

August 3, 2010



Results Commentary Semi-annual 2010

Palestine Telecommunications

Symbol	PALTEL
Sector	Services
Market Price	5.18
Currency	JD
Market Cap \$	961,660,629
YTD	0.78%
Book Value	2.63

ROA %	7.79%
ROE %	11.80%
Gross Margin %	75.78%
Operating Margin %	33.79%
Profit Margin %	24.88%
EPS	0.310

Highlights

- PALTEL reported a net income of JD 40.84 million in 1H 2010 compared to a profit of JD 47.15 million in 1H 2009; a drop of 13.38%, ascribed to the increase in investment losses which in turn hit a figure of JD 3.66 million, noting that PALTEL's stake in VTEL's loss constituted 88.80% of total investment losses.
- Total assets declined insignificantly, following a drop in current assets in which cash & cash equivalents decreased by 26.84% due to the cash dividends distribution, opposing to a growth in non-current assets driven mainly by an increase of 11.49% in real estate & equipments investments.
- PALTEL Group subscribers base increased by 26.74% to reach 2.578 million in 1H 2010.
- Subscribers of wireless services grew by 30.34%, while average subscriber's monthly revenue declined from JD 12.30 in 1H 2009 to JD 10.60 in 1H 2010.
- Fixed-line services subscribers increased by 12.11%, and average subscriber's monthly revenue rose to JD 11.24 in 1H 2010 opposing to JD 11.07 in 1H 2009.
- Subscribers of internet services (ADSL) grew by 21.40%, and average subscriber's monthly revenue increased from JD 16.05 in 1H 2009 to JD 17.75 in 1H 2010.
- The book value reached JD 2.63 in 1H 2010, and the share is currently trading on %219.49 comparing to its book value.

Category (000)	Jun-09	Jun-10	Change	% Δ
Revenues	151,210	164,122	12,912	8.54%
Gross Profit	116,126	124,366	8,240	7.10%
Operating Profit	49,638	55,453	5,815	11.71%
Net Profit	47,146	40,836	-6,310	-13.38%

Category (000)	2009	Jun-10	Change	% Δ
Assets	531,270	524,413	-6,857	-1.29%
Equity	351,185	346,184	-5,001	-1.42%
Liabilities	180,085	178,229	-1,856	-1.03%
Capital	131,625	131,625	-	-

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