

WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company
 Unaudited Interim Condensed Financial Statements for the Nine Months Ended September 30, 2018

INTERIM STATEMENT OF FINANCIAL POSITION

(All amounts in US Dollars)

	As at	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS		
Non-current assets		
Property and equipment	79,651,674	56,981,253
Projects in progress	2,811,779	30,534,192
Intangible assets	123,240,933	131,316,610
	205,704,386	218,832,055
Current assets		
Advances to contractors	628,950	447,520
Restricted cash	2,994,010	6,041,514
Other current assets	2,640,219	4,046,513
Inventory	2,031,791	4,230,008
Accounts receivable	14,768,662	12,272,509
Cash on hand and at banks	36,087,936	33,758,276
	59,151,568	60,796,340
Total assets	264,855,954	279,628,395
EQUITY AND LIABILITIES		
Equity		
Share capital	293,000,000	258,000,000
Share premium	11,610,000	11,610,000
Advance payments on capital	-	8,000,000
Accumulated losses	(208,997,710)	(208,090,504)
Net equity	95,612,290	69,519,496
Liabilities		
Non-current liabilities		
Provision for employees' indemnity	6,907,532	6,395,159
Interest-bearing loans and borrowings	56,266,063	74,038,352
Other non-current liability	44,871,337	54,346,654
	108,044,932	134,780,165
Current liabilities		
Accounts payable	24,389,149	6,222,226
Current portion of interest-bearing loans and borrowings	1,250,000	10,620,000
Due to related parties	52,134	252,856
Deferred revenues	4,053,668	3,684,628
Other current liabilities	18,681,646	17,766,226
Accrued project costs	12,772,135	36,782,798
Total current liabilities	61,198,732	75,328,734
Total liabilities	169,243,664	210,108,899
Total equity and liabilities	264,855,954	279,628,395

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INTERIM STATEMENT OF PROFIT OR LOSS

(All amounts in US Dollars)

	For the three months period ended September 30,		For the nine months period ended September 30,	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	26,175,478	21,931,339	76,194,505	63,392,520
Cost of service	(10,393,145)	(8,286,342)	(30,945,836)	(25,314,239)
Gross Profit	15,782,333	13,644,997	45,248,669	38,078,281
Finance revenue	347,967	101,550	1,022,277	244,906
Currency exchange (loss) gain	70,354	(3,961)	(33,498)	18,015
General and administrative expenses	(7,792,785)	(8,065,189)	(26,067,255)	(21,706,669)
Depreciation and amortization	(6,201,382)	(5,187,733)	(18,212,827)	(15,593,851)
Provision for doubtful accounts	53,342	97,587	(97,464)	218,694
Finance cost, net	(1,038,674)	(1,009,290)	(2,286,441)	(3,056,380)
	(14,561,178)	(14,067,036)	(45,675,208)	(39,875,285)
Profit (Loss) for the period	1,221,155	(422,039)	(426,539)	(1,797,004)
Basic and diluted earnings per share	0.004	(0.0016)	(0.002)	(0.007)

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INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US Dollars)

	For the three months period ended September 30,		For the nine months period ended September 30,	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	1,221,155	(422,039)	(426,539)	(1,797,004)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>1,221,155</u>	<u>(422,039)</u>	<u>(426,539)</u>	<u>(1,797,004)</u>

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INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in US Dollars)

	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	-	-	-	(1,797,004)	(1,797,004)
Balance at September 30, 2017	258,000,000	11,610,000	-	(203,241,888)	66,368,112
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 13)	-	-	-	(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
Increase in capital	35,000,000	-	(8,000,000)	-	27,000,000
Total comprehensive loss for the period	-	-	-	(426,539)	(426,539)
Balance at September 30, 2018	293,000,000	11,610,000	-	(208,997,710)	95,612,290

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INTERIM STATEMENT OF CASH FLOWS

(All amounts in US Dollars)

	For the nine months period ended September 30,	
	2018 (Unaudited)	2017 (Unaudited)
<u>Operating activities</u>		
Loss for the period	(426,539)	(1,797,004)
Adjustments:		
Depreciation	9,897,063	7,315,346
Impairment of property and equipment	55,982	150,119
Provision for employees' indemnity	1,549,019	1,396,649
Recovery for doubtful accounts	97,464	(218,694)
Finance revenues	(1,022,277)	(244,906)
Finance costs	2,286,441	3,056,380
Amortization	8,259,782	8,278,505
Gain on disposal of property ,equipment and intangibles	(143,438)	(21,789)
Non-cash items	(480,667)	-
	20,072,830	17,914,606
Changes in operational assets and liabilities:		
Accounts receivable	(2,593,617)	(1,215,556)
Inventory	2,198,217	(98,371)
Other current assets	1,439,950	(835,770)
Accounts payable	18,166,923	1,276,742
Due to related parties	(200,722)	71,396
Deferred revenue	369,040	(398,916)
Other current liabilities	915,420	(289,143)
Employees' indemnity paid	(1,036,646)	(203,443)
Net cash flows provided by operating activities	39,331,395	16,221,545
<u>Investing activities</u>		
Purchase of property and equipment	(31,645,161)	(3,318,253)
Purchase of intangible assets	(1,018,972)	(690,298)
Increase (decrease) in projects in progress	3,711,750	(10,046,478)
Advances to contractors	(181,430)	(2,226,020)
Interest received	988,621	255,221
Net cash flows used in investing activities	(28,145,192)	(16,025,828)
<u>Financing activities</u>		
Repayment of loans	(85,000,000)	(5,625,000)
Long term loans received	50,000,000	-
Loan transaction costs paid	(25,775)	(331,298)
Interest paid	(3,878,272)	(2,360,605)
Increase in capital	27,000,000	-
Other non-current liability	-	8,000,000
Restricted cash	3,047,504	(1,626,751)
Net cash flows provided by (used in) financing activities	(8,856,543)	(1,943,654)
Increase (decrease) in cash and cash equivalents	2,329,660	(1,747,937)
Cash and cash equivalents, beginning of the year	33,758,276	12,263,583
Cash and cash equivalents, end of the year	36,087,936	10,515,646

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(All amounts in US Dollars)

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