

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION  
PUBLIC SHAREHOLDING COMPANY**

**Unaudited Interim Condensed Financial Statements  
For the Three Months Period Ended March 31, 2017**

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
**Unaudited Interim Condensed Financial Statements for the Three Months Ended March 31, 2017**

**INTERIM STATEMENT OF FINANCIAL POSITION**  
 (All amounts in US Dollars)

	As at	
	March 31, 2017 <u>(Unaudited)</u>	December 31, 2016 <u>(Audited)</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	25,942,612	27,469,533
Projects in progress	17,978,194	18,883,868
Intangible assets	136,617,552	139,111,200
	<u>180,538,358</u>	<u>185,464,601</u>
<b>Current assets</b>		
Advances to contractors	5,402,997	5,417,874
Restricted cash	4,125,243	3,951,235
Inventory	3,452,908	3,463,535
Other current assets	2,612,326	1,808,979
Accounts receivable	12,021,521	11,276,707
Cash on hand and at banks	10,002,765	12,263,583
	<u>37,617,760</u>	<u>38,181,913</u>
<b>Total assets</b>	<u>218,156,118</u>	<u>223,646,514</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	258,000,000	258,000,000
Share premium	11,610,000	11,610,000
Accumulated losses	(202,572,356)	(201,444,884)
<b>Total equity</b>	<u>67,037,644</u>	<u>68,165,116</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Provision for employees' indemnity	5,731,930	5,520,317
Interest-bearing loans and borrowings	42,537,526	44,300,352
Other non-current liability	54,346,654	54,346,654
	<u>102,616,110</u>	<u>104,167,323</u>
<b>Current liabilities</b>		
Accounts payable	7,983,580	9,128,538
Current portion of interest-bearing loans and borrowings	19,500,000	19,500,000
Due to related parties	230,105	177,759
Deferred revenues	3,275,314	3,647,075
Other current liabilities	16,405,506	17,052,821
Accrued project costs	1,107,859	1,807,882
	<u>48,502,364</u>	<u>51,314,075</u>
<b>Total liabilities</b>	<u>151,118,474</u>	<u>155,481,398</u>
<b>Total equity and liabilities</b>	<u>218,156,118</u>	<u>223,646,514</u>

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
**Unaudited Interim Condensed Financial Statements for the Three Months Ended March 31, 2017**

**INTERIM STATEMENT OF PROFIT OR LOSS**

(All amounts in US Dollars)

	For the three months period ended March 31,	
	2017	2016
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenue	20,201,944	20,510,640
Cost of service	(9,035,692)	(9,082,650)
<b>Gross Profit</b>	<b><u>11,166,252</u></b>	<b><u>11,427,990</u></b>
Finance revenue	72,956	107,359
Currency exchange loss	(17,130)	(15,940)
General and administrative expenses	(6,242,723)	(6,348,694)
Depreciation and amortization	(5,166,141)	(4,803,873)
Finance costs	(1,015,215)	(1,149,108)
Provision for doubtful accounts	74,529	1,031,129
	<b><u>(12,293,724)</u></b>	<b><u>(11,179,127)</u></b>
<b>(Loss) / Profit for the period</b>	<b><u>(1,127,472)</u></b>	<b><u>248,863</u></b>
<b>Basic and diluted earnings per share</b>	<b><u>(0.004)</u></b>	<b><u>0.001</u></b>

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
**Unaudited Interim Condensed Financial Statements for the Three Months Ended March 31, 2017**

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**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
(All amounts in US Dollars)

	For the three months period ended March 31,	
	2017	2016
	(Unaudited)	(Unaudited)
(Loss) profit for the period	(1,127,472)	248,863
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>(1,127,472)</b>	<b>248,863</b>

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
**Unaudited Interim Condensed Financial Statements for the Three Months Ended March 31, 2017**

**INTERIM STATEMENT OF CHANGES IN EQUITY**

(All amounts in US Dollars)

	<u>Paid-in share capital</u>	<u>Share premium</u>	<u>Accumulated losses</u>	<u>Net equity</u>
Balance at January 1, 2017	258,000,000	11,610,000	(201,444,884)	68,165,116
Total comprehensive income for the period	-	-	(1,127,472)	(1,127,472)
<b>Balance at March 31, 2017</b>	<b><u>258,000,000</u></b>	<b><u>11,610,000</u></b>	<b><u>(202,572,356)</u></b>	<b><u>67,037,644</u></b>
Balance at January 1, 2016	258,000,000	11,610,000	(199,906,943)	69,703,057
Total comprehensive income for the period	-	-	248,863	248,863
<b>Balance at March 31, 2016</b>	<b><u>258,000,000</u></b>	<b><u>11,610,000</u></b>	<b><u>(199,658,080)</u></b>	<b><u>69,951,920</u></b>

WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company  
 Unaudited Interim Condensed Financial Statements for the Three Months Ended March 31, 2017

INTERIM STATEMENT OF CASH FLOWS  
 (All amounts in US Dollars)

	For the three months period ended March 31,	
	2017 (Unaudited)	2016 (Unaudited)
<b>Operating activities</b>		
(Loss) profit for the period	(1,127,472)	248,863
<b>Adjustments:</b>		
Depreciation	2,410,971	2,427,557
Impairment of property and equipment	6,777	-
Provision for employees' indemnity	439,733	533,526
Recovery for doubtful accounts	(74,529)	(1,031,129)
Finance revenues	(72,956)	(107,359)
Finance costs	1,015,215	1,149,108
Amortization	2,755,170	2,376,316
Gain on disposal of property and equipment	-	(977)
	<b>5,352,909</b>	<b>5,595,905</b>
<b>Changes in operational assets and liabilities:</b>		
Accounts receivable	(670,285)	(2,702,311)
Inventory	10,627	(35,448)
Other current assets	(815,949)	(979,022)
Accounts payable	(1,144,958)	166,566
Due to related parties	52,346	21,039
Deferred revenue	(371,761)	(253,601)
Other current liabilities	(647,315)	2,363,701
Employees' indemnity paid	(228,120)	(303,804)
<b>Net cash flows provided by operating activities</b>	<b>1,537,494</b>	<b>3,873,025</b>
<b>Investing activities</b>		
Purchase of property and equipment	(890,827)	(618,961)
Purchase of intangible assets	(261,522)	(17,850)
Proceeds from disposal of property and equipment	-	977
Increase in projects in progress	205,651	(2,108,511)
Advances to contractors	14,877	(458,125)
Interest received	85,558	90,732
<b>Net cash flows used in investing activities</b>	<b>(846,263)</b>	<b>(3,111,738)</b>
<b>Financing activities</b>		
Repayment of loans	(1,875,000)	(2,812,500)
Loan transaction costs paid	(117,037)	(104,565)
Interest paid	(786,004)	(861,125)
Restricted cash	(174,008)	60,406
<b>Net cash flows used in financing activities</b>	<b>(2,952,049)</b>	<b>(3,717,784)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(2,260,818)</b>	<b>(2,956,497)</b>
Cash and cash equivalents, beginning of the year	12,263,583	19,153,712
<b>Cash and cash equivalents, end of the year</b>	<b>10,002,765</b>	<b>16,197,215</b>