Palestine Telecommunications (PALTEL) - Q1 2010 Financial Results

Growth in net profit by 20.77%

April 25, 2010

Item	31 Mar 2010
Price	5.18
ROA	4.24%
ROE	7.05%
Current Ratio	1.34
Assets turnover	14.69%
Working Capital (000)	49,469
Market Cap (000 JD)	681,818
Book value	2.50
Price/book value	207.54%
Year Income **(e)** (000)	92,636
PE **(e)**	7.36

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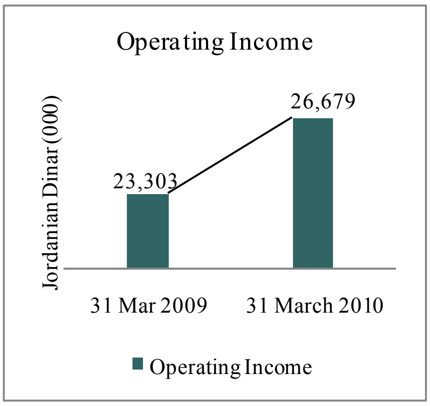
Operating Income increased by 14.49%

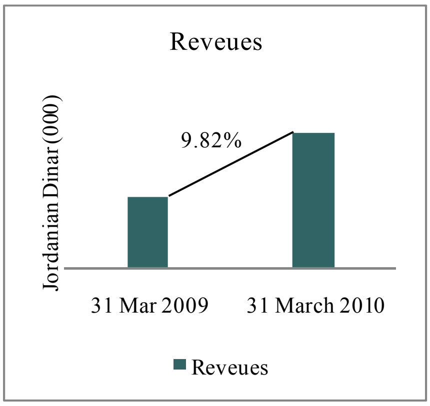
Item (000 JOD)	31 Mar 2009	31 March 2010	Growth
Revenues	72,992	80,157	9.82%
Cost of Revenues	17,124	20,656	20.63%
Gross Profit	55,868	59,501	6.50%
Gross Margin	76.54%	74.23%	-3.02%
Operating Expenses	32,565	32,822	0.79%
Operating Income	23,303	26,679	14.49%
Operating Margin	31.93%	33.28%	4.25%
Net Income	19,176	23,159	20.77%
Profit Margin	26.27%	28.89%	9.98%
EPS	0.146	0.176	20.77%

Revenues increased by %9.82 in Q1 of 2010 to reach JD80.16 million, due to a remarkable growth in the revenues of wireless and media services; gross income also increased by %6.50 and recorded a gross margin of %74.23.

Operating Income grew by %14.49 when reached JD 26.68 million at the end of Q1 of 2010, attributed to the increase in operating revenues and the positive operating leverage of the company.

The company's net income reached JD 23.16 million in Q1 of 2010 comparing to JD 19.18 million in Q1 of 2009, and attained an EPS of JD 0.176; a growth rate of %20.77. PALTEL's estimated net income would reach JD 92.64 at the end of 2010 if the company continues the same operating method and would record an EPS of JD 0.70 with a growth rate of approximately % 32 comparing to 2009.





Ticker	Current Price	Market capitalization (000 JD)	52 week High	52 week low
PALTEL	5.20	684,450	6.39	5.00

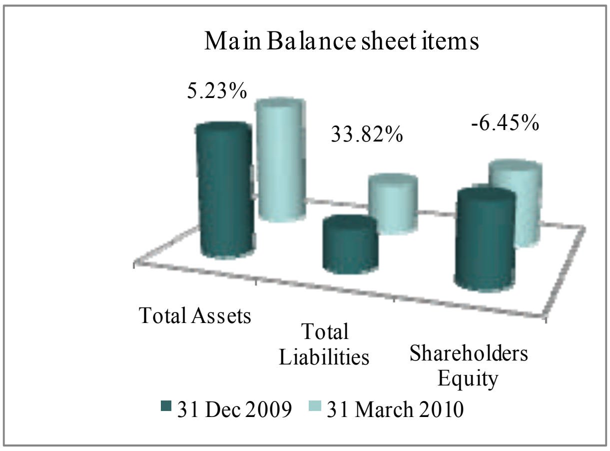
Increase in total assets by %2.73

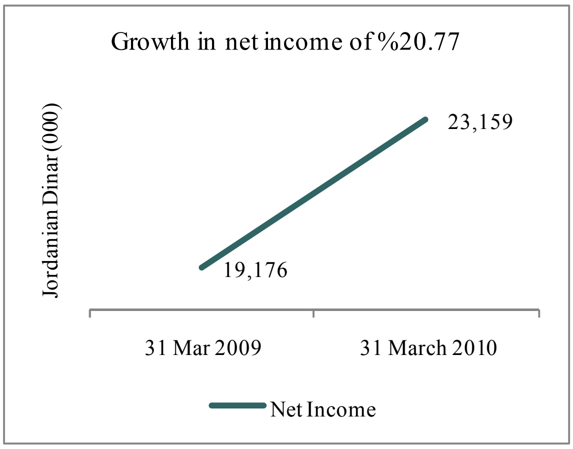
Item (000 JOD)	31 Dec 2009	31 March 2010	Growth
Current Assets	184,110	193,736	5.23%
Non-current assets	347,160	352,026	1.40%
Total Assets	531,270	545,762	2.73%
Current Liabilities	107,807	144,267	33.82%
Non-current liabilities	72,278	72,974	0.96%
Total Liabilities	180,085	217,241	20.63%
Shareholders Equity	351,185	328,521	-6.45%
Equity to Assets	66.10%	60.19%	-8.94%

Current assets grew by %5.23 to reach JD193.74 million in Q1 of 2010 due to an increase in cash and cash equivalents. Non-current assets increased slightly by %1.40 to reach JD 352.03 million at the end of Q1 of 2010 affected by the growth in the value of equipments and machines. In aggregate, Total assets grew by % 2.73 in Q1 of 2010 to reach JD 545.76 million comparing to the end of 2009.

Current liabilities rose by %33.82 to reach JD144.27 million attributed to the noticeable increase in the "other current assets" item which reflected the general assembly's decision of distributing %35 from par value as cash dividends which amounted of JD46.07 million. On the other hand, non-current liabilities stabled at the same level of the end of the last year. In total, gross liabilities increased by %20.63 at Q1 of 2010 to reach JD 217.24 mullion comparing to the end of 2009.

Shareholders' equity dropped by %6.45 to reach JD 328.52 million at the end of Q1 of 2010 due to the decrease in the retained earnings that is resulted from the cash dividends distribution.





Item	31 Mar 2009	31 March 2010	Growth
Fixed Line Subscribers	353,709	392,606	11.00%
Wireless Subscribers	1,492,037	1,946,690	30.47%
ADSL subscribers	76,759	95,151	23.96%