paltel Group and its subsidiaries



Innovation Hub "Fikra"

Paltel Group Innovation Hub "Fikra" has become the first choice place for talented entrepreneurs and professionals ready to develop entrepreneurship in Palestine. Our mission is to stimulate and lead process of changing cultures and flow of processes to enable entrepreneurs and self-employed people examine, develop, and deploy their ideas and products.

"Fikra" opened its doors to owners of startups and their ideas to provide them with a space for joint work equipped with up-to-date technologies. We also endeavor to empower them through providing guidance and training sessions, and connect them with a wide network of experts in all fields. Moreover, Fikra could also participate in investment rounds in startups as we are the first innovation hub for private sector in Palestine

Innovation Hub's Services

- A shared workspace equipped with up-to-date equipment including smart screens, virtual reality glasses, 3D printer, tablets, video calling system and other facilities
- High-speed Internet from Paltel
- Building entrepreneurial skills and capacities through mentoring process with employees of Paltel Group's subsidiaries and Fikra Innovation Hub
- Workshops in various entrepreneurial and technical areas including advanced technology such as virtual reality, augmentation, blockchain, and artificial intelligence
- Investing in startups through Paltel Group’s investment capital fund

Achievements

Launch of the Program

Fikra innovation Hub programs were launched in 2019. Its achievements included preparing headquarters to welcome entrepreneurial youth in the shared workspace and creating pages on various social media.

Today, Fikra hosts 8 startups and many freelance software developers, in addition to many startups that visited the hub and received advisory services. Thus, Fikra emphasized the pioneering role played by Paltel Group in society. The team dedicated itself to preparing entrepreneurs to explore their ideas and interests, and provide them with the knowledge, skills, infrastructure, and financing needed to successfully implement their ideas.

Shared workspace

Fikra Innovation Hub's shared workspace has become the first choice place to host a dynamic community of entrepreneurs and self-employed individuals and attract many local and international visitors. It continuously hosts activities including cooperation between hosting companies, in addition to opportunities to deal with Paltel Group subsidiaries. The shared workspace with its various services is an opportunity to create a pioneering society aimed at exchanging ideas, raising level of scientific and technical discussion, and exploring opportunities of cooperation. The Hub also held several consultative meetings with startups that has been constantly resorting to Fikra's team to gets its opinions and advice.

Investment Session About Shares and Partnerships

Counseling

Fikra Innovation Hub provides entrepreneurs with the necessary counseling to develop and qualify their businesses in a manner necessary to attract investments, through daily interaction between them and direct communication with Fikra's team and the investment committee of Paltel Group. In addition, and in order to expand beneficiaries' base, Fikra organized several counseling workshops with experts from Paltel Group subsidiaries (Jawwal, Paltel, Hadara, Reach) and experts from international companies including Google, Intel, Amazon, Tech Ranch, and others.

Equipping More Infrastructure

Jawwal App Store Platform

Fikara Innovation Hub and Jawwal prepared the JAS platform infrastructure to invite startups to share their applications on the Group platform. The vision of this platform aims to support startups and entrepreneurs reach the largest number of users through quick distribution channels for their companies supported by Jawwal. This helps increasing income for their startups and their development by merging with Jawwal Pay app, which is the latest service Jawwal enables application users to receive payment for products or services easily after recharging Jawwal Pay.

Internal Corporate Entrepreneurship

Fikra Innovation Hub encourages internal entrepreneurship of the Group's employees through their participation in activities, workshops, counseling, Hackathons, and startup evaluation meetings held in Fikra, where a number of employees participated either as counselors or beneficiaries in most activities, which strengthened the culture of entrepreneurship.

Agricultural Technology Hackathon

A Session on the Impact of Technology on the Palestinian Economy

Partner of the entrepreneurial system

Fikra Innovation Hub hosted many activities that encourage technological leadership in various economic sectors, in partnership with institutions operating in this sector as a successful business methodology, the most important of which are:

- Agricultural Technology Hackathon
  Fikra Innovation Hub implemented a hackathon in the field of agricultural technology for 3 days, in which 60 entrepreneurs participated in the West Bank and Gaza, in cooperation with The Portland Trust, Global Communities, Gaza Sky Geeks, and Agri Business Accelerator. A number of professionals in the agriculture field discussed the problems facing this sector, and they were able to provide solutions to some of these problems in the form of technological projects. 3 projects were chosen to incubate their projects to Agri Business Accelerator.

3 entrepreneurship projects

60 entrepreneurs

- Partnerships with Founder Institute, a global program emerging from Silicon Valley, to help entrepreneurs create their ideas and convert them into primary products, in addition to building a business model and hypothesis by penetrating global markets and presenting ideas to investors.
  The program was hosted at Fikra Innovation Hub to provide various kinds of support to the "Founder Institute" Ramallah branch, which apply a 14-week training program methodology designed in Silicon Valley, aims at providing guidance to entrepreneurs and assign weekly practical tasks that help them develop their ideas to move from idea stage to financing.

- Partnership with IBM to develop computers and software and provide the Group services to startups through Fikra Innovation Hub
  Fikra agreed with IBM to provide $ 120,000 worth of services to any of the Hub's subscribers, thus allowing subscribers to obtain various services that facilitate and accelerate the development of their companies, in addition to accessing the networking channels through IBM services.

- Fikra Innovation Hub established a partnership with the regional Magnitt platform, which is the largest platform for startups and business accelerators in the region. The Hub's activities are now displayed on its platform to reach the entire Middle East and North Africa region. It also presented a form issued by Fikra allowing startup owners to apply for investment.

Visit of the Minister of Telecommunications & Information Technology to Fikra Innovation Hub

Investing in Startups

Paltel Group participated in investing in "Kitab Sawti" startup along with Swedish and international investment companies, which will open new horizons for networking with emerging economic startups locally and internationally. "Kitab Sawti" is one of the largest platforms devoted to audio books in the Arabic language in the world.

It is worth noting that since its first year of establishment, Fikra Innovation Hub witnessed a distinct turnout by entrepreneurs to attract investment from the Paltel Group to their startups. Therefore, Paltel Group was positioned as a promising destination for supporting technology entrepreneurship in Palestine.

Success stories of Fikra

Beddi Taxi

An integrated system to manage public transport vehicles operating in Jordan and Palestine in partnership with the public transport sectors through tracking, management, and communication system. The system is currently operating nearly 600 taxis. Fikra Innovation Hub hosted this startup and helped it enter the market.

TAXI

TollabCo

This startup succeeded to reach the finals of the global entrepreneur competition HULT PRIZE, where TollabCo team came in second place in the finals in New York. Fikra Innovation Hub supported and guided this team and hosted it at the Hub.

weDeliver

The first delivery Company in the Middle East using "on the go delivery" method. WeDeliver ranked first place in the Startup Istanbul competition among 100 startups globally. Fikra Innovation Hub created and hosted the operations of this startup from its first day.

13 Startups and freelancers

25 training sessions on several topics, including:

- Inspirational and motivational sessions
- Sessions on technology and programming
- Brainstorming sessions
- Guidance sessions
- Business form preparation sessions

Training camps

React Native

3 Days | 25 programmer

AR VR virtual reality training camp

20 entrepreneur

JAS

5 Startups added their application to Jawwal App Store "JAS"

Governance

Compliance with Corporate Governance

Legal Disclosures

Board of Directors

Internal Monitoring and Control Systems

Shareholders and Paltel Stock

Compliance with Corporate Governance

> Paltel Group has been always striving to become the ultimate role model in observing the rules of governance and adhering to the laws and regulations set out by the regulatory authorities while taking into consideration all applicable guidelines and recommendations. Paltel Group is the largest company in the Palestine Exchange in terms of market value with the largest operational capacity and sustainable profitability in the private sector in parallel with its paramount and pivotal role in the Palestinian economy. The Group's memorandum of association and the articles of association are, therefore, the first reference for the board of directors and the executive management relating to taking decisions and setting future plans, supported by the policies and procedures approved by the Group, aiming at regulating the Group's business practices while staying true to the highest levels of transparency. The Group always seeks to maintain effective liaison between the board of directors, executive management and stakeholders by holding annual general assembly meeting through which several topics and the Group's performance are highlighted and discussed. Paltel Group has been committed to legal financial disclosures as well as publishing news releases and various news via social media in order to keep abreast all concerned parties of the Group's latest news.

Palestine Capital Market Authority (PCMA)

Palestine Capital Market Authority was established pursuant to Article (2) of the Capital Market Authority Law No. (13) of 2004 to regulate, supervise and control performance of securities, insurance, mortgage, and financial leasing sectors in Palestine, to ensure highest practices of transparency and integrity are applied in accordance with international standards adopted by Palestine. It carries out this by taking necessary decisions, preparing legislations, and publishing circulations to stakeholders in these sectors to protect the interest of them and their dealers. The Authority follows up on initial and secondary public offerings of listed companies as a part mandate aiming to regulate securities sector. The Authority also issues the necessary legal licenses for companies as well as the amendments relating to changing or amending articles of association of companies when requited. The Authority has legal personality and enjoys financial and administrative independence and legal capacity to carry out all its duties and practices.

Palestine Securities Exchange (PSE)

The Palestine Securities Exchange organizes trading in securities in Palestine and builds an efficient and fair investment environment in order to attract local and foreign capitals and provide the necessary awareness about the investment environment and opportunities in Palestine. Palestine Exchange was established in 1995 as a private joint shareholding company. First trading session was held in 1997, and then the Exchange was listed as a public shareholding company in 2010 to allow the Palestinian investor be full aware of its activities and complying with laws and required standards of governance. During the past two decades, Palestine Exchange maintained a good image for the nature of investment in Palestine, strengthened strategic relations with local and regional stock exchanges and financial bodies, and placed Palestine on the global financial map by adhering to the highest transparency systems and complying with global trading laws. Palestine Exchange operates under the supervision of the Palestinian Capital Market Authority, according to the Securities Law No. (12) of 2004.

Compliance with Disclosure

Paltel Group abides by all disclosure laws and regulations that provide its shareholders with all information about its performance. The group always strives to be the leading entity in applying the laws stipulated in this regard being the largest company in Palestine Exchange in terms of market cap, therefore, it must be the reference in applying transparency and various legislations stipulated in the Disclosure Law. Paltel Group discloses the performance of the Group and its subsidiaries in a quarterly, semi-annual and annual manner, as well as disclosing terms of its board of directors and public bodies, insider trading, all administrative and financial matters, and all matters stipulated in the disclosure law, through various announcement methods that reach the Group's shareholders inside and outside Palestine. According to the law, the Capital Market Authority and the Palestine Exchange receive and publish these disclosures on their websites, in addition to publishing the most important disclosures in major daily newspapers.

Legal Disclosures

Main Legal Actions or Cases that the Company becomes part thereof

The Company has no any material financial cases until 31/12/2019. It should be noted that there has been multiple cases filed by and on the Company, but they have no material financial values.

Related parties who are the Group's debtors or beneficiaries from any guarantee worth more than Five thousand JOD as of beginning of 2019

There are transactions with related parties that are outlined in the audited financial statements in the related parties note.

Controlling the Company

There is no specific entity that owns the majority of securities of the Palestinian Telecommunications Company, or has a majority of the voting rights, or has the ability to appoint directors representing a majority in the meetings of the Board of Directors, taking into consideration the stake of Palestine Development & Investment Company "PADICO" and Palestine Investment Fund (PIF) as referred to in the item clarifying the shareholders whose contribution exceeds 5% of the listed shares.

Contracts & Deals of Related Parties

Paltel Group has not undertaken any projects, contracts or commitments beyond the year 2019 in the sense meant above. Taking into account the technical and operational nature of the relationships between the Group companies and the associates, which have been disclosed through the audited financial statements.

Relatives' Possession of Board of Directors and Executive Management

Paltel Group is keen to disclose any transaction made through the Investor Relations Department as well as brokerage companies that manage trading and transactions processes, in compliance with the applicable disclosure law.

Kinship or Intermarriage Relations between the Board of Directors & Executive Management

There is no relationship between members of the Board of Directors and Staff of Executive Management.

Bankruptcy of any member of the Board or Executive Management

No member of the current board of directors, or any executive management officer, has been declared bankrupt or issued any action or judgment against any of them, including any decision to prevent any of them from carrying out administrative work or from exercising certain activities, during the past five years.

Salaries and benefits of the Board of Directors and the Executive Management

The salaries and benefits of the senior management for 2019 was total of JOD (1.75) million as short-term benefits and JOD (190) thousand as long-term benefits, in addition to JOD (414) thousand as benefits for the Group board of directors.

Employment Contracts for members of the Board & Executive Management

There are no business contracts between the Group and the Board of Directors. As for executive management, the employment contracts of executives are indefinite and do not provide for any exemption or limitation of liability, bearing in mind that the Group's CEO is a current board member.

Senior leadership positions held by members of the executive management for other companies listed in the Palestine

Name	Position	Workplace	Listed Companies
Ammar Aker	Chief Executive Officer	Paltel Group	Paltel Group Palestine Telecommunications Co. (PALTEL) Palestine Development & Investment Co. (PADICO Holding)
Salameh Khalil	Chief Financial Officer	Paltel Group	The National Bank (TNB)
Maen Melhem	General Manager	Paltel	The National Bank. (TNB) Golden Wheat Mills Co. (GMC)
Abdul Majeed Melhem	General Manager	Jawwal	Palestine Industrial Investment Co. (PIIC)

The Board of Directors

Roles and Duties of the Board

The Board of Directors duties aim to keeping the Group on track of success sustained for the past two decades, maintaining its sustainability and profitability, increasing returns for its investors, and ensuring highest quality of services provided by the Group's subsidiaries. The Board of directors usually sets strategic and future plans including technical, administrative, financial and expansion plans as well as practical and geographic plans, in order to keep pace with the regional and global development and to use the Group's resources and income in the wisest and most feasible way, to enhance financial position, improve profitability, and invest in infrastructure to achieve full satisfaction of subscribers. The Board of Directors follows up on the extent of application of the Group's corporate governance and transparency practices outlining the importance of adhering to these provisions and its role in presenting clearer picture of the general community. It worth mentioning that the Board of Directors represents the rest of the shareholders according to the provisions recognized by the securities laws and listed companies. The Board of Directors' duties and tasks include but not limited to:

- Identifying the mission of the Group and its subsidiaries, and developing strategies and laws to achieve the objectives in various forms, thus contributing to serving local community and providing rewarding returns to shareholders and other stakeholders. The Board is also responsible for carrying out periodic reviews of its mission and objectives to ensure its effectiveness, relevance and credibility.
- Determining tasks and authorities of the executive management, evaluating its performance in achieving financial and operational objectives, and verifying the applicability of policies, plans and strategies developed.
- Approving the incentives policy, bonuses and benefits to members of the Board of Directors, executive management, and employees of the Group's companies.
- Providing the necessary resources and devising realistic objectives that can be achieved to strengthen the ability of the executive management to perform its tasks and achieve the desired results.
- Studying and evaluating the surrounding business environment, and searching for investment opportunities and projects that benefit the Group and its shareholders.
- Reviewing and approving the financial statements and reports, in addition to approving the Group's budget and results achieved during the fiscal year.
- Reviewing transactions with related parties and ensure their compliance with standards of integrity and independence.
- Carrying out many other tasks to ensure transparency and fairness to all parties dealing with the Group and its subsidiaries.

Membership of the Board of Directors

The Group's memorandum of association, bylaws, and policies require that the number of members of the Board of Directors shall not be less than 5 members and no more than 11 members for reasons of consistency of membership with the capital structure. The bylaws also require that each member shareholding shall not be less than 30,000 shares. In the event of a decrease in shareholding, membership of the Board of Directors shall automatically fall. A board member shall have financial, legal, practical and technical knowledge and competency in line with laws and the Group's practices. This is in addition to the integrity and good reputation of the members who in turn represent all shareholders of the Group. The members of the Board of Directors dedicates the necessary time and attention required for meetings and other matters in order to keep abreast of latest developments in the world of telecommunications, investment and financial and strategic planning.

Board of Directors' Committees

The Board of Directors committees focus on following up and studying certain administrative affairs of the Group. These committees, which are originally made up of specific members of the Board of the Directors, assume the role of the board as a whole by taking decisions related to these matters, following up on their work, and analyzing their performance. The Board of Directors committees include two committees, namely internal audit committee and investment committee, where the internal audit committee focuses on the extent of applying standards of governance, transparency and compliance with laws, regulations, policies to ensure highest level of performance accuracy and integrity. The investment committee aims to maximize profits and achieve the largest return for shareholders by following up on investment in the telecommunication sector locally and regionally, in addition to following up the performance, development, and diversification of the Group's investment portfolio to achieve sustainable income growth. The committees consist of the following members:

Investment Committee

Members of the Committee

- Mr. Yazeed Al-Mufti – Chairman
- Mr. Samir Hulileh
- Mr. Ammar Aker
- Mr. Zahi Khouri

The Investment Committee's duties and tasks

Preparing the Group's investment strategy, and monitoring and following up its implementation.

Submitting recommendations to the Board of Directors regarding the investment opportunities.

Setting up the appropriate investment strategies.

Submitting reports regarding the Group's investments to the Board of Directors and the General Assembly.

Internal Audit Committee

Members of the Committee

- Mr. Talal Nasereddin – Chairman
- Mr. Basil Abdel-Nabi
- Mr. Basem Abdel Haleem

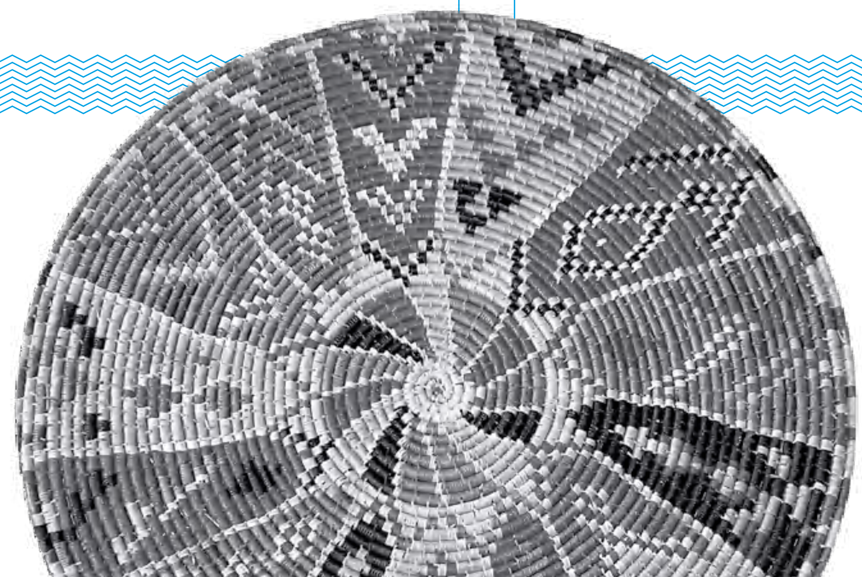
The Internal Audit Committee's duties and tasks

Liaison between Paltel Group's Internal Audit Department and the Board of Directors.

Supervising the application of policies, accounting and operational standards.

Guaranteeing risk reduction related to revenues.
Monitoring internal audit processes within the Group in line with the approved standards.

Preserving the independence and objectivity of internal audit within the Group.



Meetings of the Board of Directors

Board meetings are held periodically during the year at the request of the chairman or at the request of at least a quarter of the board, and the number of annual meetings shall not be less than six meetings at the place requested by the chairman. The Group discloses the agenda and decisions of the meetings within legal disclosure deadlines determined by the supervisory authorities, in order to ensure information are submitted in appropriately and on time for each of the shareholders, PCMA, PSE, and stakeholders. Board meetings aim to discuss the financial and administrative status of the Group and develop strategic plans for admin, financial, and technical matters, analyze current and future situations and challenges, review the performance of the executive management, and determine the policies and procedures that constitute the first reference to the Group's business and practices of its employees, which aim to fully comply with laws, regulations, and the best fair practices.

It is worth noting that no emergency meeting was held in 2019 due to the absence of any exceptional circumstances during the year.

Board meeting dates for the year 2019

1	2	3	4
	The first meeting 11/02/2019	The second meeting 26/03/2019	
5	**6**	**7**	**8**
	The third meeting 17/6/2019		
9	**10**	**11**	**12**
Fourth meeting 23/09/2019			Fifth meeting And the sixth 05/12/2019

Ordinary General Assembly Meeting

Paltel Group holds an ordinary general assembly meeting once a year. All shareholders are invited to attend the meeting to discuss the financial, administrative and operational performance. The invitation includes the agenda of the meeting and the matters that will be discussed. Details of the meeting are published on the websites of the Group and the PSE and through many local newspapers in Palestine and Jordan to ensure that information are distributed to all shareholders anywhere.

The twenty-second general assembly meeting was held in March 2019 in Ramallah, Palestine, and the meeting was broadcast via video conference systems with the shareholders present in the Gaza Strip. The Group controller announced the completion of the legal quorum of the meeting and asked the Chairman of the Board of Directors to preside the meeting. The agenda was then commenced and one of the most important decisions taken at the meeting is distributing cash dividends to shareholders at 40% of the par value of Paltel Group's stock, which means that the stock achieved one of the highest returns in the Palestinian and regional markets.
During the meeting, the members of the Board of Directors were discharged, and Ernst & Young was appointed as the Group's external auditor for 2019.

Extraordinary General Assembly Meeting

The Board of Directors decided in its meeting held on 02/02/2020 to hold an extraordinary general assembly meeting on 23/03/2020 to add a procedural clause to the bylaws with regard to the Board of Directors' mandates on borrowing and guarantee.

Election of the members of the Board of Directors

Pursuant to Paltel Group's bylaws, the Board of Directors' term shall not exceed a period of four years, and the new Board of Directors shall be voted during the general assembly's meeting in secret ballot, provided that each candidate owns at least thirty thousand shares of Paltel stock. It is worth noting that persons under the age of twenty-one years are not permitted to run for the Board of Directors as per the laws and regulations, and it is not also permitted for anyone who occupies a public position to run for the Board of Directors.

Evaluation of the Board of Directors' performance

Evaluating the members of the Board of Directors is carried out according to the vision of the members of the Board of Directors and the Group's vision, which aims mainly to develop the Group and maximize its profits, strengthen its financial position, increase the return on the investment of its shareholders, and apply the Group's policies and procedures to ensure transparency and accuracy. The evaluation process helps the Board to develop performance and set the work plan as best as possible, noting that members of the Board of Directors have expertise and skills related to the field of investment and business leadership, thus determining the main objectives of the Group's strategies and plans. In addition, performance of the Board of Directors and the executive management is evaluated at the annual general meeting in presence of the shareholders, the companies controller, external auditors, and representatives of PCMA and PSE, by discussing the Group's financial and operational performance.

Internal Control and Audit System

Paltel Group continues to develop and expand its business significantly through established and approved plans. For this reason, the Internal Audit Department focuses on applying the latest internationally approved internal control and audit systems, which are intended to develop operational performance and use available resources effectively and with high accuracy to ensure that they are applicable in the best manner. This is also in addition to ensuring the credibility and appropriateness of the information provided to all parties relating to the activities of the Group in the areas of administrative, commercial and financial activities, to ensure information is communicated explicitly and work systems are applied with highest accuracy.

The Group uses multiple control tools in order to implement control procedures, including the administrative control system through several methods including planning budget, quality control, accountability system, and performance appraisal system. The Group is also applying the accounting control system aiming at testing the accuracy and accountability of accounting data recorded in the books and tracking the processes of recording health, classification, analysis, and presentation of accounting data, through several methods, the most important of which is strengthening the role of internal audit, and separating the duties of account management from other departments. As for the internal control system, it mainly depends on checking effectiveness of the controlling structure, and ensuring the extent of its compliance with the applicable laws and regulations, in addition to verifying the availability of adequate protection of funds and property to protect them from misuse or misappropriation. This is in addition to verifying integrity of the completeness of the documents, and the correct presentation of financial and administrative information and data.

Paltel Group's Board of Directors formed an Internal Audit Committee to follow up the work of the Group's Internal Audit Department, which is committed to implementing the International Professional Practices Framework (IPPF) emanating from the Association of Internal Auditors (IIA). The framework provides for a mechanism of the internal control and audit systems, mandatory directions and provisions, and professional codes of conduct to be followed.

The main achievements of the Internal Audit Department in 2019 are as follows:

- Continuing risk auditing process risks related to networks and information technology for all the Group's subsidiaries and their technical departments.
- Completing the project of automating all internal audit and risk assessment processes with the aim of achieving continuous automated monitoring of most operations in the Group subsidiaries.
- Implementing many consulting services as per the requirements of the executive management.
- Carrying out internal audit in line with the approved internal audit plan for 2019.

The Internal Audit Department adopted an approved methodology based on international internal auditing standards to assess the effectiveness of internal control systems through comprehensive risk assessment, and identification and prioritization of high risks. Paltel Group carries out an in-depth study and understanding of the operations associated with these risks in addition to an understanding of the control measures applied to control these risks. The audit procedures and the work program are then determined based on the characteristics of the control procedure and severity of risks. The examination is done through various tools and means of auditing (detailed examination of a sample of transactions, self-evaluation questionnaires, comprehensive analysis of information, and benchmarking with global best practices). Weaknesses, improvements, recommendations proposed by Internal Audit Department are then determined and a timetable is prepared for the implementation of these recommendations by the Department.

Internal audits of Paltel Group and its subsidiaries were carried out. No material matters that could affect the business or results of the Group negatively were found, and no deficiencies, weaknesses or defects in the internal control and control systems of the group's activities were found or discovered. The department permanently provides recommendations and directives to improve and develop work performance for all work affairs such as financial activities, administration and technology. The relevant departments implemented the recommendations in line with the required procedures.

Investors and Paltel Stock

Investor Relations Department

Paltel Group values the confidence of its shareholders, who believed in the successful performance and fruitful returns of Paltel Group stock over the past two decades, the outstanding performance of the Group subsidiaries, and the future prospects that the Group pays most of its attention to achieving them and maintaining the sustainable profitability. For this purpose, Paltel Group always aspires to enhance and empower communication with its shareholders through the Investor Relations Department to ensure all financial and administrative information in addition to the future vision and all the essential news that could affect the investment decisions reach its shareholders. This relationship aims to preserve the true value of the Paltel Group stock by applying transparency and adherence to disclosures, in addition to reaching existing and potential foreign and local shareholders as well as attracting institutional and individual investments. These practices reflect positive results at the level of Palestinian financial market performance in terms of increasing liquidity ratio and number and diversity of investors and attracting foreign capital. This approach enhances the outlook of the Palestinian economy's performance in the international markets.

A main goal the Investor Relations Department seeks to achieve is to maintain harmony between the vision of its shareholders and its board of directors and executive management. Therefore, the General Assembly meeting is the main annual communication platform to exchange views, discuss performance, and agree on the required destination, in addition to various means of communication and information dissemination to ensure information of highest accuracy and clarity reach shareholders through the Palestinian Post, Palestinian and Jordanian newspapers, social media sites, and registered calls. These procedures represent Paltel Group's awareness of the importance of a strong and strong investor base.

The Investor Relations Department has the tools necessary to maintain confidentiality of shareholders information through special systems developed to meet these needs. These systems are used to continuously confirm shareholder information and maintain its accuracy and validity for use when needed. The Department's employees receive all shareholder inquiries related to various matters, respond to their questions as quickly as possible, and disburse the profits due to them. The Group is committed to applying all laws and regulatory requirements to comply with the disclosure, and seeks to provide a report and additional information on legally required matters to maintain and develop the relationship with investors day after day.

Form and Mechanism of Communication with Shareholders

Paltel Group has taken upon itself the responsibility to use all ways and methods available in the world of telecommunications to communicate its objectives, achievements, and business results to all stakeholders and the business community as a whole. Therefore, Paltel Group kept on using audible, visual and readable soft and hard means to ensure present comprehensive and clear picture of the nature of the Group's business, achievements and strategies. The website is constantly monitored and updated with latest news, achievements, disclosures, Analysis, financial results, and Paltel's stock performance for the past periods as well as historic dividends, thus becoming the ultimate platform and reference for the Group's news and official data.

The Investor Relations Department works closely and continuously to update the basic personal and banking information, to ensure access to the latest communication information, which ensures easier communication with shareholders to inform them of the latest developments or to distribute the profits. This system had a positive impact on the activities of the Department and helped in distributing the accumulated profits to shareholders from previous years and maintaining their accurate classification.

The Investor Relations Department is coordinating and preparing the annual general assembly meeting at the highest possible standards, which in turn is a platform for taking the group's core decisions and setting future plans, such as election of the board of directors and external auditors and dividends distributions, in addition to discussing the company's business with the board of directors and the executive management. Shareholders are invited to attend the meeting and exercise their rights to participate and vote as a shareholder of Paltel Group.

Reports and Disclosures Served to Shareholders

Adhering to the laws of disclosure of financial reports, material matters and insider trading set forth by the Capital Market Authority and Palestine Exchange are essential. The Department communicates this information on time and with highest accuracy to its shareholders to adhere to the laws and allow shareholders obtain information in a timely manner to enable them take objective and transparent investment decisions.

As a leader in adhering to the principles of corporate governance and out of its role as an established economic institution, Paltel Group always takes the additional step as part of its responsibility towards its shareholders and the general community. Therefore, presentations are being prepared on public and financial performance and the achievements at the level of social responsibility and sustainability in order to provide all information to all stakeholders in the local and international community.

Collaboration with the Supervisory Authorities and Brokerage Companies

Paltel Group maintains a steady and solid communication link with the regulatory and supervisory authorities in order to inform them of the latest developments and dates of publishing statements and holding meetings of the Board of Directors and the General Authority as well as the substantive decisions, to ensure all parties have updated information with regard to the Group.

Moreover, Paltel Group keeps an opened channel with listed brokerage companies in Palestine, in order to increase ways of communicating information to shareholders out of its ongoing relationship with the listed companies. Such information focuses on dates of meetings of the Board of Directors, the general assembly, and the decisions issued by it. In addition, the Group holds meetings with these companies to review the latest financial developments and analyzes data collected and strategic plans announced, with the aim of disseminating the information widely.

Investor Relations Department Strategy

Developing and sustaining relationship with investors is part of Paltel Group's work agenda, through using ways that govern technology related to these topics and holding video meetings with similar and specialized departments of large companies operating in the region through the Middle East Investor Relations Association (MEIRA). The department management maintains interrelated relationships with all entities related to the securities sector in Palestine, as Paltel Group recognizes its responsibility as the largest and most profitable company in Palestine Exchange. Therefore, Paltel Group is always paying utmost attention to maintaining its investors' funds and maximizing their future profits.

Paltel Group
is a member of
the Investor Relations Organization
- Middle east

2019
MEMBER OF
middle east investor relations association

Paltel Stock

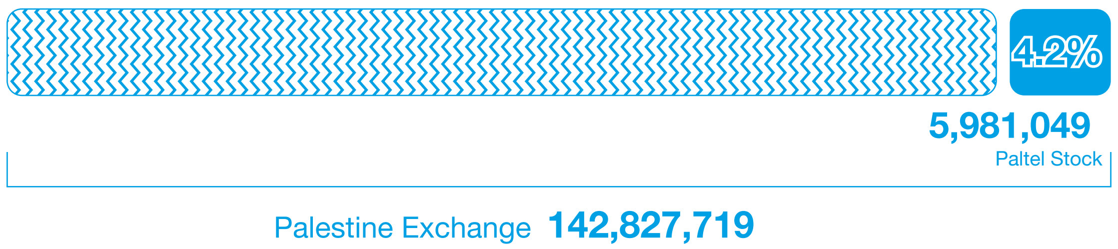
Paltel stock was listed in Palestine Exchange in 1997. Since its establishment, Paltel Group has been endeavoring to enhance its financial efficiency, expand its operations, and maximize its investments. The paid-up capital at the time of its incorporation in 1997 was JOD 33 million, and it was increased to JOD 45 million in 1998, followed by another increase by 50% in 1999 to reach JOD 67.5 million. The general assembly approved capital increase by 50% and 30% in 2005 and 2006 so that the capital reached JOD 101.25 million and JOD 131.625 million respectively. There has been no change on listed stocks or capital ever since.

Paltel Group stock was listed within the first market of Palestine Exchange per the listing system, due to several criteria and standards based on the governance, efficiency, and financial position of its subsidiaries, which enabled Paltel Group to be within the first market. This classification depends on criteria the most important of which are size of the capital, activity of trading in the Exchange, free float, and the ratio of net equity to the paid-up capital.

Stock Performance Indicators
Performance of Paltel Group stock in PEX in 2019

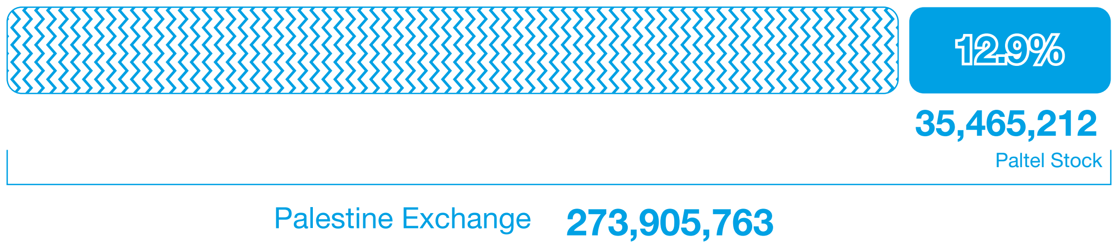
Number of traded shares (share)

Traded Paltel shares to PEX traded shares



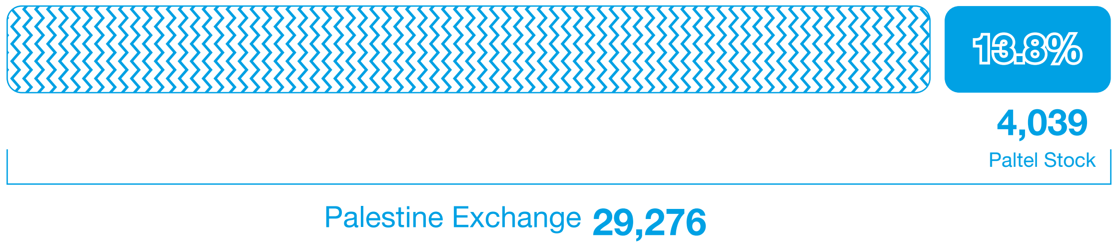
Traded share value (USD)

Traded Paltel shares value to PEX



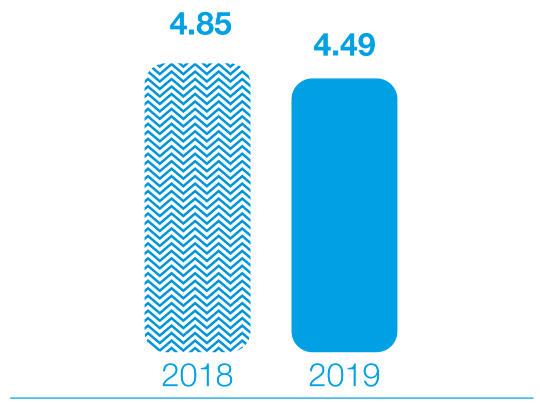
Number of executed deals

Traded Paltel shares value to PEX

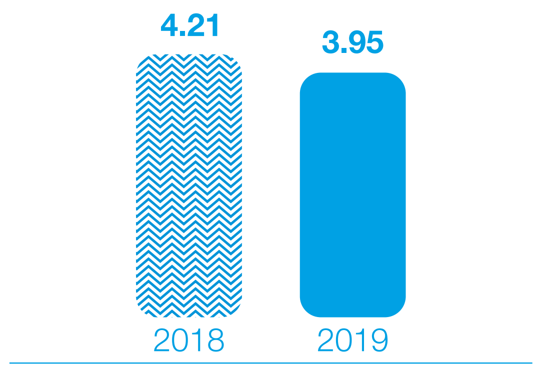


2018	Trading activity on PALTEL shares	2019
7,882,791	Number of shares traded (shares)	5,981,049
49,223,183	Value of shares traded (USD)	35,465,212
4,443	Number of executed deals	4,039
5.99%	Turnover Ratio	4.54%
242	The number of sessions in which Paltel share was traded	244
802,002,687	Market Capitalization (USD)	779,724,835
48.52%	Free Float	47.88%
8,324	Total number of shareholders	8,352
32,574	Average daily trading volume (shares)	24,512

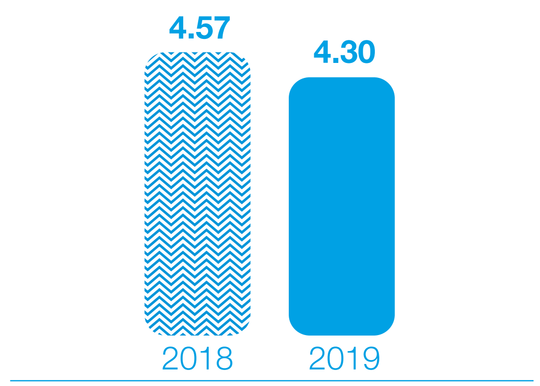
PALTEL share price summary



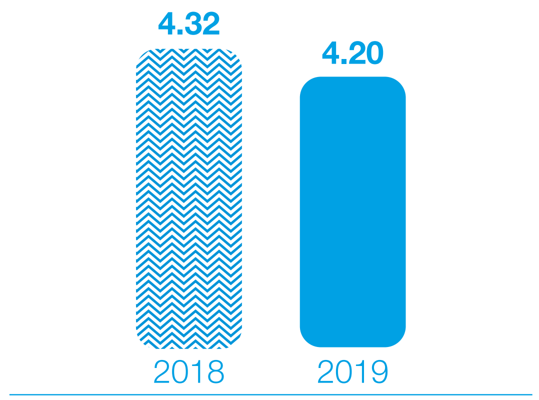
The highest trading price (JOD)



The lowest trading price (JOD)

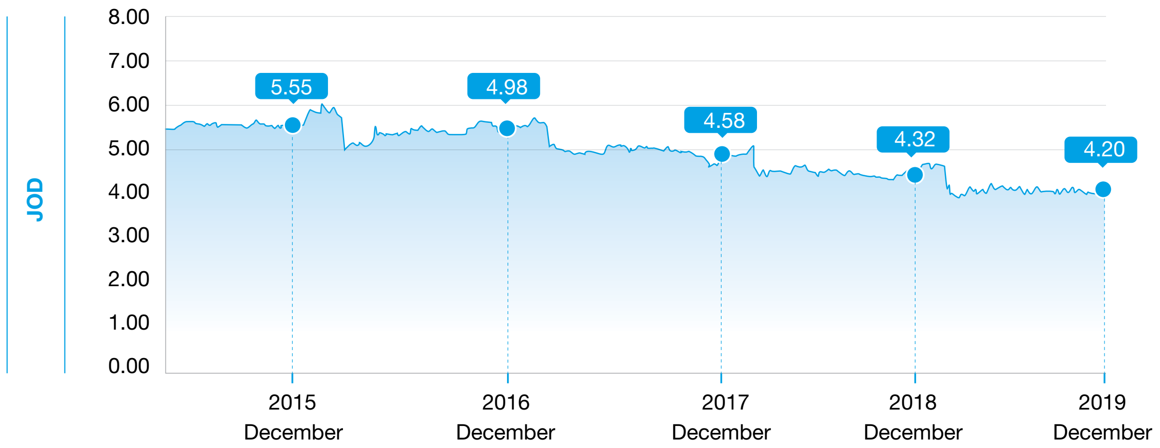


Opening price (JOD)

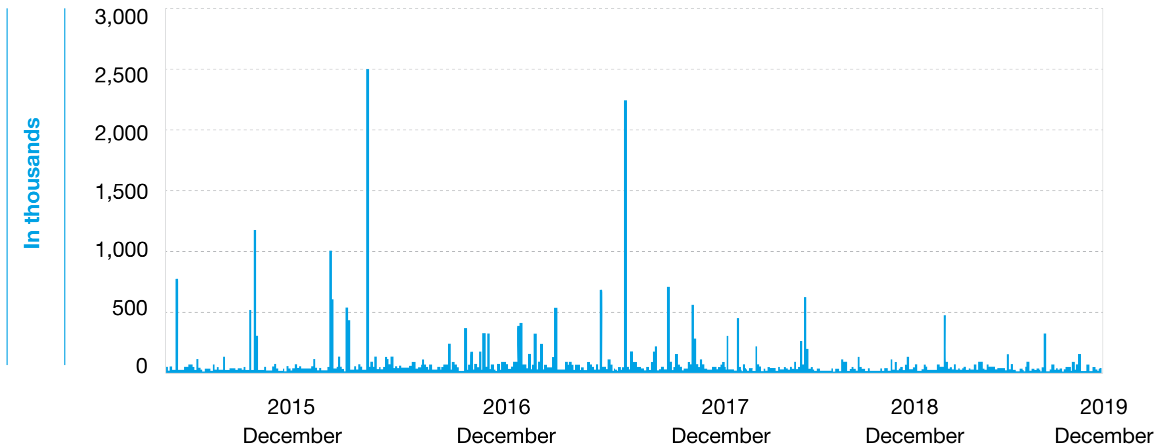


Closing price (JOD)

Closing prices & volumes of Paltel during the last five years



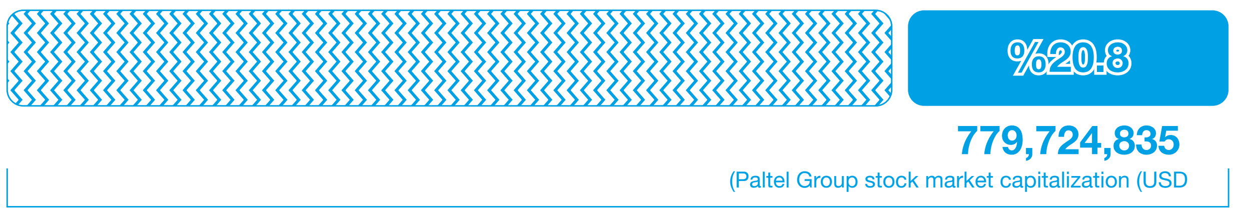
Closing prices & volumes of trading during the last five years: 34,882 share



Paltel Market Capitalization

Paltel stock market capitalization at the end of 2019 reached 20.8% of the total market capitalization of all companies listed on Palestine Exchange, thus to remain in the first position and comes ahead of the list of companies with the highest market capitalization in Palestine Exchange.

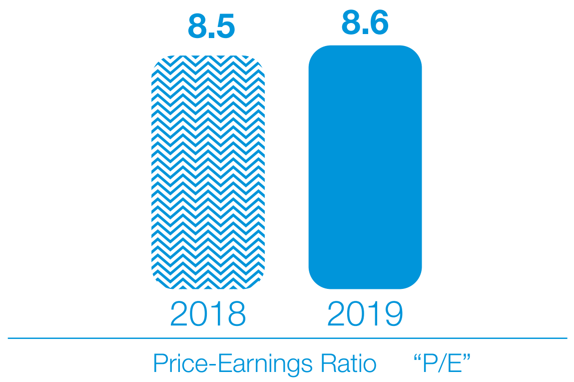
Paltel stock market capitalization as of 31/12/2020

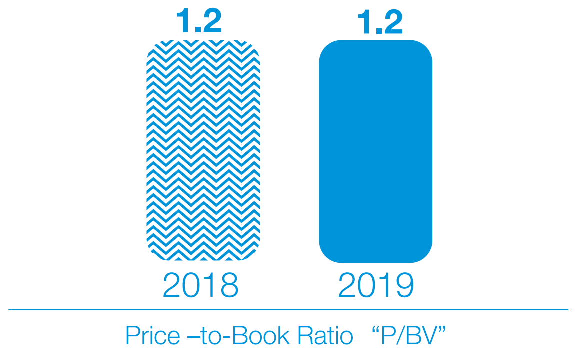


3,757,501,158

Total Palestine Exchange market capitalization (USD)

Paltel Group stock market capitalization as of 31/12/2020





Shareholders

Paltel Group capital consist of 131,625,000 shares with a par value of JOD 1 per share and are distributed to 8,352 shareholders, with a free float of 47.88% at the end of 2019. Two shareholders own 5% or more of the total issued shares, which are Palestine Development and Investment Company (PADICO), one of Paltel Group founders in 1995, and Palestine Investment Fund.

Shareholders holding more than 5% of the Paltel Group capital

Name of Shareholder	Number of Shares Owned		Percentage of Capital	
	As of 13/12/2018	As of 13/12/2019	As of 13/12/2018	As of 13/12/2019
Palestine Development and Investment Company (PADICO)	40,321,343	40,321,343	30.63%	30.63%
Palestine Investment Fund and its subsidiaries	9,283,123	8,867,308	7.05%	6.74%

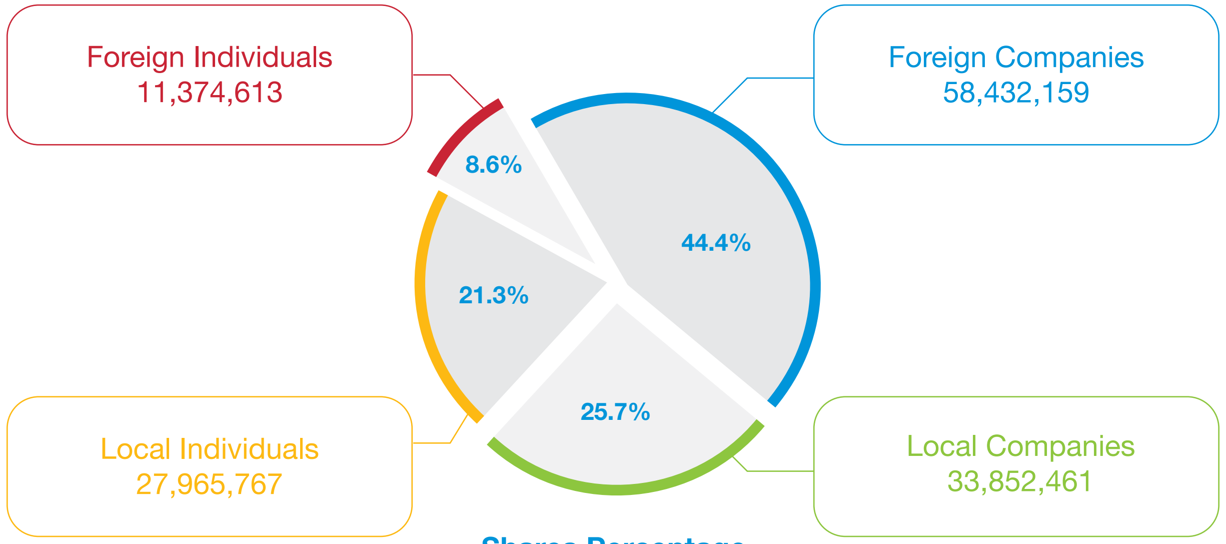
Number of shares by the depositing entity as of 31/12/2019

Traded Shares to total Palestine Exchange

131,625,000

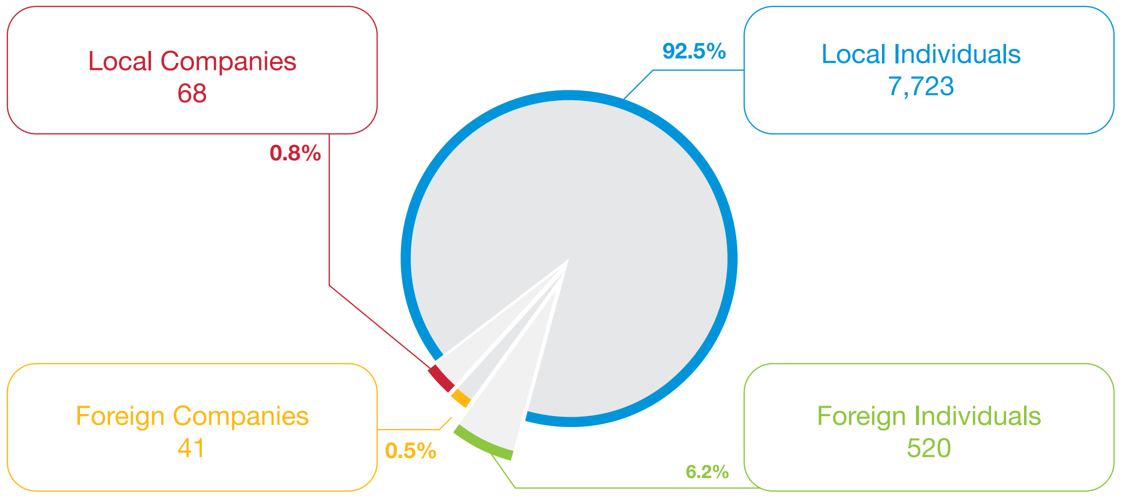
Total shares

Numbers and percentages of Paltel Group stock by shareholder classification as of 31/12/2019



Shares Percentage

Distribution of local and foreign investments as of 31/12/2019



Free Float as of 31/12/2019

Free trading ratio

131,625,000

Total number
of issued securities

Dividends

Paltel Group's General Assembly, which held its 22nd meeting on 26/03/2019, approved the Board of Directors' recommendation to distribute cash dividends to shareholders for year ended 2018 at a value of JOD 0.40 per share (40% of the nominal value per share). Total cash dividends amounted to nearly JOD 52.65. Paltel Group started distributing dividends to shareholders on 05/05/2019.

In its meeting held on 02/02/2020, the Board of Directors also recommended the General Assembly that will be held on 23/03/2020 to distribute cash dividends to shareholders by JOD 0.40 per share (40% of the nominal value per share) for 2019.

The 22nd General Assembly meeting held in 2019

Date of the Board of Directors' recommendation for divided distribution

11/02/2019

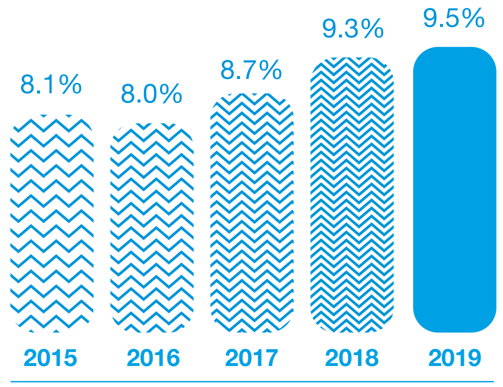
Date of dividend distribution decision by the General Assembly

26/03/2019

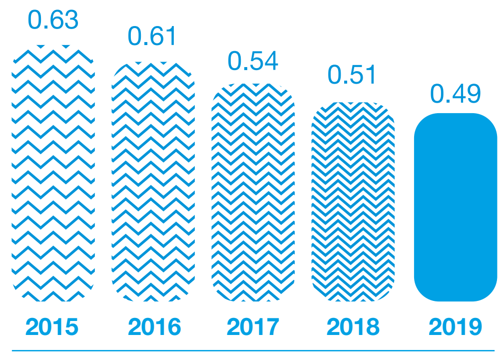
Starting date of cash distribution

05/05/2019

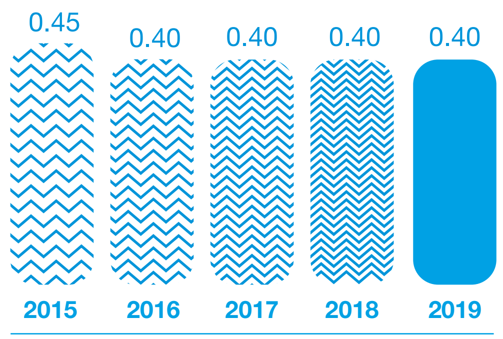
Share-related ratios



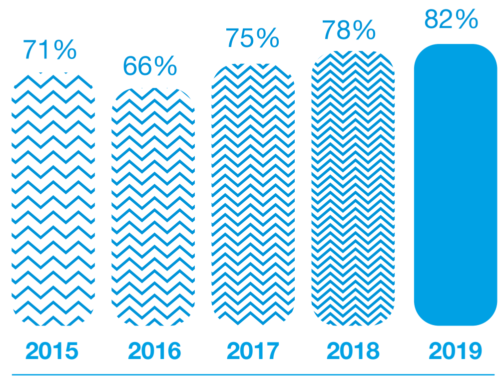
Dividend Yield per Share



Earnings per share (EPS) (JOD)



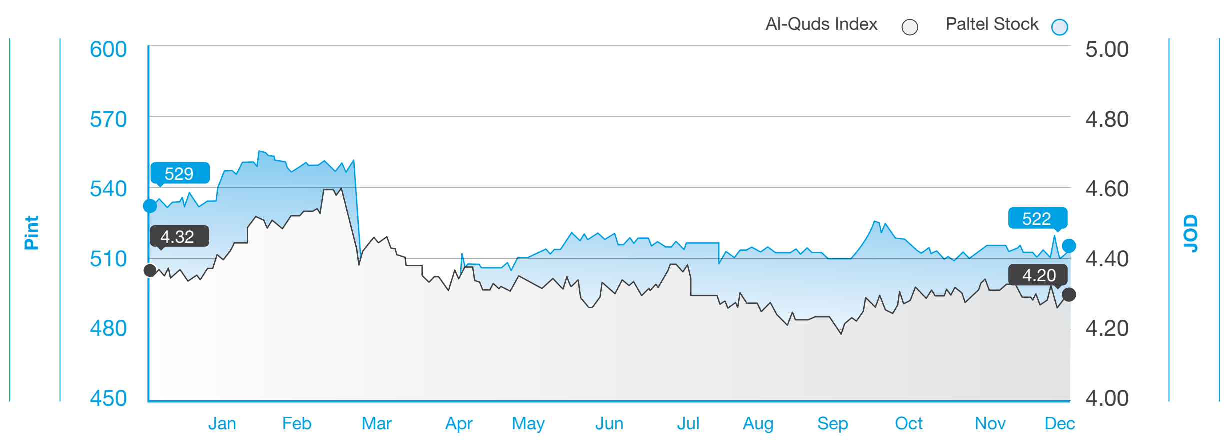
Cash dividend per share (JOD)



Dividends Payout Ratio

.Cash dividends for the fiscal year 2019 represent those recommended by the Board of Directors

Paltel Group stock and Al Quds Index Performance 2019



1 — Ranking by market capitalization at the end of 2019

1 — Ranking by cash dividends distributed in 2019

2 — Ranking by trading value in 2019

5 — Ranking by number of shareholders at the end of 2019

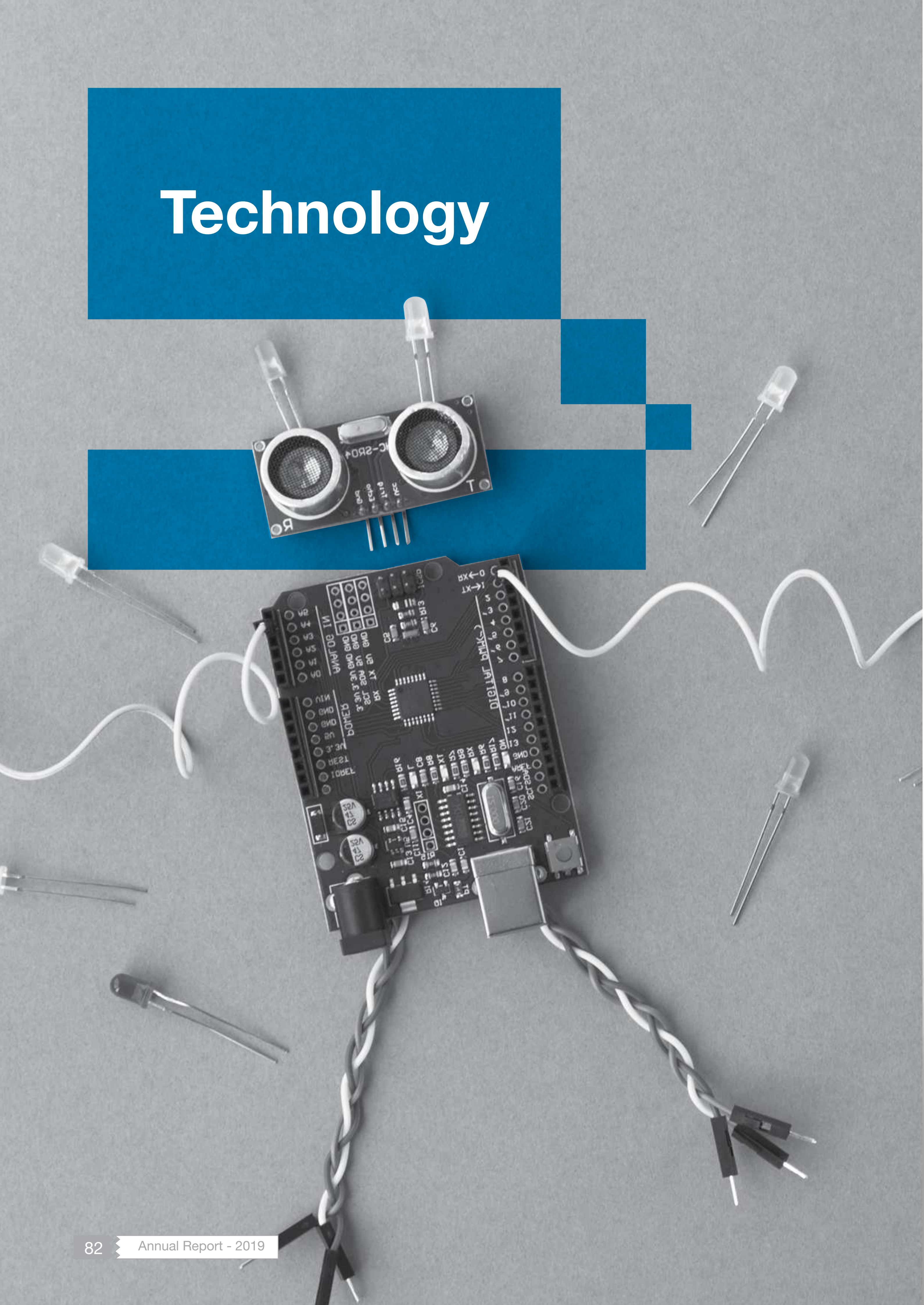
Paltel Group Contribution in the Palestinian Society

Paltel Group derives its dedication and commitment to social responsibility from its established values based on respecting humanitarian principles, promoting the concept of sustainability, and contributing effectively to achieving the Sustainable Development Goals 2030.

Paltel Group continues to implement its development programs in 2019 through Paltel Group Foundation for Community Development, within the framework of its strategic vision aiming at achieving the sustainable development goals in sectors and groups which are in most need for development in Palestine. This is in addition to implementing specific programs in sectors of education, technology and economic development.

In implementation of this commitment, Paltel Group has signed a memorandum of understanding with the United Nations Development Program (UNDP), in order to align the Group's social responsibility and sustainability programs with the Sustainable Development Goals 2030. Paltel Group also released its fifth sustainability report and began preparing for issuing its sixth report for the period 2018-2019 within the global GRI standards for sustainability reporting.

Technology



Technology

Strategic Objective

Enhancing the enabling environment for the technology industry in Palestine in order to improve employment in the virtual world and enhance entrepreneurship and innovation.

This program is consistent with Goal 4 of the Sustainable Development Goals 2030

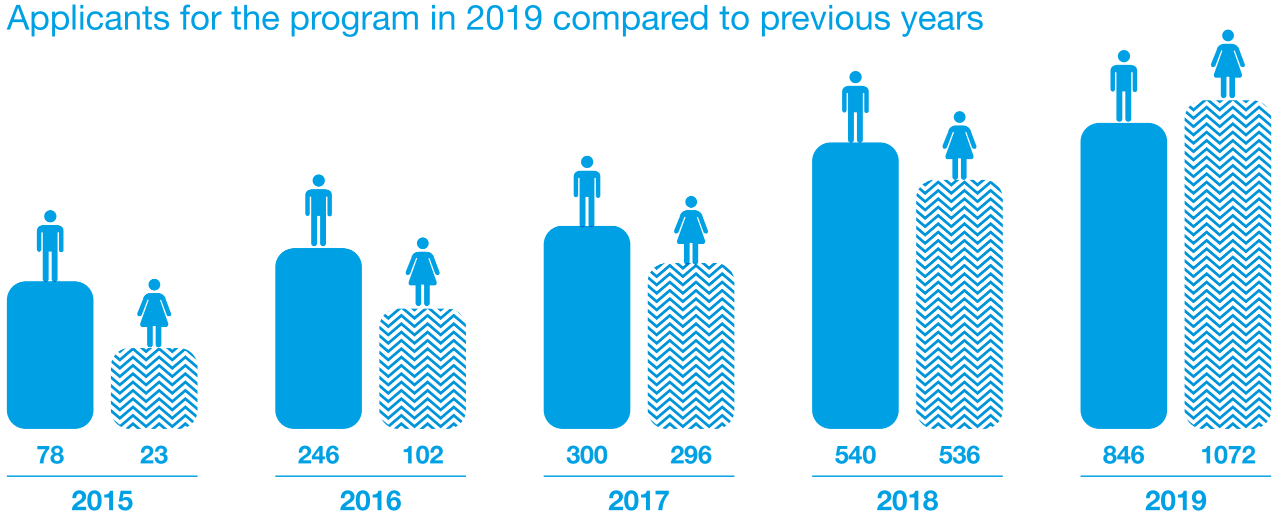
Technology Programs	Summary of key results and outputs in technology programs
Code for {Palestine}	Number of students enrolled in Code for Palestine in 2019 was 51 students
BOOTCAMP	Number of students enrolled in the Design and Code Bootcamp program in 2019 was 41 students
صيفي كود	Number of beneficiaries of Summer Code in 2019 was 223 students
HOUR OF CODE	Number of beneficiaries of Hour of Code was 77,000 students
{ } AbjadNet	Number of schools connected to the Internet through the AbjadNet Program was 1914 public schools

Code for Palestine

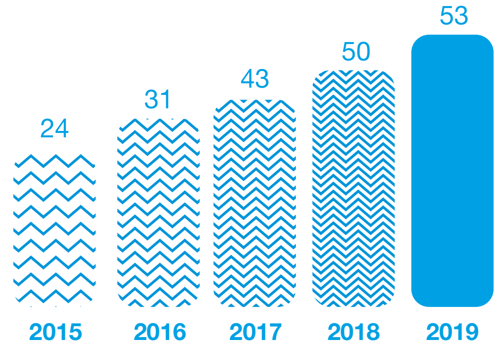
The program targets 14-year-old school students who desire to learn programming, design thinking, and problem solving in an advanced and global educational environment and at global standards, with the help of best international university students who want to volunteer to educate Palestinian students programming skills and problem solving through advanced creative technological methods. The program lasts for three years where students receive their education through specialized curriculum specially developed in line with technological development in the world. At the end of the three-year program, students will be required to submit graduation project that is discussed with teachers and in the presence of the rest of their colleagues to exchange experience and knowledge and generalize the experience between the participants.

The program also includes practical exercises which students apply what they learnt. This training aims to make technological projects based on programming and solving problems in creative ways and by using different methods of thinking. Students are graduated from the program prior to their enrollment in universities, leaving impact on students' attitudes in choosing computer science and engineering disciplines when enrolling in universities. Such was illustrated by the results of enrollment of students who graduated from the program with technological specializations, at a rate close to 90% of Code for Palestine graduates.

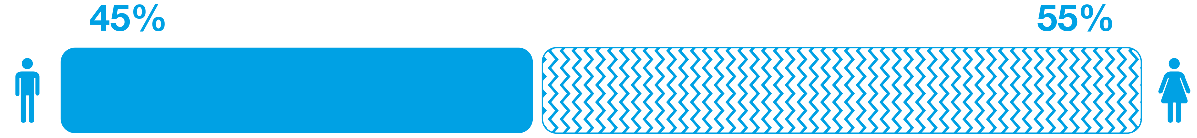
Applicants for the program in 2019 compared to previous years



Number of students enrolled in the summer training camp distributed by years in the Code for Palestine program



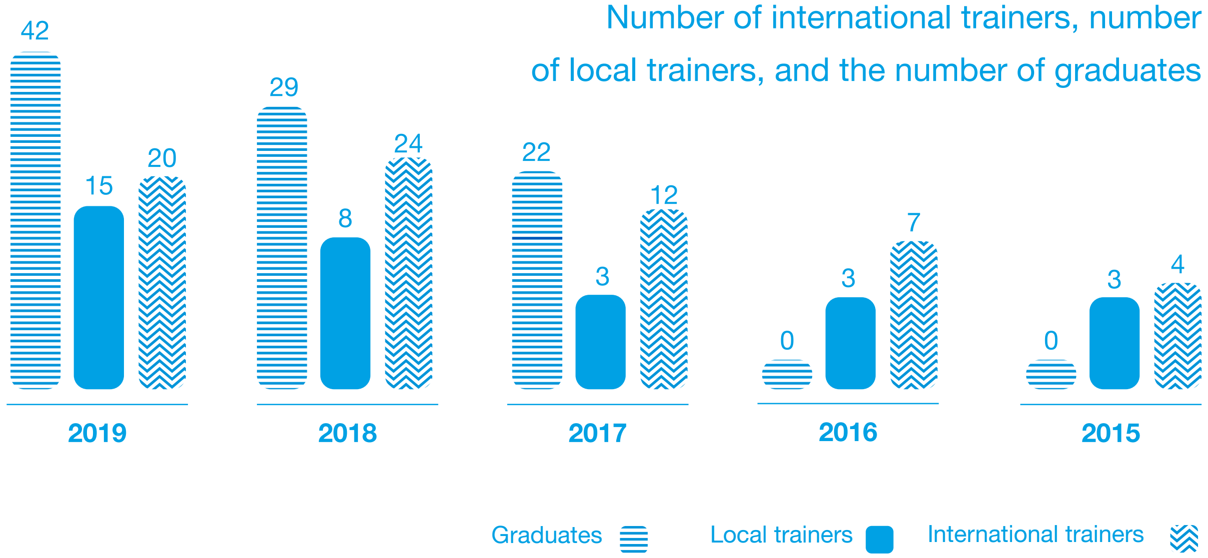
Percentage of students enrolled in **Code for Palestine**



Data for graduates from **Code for Palestine** in 2019

No. of projects	No. of Graduates	Region
4 Projects	Graduates: 5 (male), 9 (female)	Gaza
6 Projects	Graduates: 16 (male), 12 (female)	West Bank
10 Projects	42 Graduates	Total

Number of international trainers, number of local trainers, and the number of graduates



Saja Abu Odeh, participated in the program 2019

Before joining Code for Palestine, I rarely participated in events and activities even if I had the opportunity to do so, due to my fear of appearing in front of public and judgment of people about my participation. This program unleashed my abilities after attending design thinking sessions that broadened my thinking horizons and pushed me to try new and wide experiences and meet new creative and distinguished friends. During two years of participation in the program, I learnt programming languages and became familiar with talented programmers from all over the world, which is considered an achievement in a record period as I was able to build different web pages and applications.

Code & Design Bootcamp

This program is consistent with Goal 8 of the Sustainable Development Goals 2030

This program in its third edition is considered a role model for technology education and training and entrepreneurship programs for Palestinian university students in the fields of computer engineering, computer science and mathematics, based on the results achieved by the program during its first three years. Top features of the program aim to raise the percentage of employment opportunity for graduates to approximately 100% of the participants in the program. Such distinction is due to the level of quality offered by the program in terms of training content, the ability of teachers and trainers, and the quality of the participating students, in addition to the complementary content which includes technical training material, training skills related to problem solving, creative thinking, adventure, and perseverance to succeed.

The program lasts for six months, starting with an intensive summer training camp, in which participants receive practical training with the most skilled trainers and engineers from major international companies in Silicon Valley and from reputable international universities such as Stanford University and other universities.

After completing the summer training camp, students commence completing Udacity Nanodegrees in areas such as Android development, data science, and data analysis (machine learning). Obtaining Nanodegree enables doubling of opportunities to enter the job market for participants, whether locally or globally, through jobs in companies or self-employment or establishing startups. 90% of program's graduates were able to fulfill jobs immediately after completing their degrees.

In parallel with the implementation of the summer camp, Paltel Group Foundation for Community Development organized several workshops and meetings for interested students and community members with trainers and volunteer experts in the program from international companies in Silicon Valley.

Lynn Abu Shukair
Participation in Code & Design Bootcamp 2019

"I did not need to go to Silicon Valley, it came to me in April 2019. I was sitting in one of my university lectures and thinking deeply about a great goal that I dream to achieve and I do not know how it would be achieved and what I have to do to achieve it. At the same moment, I heard the lecturer telling us that Paltel Group Foundation intends to visit the University and present an important training program that will meet your interest. This was the beginning of my journey."

Classification of admitted students for 2019 by educational program:

Program	West Bank	Gaza	Total
Android	15	11	26
Data Science	15	0	15

11 international trainers in the program

AbjadNet

This program is consistent with Goal 4 and Goal 17 of the Sustainable Development Goals 2030

Paltel Group and the Ministry of Higher Education continued the fifth stage of the AbjadNet program, which includes connecting all Palestinian government schools to the Internet for free. Paltel Group connected 1,000 schools in the first two years and 1,807 schools in the third year and 1918 schools in the fourth year. Number of schools that were connected in this year reached 1914 schools. This is in addition to continuing developing Palestinian curriculum books electronically, as the Ministry of Education highlighted the importance of the AbjadNet program for schools and the benefit obtained from the program.

26,970
Teachers benefited from Abjad Net Program

491,426
Students benefited from AbjadNet program

Summer Code

This program is consistent with Goal 4 of the Sustainable Development Goals 2030

This program aims to take advantage of school student summer holiday, and develop their skills in educational technology and programming. The program targets students in the age group (14-16 years), as part of a training program in the field of programming, which consists of 40 training hours. The program begins with training a group of trainers from university students to perform the task of teaching participating school students programming and design skills, which will in turn achieves a double goal in teaching programming for school students and building the capabilities of university students as trainers.

Training hours and programming languages provided in Summer Code

Year	programming language	No. of hours	No. of days
2019	HTML/5, CSS/3, Javascript	40	10

Number of students admitted to the program in 2019

	City name	Center name	No. of trainers	Male	Female	Total
West Bank	Hebron	Palestinian Child Home Club	1	15	7	22
	Jerusalem	International Center for Culture and Information	2	10	10	20
	Bethlehem	Center of Society Development and Continuing Education	1	16	12	28
	Jenin	Jenin Sports Center	2	8	12	20
	Ramallah	Al-Bira Culture Club	2	14	12	26
	Nablus	Jabalnar Club	2	12	13	25
Gaza strip	Khan Younes	Culture and Free Thought Association	1	8	12	20
	Rafah	Women's Program Center	2	11	11	22
	Gaza	PICTI	1	22	18	40

Hour of Code

This program is consistent with Goal 4 and Goal 17 of the Sustainable Development Goals 2030

A global campaign aims to reach tens of millions of students in more than 180 countries around the globe, with the aim of spreading a culture of programming. Anyone can organize an "hour of programming" event anywhere in the world, and the program contains one-hour programming classes in more than 40 languages.

Number of students who benefit from Hour of Code campaign in Palestine

Program	West Bank	Gaza	Palestine
Male	16,275	25,250	41,525
Female	11,553	23,993	35,546

Number of participants in the hour of programming event

Year	Total	West Bank	Gaza	Private	Public	UNRWA
2014	100	60	40	0	95	5
2015	200	120	80	0	170	30
2016	340	200	140	26	290	24
2017	621	400	221	20	552	49
2018	946	651	295	8	813	125
2019	1,133	809	324	8	959	166

Palestine enrolled 77,071 male and female students in 2019	
West Bank	27,828
Gaza	49,243

Freelance Academy

In partnership with Gaza Sky Geeks, Paltel Group Foundation for Community Development implemented the Freelance Academy in Nablus in 2019 with the aim of building capabilities of a group of graduates to enter the global employment market through internationally recognized self-employment platforms. 22 of the 25 participants graduated from this program after receiving various training in specialization subjects on the one hand and in communication, marketing, financial management and customer interaction skills on the other hand.

This program is consistent with Goal 1, Goal 8, and Goal 17 of the Sustainable Development Goals 2030

7 participants in translation and content writing

2 participants in the interior design

4 participants in the field of programming

2 participants in graphic design

7 participants in other different specializations

148 applicants for the program

55 applicants were interviewed

22 graduates

88% of enrolled students

%82 of the participants in the program are female

%92 of those enrolled in the program have obtained at least one job assignment via self-employment platforms

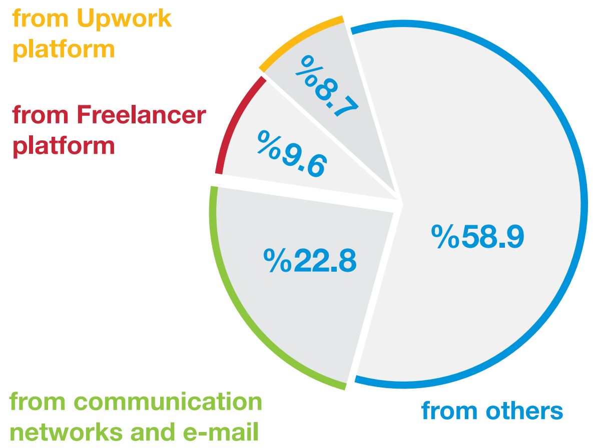
%81 of the participants generalized their experience in the program to other people

8 trainers in the program

2 of the global self-employment platforms	2 of the global self-employment platforms	4 former program coaches

320$ per person income from self-employment after training

Sources of income for the participants



Education

Education programs

This program is in consistent with Goal 4 of the Sustainable Development Goals 2030

Strategic objective: Improving enrollment of distinguished students in universities and professional institutes in specializations required for the labor market and promoting the use of sophisticated technology in school education.

Inputs

Ifad program	Community-based programs in the education sector	Technical and Professional Grants Program

Summary of the key results and outputs

Providing 300 scholarships in the technical education sector distributed over 35 technical specialties during 2019, bringing the total number of grants to 5,500 university and technical scholarships since the program started in 2009.

Focusing on the need when providing university and technical grants, as the number of grants offered to orphan students reached 82 grants while the grants offered to persons with disabilities reached 55 grants. Grants offered to students through the Right to Decent Life program was 44 grants.

Focusing on university students through organizing programs and events that contribute to achieving economic and social development for young people

Ishraq Elshlalfa

Graduated from Paltel Group Scholarship

"From the first moment they called me saying: Ishraq, you won the grant, you are our daughter, and we are proud of you. After 6 years, they called me saying: you are our graduate and we are proud of you. Six years of pride were full of fruitful moments.

My brothers and sisters, today we don't celebrate students, doctors, engineers, and economists only, but we also celebrate who we need them as they need us, we celebrate professional and technical students who, without their dedicated work, society would not be complete.

Paltel Group Program for Technical Scholarships

The year 2019 was marked by a focusing on supporting technical education, which provides higher employment opportunities from academic programs in partnership between the Ministry of Higher Education and Scientific Research and the Paltel Group. In parallel, Paltel Group continued to provide university scholarships for students who benefited from it in previous years, within the following results and indicators:

5,500 till the end of 2019

Paltel Group continues its leading role in empowering young people through Paltel Group University and Professional Scholarships", as it offered 5,500 scholarships since the program was launched in 2009, and the number of graduates reached 640 university graduates and 66 technical graduates.

700 new and ongoing scholarships for 2019

Number of ongoing grants reached 700 scholarships for 2019. 300 grants were offered in technical education in more than 30 technical and university colleges, including 35 technical specializations agreed upon within the vision of the Ministry of Higher Education and Scientific Research in order to encourage and motivate students for studies with a technical dimension.

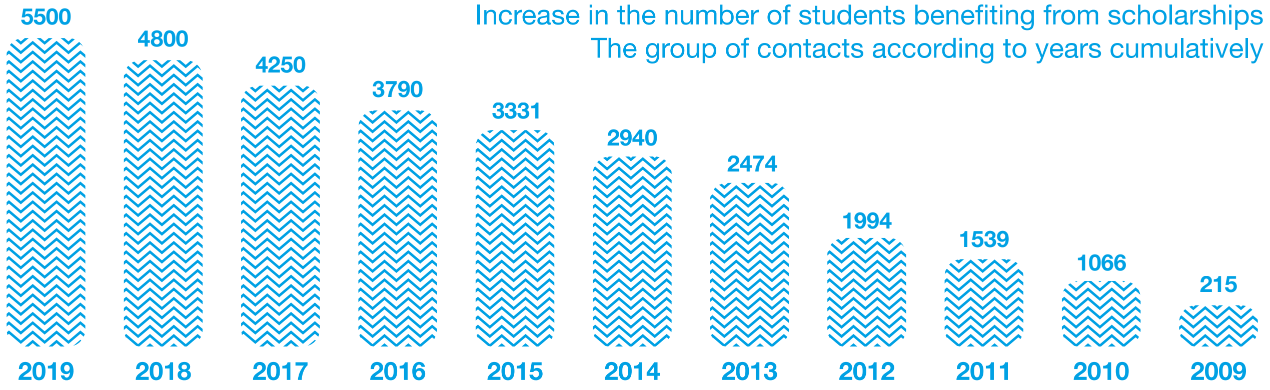
Distribution of ongoing grants

The shift was made from offering new competitive university scholarships to 2019 students to providing scholarships for technical education program students while continuing to providing scholarships for academic students who previously received Paltel Group grant from 2013 to 2018 and who met the requirements needed for the continuation of the scholarship, which reached 200 scholarships.

Paltel Group continues offering grants to the outstanding orphan students residing in high school accommodation centers for the year 2019, in addition to continuing providing grants to orphan students who received the scholarship from the previous years 2013 to 2018 and meet the requirements of academic excellence and the conditions of set for the category of orphan students with a total of 82 scholarships.

Moreover, Paltel Group continued offering scholarships for the first-rank students with disabilities, while continued granting scholarships to students received grants from previous years with a total of 55 scholarships.

Increase in the number of students benefiting from scholarships
The group of contacts according to years cumulatively

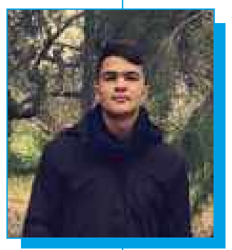


Number of Paltel Group graduates is 706,
distributed by the following majors until the beginning of the current academic year

Major	Medicine	Engineering	Administration and Economicsering	Sciences	Nursing	IT	Special Education	Other majors	Agriculture	Technical Majors
No. of graduates	106	162	144	33	20	40	3	125	7	66

Qais Dreidi

Palestine Technical University – Khadouri



We extend our thanks and gratitude to our brothers in Paltel Group for the scholarships they gave us to complete our educational path, especially in the fields of vocational and technical education. It knew the situations in which our people live including occupational oppression and preventing our most basic rights to live. This was represented in depriving us from our money by the so-called usurping occupation. The national and responsible role played by Paltel Group underlines which has been dedicated to offering scholarships that in turn enabled and helped us continue in our academic and scientific lives towards achieving academic excellence and creativity. We, as students who are beneficiaries of these scholarships, ".appraise and thank Paltel Group promise you that to be at your best expectation

Ifad Program

Implementing this program continued during 2019, knowing that the program was launched in 2012 by Paltel Group in partnership with Birzeit University with the aim of enabling professors from Birzeit University who hold a master's degree to obtain a doctorate degree from well-known international universities in priority specializations for the university education sector in Palestine. The program aims to raise the percentage of doctorate degree holders among faculty members, especially in the specializations required for the university, which leads to the development of the academic cadre qualitatively and qualitatively, and this in turn is reflected in the quality and diversity of education at the university.

The Right to Decent Life Program

This program is consistent line with Goal 1 and Goal 8 of the Sustainable Development Goals 2030

Strategic goal

Building the resilience of poor families and reducing their vulnerability to economic and social conditions and shocks

Results and outputs

Number of families benefiting from the program reached 427 families by the end of 2019, noting that the average number of family members is 5.1, which means that the program directly serves 2,178 citizens since its inception.

Paltel Group focused on the city of Jerusalem in 2019 through providing support to Palestinian families inside the city of Jerusalem through the Right to Decent Life program.

Results of the program in 2019

The Right to Decent Life program continued during 2019 as part of the Paltel Group strategy to enable low-income families to provide small income-generating projects for these families. The program was marked in 2019 by focusing on the city of Jerusalem in order to enhance resilience of targeted families as the City of Jerusalem suffers from the occupation in various ways, including economic restrictions on Palestinian citizens in the City of Jerusalem. Moreover, Paltel Group implemented projects during 2019 in partnership with a Palestinian institution in order to ensure the continuity of providing support to families benefiting from the projects to ensure their viability, as well as providing technical support and guidance for project development and extend the experience to new families.

236 families
total number of families benefiting from the program in the West Bank cumulatively

191 families
total number of families benefiting from the program in the Gaza Strip cumulatively

427 families
total number of families benefiting from the program cumulatively

2,178 families
total number of beneficiaries of the program cumulatively

111 families
total number of female-headed households benefiting from the program

The nature of the projects that are supported through the program include: home-based manufacturing projects, craft projects, light industries, agriculture, trade and retail, maintenance, and many other projects.

We Invest in People

Paltel Group

Social Responsibility Programs

Program for Supporting Associations Dedicated for Persons with Disabilities

Health Sector Support Program

Development Sector Support Program

Program for Supporting Associations Dedicated for People with Disabilities

This program is consistent with Goal 10 of the Sustainable Development Goals 2030

27 projects were established and developed for associations dedicated for people with disabilities in 2019. The support included preparing resource rooms for visual impairment, sensory rooms for people with severe disabilities, classrooms for people with disabilities, treatment centers for autism, physiotherapy halls, medical devices, support tools, audiogram centers, and solar energy projects. These projects are a major source of income, and the number of beneficiary societies reached 137 since 2011.

The National Association for the Visually Impaired

Paltel Group funded the creation of a resource room for visual impairment, dedicated for educating children with visual impairment, as well as creating a sensory room to develop the sensory ability of people with visual impairment through lighting, music and interactive materials that will stimulate many of their senses.

Rawan Association for Child Development

A project for the rehabilitation and equipping of the association's healing garden has been supported, as it is used to rehabilitate and develop children with autism, motor and mental distraction.

Rawan Association for Child Development

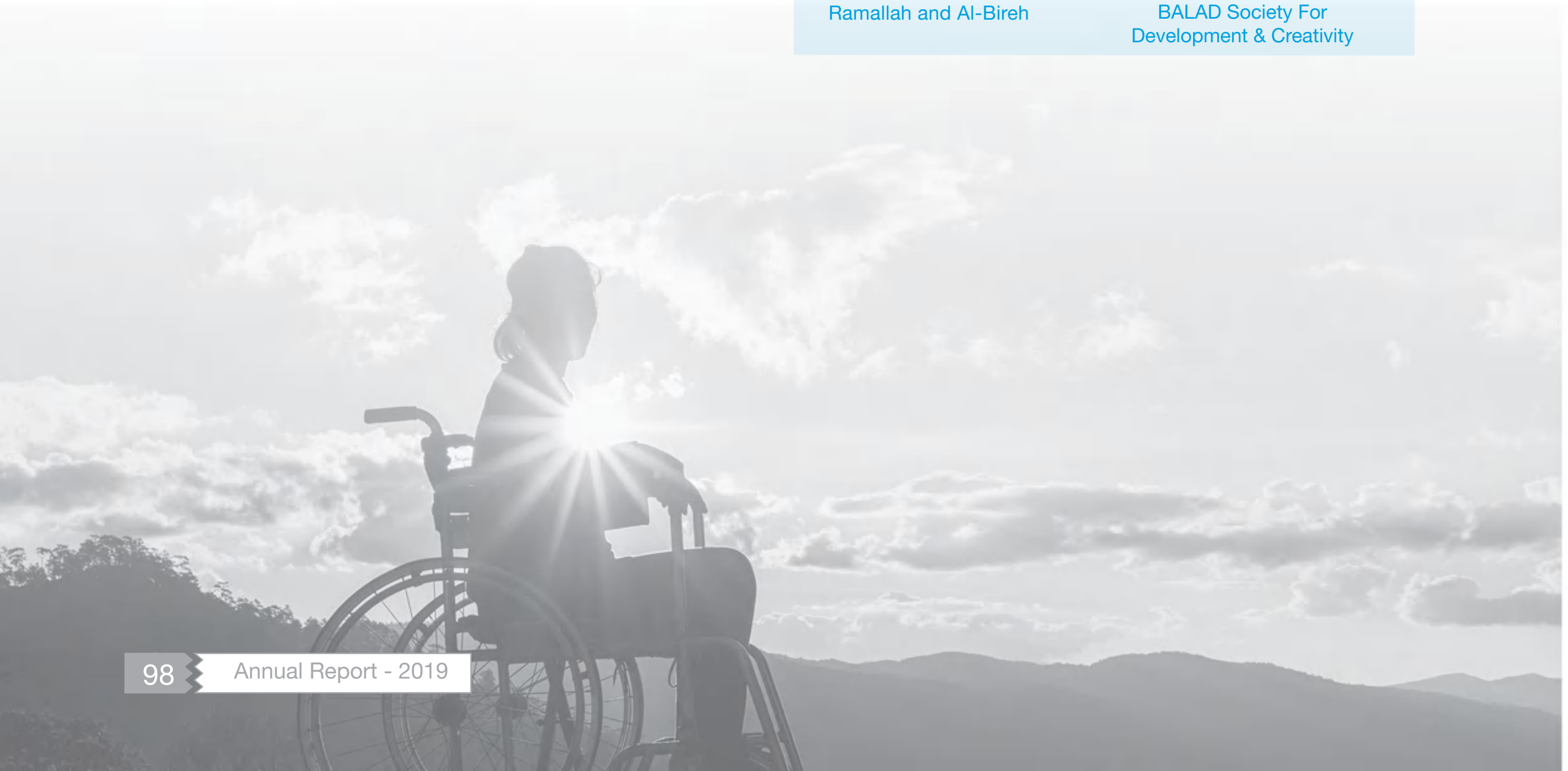
Individual Support Program: An initiative to provide electric chairs

90 electric chairs were provided for people with motor disabilities in 2019, and the total number of electric chairs that were distributed during this year and previous years reached 390 electric chairs.

Development and equipping of therapeutic units of associations with equipment and devices

Governorate	Beneficiary
Bethlehem	Life Gate Rehabilitation
Hebron	Ethna Community Center
Bethlehem	The National Society for the Visually Handicapped - Beit Jala
Ramallah and Al-Bireh	Women Association - Silwad
Salfit	Al-Dar Al-Baydaa Center for People with Intellectual Disabilities
Ramallah and Al-Bireh	Al-Yasmeen Charity Association
Qalqilya	People with hearing disabilities in Habla Town
Jerusalem	Arab Society for the Physically Handicapped
Jerusalem	Association for the rehabilitation and care of the blind
Hebron	Al-Kafif Charitable Society
Tulkarm	Charitable Association for the Blind
Hebron	People with mobility disabilities in the Hebron Governorate
Ramallah and Al-Bireh	Balad Association for Development and Creativity

Governorate	Beneficiary
Jerusalem	Care School for Special Needs - Abu Dis
Gaza	Local Association for Social Services
Gaza	Jabalia Rehabilitation Society
Ramallah and Al-Bireh	Alraheem Association Down Syndrome Friends
Ramallah and Al-Bireh	Jod Special Education Institute
Tulkarm	Children with Autism & Learning Disabilities Society
Ramallah and Al-Bireh	Rawan Association for Child Development
Tulkarm	Qaqon Charitable Society
Gaza	Nuseirat Rehabilitation and Social Training Association
Hebron	Sanabel Alkhair Society for the Disabled - Halhul
Ramallah and Al-Bireh	Nahda Women Association
Bethlehem	YMCA – Beit Sahour
Bethlehem	OASIS Center For People With Special Needs – Bet Sahour
Ramallah and Al-Bireh	BALAD Society For Development & Creativity



Health Sector Support Program

This program is consistent with Goal 3 of the sustainable development goals 2030

25 medical centers and clinics were established and developed in 2019, and the total number of benefiting societies, centers and medical clinics has reached 155 medical institutions since 2011 (Number of benefiting hospitals is 36 hospitals) especially in remote and marginalized areas. Support included equipping medical clinics and establishing and developing hospitals and centers Health, setting up specialized departments and units, and providing medical devices and equipment with the aim of helping these institutions to serve patients to obtain appropriate diagnosis and medical care for the Palestinian citizen, especially free of charge treatment for poor and needy people.

Hizma Clinic - Jerusalem

Developing and rehabilitating the clinic, which is the only clinic that provides medical services in the town and .benefits more than 8,000 citizens

Hope Center - Nablus

Improving services provided to patients with disabilities and contributing to transforming the center into a specialized hospital. The center will benefit approximately .800 beneficiaries per month

عيادة حزما - القدس

Bioequivalence Project

In partnership with An-Najah National University, the project was implemented, which is one of the distinguished projects and the first of its kind in Palestine. The project aims to provide services to pharmaceutical industries at an international level and improve the health level provided to the Palestinian citizen at lowest costs and best specifications by qualified cadres in the university including doctors, pharmacists, laboratory technicians, academics, and administrators, as the unit will focus on the field of pharmacological studies, measuring the proportions of drugs in the body of .volunteers, and make consulting and clinical studies

Bioequivalence Unit

Projects for health associations in 2019

Rehabilitating and equipping centers, clinics and hospitals with medical devices and equipment

Governorate	Beneficiary
Jerusalem	St. John's Eye Hospital
Ramallah and Al-Bireh	Health center - Khirbet Abu Falah
Ramallah and Al-Bireh	Ni'lin Medical Center
Nablus	An-Najah National University Health Care
Ramallah and Al-Bireh	Al Nobani Farms Clinic
Jerusalem	The Prophet Samuel Clinic
Kerusalem	Hazma Clinic
Qalqilya	Thalassemia Patients Friends Association
Ramallah and Al-Bireh	Khalil Abu Raya Rehabilitation Center
Ramallah and Al-Bireh	Al Amal Hospital
Salfit	Martyr Yasser Arafat Hospital
Tubas	Health center - Aqaba village

Governorate	Beneficiary
Ramallah and Al-Bireh	Maternity and Childhood Clinic – Deir Ibzi
Ramallah and Al-Bireh	Palestine Medical Complex
Qalqilya	Hajjah Village Medical Center
Gaza	Union of Health Care Committees
Nablus	Burqa Medical Clinic
Jenin	- Medical Scientific Society Yamun
Tubas	Kidney Failure Clinic
Nablus	Beit Furik National Clinic
Jenin	Arraba Emergency Center
Ramallah and Al-Bireh	Medical Services Directorate
Gaza	Central Blood Bank Association
Gaza	Patient Friends Association
Khan Younes	Nabd El Hayat Medical Center

Development Sector Support Program

This program is consistent with Goal 1 and Goal 8 of the Sustainable Development Goals 2030

Establishing and developing 58 development projects for charitable societies during 2019, with a total of 572 development projects since 2011

Public Parks

Establishing and developing 10 public parks in 2019. Since 2011, number of public parks that were established reached 50.

Developing and rehabilitating gardens and facilities for associations and charitable centers

Governorate	Beneficiary
Jerusalem	St. John's Eye Hospital
Salfit	Bidya municipality
Jenin	Jenin Municipality
Nablus	Beta Municipality
Tulkarm	Qaqoun Charitable Society

Governorate	Beneficiary
Gaza	YMCA
Ramallah and Al-Bireh	Ramallah Villages for Social Development - Aroura
Ramallah and Al-Bireh	Palestinian Child Club - Jalazoun Camp
Nablus	Talouza Village Council
Qalqilya	Azoun Municipality

Talouza Park

Sustainable development halls

6 income-generating halls were established 2019 including sports halls, event halls, multi-purpose halls, and training halls. The establishment of these halls aims to achieve financial income for the benefit of the people of the towns through recycling the income attributable to these projects for people with limited income. Since 2011, number of income-generating halls that were established reached 53 halls.

Rehabilitation, development and equipping of sustainable development halls

Governorate	Beneficiary
Ramallah and Al-Bireh	Jalazoun Camp Services Committee
Jenin	Bir Al Basha Village Council
Ramallah and Al-Bireh	Al Wahda Club - Umm Al Sharayet

Governorate	Beneficiary
Gaza	Beit Lahia municipality
Gaza	Palestinian Engineers Association
Jericho	Zbeidat Youth Club

Public service centers

Establishing and developing 3 citizen service centers in 2019. Since 2011, number of public service centers established reached 15 centers.

Public service center in Sebastia Municipality

Rehabilitating and equipping of public service centers

Governorate	Beneficiary	Governorate	Beneficiary
Nablus	Sebastia Municipality	Bethlehem	Zaatara Municipality
		Salfit	Deir Istiya Municipality

Food processing projects

Establishing and developing 3 food productive kitchens in 2019, with the aim of providing a source of income for poor societies and families. Since 2011, number of food processing projects that were established reached 29 projects.

Women Union Society - Nablus Girls Rehabilitation Center

Development of productive kitchens and implementation of training courses

Governorate	Beneficiary	Governorate	Beneficiary
Gaza	Al Baraem Developmental Society	Bethlehem	Arab Women Union Association - Beit Sahour
		Nablus	Arab Women Union Association

Non-profit kindergarten

Establishing and developing 6 charitable and non-profit kindergartens during 2019 in remote and marginalized area. The project aims to educate children with low incomes as well as to employ unemployed women. Since 2011, number of non-profit kindergartens that were established was 29 kindergartens.

Rehabilitating, developing and equipping charitable kindergarten

Governorate	Beneficiary	Governorate	Beneficiary
Ramallah and Al-Bireh	Al-Mughair Model School	Ramallah and Al-Bireh	Al-Haja Aisha Kindergarten for Orphans
Qalqilya	Prophet Elias Kindergarten	Jerusalem	Beit Annan Kindergarten

Establishing and equipping a new headquarters to Hebron municipality Fire Department

This project is considered one of the vital strategic projects providing safety for citizens, reducing risks, and controlling fires by establishing a sophisticated center equipped with the best firefighting equipment nationwide.

Lights for Life Initiative

Creating sustainable, environmentally friendly projects for a total of 13 orphanages through the establishment of solar energy stations that aim at reducing monthly electricity bill expenditures incurred by orphanages. Saving the monthly bill value will develop the association in other areas and the number of solar energy projects that were implemented for non-profit associations was 15 projects.

First stage was implemented in 2018	Second stage was implemented in 2019	Third stage is underway in 2020
Five orphanages	Four orphanages	Four orphanages
Number of beneficiaries is 240 Male Charitable Association - orphanage - Hebron Family Promotion Association - Ramallah - Al-Bireh Child Protection Center - Red - Crescent Tulkarm Islamic Orphans Industrial School - Al-Eizariya Arab Women Union Association - Nablus	Number of beneficiaries is 256 Dar Al-Eman Association for Orphan Care and Shelter - Qalqilya Arab Orphan Association - Tulkarm Martyrs Children Support Association - Jericho SOS Children's Village - Rafah - Gaza	Number of beneficiaries is 382 Islamic Society - Dura - Hebron Jil Al Amal Association - Al Eizariya Islamic Charitable Association for Women, House of Orphans - Hebron SOS Children's Village - Bethlehem

Solar projects were implemented for five non-profit associations in 2019

- Al-Bureij Municipality - Gaza
- Al-Amal Rehabilitation Hospital - Nablus
- Central Blood Bank - Gaza
- Association of visually impaired graduates association
- Jaffa Cultural Center Balata Camp - Nablus

Social Responsibility Achievements - Facts and Figures (2011 - 2019)

1630	association and non-profit organizations benefited from social responsibility projects	65	income-generating projects for associations dealing with persons with disabilities
1594	laptops were provided for university students	55	cultural institutions were supported
572	development projects were implemented	53	income generating halls were established and developed
390	electric chairs for persons with disabilities	50	parks were established and developed
300	eyes operation in the Gaza Strip	36	hospitals were provided with medical devices
156	income-generating projects for women's associations and for elderly persons with disabilities	29	income-generating projects for women's associations
155	clinics and health centers were equipped and supported	29	non-profit kindergartens were outfitted
137	projects were implemented for associations dealing with persons with disabilities	17	orphanages were rehabilitated
83	projects for orphans	15	solar projects were established
81	medical clinics were developed and equipped	15	public service centers were established and developed
10	elderly homes were re-equipped and 23 elderly service projects were implemented		

Activities and Events

Paltel

Education

Participating in the activities of the employment day in the Palestinian universities "Paltel"
Sponsoring graduation parties in Palestinian universities by providing free wireless internet service
Hosting expert Khaled Al-Ahmad at An-Najah National University to present workshops entitled "Social Media knows about you"
Hosting Youth Led Growth program
Hosting a marketing expert, Edina, at An-Najah National University, to present a lecture entitled "Secrets of Event Management and Organization".

Technology and Leadership

Sponsoring the data science festival
Technology sponsorship for ExpoTech Week 2019 events
Sponsoring the Google Hash Code Competition to develop the skills of Palestinian programmers and enable them to compete on a global level
Sponsoring a workshop entitled "Bridging the Standardization Gap"
Sponsoring the Startup Weekend program on life skills related to gender.
Sponsoring the third Social Media Camp organized by the Social Media Club in Gaza.

Supporting education and youth

Technology sponsorship of the Youth Summit 2030 - Palestine Youth
Sponsoring the youth initiative “Bhimitna Ghair” to support voluntary youth groups.
Hosting the Global Leadership Week meetings to exchange experiences and knowledge based on creativity and development.

Organizing events and activities

"An-Najah brings us together" ceremony 4 that hosted graduates of An-Najah National University over the years.
Autism Awareness Month events
Regulating an event for kidney and cancer patients
Yalla VR events at Paltel galleries to show the use of VR technology
Organizing summer camps for children in all Palestinian cities.

Volunteering and initiatives

Participating in the global campaign for elimination of violence against women
Serving fasting people with the participation of autistim children, through distributing water and dates to fasting people
Earth Day activities by planting roses and trees in Qablan High School
The activities of the olive harvest season
Participating in the group Ramadan Iftar with Yalla Khattar, organized by "Hand to Hand for Change" group.
Sponsoring a marathon "Let's run for a safe internet"
Participating in distinguished youth challenges, the most important of which are "Anas and Leen", "Penetration of the Suburb", and "Run for Freedom"
Participating in the Palestine International Taekwondo Championship
Organizing an event management strategies workshop
Participating in Christmas events in Bethlehem
Visiting the Sharek Youth Forum by Paltel Group
Sponsoring "Digital November" events in Gaza to enhance digital awareness among Palestinian entrepreneurs.

Exhibitions and special events

Technology sponsorship of the Palestinian Industries Exhibition

Technology sponsorship of the National Shopping Festival

Technology sponsorship of the Bride Show

Participating in the celebrations of Sabt al-Nur and Easter

Culture and Art

Technological sponsorship of Ibn Al-Balad Story Festival

Sponsorship of the Sea and Freedom Festival

Participating in the Bethlehem expatriates conference

Participating in the Kamanjati Festival

Sponsoring the concert of the Arab Idol Mohammed Assaf

Jawwal

Education

The Anna Jawwal program, which allows our students specializing in management, marketing, computer science, information technology and human specialties, the opportunity to train on many marketing skills during their years of study through preparing promotional plans within the university.

An annual ceremony honoring the first Palestinian universities and colleges to support them in their educational career, so that they can start the labor market and innovate in all fields.

Employment Day Jawwal sponsors the employment day in Palestinian universities annually, out of its societal responsibility towards the educational sector in Palestine and its students.

Sports and Youth

For the sake of supporting sport sector and the National Football Team that represents Palestine at the international venues, Jawwal sponsors the Palestinian National Football Team "Al-Fidayee" during participation in local and international tournaments and leagues, AFC Cup, and matches with Saudi Arabia. Palestinian International Marathon is one of the most important sport events organized by the Higher Council for Youth and Sport and with major sponsorship by Jawwal.

Jawwal sponsors the sport federations such as Basketball, Volleyball, Handball, Para-volleyball and Motors Sport Federation in various events, matches and champions carried out in West Bank and Gaza Strip.

As a constant sponsorship of Motor Sport Federation, Jawwal sponsors the 4-Wheel Drive Champions of 2019 in many of their activities and champions.

Culture & Arts

Birzeit Nights Festival, which annually sponsored by Jawwal, is considered as a national cultural event that entrenches the Palestinian preservation of heritage concepts with noble and patriotic arts. This festival constitutes a national identity of the Palestinian community.

During Ramadan of this year, Jawwal has targeted the Palestinian rural areas and implemented recreational carnival event at which Jawwal gathered children with their families in open-wide yards during which several and many interaction games and art works.

This year, Jawwal sponsored Kamanjati Festival that took place in West Bank and Gaza Strip. This festival reinforces the national identity by music and sing as well as supports the local talent.

Jawwal sponsored Palestine Circus Festival implemented this year in Gaza Strip that aimed at strengthening the creative and physical potentials to the Palestinians that enhances the Palestinian identity and culture on local and international level.

Jawwal sponsored “Cinematic Palestine Days” event for purpose of placing Palestine on the world map of filmmaking industry as well as locally and internationally promoting films.

Education & Technology

Jawwal sponsored “Palestine Technology Week – EXPOTECH” during which Jawwal launched PAY JAWWAL APP “e-Wallet” which stimulates the global technology.

Jawwal sponsored the Palestinian Exhibition of Industries to promote the Palestinian national product, support the Palestinian farmers and producers, and challenge all restrictions imposed by the Israeli occupation.

Hadara

Sponsoring the honoring ceremony for the Shabab Al-Bireh Institute that was held in Al-Bireh Municipality Park, where some activities were implemented in the presence of the mayor and the families of the youth. At the end of the ceremony, the Company presented honorary awards to the youth of the academy.

Sponsoring Ramadan carnival activities in Al Samou village in the Hebron governorate, where Hadara represented by its employees and the villagers participated in Ramadan evenings and competitions. On that day, the company also presented a set of gifts that included free internet, Hadara TV, and SuperBox-v routers.

Sponsoring the activities of the 150th anniversary of the establishment of Friends Schools in Ramallah. The activities included (a day for planting trees, a field day, a day for burying the time capsule and opening a student activities museum, a charity dinner to support the student's fund).

Sponsoring the Fine Art Exhibition of the Creative Girls Association in Nablus, where the exhibition opened a set of presentations and artworks by Palestinian artists from youth category. The exhibition aimed at conveying a cultural and artistic message that she the light on contradictory repercussions of the image of women from the perspective of expressive art and the highlight her struggle in various ways to combat forms of discrimination and violence, and to push her to achieve herself and build her community.

Sponsoring the breakfast organized by the Dentists' Union in the holy month of Ramadan, where a set of gifts were distributed during the evening that included free internet months and devices, Superbox V routers, and Hadara TV devices

Hadara continues to present its offers to community institutions in the country. In 2019, Hadara continued providing support to civil society institutions and charitable societies, nationwide, by providing facilities and offers for their services to these institutions, including (the Association of the Palestinian Elderly Friends, the Association for the Blind, the Dura Martyrs Center, the Local Committee for Rehabilitation of the Disabled, Dar Al Amal Society for the Blind, Qalqilya Charitable Association for the Blind) .

Reach

Reach established and funded a computer lab that develops services for people with hearing disabilities

Reach employees' commitment to donate blood continuously and regularly to needed beneficiaries

Recruitment of 200 university students periodically

Train Reach staff on integration and dealing with people with disabilities

Forming a special committee in Reach to prepare a plan in order to upgrade the company and its facilities to suit the needs of persons with disabilities, which will be implemented in 2020

Participating in various volunteering activities throughout the year as an integral part of the Reach's culture.

Providing training and employment opportunities for An-Najah University students since 2010 through the Company's branch in Nablus.

Financial Statements

EY
Building a better working world

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90 Years in MENA

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Palesine Telecommunication Company

Opinion

We have audited the consolidated financial statements of Palestine Telecommunication Company and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statement.

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Revenue recognition – Accuracy and occurrence of subscription and usage-based airtime services	
Subscription and usage-based airtime revenue is the largest revenue stream within the Group amounted to JD 279,733,000 as at December 31, 2019. This revenue originates from wholesale, corporate and retail customers. We have identified subscription and usage based airtime revenue as a key audit matter as a significant risk has been identified in respect of both the occurrence and accuracy of airtime subscription and usage-based airtime revenue due to the complexity of systems and the high volume of transactions, including the accounting for new services and changes in tariffs.	We have tested relevant controls, key automated and manual controls relating to subscription and usage-based airtime revenue across the Group's principal billing systems, our tests of relevant controls included the authorization of new services and changes in tariffs. We performed our procedures to ensure the matching of revenue figures generated from the billing and charging systems to the revenue recognized, through a sample covering the whole period. We have reviewed the reconciliation between the general ledger and the billing systems. We have performed substantive analytical procedures through developing an expectation of revenue based upon usage data and subscription numbers which are the key drivers of each airtime revenue stream. We have also held meetings with the management to corroborate the key movements and trends in revenue within the year. We tested the accuracy of revenue by agreeing a sample of invoices back to the customer contracts and published or agreed tariffs. We obtained a representative sample of transactions to ensure proper recognition and recording of revenues. We performed journal entry testing for a representative sample that covered the whole year based on predetermined criteria. Disclosure of revenues is detailed in note (27) to the consolidated financial statement.
Impairment of accounts receivable The Group's outstanding gross accounts receivable as of December 31, 2019 amounted to JD 195,537,000 and the impairment provision against these receivables amounted to JD 102,966,000. The Group provides services to broad base of customers, mainly on credit terms. The Group's policy for calculating the allowance of impairment receivable as referred to in note (3) to the consolidated financial statements requires the assessment of impairment value based on the Group's historical experience which involves the use of high judgments.	We tested the key controls relating to data used in the impairment allowance computation and agreed a sample of this data back to its source, being the billing system. For forward looking assumptions used by the Groups management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations.

Building a better working world

The Group applied a forward-looking expected credit loss impairment model - "Expected Credit Loss" (ECL). This model involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money. We focused on this matter due to the high judgment involved in calculating the impairment provision, particularly regarding the estimation of future cash collection and type of customers	We considered the customers' types and historical collection patterns alongside other macroeconomic information. We also assessed the adequacy of the Group's disclosures made on the matter in note (15).
Impairment of granted loans As at 31 December 2019, the Group's gross granted loans amounted to JD 107,604,000 million. These loans represent 12,2% of the Group's total assets. The related impairment provisions on these loans amounted to JD 71,318,000 million. The impairment provision policy is presented in the accounting policies in note (3) to the consolidated financial statements. The Group exercises significant judgement using subjective assumptions over both when and how to record loan impairment, and estimation of the amount of the impairment provision for loans. We focused on this matter due to the significance of the judgements used in determining needed provision for impairment and in classifying loans into various stages as stipulated in IFRS 9.	Our audit procedures includes testing the loans' contracts and repayment patterns, obtaining most recent audited financial statements for the debtors and the related projected cash flows for the next 5 years to assess the debtors capacity to settle these loans. We also evaluated management procedures for collecting these loans. We obtained an understanding of the Group's provisioning methodology, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. Further, we obtained direct confirmation from the debtors on the due balances and assessed proper disclosure of the loans and interests in the related disclosure as referred to in note (13) and (34) to the consolidated financial statements.
Jericho Gate business combination At the beginning of 2019, the Group acquired 25% additional shares of Jericho Gate for Real Estate Investment (Jericho Gate), bringing the total ownership of the Group to 75%. Therefore, the Group has obtained the ability to control Jericho Gate, and accordingly Jericho Gate's financial statements were consolidated with the Group's financial statements. The acquisition transaction resulted in a net gain of JD 12,919,000 reported in the consolidated income statement. We focused on this matter due to the high judgment involved in evaluating the fair value of net assets and liabilities being acquired, and the related accounting treatment resulted from the acquisition.	Our audit procedures includes testing management assessment of fair value for assets and liabilities fair values under acquisition. We also reviewed the purchase agreement clauses and evaluated the procedures performed by management to identify and evaluate the assets and liabilities resulted from the acquisition. Further, we tested the accounting treatment for the acquisition price. Also we assessed the adequacy of the Group's disclosures made on this matter. Disclosures related to the acquisition are detailed in note (4) to the consolidated financial statement.

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Other information included in the Group's 2019 Annual Report

Other information consists of the information included in the Group's 2019 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonablenes: accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basi: accounting and, based on the audit evidence obtained, whether a material uncerta exists related to events or conditions that may cast significant doubt on the Group's ab to continue as a going concern. If we conclude that a material uncertainty exists, we required to draw attention in our auditor's report to the related disclosures in consolidated financial statements or, if such disclosures are inadequate, to modify opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Group to ceas continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated finar statements, including the disclosures, and whether the consolidated financial statem represent the underlying transactions and events in a manner that achieves presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolida financial statements. We are responsible for the direction, supervision and performanc the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the plan scope and timing of the audit and significant audit findings, including any signific deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with rele ethical requirements regarding independence, and to communicate with them all relations and other matters that may reasonably be thought to bear on our independence, and wh applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters were of most significance in the audit of the consolidated financial statements as of Decem 31, 2019 and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when extremely rare circumstances, we determine that a matter should not be communicated in report because the adverse consequences of doing so would reasonably be expected outweigh the public interest benefits of such communication.

Ernst & Young – Middle East
License # 206/2012

Abdelkarim M.

Ernst + Young

Abdelkarim Mahmoud
License # 101/2017

February 24, 2020

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Financial Position
December 31, 2019

	Notes	2019 JD '000s	2018 JD '000s
Assets			
Non-current assets			
Property, plant and equipment	5	153,987	141,883
Investment properties	6	43,561	43,348
Intangible assets	7	194,752	212,583
Properties under development	8	75,736	-
Projects in progress	9	4,705	3,022
Materials	10	15,055	13,254
Investment in associates	11	22,145	38,398
Financial assets at fair value through other comprehensive income	12	149,045	160,506
Other non-current financial assets	13	44,175	49,873
		703,161	662,867
Current assets			
Inventories	14	2,353	2,269
Accounts receivable	15	82,401	86,234
Other current assets	16	26,014	21,381
Financial assets at fair value through profit or loss	12	25,983	28,354
Cash and cash equivalents	17	38,773	56,895
		175,524	195,133
Total assets		878,685	858,000
Equity and liabilities			
Equity			
Paid-in share capital	18	131,625	131,625
Statutory reserve	19	32,906	32,906
Voluntary reserve	19	6,756	6,756
Special reserve	19	7,950	7,950
Foreign currency translation		(49)	(74)
Fair value reserve	12	(34,290)	(17,681)
Retained earnings		330,280	321,535
Equity attributable to equity holders of the parent		475,178	483,017
Non-controlling interests		19,029	-
Total Equity		494,207	483,017
Non-current liabilities			
Non-current interest-bearing loans	21	64,247	88,625
Other non-current liabilities	22	51,611	37,223
		115,858	125,848
Current liabilities			
Accounts payable	23	63,903	75,969
Credit Facilities and Current interest-bearing loans	24	103,396	74,731
Provision for income tax	25	5,140	5,808
Other current liabilities	26	96,181	92,627
		268,620	249,135
Total liabilities		384,478	374,983
Total equity and liabilities		878,685	858,000

The attached notes from 1 to 38 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.

Consolidated Income Statement
For the year ended December 31, 2019

	Notes	2019 JD '000s	2018 JD '000s
Revenues from contracts with customers	27	297,638	305,464
Cost of Sale	28	(59,096)	(45,231)
		238,542	260,233
Operating and administrative expenses	29	(175,123)	(186,990)
Net gain from investments	30	8,022	9,620
Group's share of associates' results	11	981	1,166
Finance costs		(9,783)	(7,207)
Other revenues, net	31	14,103	2,802
Profit before income tax		76,742	79,624
Income tax expense	25	(12,857)	(12,532)
Profit for the year		63,885	67,092
Attributable to:			
Shareholders of the parent		63,967	67,092
Non-controlling interests		(82)	-
		63,885	67,092
Basic and diluted earnings per share (JOD)	32	0.486	0.510

The attached notes from 1 to 38 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2019

	Notes	2019 JD '000s	2018 JD '000s
Profit for the year		63,885	67,092
Other comprehensive income items:			
Items not to be reclassified to the consolidated income statement in subsequent periods:			
Change in fair value of financial assets through other comprehensive income	12	(16,548)	(2,117)
Share of associates' other comprehensive income	11	(61)	(99)
Items to be reclassified to the consolidated income statement in subsequent periods:			
Foreign currency translation difference		25	-
Total other comprehensive income items		(16,584)	(2,216)
Net comprehensive income for the year		47,301	64,876

The attached notes from 1 to 38 form part of these consolidated financial statements

3

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Changes in Equity
For the year ended December 31, 2019

	Equity attributable to equity holders of the parent									
		Reserves								
	Paid-in share Capital	Statutory	Voluntary	Special	Foreign currency translation	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s
Balance at January 1, 2019-before adjustments	131,625	32,906	6,756	7,950	(74)	(17,681)	321,535	483,017	-	483,017
Adjustments due to adoption of IFRS 16 (note 3)	-	-	-	-	-	-	(2,547)	(2,547)	-	(2,547)
Balance at January 1, 2019 -after adjustments	131,625	32,906	6,756	7,950	(74)	(17,681)	318,988	480,470	-	480,470
Profit for the year	-	-	-	-	-	-	63,967	63,967	(82)	63,885
Other comprehensive income	-	-	-	-	25	(16,609)	(25)	(16,609)	-	(16,609)
Net comprehensive income for the year	-	-	-	-	25	(16,609)	63,942	47,358	(82)	47,276
Non-controlling interest (note 4)	-	-	-	-	-	-	-	-	19,111	19,111
Cash dividends (note 20)	-	-	-	-	-	-	(52,650)	(52,650)	-	(52,650)
Balance at December 31,2019	131,625	32,906	6,756	7,950	(49)	(34,290)	330,280	475,178	19,029	494,207
Balance at January 1, 2018-Before adjustments	131,625	32,906	6,756	7,950	(74)	(7,704)	394,362	565,821	-	565,821
Adjustments due to adoption of IFRS (9)	-	-	-	-	-	(7,761)	(87,133)	(94,894)	-	(94,894)
Balance at January 1, 2018 -after adjustments	131,625	32,906	6,756	7,950	(74)	(15,465)	307,229	470,927	-	470,927
Profit for the year	-	-	-	-	-	-	67,092	67,092	-	67,092
Other comprehensive income	-	-	-	-	-	(2,216)	(136)	(2,352)	-	(2,352)
Net comprehensive income for the year	-	-	-	-	-	(2,216)	66,956	64,740	-	64,740
Cash dividends (note 20)	-	-	-	-	-	-	(52,650)	(52,650)	-	(52,650)
Balance at December 31,2018	131,625	32,906	6,756	7,950	(74)	(17,681)	321,535	483,017	-	483,017

The attached notes from 1 to 38 form part of these consolidated financial statements

4

Consolidated Statement of Cash Flows
For the year ended December 31, 2019

	Notes	2019 JD '000s	2018 JD '000s
Operating activities			
Profit before income tax		76,742	79,624
Adjustments for:			
Depreciation and amortization		51,332	49,869
Expected credit loss provision		8,351	8,936
Impairment (recovery)of assets		5,743	(2,031)
Gain from revaluation of share of associates before acquisition		(12,919)	-
Net Gain from investments		(8,022)	(9,620)
Group Share of associates' results		(981)	(1,166)
Interest revenues		(6,832)	(5,492)
Gain from sale of property, plant and equipment		(489)	(1,788)
Provision for employees' indemnity		4,608	3,952
Finance costs		9,783	7,207
Other non-cash items		6,877	(6,869)
		134,193	122,622
Working capital adjustments:			
Accounts receivable		(20,011)	85
Inventory		(84)	374
Other current assets		8,045	9,620
Accounts payable		9,558	18,103
Properties under development		12,920	-
Other current liabilities		(142)	(11,659)
Income tax paid		(13,513)	(17,403)
Employees' indemnity paid		(2,503)	(13,172)
Net cash flows from operating activities		128,463	108,570
Investing activities			
Purchase of financial assets		(6,185)	(23,517)
Sale of financial assets		932	2,421
Dividends received		10,977	9,412
Granted loans		-	(3,545)
Collections from granted loans		6,473	5,088
Investments in associates		(213)	(906)
Investments in subsidiaries		(26,000)	-
Interest revenues received		1,073	646
Purchase of intangible assets		(377)	(917)
Purchase of investment properties		(423)	(481)
License renewal payments		(22,156)	(44,313)
Disposal of property, plant and equipment		1,236	451
Properties under development		(5,709)	-
Cash flow from acquired subsidiary		143	-
Increase in projects in progress, property, plant and equipment and materials		(46,249)	(42,771)
Net cash flows used in investing activities		(86,478)	(98,432)
Financing activities			
Cash dividends paid		(52,021)	(52,129)
Proceeds from long term loans		6,812	70,900
Settlement of long term loans		(29,857)	(14,180)
Credit facilities		26,609	9,612
Lease payments		(2,315)	-
Finance costs paid		(9,335)	(7,207)
Net cash flows (used in) from financing activities		(60,107)	6,996
Decrease in cash and cash equivalents		(18,122)	17,134
Cash and cash equivalents, beginning of the year		56,895	39,761
Cash and cash equivalents, end of the year	17	38,773	56,895

Notes to the Consolidated Financial Statements
December 31, 2019

1. Corporate Information

Palestine Telecommunications Company P.L.C. (PALTEL) is a limited liability public shareholding company registered and incorporated in Nablus - Palestine on August 2, 1995. PALTEL commenced its operations on January 1, 1997. PALTEL operates under the Telecommunication Law No. (3) of 1996 decreed by the Palestinian National Authority (PNA), and the license granted by the Ministry of Telecommunication and Information Technology (MTIT).

PALTEL is mainly engaged in providing, managing, and rendering Telecommunications services and real estate services in the Palestinian territories in addition to its investments activities.

The consolidated financial statements of Palestine Telecommunications Company P.L.C. for the year ended December 31, 2019 were authorized for issuance in accordance with a resolution of the Board of Directors on February 2, 2020.

2. Consolidated Financial Statements

The consolidated financial statements comprise the financial statements of PALTEL and its subsidiaries (the Group) as of December 31, 2019.
PALTEL's direct and indirect ownership in its subsidiaries' subscribed capital was as follows:

	Ownership %		Share Capital (JD) 2019	
	2019	2018	Subscribed	Paid
Palestine Cellular Communications (Jawwal)	100	100	25,000,000	25,000,000
Hadara for Technological Investment	100	100	7,100,000	6,833,750
Palmedia for Multimedia Services	100	100	1,000,000	1,000,000
Hulul for Information Technology	100	100	12,500,000	12,500,000
Reach Communication Services	100	100	1,000,000	1,000,000
Ayla for Consultancy and Investment Services	100	100	1,000,000	1,000,000
Jerusal for Real Estate Investment	100	100	100,000	100,000
Palvest S.P.C.	100	100	94,285	94,285
Jericho Gate for Real Estate Investment*	75	50	35,000,000	35,000,000

The Group operates in the Palestinian National Authority territories, except for Ayla which operates in Jordan and Palvest S.P.C. which operates in Bahrain.

* At the beginning of 2019, the Group acquired 25% additional shares of Jericho Gate, bringing the total ownership of the Group to 75% (note 4). Therefore, the Group has the ability to control the Company. Jericho Gate's financial statements were consolidated with the Group's consolidated financial statements during the period. The value of this transaction was JD 26 million.

3. Significant accounting policies

The consolidated financial statements of PALTEL and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost basis, except for Investments in securities that have been measured at fair value at the date of the financial statements. The consolidated financial statements are presented in Jordanian Dinars, and all values except when otherwise indicated, are rounded to the nearest thousand (JD'000s).

Basis of consolidation

The consolidated financial statements comprise of the financial statements of PALTEL and its subsidiaries as of December 31, 2019. Control is achieved when the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this resumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control (mentioned above). Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

All intra-Group balances, transactions, unrealized gains and losses resulting from relating party transactions and dividends are eliminated in full.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest while any resultant gain or loss is recognized in the consolidated income statement. Any investment retained is recognized at fair value.

Changes in accounting policies

The accounting policies used in the preparation of the Group's consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the previous year except for the Group's adoption of the following effective standards and amendments effective starting from 1 January 2019. Except for IFRS 16, the adoption of these standards and amendments has no material impact on the Group's consolidated financial statements. The Group did not apply early to any standards issued but not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

IFRS 16 Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.
The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Therefore, prior year financial statements were not adjusted.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). The effect of adoption IFRS 16 is as follows:

The Following is the increase effect on the statement of financial position as of January 1,2019:

	JD '000s
Assets	
Right-of-use assets	8,252
Advanced payments	(786)
Net effect on assets	7,466
Equity	
Retained Earnings	(2,547)
Liabilities	
Lease Liability	10,013

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of properties and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other receivables and payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The standard provides specific application requirements and practical solutions, which the group used when applying the standard.

- Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Used subsequent information when determining the term of the lease for contracts that have options to extend or terminate the lease.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

b) Amounts recognized in the consolidated statement of financial position and consolidated profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements for the year ended December 31, 2019:

	Buildings	Vehicles	Total	Liability
	JD '000s	JD '000s	JD '000s	JD '000s
As at 1 January 2019	7,293	959	8,252	10,013
Additions	5	473	478	478
Depreciation expense	(1,213)	(612)	(1,825)	-
Interest expense	-	-	-	448
Payments	-	-	-	(2,315)
Total	6,085	820	6,905	8,624

Rent expense for short term and low value leases which is recognized in the consolidated statement of profit and loss for the year ended December 31, 2019, is amounted to JD 954,000.

C) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew

The Group included the renewal period as part of the lease term for leases due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

An entity determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Interpretation did not have an impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The amendment did not have an impact on the Group's consolidated financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendment did not have an impact on the Group's consolidated financial statements.

Issued but not yet effective standards

The International Accounting Standards Board (IASB) issued certain standards that are not yet effective and have not yet been adopted by the Group. The following standards are those that the Group's management's reasonably expect that they will have an impact on the financial position or performance or the disclosures of the Group's consolidated financial statements when they become effective. These standards will be adopted when they become effective.

Amendments to IFRS 3: Business Combination

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of initial application, the amendments will not have an effect on the Group financial statements on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide specific financial information about the reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Other disclosures, which clarify the group's risk exposures, include the following:

- Risk management objectives and policies (Note 36)
- Capital management (Note 36)

The key areas involving a higher degree of judgment or complexity done by the Group are described below:

Fair value of financial instruments
When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision for impairment of financial assets
Financial assets are assessed for impairment on the basis described in the "Impairment of financial assets" section.
When determining the impairment of financial assets, management uses certain estimates to determine the amounts and timing of future cash flows and also assesses whether the credit risk on the financial asset has increased substantially since initial recognition and includes future information in the measurement of expected credit losses.

Provision for employees' benefits
Group management uses certain estimates to determine the amount of employee benefits. Management believes that these estimates and assumptions are reasonable.

Impairment of goodwill
The determination of whether goodwill is impaired requires an estimation of the "value in use" of the cash-generating units to which the goodwill is allocated. Such estimation requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of tangible and intangible assets
The Group's management reassesses the useful lives of tangible and intangible assets, and makes adjustments if applicable, at each financial year end.

Provision for income tax
The Group's management uses certain estimates in determining the provision for income tax. The Group's management believes that the estimates and assumptions used are reasonable.

Properties under development
The group's management depends on professional real estate valuators to valuate its properties under development.

Judgments related to revenues from contracts with customers:

Revenue and costs of interconnection
Group management uses certain estimates to determine the amounts of revenue, interconnection costs, receivables and related payables.

Determining the performance obligations and allocating transaction price on these obligations
The Group studies the contracts with customers to determine the performance obligation mentioned or implied in the contracts. Sometimes the contract includes several performance obligations such as points related to customer loyalty program. Group management uses specific judgments to determine performance obligations and to allocate transaction prices on these obligations, such as the determining of stand-alone selling price.

Revenue from sale of land and development rights
Contracts with real estate developers include the sale of lands and its related infrastructure services. The group concluded that it had two separate obligations which is to sell the lands to the developers in addition to providing them with the related infrastructure services. Therefore, the selling price is distributed between the land and the related infrastructure services.

Significant Accounting Policies

Revenue recognition from contracts with customers

A. Rendering of services:
Under IFRS 15, the Group will continue to recognize the revenue of the services over time by the number of units used in a manner similar to the previous accounting policy, as the customer receives and uses the features and services provided by the Group at the same time.

B. Sale of devices:
The campaigns and services offered by the group usually include the sale of devices. The Group has concluded that revenue from the sale of the devices must be recognized at a certain point in time at which the control of the asset is transferred to the customer, when the devices are delivered. The adoption of IFRS 15 did not have any impact on the timing or value of the revenue to be recognized.

In some cases, the Group sells devices at a reduced price without affecting the prices of other services. In such cases, the discount is directly charged to the price of the device without being allocated to other services.

When the Group sell on installments any of the devices, and the period of payment of the amounts accrued on the customer for more than one year,. The Group does not adjust the fair value differences at the agreed selling price as the Group believes that there is no significant financing components in its current contracts.

C. Prepayments from the clients:
In general, the Group collects short-term payments from its customers such as prepaid cards. The Group has recognized these payments as deferred revenue in the statement of financial position before applying IFRS 15, which is similar to IFRS 15.

When applying IFRS 15 regarding short-term payments, the Group will not adjust the agreed selling price as a result of the financing of any part of the contract if the Group believes that the period between the payment of the receivable and the delivery of agreed upon goods or services to the customer will not exceed a year from the date of the contract. If the period between the payment of the receivable by the customer and the delivery of the goods or services agreed upon is more than one year, the Group will adjust the timing differences of the fair value at the agreed selling price.

D. Revenues from sale of lands and development rights
The proceeds from the sale of lands are recognized at a specific point in time when the control of the land sold is transferred to the customer.

E. Revenues from services related to land sale and development rights
Service revenue is recognized over a period of time based to the percentage of completion at the date of the consolidated financial statements.

Other revenues

Interest revenues

Interest revenues are recognized using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of financial asset.

Dividends revenues

Dividend revenues are recognized when the right to receive the dividend is established.

Expenses recognition

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

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other finance costs are expensed in the period they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

The Group provides for income taxes in accordance with the Palestinian Income Tax Law (or in accordance with the applicable tax regulations where the entity operates and generates taxable income) and IAS 12 which requires recognizing the temporary differences, at the date of financial statements between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, as deferred taxes.

Income tax expense represents the accrued income tax which is calculated based on the Group's taxable income. Taxable income may differ from accounting income as the later includes non-taxable income or non-deductible expenses. Such income/expenses might be taxable/deductible in the following years.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures most of its financial instruments, and discloses some of its nonfinancial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments and non-financial assets measured at cost are disclosed in the notes to the financial statements which include:

- Disclosures for valuation methods, significant estimates and assumptions (Note 3 and 7)
- Quantitative disclosures of fair value measurement hierarchy (Note 37)
- Investment properties (Note 6)
- Financial assets (Note 12)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

A fair value measurement of a non-financial asset takes into account the market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to other market participants that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

There have been no transfers among the levels mentioned above during 2019 and 2018.

External valuers are involved for valuation of significant assets, such as investment properties. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash dividends paid

The Group recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized by general assembly. A corresponding amount is recognized directly in equity.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated income statement as incurred. Land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Useful lives (Years)
Buildings and leasehold improvements	10-20
Wireline network	7-16
Wireless network	10
Computer hardware and software	4-7
Office furniture and equipment	4-7
Motor vehicles	4-7
Heavy duty equipment	7
Right of use leases	3-10
Other equipment	4-10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Properties under development
Property under development is recorded at cost which represents all projects costs, which include design costs, construction costs, direct wages, land costs, part of indirect costs and financing costs. Upon completion of each project, the costs are then s transferred to the property, plant and equipment or properties ready for sale depending on management decision or the nature of the project.

An Impairment testing for the carrying value of property under development is carried out when there is an evidence that the carrying value of these projects cannot be recovered. If any such indication exists and the carrying values exceed the estimated recoverable amount, the carrying amount of the projects is reduced to the expected recoverable amount.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. The difference between the fair value and the book value is recorded on the consolidated Income statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in Income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of the intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment on annual basis. Such intangibles are not amortized. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement.

<u>License and lines costs</u>
License and lines costs are amortized using the straight-line method over the license period of 20 years. Amortization expense is recognized in the consolidated income statement.

If the business combination is achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. The difference between the fair value and the book value is recorded on the consolidated Income statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in Income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of the intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment on annual basis. Such intangibles are not amortized. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement.

<u>License and lines costs</u>

License and lines costs are amortized using the straight-line method over the license period of 20 years. Amortization expense is recognized in the consolidated income statement.

<u>Rights of use of fiber cables</u>

Rights of use are amortized using the straight-line method over a period of 7-15 years.

Projects in progress

Projects in progress comprise costs incurred to construct and expand the wireline and wireless networks and other projects as of the financial statements date. These costs include costs of direct labor, direct materials, equipment, and contractors' costs. After completion, projects in progress are transferred to property, plant and equipment.

The carrying values of projects in progress are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the projects are written down to their recoverable amount.

Materials and Inventories

Materials are stated at cost while inventories are stated at the lower of cost or net realizable value using the weighted average method. Costs are those amounts incurred in bringing each product to its present location and condition.

The carrying values of materials are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the materials are written down to their recoverable amount.

Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

When the Group acquires significant interest through steps acquisition, the Group's share is recorded at fair value as of the date the significant influence was acquired in the associate; with any resulting gain or loss recorded in the consolidated income statement.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated income statement and the statement of comprehensive income reflect the share of the results of the associate. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, impairment is measured as the difference between the recoverable amount of the associate and its carrying value, and is recognized in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated income statement.

Investment properties

Investment properties are measured at cost less any accumulated impairment in value. The carrying value of investment properties is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, investment properties are written down to their recoverable amount.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated income statement in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the book value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investments in financial assets

A- Initial recognition of financial assets:

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that Paltel commits to purchase or sell the asset. All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

B- Classification of financial assets

Financial assets at amortised cost

Debt instruments are measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL– see below). They are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized on an effective yield basis.

The effective interest rate is the interest rate used to discount the future cash flows over the debt instrument life (or a shorter period in certain cases), in order to match its carrying value at the date of initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial assets at FVTPL

Debt instrument financial assets that do not meet the amortized cost criteria or that meet the criteria but Group has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL. The Group has not designated a debt instrument financial asset as at FVTPL.

Investments in equity instruments are classified as at FVTPL, unless The Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVOCI) at initial recognition.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the consolidated income statement.

Dividends income on investments in equity instruments at FVTPL is recognized in the consolidated income statement when Group's right to receive the dividends is established.

Financial assets at FVOCI

At initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

Equity instruments at FVOCI are initially measured at fair value plus acquisition costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to the consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in the consolidated income statement when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group can classify debt instruments as financial assets at FVOCI if both of the following conditions are met:

- The asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling of financial assets; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

C- De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards of the asset to third party. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to record its remaining interest in the asset and records the liability in the amount of the amounts expected to be paid. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to record them and also records the debt security of the amounts received.

D- Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognized for financial instruments that are not measured at FVTPL. No impairment loss is recognized on equity investments.

An ECL provision is made at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- Debt investment securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- Other financial instruments for which the credit risk has not increased significantly since their initial

recognition.

The Group has applied the simplified method of the standard to record expected credit losses (ECL) on account receivables and calculated the expected credit losses over the entire life of the receivables. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination. The Group recognizes an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired. The Group recognizes an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments. The Group recognizes the lifetime ECL.

12-month ECL (stage 1) is the portion of ECL that results from probable default events on a financial instrument within 12 months after the reporting date.

Lifetime ECL (stage 2) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to Group and the present value of the recoverable amount, for financial assets that are not credit-impaired at the reporting date.

For (stage 3) financial instruments, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial asset. The recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at the inception of the credit facility or, for debt instruments, at the current market rate of interest for a similar financial asset.

In the expected credit loss calculation model, when necessary, the Group incorporates future information used as inputs, such as the increase in GDP and unemployment rates.

Provisions for credit-impairment are recognized in the consolidated income statement and are reflected in an allowance account against loans and receivables, investment securities, and placements.

Financial assets are written off after all restructuring and collection activities have taken place and there is no realistic prospect of recovery. Subsequent recoveries are included in other income.

Financial assets that are measured at amortised cost are tested as to whether they are credit-impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Financial assets which have been re-scheduled or modified are no longer considered to be past due and are replaced on performing status when all principal and interest payments are up to date and future payments are reasonably assured. Financial assets that have been re-scheduled, are subject to on- going review to determine whether they remain impaired or can be considered due. All re-scheduled or modified facilities are classified as stage 2 or stage 3 for a minimum period of 12 months from the date of re-scheduling.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for impaired debt. Where financial assets are assessed for impairment on the basis shown in paragraph "Impairment of financial assets". When determining the impairment on financial assets. The group use specific estimates to determine the amounts and timing of future cash flows and also assesses whether there are a significant increase in credit risk of the financial asset since initial recognition and includes the use of future information in the measurement of expected credit losses.

Cash and cash equivalents

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

Accounts payable and accruals

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

Loans and borrowings

At initial recognition, loans and borrowings are recognized at fair value net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the liabilities are derecognized by the lender.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated income statement.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly on the consolidated income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Foreign currencies

Transactions denominated in currencies other than Jordanian Dinar (JD), occurring during the year, are translated to JD using the exchange rate at the date of the transaction. Monetary assets and liabilities, which are denominated in foreign currencies are translated into JD using the rate of exchange at the reporting date.

Gains or losses arising from exchange differences are reflected in the consolidated income statement.

The assets and liabilities of subsidiaries with functional currencies other than Jordanian Dinars are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and, their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising from the translation are recognized within the consolidated statement of changes in equity.

4. Business Combination

At the beginning of 2019, the Group acquired 25% additional shares of Jericho Gate for Real Estate Investment (Jericho Gate), bringing the total ownership of the Group to 75%. Therefore, the Group has obtained the ability to control Jericho Gate, accordingly Jericho Gate's financial statements were consolidated with the Group's consolidated financial statements. Jericho Gate has contributed JD 328,000 of loss to the Group's net income since the acquisition date till December 31,2019, and the non-controlling interest share amounted to JD 82,000. The non-controlling interest is measured using the fair value method.

In accordance with International Financial Reporting Standards (IFRS), prior to acquisition, the shares were measured at fair value and the financial statements of Jericho Gate were consolidated with the Group's financial statements, resulted in a gain of JD 12,919,000 in the consolidated income statement during the period.

The fair values of the assets and liabilities of Jericho Gate as at the date of acquisition were:

	JD '000s Fair value at the date of acquisition
Assets	
Property, plant and equipment	223
Properties under development (note 8)	82,947
Accounts receivable	2,519
Other current assets	183
Cash and cash equivalents	143
	86,015
Liabilities	
Interest-bearing loans and borrowings	723
Deferred tax liability	6,994
Provision for employees' indemnity	38
Accounts payable	532
Deferred revenue	1,145
Provision for income tax	137
	9,569
Net assets at fair value	76,446
Non-Controlling interest measured at fair value	(19,111)
Investment fair value at the date of acquisition	57,335

5. Property, plant and equipment

2019	Lands	Buildings and leasehold improvements	Wireline network	Wireless network	Computer hardware and software	Office furniture and equipment	Motor vehicles	Heavy duty machines and equipment	Right-of-use of buildings	Right-of-use of cars	Other equipment	Total
	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s			JD'000s	JD'000s
Cost												
At January 1, 2019	6,099	38,457	212,253	183,884	130,310	26,538	2,364	2,460	-	-	1,532	603,897
IFRS 16 effect (note 3)	-	-	-	-	-	-	-	-	7,293	959	-	8,252
Subsidiary acquired acquisition (note 4)	-	7	-	-	-	257	31	-	-	-	154	449
Additions	-	4,350	9,662	11,969	13,503	2,484	161	1,108	5	473	28	43,743
Disposals	(19)	(36)	(2,538)	(8,201)	(1,412)	(937)	(1,033)	(216)	-	-	(37)	(14,429)
Reclassifications	-	(3)	3	12	12	(3)	(12)	(9)	-	-	-	-
At December 31,2019	6,080	42,775	219,380	187,664	142,413	28,339	1,511	3,343	7,298	1,432	1,677	641,912
Accumulated depreciation												
At January 1, 2019	-	25,679	166,927	129,132	113,150	21,665	2,303	1,671	-	-	1,487	462,014
Subsidiary acquisition (note 4)	-	3	-	-	-	146	11	-	-	-	66	226
Depreciation for the year	-	2,249	7,916	15,780	9,741	1,565	28	203	1,213	612	60	39,367
Disposals	-	(31)	(2,523)	(7,546)	(1,404)	(919)	(1,013)	(213)	-	-	(33)	(13,682)
Reclassifications	-	-	3	15	12	(13)	(8)	(9)	-	-	-	-
At December 31, 2019	-	27,900	172,323	137,381	121,499	22,444	1,321	1,652	1,213	612	1,580	487,925
Net carrying amount												
At December 31, 2019	6,080	14,875	47,057	50,283	20,914	5,895	190	1,691	6,085	820	97	153,987

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Property, plant and equipment (cont'd)

2018	Lands	Buildings and leasehold improvements	Wireline network	Wireless network	Computer hardware and software	Office furniture and equipment	Motor vehicles	Heavy duty machines and equipment	Other equipment	Total
	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s
Cost										
At January 1, 2018	6,099	36,507	205,803	184,746	124,952	26,921	3,669	2,187	1,483	592,367
Additions	-	2,550	10,950	23,990	5,849	1,791	-	323	109	45,562
Disposals	-	(546)	(3,181)	(24,861)	(1,766)	(2,263)	(1,305)	(50)	(60)	(34,032)
Reclassifications	-	(54)	(1,319)	9	1,275	89	-	-	-	-
At December 31, 2018	6,099	38,457	212,253	183,884	130,310	26,538	2,364	2,460	1,532	603,897
Accumulated depreciation										
At January 1, 2018	-	24,236	163,002	137,149	105,033	22,309	3,541	1,539	1,483	458,292
Depreciation for the year	-	1,989	7,269	16,749	9,784	1,452	65	174	38	37,520
Recovery of Impairment	-	-	-	(1,993)	(38)	-	-	-	-	(2,031)
Disposals	-	(536)	(3,181)	(22,782)	(1,704)	(2,185)	(1,303)	(42)	(34)	(31,767)
Reclassifications	-	(10)	(163)	9	75	89	-	-	-	-
At December 31, 2018	-	25,679	166,927	129,132	113,150	21,665	2,303	1,671	1,487	462,014
Net carrying amount										
At December 31, 2018	6,099	12,778	45,326	54,752	17,160	4,873	61	789	45	141,883

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6. Investment properties

This item represents investment in land, following is the movement on this account:

	2019	2018
	JD'000s	JD'000s
Balance, beginning of the year	43,348	41,738
Additions	823	1,610
Sale of real estate investments	(610)	-
Balance, end of year	43,561	43,348

The fair values of these land lots were estimated, by certified appraisers, at JD 71,884,000.

The Group's management is currently finalizing the legal requirements to transfer the title of some of these land.

7. Intangible assets

	Goodwill	License and line costs	Rights of use of fiber cables and other intangible assets	Total
	JD'000s	JD'000s	JD'000s	JD'000s
Cost				
At January 1, 2019	17,259	205,610	26,067	248,936
Additions	-	-	377	377
At December 31, 2019	17,259	205,610	26,444	249,313
Amortization				
At January 1, 2019	-	21,823	14,530	36,353
Amortization for the year	-	10,281	1,684	11,965
Impairment	-	-	6,243	6,243
At December 31, 2019	-	32,104	22,457	54,561
Net Book Value				
At December 31, 2019	17,259	173,506	3,987	194,752
At December 31, 2018	17,259	183,787	11,537	212,583

* During 2016, the Group renewed the licenses of both Palestine Telecommunications Co. (PALTEL) and Palestine Cellular Communications Co. (JAWWAL) for a period of 20 years ending in the year 2036. The total amount of the license amounted to US $ 290 million (equivalent to JD 205,610,000) of which US $ 260 million is related to JAWWAL's license renewal (including 2G and 3G frequency licenses) while the remaining amount of US $ 30 million was related to PALTEL's license renewal.

During the year, the Group has settled the remaining amount of the license amounted to JD 22,156,000 of the total license value.

Impairment testing of goodwill

The recoverable amount of the wireless segment has been determined based on the value in use calculation using the cash flow projections from budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 13%. Cash flows beyond the 5-year period are extrapolated using a 3% growth rate.

Key assumptions used in value in use calculations:

The calculations of value in use for the wireless segment are most sensitive to the following:

- Discount rate; and

- Growth rate used to extrapolate cash flows beyond the forecasted period.

Discount rate: Discount rates represent the current market assessment of the risks specific to wireless segment, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its wireless segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account both the cost of equity and the cost of debt. The cost of equity is derived from the expected return on investment by the Group's investors.

The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate estimates: Rates are based on the value of the business segment's operations after the explicit budget period. In determining appropriate growth rates, regard has been given to the competitive forces that are expected to prevail after the explicit budget period.

With regard to the assessment of the value in use of the wireless business segment, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the segment to materially exceed its value in use.

8. Properties under development

	2019	2018
	JD'000s	JD'000s
Balance, beginning of year	-	-
Subsidiary acquired (note 4)	82,947	-
Additions	5,709	-
sales	(12,920)	-
Balance, end of year	75,736	-

9. Projects in progress

	2019	2018
	JD'000s	JD'000s
Wireless network	1,720	2,056
Data transmission projects	981	302
Administration and information technology systems	1,117	55
Building rehabilitation	887	609
	4,705	3,022

Upon completion, each project is transferred to property, plant and equipment, following is the movement on projects in progress during the years 2019 and 2018:

	2019	2018
	JD'000s	JD'000s
Balance, beginning of year	3,022	4,171
Additions	15,972	16,733
Impairment recovery	500	-
Transferred to property, plant and equipment	(14,789)	(17,882)
Balance, end of year	4,705	3,022

10. Materials

	2019	2018
	JD'000s	JD'000s
Wireline network materials	13,581	11,941
Electricity and air conditioning materials	668	432
Kits and tools	139	169
Disposables and other materials	667	712
	15,055	13,254

11. Investment in associates

	Country of incorporation	% of ownership		Carrying amount of the investment	
		2019	2018	2019	2018
				JD'000s	JD'000s
VTel Holding and VTel MEA	United Arab Emirates	26.9	26.8	8,976	8,763
Jericho Gate	Palestine	-	50	-	16,939
The National Bank	Palestine	16.8	16.8	13,169	12,696
				22,145	38,398

- VTel Holding Company is a holding company established during 2006 in the United Arab Emirates. VTel Holding is specialized in managing several companies in the telecommunications industry.

VTel MEA Company is a holding company established during 2011 in the United Arab Emirates. VTel MEA is specialized in managing several companies in the telecommunications industry.

The Group elected to combine information for VTel Holding and VTel MEA companies as they are managed on an aggregated level.

Jericho Gate for Real Estate Investment (Jericho Gate) is engaged in investing in real estate and tourism projects. At the beginning of 2019, the Group acquired 25% additional shares of Jericho Gate, bringing the total ownership of the Group to 75% (note 4).

The group's ownership in The National bank is 16.8%. The Group believes that it has a significant influence over the bank. The fair value of the investment amounted to JD 17,657,000 as of December 31, 2019.

The following table illustrates summarized financial information of the Group's investments in its associates:

	VTel Holding & VTel MEA (combined)		Jericho Gate		The National Bank		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s
Statement of financial position								
Assets	165,808	184,417	-	39,388	1,718,569	1,563,610	1,884,377	1,787,415
Liabilities	(132,479)	(151,682)	-	(5,509)	(1,578,653)	(1,429,692)	(1,711,132)	(1,586,883)
Non-controlling interest	-	-	-	-	(71,230)	(67,680)	(71,230)	(67,680)
Equity attributable to Parent	33,329	32,735	-	33,879	68,686	66,238	102,015	132,852
Group's ownership	8,976	8,763	-	16,939	11,604	11,131	20,580	36,833
Implied Goodwill	-	-	-	-	1,565	1,565	1,565	1,565
Carrying amount of investment	8,976	8,763	-	16,939	13,169	12,696	22,145	38,398
Revenues and results of operations								
Revenues	2,155	2,052	-	177	76,522	67,149	78,677	69,378
Results of operations	13,855	3,194	-	(14)	5,635	6,685	19,490	9,865
Group's share of results of operations	-	-	-	(7)	981	1,173	981	1,166
Group's share of OCI	-	-	-	-	(61)	(99)	(61)	(99)
Other information								
Dividends from associates	-	-	-	-	445	445	445	445

12. Investments in financial securities

A. The financial assets at FVTOCI include the following:

	2019	2018
	JD'000s	JD'000s
Quoted shares	145,919	156,796
Unquoted shares	3,126	3,710
	149,045	160,506

Movement on the fair value reserve was as follows:

	2019	2018
	JD'000s	JD'000s
Balance, Beginning of the year – Before adjustments	(17,681)	(7,704)
Amendments to the impact of the adoption of IFRS 9	-	(7,761)
Balance, beginning of the year - After adjustments	(17,681)	(15,465)
Unrealized losses	(16,573)	(2,253)
Loss from sale of financial assets at FVTOCI recognized in retained earnings*	25	136
Share of associates' other comprehensive income	(61)	(99)
Balance, end of the year	(34,290)	(17,681)

* Financial assets at FVTOCI sold during the year amounted to JD 932,000. Sale transactions of these financial assets were made to finance other investment activities and to exit from investments which do not achieve the required return by the Group.

B. Financial assets at FVTTPL include the following:

	2019	2018
	JD'000s	JD'000s
Shares quoted in Palestine Stock Exchange	2,927	3,391
Investment portfolios in quoted shares	3,384	3,540
Shares quoted in regional financial markets	19,534	21,423
Unquoted shares in financial markets	138	-
	25,983	28,354

13. Other financial assets

	2019	2018
	JD'000s	JD'000s
Loans to associates*	107,604	114,077
Prepayment on taxes and other Governmental fees	9,281	9,597
Long term receivables (note 15)	10,170	-
	127,055	123,674
Provision for impairment of loans to associates companies**	(71,318)	(71,318)
	55,737	52,356
Current portion of long term loans to associates companies	(11,562)	(2,483)
	44,175	49,873

* During the year 2018, the Group signed a subordinated loan agreement with The National Bank (an associate company) of US $ 5 million (equivalent to JD 3,545,000), the principal amount will be settled at maturity in 2025, while the interest is paid on a monthly basis.

During the year, VTel MENA has settled the remaining portion of the loan payment due in 2019, with a payment amounted to US $ 9,130,000 (equivalent to JD 6,473,000).

** The following is a summary of the movement that has been made to provision for impairment of loans to associates companies:

	2019	2018
	JD'000s	JD'000s
Balance, beginning of year - before adjustments	71,318	9,043
Amendments to the impact of the adoption of IFRS 9	-	62,225
Balance, beginning of the year- after adjustments	71,318	71,268
Additions during the year	-	50
Balance, end of year	71,318	71,318

14. Inventories

	2019	2018
	JD'000s	JD'000s
SIM cards and prepaid scratch cards	523	614
Cellular phone sets	125	304
Marketing materials and others	1,705	1,351
	2,353	2,269

15. Accounts receivable

	2019	2018
	JD'000s	JD'000s
Retail and corporate subscribers	83,767	82,323
Palestinian National Authority	87,638	83,011
Dealers' receivables	7,498	7,462
Telecommunication companies	2,962	6,080
Accrued revenues	7,586	8,499
Other	6,086	3,993
Total trade receivable	195,537	191,368
Expected credit losses*	(102,966)	(105,134)
Long term receivables (note 13)	(10,170)	-
Net trade receivables	82,401	86,234

* Accounts receivable are stated net of expected credit losses. In accordance with IFRS 9, the provision is calculated based on certain percentages derived from group of inputs, including historical collection patterns, type of customer, services provided, aging of accounts receivable reports, and default definition through the number of days past due, in addition to considering future factors.

Movements on the expected credit losses during the years 2019 and 2018 were as follows:

	2019	2018
	JD'000s	JD'000s
Balance, beginning of year – before adjustment	105,134	71,813
Amendments to the impact of the adoption of IFRS 9	-	31,550
Balance, beginning of year – after adjustment	105,134	103,363
Additions	8,351	8,936
Written off	(18,361)	-
Translation difference from ILS to JD	7,842	(7,165)
Balance, end of year	102,966	105,134

As of December 31, 2019 and 2018, the aging analysis of the unimpaired trade receivable is as follows:

		Neither past	Past due but not impaired				
	Total	due nor impaired	<30 days	31-60 days	61-90 days	91-120 days	>120 days
	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s
2019	82,401	36,806	15,208	2,551	1,444	911	25,481
2018	86,234	36,586	12,718	5,307	2,382	2,094	27,147

The Group expects, based on its past experience, to recover all unimpaired receivables.

16. Other current assets

	2019	2018
	JD'000s	JD'000s
Due from related parties	810	2,308
Current portion of prepayment on taxes and other governmental fees	2,054	1,885
Current portion of long term loans (Note 13)	11,562	2,483
Advances to suppliers and contractors	5,048	8,179
Prepaid expenses	4,198	4,217
Others	2,342	2,309
	26,014	21,381

17. Cash and cash equivalents

	2019	2018
	JD'000s	JD'000s
Cash on hand	334	537
Cash at banks and short term deposits	38,439	56,358
	38,773	56,895

Short-term deposits amounted to JD 8,418,000 and JD 15,267,000 as of December 31, 2019 and December 31,2018 respectively. These deposits are due for a period of less than three months.

18. Paid-in share capital

As of December 31, 2019 and 2018, PALTEL's authorized and issued share capital amounted to JD 131,625,000. Total number of subscribed ordinary shares amounted to 131,625,000 shares for the years ended December 31, 2019 and 2018.

19. Reserves

- Statutory reserve represents accumulation of profits transferred at 10% of annual net profit in accordance with the Companies' Law. This reserve is not available for distribution to shareholders. The Group ceased to transfer any portion of profits as the statutory reserve balance reached 25% of share capital.

- Voluntary reserve represents the transfers made during prior years from profits. This reserve is available for distribution to the shareholders. No appropriation to the voluntary reserve was made during the years 2019 and 2018.

- Special reserve represents appropriation of profits based on the Board of Directors resolution. This reserve is available for distribution to the shareholders. No appropriation to the special reserve was made during the years 2019 and 2018.

20. Cash dividends

The Board of Directors will propose to the General assembly in its annual meeting to be held during 2020 the approval of a proposed cash dividend of JD 0.40 per share with a total amount JD 52,650,000.

The General Assembly approved in its meeting held on March 26, 2019 the declaration of a cash dividend of JD 0.40 per with a total amount JD 52,650,000.

The General Assembly approved in its meeting held on April 05, 2018 the declaration of a cash dividend of JD 0.40 per share with a total amount JD 52,650,000.

21. Long-term loans

	2019	2018
	JD '000s	JD '000s
Long term-loans from regional and local banks	94,663	116,985
Current portion of long-term loans (Note 24)	(30,416)	(28,360)
	64,247	88,625

During the period, the Group signed a long-term loan agreement with regional bank amounted to EUR 2,862,000 (equivalent to JD 2,276,000). The loan is to be paid in 48 equal monthly installments.

In addition, during the period, one of the Group companies signed a new overdraft agreement with a regional bank to finance its operational activities, with a total ceiling of JD 4,141,000 to be paid in a three years period.

22. Other non-current liabilities

	2019	2018
	JD '000s	JD '000s
Provision for employees indemnity	39,366	37,223
Long term lease liability	6,092	-
Deferred tax liability	6,153	-
	51,611	37,223

Movement on provision for employees' indemnity during the year 2019 and 2018 were as follows:

	2019	2018
	JD '000s	JD '000s
Balance, beginning of year	37,223	46,443
Subsidiary acquisition (note 4)	38	-
Additions during the year	4,608	3,952
Payments during the year	(2,503)	(13,172)
Balance, end of year	39,366	37,223

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23. Accounts payable

	2019	2018
	JD '000s	JD '000s
License renewal fees	-	22,156
Trade suppliers	15,886	20,746
Telecommunication companies	4,274	7,597
Accrued governmental fees on revenue	41,282	23,211
Subscribers' deposits	2,461	2,259
	63,903	75,969

24. Overdrafts and current portion of long-term loans

	2019	2018
	JD '000s	JD '000s
Current portion of long-term loans (Note 21)	30,416	28,360
Bank overdraft *	72,980	46,371
	103,396	74,731

* This item represents the utilized balance of overdraft lines of credit granted to the Group. During the year, the Group signed new overdraft agreement with a regional bank for a ceiling of US $ 20,000,000 (equivalent to JD14.8 million). Furthermore, during the period, the Group renewed an overdraft agreement with a local and regional banks, with a total ceiling of USD 100,000,000 (equivalent to JD 70.9 million). In addition, the group renewed an overdraft with a local bank, and increased the ceiling from USD 10.0 million to USD 20.0 million

The unutilized balance of the current ceilings granted to the Group as at 31 December 2019 amounted to JD 72,980,000.

25. Provision for income tax

Following is the movement on the provision for income tax during the year 2019 and 2018:

	2019	2018
	JD '000s	JD '000s
Provision balance, beginning of year	5,808	10,631
Balance resulted from acquisition of a subsidiary (note 4)	137	-
Income tax expense for the year	13,972	13,847
Amortization of deferred tax liability	841	-
Discounts on early payments	(1,115)	(1,315)
Payments	(13,513)	(17,403)
Translation difference from ILS to JD	(990)	48
Provision balance, end of year	5,140	5,808

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The taxable profit of the group subsidiaries is subject to a tax rate ranging from 15% to 20% depending on the nature of each subsidiaries operations.

During the year, the Group companies reached a settlement with the Income Tax Department for its taxable income until the year 2018.

Following are the details of income tax expense:

	2019	2018
	JD '000s	JD '000s
Income tax expense for the year	13,972	13,847
Discounts on early payments	(1,115)	(1,315)
	12,857	12,532

26. Other current liabilities

	2019	2018
	JD '000s	JD '000s
Accrued expenses	52,488	55,671
Unearned revenues	17,104	11,644
VAT payable	2,298	4,832
Customer loyalty programs	1,489	2,512
Dividends payable	9,965	9,336
Accrued social responsibility	442	591
Provision for employees' vacations	799	856
Short term lease liability	2,532	-
Due to employees' provident fund *	5,795	3,297
Other	3,269	3,888
	96,181	92,627

* These amounts represent the Group's share and the amounts deducted from employees for the provident fund, which have not been transferred to the fund as at 31 December 2019. The Group companies contribute an agreed upon percentage of their employee's salary and in turn deduct another percentage from the employees. Contributions are transferred to designated funds, which are run independently by management committees according to the approved by laws for each fund.

27. Revenues from contracts with customers

	2019	2018
	JD '000s	JD '000s
Revenue Type		
Wireline and wireless services	172,287	197,917
Interconnection revenue	18,964	20,915
Media services	88,482	86,632
Real-estate	17,905	-
	297,638	305,464

Following are the details of revenues:

	2019	2018
	JD'000s	JD'000s
Customer type		
Individuals	180,008	192,727
Companies	117,630	112,737
	297,638	305,464

28. Cost of sale

Cost of sale includes Telecommunication costs, governmental fees on revenues, real estate and properties under development cost of sale and other costs.

29. Operating and administrative expenses

	2019	2018
	JD '000s	JD '000s
Payroll and related employees' expenses	57,648	63,860
Depreciation of property, plant and equipment	39,367	37,520
Amortization of intangible assets	11,965	12,349
Marketing and advertising	10,357	13,551
Maintenance	14,646	14,513
Utilities	8,822	10,164
Rent	4,518	6,898
Corporate social responsibility	6,491	5,394
Postage, billing collection and distribution	2,069	2,008
Security and cleaning	2,170	2,277
Provision for expected credit losses	8,351	8,936
Professional and consultancy fees	2,498	2,705
Travel, accommodation, transportation and fuel	1,436	1,462
Cars operating lease	561	1,264
Employees' and asset insurance	1,610	1,534
Conferences and hospitality	826	960
Stationary and printings	175	180
Others	1,613	1,415
	175,123	186,990

30. Gain from investments

	2019	2018
	JD '000s	JD '000s
Change in fair value of financial assets at FVTPL	(2,510)	653
Dividends income of financial assets at FVTPL	1,754	1,673
Dividends income of financial assets at FVOCI	8,778	7,294

	8,022	9,620

31. Other revenues (expenses), net

	2019	2018
	JD '000s	JD '000s
Interest revenues	6,832	5,492
Foreign exchange gains (losses)	5,845	(6,340)
Gain on disposal of property, plant and equipment	489	1,788
(Impairment) recovery of assets	(5,743)	2,031
Gain from Revaluation of share of associate before acquisition (note 4)	12,919	-
Currency forward contracts	(484)	3,104
Others	(5,755)	(3,273)
	14,103	2,802

32. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ended December 31, 2019 and 2018 is calculated as follows:

	2019	2018
Profit for the year (JD)	63,967,000	67,092,000
Weighted average number of subscribed share capital	131,625,000	131,625,000
Basic and diluted earnings per share (JD)	0.486	0.510

33. Commitments and contingencies

As of the financial statements date, the Group has outstanding contractual commitments resulting from purchases, services and construction contracts. The contractual commitments represent the difference between total contract cost and the amounts of materials or services received as of the financial statements date. Following is a summary of the outstanding commitments, which are due during the following years:

	2019	2018
	JD '000s	JD '000s
Purchase orders and letters of credit	25,681	46,665
	25,681	46,665

Most of the outstanding commitments mature within one year of the date of the financial statements.

The Group appears as a defendant in several cases brought against it within the normal business activity of the group. The group management believes that, based on a letter from the legal advisor, the Group will not have any material obligations except for what was already provisioned for.

34. Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

Following are the balances of related parties included in the consolidated statement of financial position as of December 31, 2019 and 2018:

		2019	2018
	Nature of relationship	JD '000s	JD '000s
Long term Interest-bearing loans	Major shareholders – banks	62,161	81,535
Overdraft	Major shareholders – banks	46,313	28,121
Due from related parties	Major shareholders and associates	810	2,308
Loans granted to associates*	Associates	107,603	114,077

Following are the transactions with related parties included in the consolidated income statement for the years 2019 and 2018:

Finance cost	Major shareholders – banks	6,042	4,781
Interest revenue	Associates	6,020	4,846
Key management personnel compensation:			
Short term benefits		1,753	1,846
Termination benefits		190	206

* The provision for impairment of loans granted to associates amounted to JD 71,318,000 as at 31 December 2019.

In addition, the Group acts as a guarantor against a loan utilized by an associate. According to the guarantee agreement, the Group guarantees only 25% of the loan's outstanding balance which amounted to US $ 5.2 million (JD 3.7 million) as of December 31, 2019.

35. Segment reporting

The Group's operating segments are the telecommunications, data, real estate, in addition to investing activities segment. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit.

The telecommunications segment is a provider of wireline and wireless communication services and the operator of the telephone and cellular networks in Palestine.

The data segment is a major provider of internet services, leased lines, and ADSL services in Palestine.

The real estate segment is a provider of all real estate and the properties under developing services in Palestine.

The Investments segment represents all investments activities of the Group.

The following tables present revenues, profit before tax, and other segment information regarding the Group's operating segments for the year ended December 31, 2019:

	Telecommunication	Data	Real estate	Investing	Eliminations	Total
Revenues	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s
Segment revenues from external customers	191,251	88,482	17,905	-	-	297,638
Inter-segment revenues (eliminated)	2,640	8,836	-	-	(11,476)	-
Total Revenues	193,891	97,318	17,905	-	(11,476)	297,638
Results of operations						
Impairment of intangibles	(4,561)	(1,682)	-	-	-	(6,243)
Gain from Revaluation of Jericho Gate share before acquisition (note 4)	-	-	12,919	-	-	12,919
Depreciation and amortization	(38,825)	(12,457)	(50)	-	-	(51,332)
Share of associates' results of operations	-	-	-	981	-	981
Segment profit before tax	26,782	27,231	14,081	8,648	-	76,742
Other segment information						
Investment in associates	-	-	-	22,145	-	22,145
Capital expenditures	29,699	16,671	256	-	-	46,626

The following table presents segments' assets and liabilities as of December 31, 2019:

Assets and liabilities						
Segments' assets	427,951	319,270	138,099	197,173	(203,808)	878,685
Segments' liabilities	187,317	185,190	18,419	-	(6,448)	384,478

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Segment reporting (continued)

The following tables present revenues, profit before tax, and other segment information regarding the Group's operating segments for the year ended December 31, 2018:

	Telecommunication	Data	Real estate	Investing	Eliminations	Total
Revenues	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s
Segment revenues from external customers	218,832	86,632	-	-	-	305,464
Inter-segment revenues (eliminated)	1,489	10,679	-	-	(12,168)	-
Total Revenues	220,321	97,311	-	-	(12,168)	305,464
Results of operations						
Depreciation and amortization	(38,920)	(10,949)	-	-	-	(49,869)
Share of associates' results of operations	-	-	-	1,166	-	1,166
Segment profit before tax	38,261	30,597	-	10,766	-	79,624
Other segment information						
Investment in associates	-	-	-	38,398	-	38,398
Capital expenditures	30,415	13,273	-	-	-	43,688

The following table presents segments' assets and liabilities as of December 31, 2018:

Assets and liabilities						
Segments' assets	527,060	317,338	60,288	210,318	(257,004)	858,000
Segments' liabilities	241,582	189,276	-	-	(55,875)	374,983

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36. Financial risk management objectives and policies

The Group's principal financial liabilities comprise of interest-bearing loans and borrowings and accounts payable. The main purpose of these financial liabilities is to finance the Group's operations. The Group has various financial assets such as accounts receivable, granted loans, and cash and cash equivalents which arise directly from the Group's operations. The Group also holds available-for-sale investments.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, equity price risk, and foreign currency risk. The Group's Board of Directors reviews and approves policies for managing these risks which are summarized below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to financial assets and liabilities with floating interest rates.

The following table shows the sensitivity of the consolidated income statement for possible changes in interest rates, with all other variables held constant:

	Change in interest rates	Effect on profit before tax
	Basis points	JD '000
2019		
US $	+20	(120)
US $	-20	120
EUR	+20	-
EUR	-20	-
2018		
US $	+20	(30)
US $	-20	30

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing and investing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables:

Customer credit risk is managed by each business segment unit subject to the Group's policies relating to customer credit risk management. The Group has a broad based clientele. The credit risk associated with the accounts receivable is widely distributed among a large number of individual customers, except for the risk associated with the receivable from PNA ministries and institutions which represent 44.8% of total trade receivable.

In addition, services are disconnected from clients who do not pay their bills within a specified period. Also, the Group has a system of following up collection of receivable through the management effort and the legal channels.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into groups and are assessed for impairment collectively. The calculation involves certain percentages derived from group of inputs, including historical collection patterns, type of customer, services provided, aging of accounts receivable reports, and default definition through the number of days past due, in addition to considering future factors. The maximum exposure is the carrying amount as disclosed in Note (15).

Other financial assets

With respect to credit risk arising from the other financial assets of the Group, including granted loans and bank deposits, the investment and financing decisions are made only to approved counterparties. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funds and flexibility through the use of bank overdrafts and other bank loans. The Group's terms of billing require amounts to be paid by customer within 45 days of the date of billing. The table below summarizes the maturity profile of the Group's consolidated financial liabilities as of December 31, 2019 and 2018, based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s
As of December 31, 2019					
Interest-bearing loans and borrowings	-	8,246	24,255	142,016	174,517
Accounts payable	-	25,561	19,280	19,062	63,903
Other liabilities	25,969	42,320	27,892	-	96,181
	25,969	76,127	71,427	161,078	334,601
As of December 31, 2018					
Interest-bearing loans and borrowings	-	8,508	24,992	144,625	178,125
Accounts payable	-	43,682	16,144	16,143	75,969
Other liabilities	24,892	40,564	26,735	-	92,191
	24,892	92,754	67,871	160,768	346,285

Equity price risk

The following table demonstrates the sensitivity of the consolidated income statement and available for sale reserve to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown:

	Increase in equity price	Effect on profit before tax	Effect on equity
	%	JD '000s	JD '000s
Shares listed on Palestine Securities Exchange	+10	293	3,174
Shares listed on the Amman Stock Exchange	+10	1,953	10,918
Shares listed on other markets	+10	-	499
Other unquoted	+5	176	156

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency from the Group's presentation currency).

The Group reduces the foreign currency exchange rates fluctuation risk by entering in foreign currency forward contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency rate against JD, with all other variables held constant, of the Group's profit before tax. However, the Jordanian Dinar is linked to the U.S. Dollar, therefore, no effect, resulting from the fluctuations in US $ rate, is expected on the consolidated financial statements:

	Increase/decrease in ILS rate to JD	Effect on profit before tax
	%	JD' 000s
2019		
ILS	+10	4,840
ILS	-10	(4,840)
2018		
ILS	+10	5,351
ILS	-10	(5,351)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2019 and December 31, 2018. Capital comprises share capital, retained earnings, and other reserves, and is measured at JD 494,207,000 as at December 31, 2019, and JD 483,017,000 as at December 31, 2018.

37. Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value of its assets:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which all inputs are observable, either directly or indirectly.
- Level 3: Valuation techniques which use inputs, and are not based on observable market data.

There have been no transfers among the levels mentioned above during 2019 and 2018.

The following table provides the fair value measurement hierarchy of the Group's assets as of December 31, 2019:

	Date of valuation	Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		JD '000s	JD '000s	JD '000s
Assets measured at fair value:				
Financial assets at FVTOCI	December 31, 2019	145,919	-	3,126
Financial assets at FVTPL	December 31, 2019	22,461	3,384	138
Financial assets for which fair value is disclosed:				
Investment properties	December 31, 2019	-	-	71,884

The following table provides the fair value measurement hierarchy of the Group's assets as of December 31, 2018:

	Date of valuation	Quoted prices in active markets (level 1) JD '000s	Significant observable inputs (level 2) JD '000s	Significant unobservable inputs (level 3) JD '000s
Assets measured at fair value:				
Financial assets at FVTOCI	December 31, 2018	156,796	-	3,710
Financial assets at FVTPL	December 31, 2018	24,814	3,540	-
Financial assets for which fair value is disclosed:				
Investment properties	December 31, 2018	-	-	60,160

Unobservable inputs sensitivity (Level 3) – Investment properties:

External appraisers are involved for valuation of significant assets' such as investment properties. The Group decides, after discussion with the external appraisers, which inputs techniques and inputs to use for each case, which are mainly similar lands' sale transactions during the year, and which is calculated based on price per square meter multiplied by the area.

The following table represents fair value sensitivity on investment properties:

	Increase/ decrease in fair value %	Effect on fair value JD '000s
2019		
Fair value per square meter	+5	3,048
Fair value per square meter	-5	(3,048)
2018		
Fair value per square meter	+5	3,008
Fair value per square meter	-5	(3,008)

Fair values of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments carried in the financial statements:

	Carrying amount		Fair Value	
	2019	2018	2019	2018
	JD '000s	JD '000s	JD '000s	JD '000s
Financial assets				
Investments in securities	175,028	188,860	175,028	188,860
Accounts receivable	82,401	86,234	82,401	86,234
Other financial assets	60,943	58,858	60,943	58,858
Cash and cash equivalents	38,773	56,895	38,773	56,895
	357,145	390,847	357,145	390,847
Financial liabilities				
Interest-bearing loans and borrowings	167,643	163,356	167,643	163,356
Accounts payable	63,903	75,969	63,903	75,969
Other financial liabilities	78,278	80,127	78,278	80,127
	309,824	319,452	309,824	319,452

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, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the quoted available-for-sale investments and financial assets held for trading is based on price quotations at the reporting date.
- The fair value of interest-bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms and credit risk.

38. Concentration of risk in geographic area

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