

**Wataniya Palestine Mobile Telecommunication
Public Shareholding Company**

**Financial Statements
December 31, 2013**

Wataniya Palestine Mobile Telecommunication
Public Shareholding Company

STATEMENT OF FINANCIAL POSITION

As of December 31, 2013

	2013	2012
	U.S. \$	U.S. \$
Assets		
Non-current assets		
Property and equipment, net	44,819,600	54,429,592
Projects in progress	24,735,263	19,576,928
Advances to contractors	4,274,340	657,615
Intangible assets	148,450,379	155,433,618
	<u>222,279,582</u>	<u>230,097,753</u>
Current assets		
Prepayments and other current assets	1,485,443	5,784,193
Inventory	787,351	1,309,778
Accounts receivable	12,436,854	11,857,100
Cash on hand and at banks	42,772,802	44,599,394
	<u>57,482,450</u>	<u>63,550,465</u>
Total Assets	<u>279,762,032</u>	<u>293,648,218</u>
Equity and liabilities		
Equity		
Paid-in share capital	258,000,000	258,000,000
Share premium	11,610,000	11,610,000
Accumulated losses	(178,244,001)	(156,919,119)
Net equity	<u>91,365,999</u>	<u>112,690,881</u>
Non-current liabilities		
Provision for employees' indemnity	6,005,810	3,813,957
Interest-bearing loans and borrowings	69,472,097	73,367,443
Other non-current liability	54,346,654	54,346,654
	<u>129,824,561</u>	<u>131,528,054</u>
Current liabilities		
Current portion of interest-bearing loans and borrowings	15,750,000	12,000,000
Accounts payable	7,738,771	7,523,560
Due to related parties	266,768	163,089
Deferred revenues	5,970,146	4,039,283
Other current liabilities	18,988,215	16,577,799
Accrued project cost	9,857,572	9,125,552
	<u>58,571,472</u>	<u>49,429,283</u>
Total liabilities	<u>188,396,033</u>	<u>180,957,337</u>
Total Equity and Liabilities	<u>279,762,032</u>	<u>293,648,218</u>

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INCOME STATEMENT

For the year ended December 31, 2013

	2013	2012
	U.S. \$	U.S. \$
Revenue	89,214,709	84,120,379
Cost of services	(49,231,752)	(49,069,822)
	<u>39,982,957</u>	<u>35,050,557</u>
Finance revenues	625,615	294,291
Currency exchange (loss) gain	(85,869)	243,461
General and administrative expenses	(24,527,533)	(21,226,619)
Marketing expenses	(5,550,733)	(5,828,293)
Depreciation and amortization	(25,480,640)	(24,323,166)
Finance costs	(5,226,572)	(6,231,700)
Provision for doubtful accounts	(1,062,107)	(1,804,721)
Loss for the year	<u>(21,324,882)</u>	<u>(23,826,190)</u>
Basic and diluted earnings per share	<u>(0.08)</u>	<u>(0.09)</u>

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STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Loss for the year	(21,324,882)	(23,826,190)
Other comprehensive income for the year	-	-
Total loss and comprehensive income for the year	<u><u>(21,324,882)</u></u>	<u><u>(23,826,190)</u></u>

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STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2013

	Paid-in share capital	Share Premium	Accumulated losses	Net Equity
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance at January 1, 2013	258,000,000	11,610,000	(156,919,119)	112,690,881
Total loss and comprehensive income for the year	-	-	(21,324,882)	(21,324,882)
Balance at December 31, 2013	258,000,000	11,610,000	(178,244,001)	91,365,999
Balance at January 1, 2012	258,000,000	11,610,000	(133,092,929)	136,517,071
Total loss and comprehensive income for the year	-	-	(23,826,190)	(23,826,190)
Balance at December 31, 2012	258,000,000	11,610,000	(156,919,119)	112,690,881

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

	Note	2013	2012
		U.S. \$	U.S. \$
Operating activities			
Loss for the year		(21,324,882)	(23,826,190)
Adjustments for:			
Depreciation		14,037,060	13,418,739
Provision for employees' indemnity		2,476,676	2,056,207
Provision for doubtful accounts		1,062,107	1,804,721
Loss on disposal of property and equipment and intangibles		91,883	45,611
Finance revenues		(625,615)	(294,291)
Finance costs		5,226,572	6,231,700
Amortization		11,443,580	10,904,427
Non-cash items		214,777	129,177
		<u>12,602,158</u>	<u>10,470,101</u>
Working capital changes:			
Prepayments and other current assets		4,036,726	2,564,579
Inventory		522,427	411,498
Accounts receivable		(1,823,211)	(6,588,696)
Accounts payable		492,152	1,611,853
Deferred revenue		1,930,863	1,282,154
Other current liabilities		3,043,518	3,586,524
Employees' indemnity paid		(333,167)	(120,103)
Net cash flows from operating activities		<u>20,471,466</u>	<u>13,217,910</u>
Investing activities			
Purchase of property and equipment		(1,087,691)	(1,096,311)
Purchase of Intangible assets		(1,675,136)	(905,543)
Proceeds from disposal of property and equipment		30,166	49,492
Increase in projects in progress		(10,672,946)	(15,141,624)
Advances to contractors		(3,616,725)	1,004,415
Interest received		625,615	294,291
Net cash flows used in investing activities		<u>(16,396,717)</u>	<u>(15,795,280)</u>
Financing activities			
Repayment of syndicated loan		-	(69,212,000)
Syndicated loan drawdown		-	87,000,000
Syndicated loan transaction costs paid		(1,327,139)	(5,203,107)
Interest paid		(4,677,881)	(4,299,169)
Due to related parties		103,679	(56,186)
Restricted cash		(449,338)	9,480,558
Net cash flows (used in) from financing activities		<u>(6,350,679)</u>	<u>17,710,096</u>
(Decrease) increase in cash and cash equivalents		<u>(2,275,930)</u>	<u>15,132,726</u>
Cash and cash equivalents, Beginning of year		<u>44,599,394</u>	<u>29,466,668</u>
Cash and cash equivalents, End of year		<u>42,323,464</u>	<u>44,599,394</u>