

WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY
 Financial Statements for the year ended December 31, 2017

STATEMENT OF FINANCIAL POSITION

(All amounts in US Dollars)

	Note	As at	
		December 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Property and equipment	(3)	56,981,253	27,469,533
Intangible assets	(4)	131,316,610	139,111,200
Projects in progress	(5)	30,534,192	18,883,868
Total non-current assets		218,832,055	185,464,601
Current assets			
Advances to contractors		447,520	5,417,874
Restricted cash	(6)	6,041,514	3,951,235
Other current assets	(7)	4,046,513	1,808,979
Inventory	(8)	4,230,008	3,463,535
Accounts receivable	(9)	12,272,509	11,276,707
Cash in hand and at banks	(10)	33,758,276	12,263,583
Total current assets		60,796,340	38,181,913
Total assets		279,628,395	223,646,514
EQUITY AND LIABILITIES			
Equity			
Paid-in share capital	(11)	258,000,000	258,000,000
Share premium		11,610,000	11,610,000
Advance payments on capital	(12)	8,000,000	-
Accumulated losses		(208,090,504)	(201,444,884)
Net equity		69,519,496	68,165,116
Liabilities			
Non-current liabilities			
Provision for employees' indemnity	(13)	6,395,159	5,520,317
Interest-bearing loans and borrowings	(14)	74,038,352	44,300,352
Other non-current liability	(4)	54,346,654	54,346,654
Total non-current liabilities		134,780,165	104,167,323
Current liabilities			
Accounts payable		6,222,226	9,128,538
Current portion of interest-bearing loans and borrowings	(14)	10,620,000	19,500,000
Due to related parties	(15)	252,856	177,759
Deferred revenues		3,684,628	3,647,075
Other current liabilities	(16)	17,766,226	17,052,821
Accrued project costs	(17)	36,782,798	1,807,882
Total current liabilities		75,328,734	51,314,075
Total liabilities		210,108,899	155,481,398
Total equity and liabilities		279,628,395	223,646,514

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STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars)

	Notes	For the period ended December 31,	
		2017	2016
Revenue		85,642,733	84,118,637
Cost of services		<u>(35,969,598)</u>	<u>(36,876,009)</u>
Gross Profit		<u>49,673,135</u>	<u>47,242,628</u>
Finance income		390,172	340,927
Currency exchange gain		34,008	1,222
General and administrative expenses	(19)	(31,256,041)	(27,489,911)
Depreciation and amortization	(3,4)	(21,447,079)	(19,358,364)
Finance costs	(20)	(4,334,445)	(4,273,940)
Recovery of impairment of accounts receivable	(9)	294,630	1,999,497
		<u>(56,318,755)</u>	<u>(48,780,569)</u>
Loss for the year		<u>(6,645,620)</u>	<u>(1,537,941)</u>
Basic and diluted loss per share	(21)	<u>(0.026)</u>	<u>(0.006)</u>

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STATEMENT OF OTHER COMPREHENSIVE INCOME

(All amounts in US Dollars)

	For the period ended December 31,	
	2017	2016
Loss for the year	(6,645,620)	(1,537,941)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(6,645,620)	(1,537,941)

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STATEMENT OF CHANGES IN EQUITY

(All amounts are in US Dollars)

	<u>Paid-in share capital</u>	<u>Share premium</u>	<u>Advance payments on capital</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 loss for the year	-	-	8,000,000	(6,645,620)	1,354,380
Balance at December 31, 2017	<u>258,000,000</u>	<u>11,610,000</u>	<u>8,000,000</u>	<u>(208,090,504)</u>	<u>69,519,496</u>
Balance at January 1, 2016	258,000,000	11,610,000	-	(199,906,943)	69,703,057
Total comprehensive loss for the year	-	-	-	(1,537,941)	(1,537,941)
Balance at December 31, 2016	<u>258,000,000</u>	<u>11,610,000</u>	<u>-</u>	<u>(201,444,884)</u>	<u>68,165,116</u>

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STATEMENT OF CASH FLOWS

(All amounts are in US Dollar)

	Note	For the period ended December 31,	
		2017	2016
Operating activities			
Loss for the year		(6,645,620)	(1,537,941)
Adjustments:			
Depreciation	(3)	10,313,421	9,386,955
Provision for employees' indemnity	(13)	1,865,991	1,789,856
Recovery for doubtful accounts	(9)	(294,630)	(1,999,497)
Gain on disposal of property and equipment		(1,170)	(7,140)
Finance revenues		(390,172)	(340,927)
Finance costs	(20)	4,334,445	4,273,940
Amortization	(4)	11,133,658	9,971,409
Non-cash Items		784,757	114,278
		21,100,680	21,650,933
Changes in operational assets and liabilities:			
Accounts receivable		(701,172)	(1,252,825)
Inventory		(766,473)	464,278
Other current assets		(2,200,666)	(183,279)
Accounts payable		(2,906,312)	(1,749,194)
Due to related parties		75,097	20,988
Deferred revenue		37,553	(932,951)
Other current liabilities		713,405	(84,332)
Transfers to provident fund	(13)	(1,391,491)	(362,415)
Employees' indemnity paid	(13)	(384,415)	(483,258)
Net cash flows from operating activities		13,576,206	17,087,945
Investing activities			
Purchase of property and equipment	(3)	(39,874,975)	(2,631,734)
Proceeds from disposal of property and equipment		51,004	32,932
Purchase of intangible assets	(4)	(3,339,068)	(1,620,641)
Increase in projects in progress		23,324,592	(7,612,391)
Advances to contractors		4,970,354	1,469,245
Interest received		353,304	319,159
Net cash flows used in investing activities		(14,514,789)	(10,043,430)
Financing activities			
Repayment of loans		(19,500,000)	(9,375,000)
Long term loans received		40,000,000	-
Loan transaction costs paid		(623,175)	(551,395)
Interest paid		(3,353,270)	(4,058,950)
Advance payments on capital	(12)	8,000,000	-
Restricted cash		(2,090,279)	50,701
Net cash flows from financing activities		22,433,276	(13,934,644)
Increase (decrease) in cash and cash equivalents			
		21,494,693	(6,890,129)
Cash and cash equivalents, beginning of the year		12,263,583	19,153,712
Cash and cash equivalents, end of the year	(10)	33,758,276	12,263,583