

WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company

Unaudited Interim Condensed Financial Statements for the Three Months Ended March 31, 2018

INTERIM STATEMENT OF FINANCIAL POSITION

(All amounts in US Dollars)

	As at	
	March 31, 2018	December 31, 2017
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
Non-current assets		
Property and equipment	87,076,469	56,981,253
Projects in progress	1,574,242	30,534,192
Intangible assets	129,229,227	131,316,610
	<u>217,879,938</u>	<u>218,832,055</u>
Current assets		
Advances to contractors	264,318	447,520
Restricted cash	6,938,951	6,041,514
Inventory	4,594,518	4,230,008
Other current assets	3,954,625	4,046,513
Accounts receivable	13,147,191	12,272,509
Cash on hand and at banks	30,079,641	33,758,276
	<u>58,979,244</u>	<u>60,796,340</u>
Total assets	<u>276,859,182</u>	<u>279,628,395</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	258,000,000	258,000,000
Share premium	11,610,000	11,610,000
Advance Payments to increase capital	8,000,000	8,000,000
Accumulated losses	(212,408,074)	(208,090,504)
Net equity	<u>65,201,926</u>	<u>69,519,496</u>
Liabilities		
Non-current liabilities		
Provision for employees' indemnity	6,644,438	6,395,159
Interest-bearing loans and borrowings	71,013,805	74,038,352
Other non-current liability	54,346,654	54,346,654
	<u>132,004,897</u>	<u>134,780,165</u>
Current liabilities		
Accounts payable	15,966,465	6,222,226
Current portion of interest-bearing loans and borrowings	12,180,000	10,620,000
Due to related parties	-	252,856
Deferred revenues	3,921,490	3,684,628
Other current liabilities	18,732,131	17,766,226
Accrued project costs	28,852,273	36,782,798
Total current liabilities	<u>79,652,359</u>	<u>75,328,734</u>
Total liabilities	<u>211,657,256</u>	<u>210,108,899</u>
Total equity and liabilities	<u>276,859,182</u>	<u>279,628,395</u>

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INTERIM STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars)

	For the three months period ended March 31,	
	<u>2018</u>	<u>2017</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenue	23,690,991	20,201,944
Cost of service	(10,487,831)	(9,035,692)
Gross Profit	13,203,160	11,166,252
Interest income	257,834	72,956
Currency exchange loss	(61,307)	(17,130)
General and administrative expenses	(9,554,440)	(6,242,723)
Depreciation and amortization	(5,872,749)	(5,166,141)
Finance costs	(1,825,103)	(1,015,215)
Provision for doubtful accounts	15,702	74,529
	<u>(17,040,063)</u>	<u>(12,293,724)</u>
Loss for the period	<u>(3,836,903)</u>	<u>(1,127,472)</u>
Basic and diluted earnings per share	<u>(0.015)</u>	<u>(0.004)</u>

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

	For the three months period ended March 31,	
	2018	2017
	(Unaudited)	(Unaudited)
Loss for the period	(3,836,903)	(1,127,472)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(3,836,903)	(1,127,472)

WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company
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INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in US Dollars)

	Paid-in share capital	Share premium	Advance Payments to increase capital	Accumulated losses	Net equity
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)
Balance at March 31, 2017	258,000,000	11,610,000	-	(202,572,356)	67,037,644
Balance at January 1, 2018	258,000,000	11,610,000	8,000,000	(208,090,504)	69,519,496
Change in accounting policy (see note 12)	-	-	-	(480,667)	(480,667)
Adjusted Balance as at January 1, 2018	258,000,000	11,610,000	8,000,000	(208,571,171)	69,038,829
Total comprehensive income for the period	-	-	-	(3,836,903)	(3,836,903)
Balance at March 31, 2018	258,000,000	11,610,000	8,000,000	(212,408,074)	65,201,926

WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company

Unaudited Interim Condensed Financial Statements for the Three Months Ended March 31, 2018

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(All amounts in US Dollars)

INTERIM STATEMENT OF CASH FLOWS

(All amounts in US Dollars)

	For the three months period ended March 31,	
	2018	2017
	(Unaudited)	(Unaudited)
<u>Operating activities</u>		
Loss for the period	(3,836,903)	(1,127,472)
Adjustments:		
Depreciation	3,014,399	2,410,971
Impairment of property and equipment	79,276	6,777
Provision for employees' indemnity	482,508	439,733
Recovery for doubtful accounts	(15,702)	(74,529)
Finance revenues	(257,834)	(72,956)
Finance costs	1,825,103	1,015,215
Amortization	2,858,350	2,755,170
Gain on disposal of property and equipment	(25,072)	-
Non-cash items	(480,667)	-
	3,643,458	5,352,909
Changes in operational assets and liabilities:		
Accounts receivable	(858,980)	(670,285)
Inventory	(364,510)	10,627
Other current assets	63,752	(815,949)
Accounts payable	9,744,239	(1,144,958)
Due to related parties	(252,856)	52,346
Deferred revenue	236,862	(371,761)
Other current liabilities	965,905	(647,315)
Employees' indemnity paid	(233,229)	(228,120)
Net cash flows provided by operating activities	12,944,641	1,537,494
<u>Investing activities</u>		
Purchase of property and equipment	(33,189,309)	(890,827)
Purchase of intangible assets	(770,967)	(261,522)
Proceeds from disposal of property and equipment	25,490	-
Decrease in projects in progress	21,029,425	205,651
Advances to contractors	183,202	14,877
Interest received	285,970	85,558
Net cash flows used in investing activities	(12,436,189)	(846,263)
<u>Financing activities</u>		
Repayment of loans	(1,875,000)	(1,875,000)
Loan transaction costs paid	(20,322)	(117,037)
Interest paid	(1,394,328)	(786,004)
Restricted cash	(897,437)	(174,008)
Net cash flows used in financing activities	(4,187,087)	(2,952,049)
Decrease in cash and cash equivalents	(3,678,635)	(2,260,818)
Cash and cash equivalents, beginning of the year	33,758,276	12,263,583
Cash and cash equivalents, end of the year	30,079,641	10,002,765