ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
AND INDEPENDENT AUDITORS' REPORT

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

REISSUED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Etihad Etisalat Company
(A Saudi Joint Stock Company)

Scope of audit

We have audited the accompanying consolidated balance sheet of Etihad Etisalat Company (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (together the "Group") as of December 31, 2014 and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and the explanatory notes from 1 to 29 which form an integral part of the reissued consolidated financial statements. These reissued consolidated financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Group's Board of Directors and management. Our responsibility is to express an opinion on these reissued consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Note 30 to these reissued consolidated financial statements sets out principally the impact of the change in accounting policies and accounting for net property and equipment on previously issued consolidated interim financial statements for the three-month period ended March 31, 2014, three and six-month periods ended June 30, 2014, three and nine-month periods ended September 30, 2014 and three and twelve-month periods ended December 31, 2014 together with the resultant impact on corresponding numbers for such periods. The impact and disclosures relating to such periods are not included within the scope of this audit as quarterly financial statements are subject to a limited review rather than an audit.

Opinion

In our opinion, such reissued consolidated financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Group as of December 31, 2014 and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in Saudi Arabia appropriate to the circumstances of the Group; and

- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's By-laws with respect to the preparation and presentation of consolidated financial statements.

Emphasis of matters

We draw attention to the following matters:

a) Note 2.1 to the accompanying reissued consolidated financial statements which states that these consolidated financial statements have been reissued due to changes by management, as approved by the Board of Directors, to certain accounting policies and accounting for net property and equipment, following receipt in June 2015 of a summary report issued by the Capital Markets Authority. Notes 2.1, 2.2, 2.7 and 2.17 provide further details on the nature of these changes. Note 29 outlines the impact of such changes on previously reported financial information for the years ended December 31, 2014 and 2013. The effect of these adjustments is to increase the loss for the year ended December 31, 2014 by Saudi Riyals 662 million, resulting in a net loss for the year of Saudi Riyals 1,576 million (2013: Impact a reduction in profit of Saudi Riyals 1,245 million resulting in a net profit for the year of Saudi Riyals 4,692 million). Our independent auditors' report dated February 25, 2015 was rendered on the previously issued consolidated financial statements. Following the changes to certain accounting policies and other matters set out in Note 29, we provide this new auditors' report on the reissued consolidated financial statements.

b) Note 2.1 to the accompanying reissued consolidated financial statements which describes the basis on which these financial statements have been prepared. As at December 31, 2014, the Group is unable to meet a certain financial covenant under its long term financing facilities with various lenders and, consequently, such long-term loans and notes payable have been reclassified under current liabilities as at that date. As a result, the Group net current liabilities amounted to Saudi Riyals 17.3 billion at December 31, 2014.

   These conditions indicate that the Group's ability to meet its obligations as they become due and to continue as a going concern depends on its ability to obtain a reset of the relevant covenant from the lenders. The management of the Group is currently engaged in negotiations with the lenders to obtain a reset of the relevant covenant and are confident that negotiations will be successful. Accordingly, the accompanying reissued consolidated financial statements have been prepared under the going concern basis.

c) Note 2.2 to the accompanying reissued consolidated financial statements which describes certain revisions to accounting estimates by management and the directors subsequent to the issuance on January 21, 2015 of the interim consolidated financial statements (unaudited) for the three-month period and year ended December 31, 2014 based on additional information and revised assessments. The effect of these adjustments, prior to the changes in accounting policies and accounting for net property and equipment referred to in (a) above, was an additional charge of Saudi Riyals 1,133 million.

d) Note 4 to the accompanying reissued consolidated financial statements which describes the arbitration proceedings between the Company and Mobile Telecommunications Company Saudi Arabia ("Zain KSA") which commenced during the three-month period ended December 31, 2014 in relation to the recovery of amounts receivable from Zain KSA under the Service Agreement signed with Zain KSA on May 6, 2008.

e) Notes 28 and 29 to the accompanying reissued consolidated financial statements which outline the impact of reclassifications and restatements previously reported in the quarter ended September 30, 2014 as a result of an error in the timing of revenue recognition in respect of a promotional program. These notes contain details of the impact of these adjustments on revenue and net income in the consolidated financial statements for the year ended December 31, 2013 and retained earnings and other related balances as of December 31, 2013.

PricewaterhouseCoopers

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

By: ______________________
Khalid A. Mahdhar
License Number 368

July 30, 2015

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

		As at December 31,	
	Notes	**2014**	**2013**
ASSETS		**(Note 2.1)**	**(Restated)**
Current assets			
Cash and cash equivalents	3	**1,964,332**	1,570,293
Short-term investments	2.4	**1,100,000**	-
Accounts receivable, net	4	**4,472,531**	7,471,935
Due from a related party	5	**56,394**	33,270
Inventories, net	6	**818,074**	914,521
Prepaid expenses and other assets	7	**4,091,049**	4,730,237
Total current assets		**12,502,380**	14,720,256
Non-current assets			
Property and equipment, net	8	**24,072,527**	20,319,562
Licenses' acquisition fees, net	9	**8,578,142**	8,912,791
Goodwill	11	**1,466,865**	1,529,886
Investment in associates	1.3	**24,113**	5,631
Total non-current assets		**34,141,647**	30,767,870
TOTAL ASSETS		**46,644,027**	45,488,126
LIABILITIES AND EQUITY			
Current liabilities			
Loans and notes payable	12	**16,993,462**	3,079,653
Accounts payable	13	**7,805,929**	5,042,622
Due to related parties	5	**145,274**	103,112
Accrued expenses and other liabilities	14	**4,845,550**	5,472,060
Total current liabilities		**29,790,215**	13,697,447
Non-current liabilities			
Long-term loans and notes payable	12	**-**	10,517,241
Provision for end-of-service benefits	16	**199,921**	157,742
Total non-current liabilities		**199,921**	10,674,983
TOTAL LIABILITIES		**29,990,136**	24,372,430
EQUITY			
Share capital	1	**7,700,000**	7,700,000
Statutory reserve	17	**2,648,971**	2,648,971
Retained earnings		**6,303,420**	10,766,725
Total shareholders' equity		**16,652,391**	21,115,696
Minority interest		**1,500**	-
Total equity		**16,653,891**	21,115,696
TOTAL LIABILITIES AND EQUITY		**46,644,027**	45,488,126

The accompanying notes from page 8 to page 60 form an integral part of these reissued consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Authorized Board Member

For

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the year ended December 31, 2014 (Note 2.1)	2013 (Restated)
Revenues	18	**13,995,017**	18,102,667
Cost of revenues	19	**(7,095,866)**	(6,895,999)
Gross profit		**6,899,151**	11,206,668
Operating expenses:			
Selling and marketing expenses	20	**(1,842,955)**	(1,532,529)
General and administrative expenses	21	**(2,809,961)**	(2,209,490)
Depreciation and amortization	8,9	**(3,532,856)**	(2,759,936)
Impairment of goodwill	11	**(63,021)**	-
Total operating expenses		**(8,248,793)**	(6,501,955)
(Loss) / income from operations		**(1,349,642)**	4,704,713
Finance expenses		**(269,145)**	(190,634)
Other income, net		**83,781**	257,226
Share in net loss of associates		**(295)**	-
(Loss) / income before zakat		**(1,535,301)**	4,771,305
Zakat	15	**(40,504)**	(79,397)
Net (loss) / income		**(1,575,805)**	4,691,908
(Loss) / earnings per share (in Saudi Riyals) from:			
(Loss) / income from operations	23	**(1.75)**	6.11
Net (loss) / income	23	**(2.05)**	6.09

The accompanying notes from page 8 to page 60 form an integral part of these reissued consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Authorized Board Member
For.		

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the year ended December 31,	
		2014	**2013**
		(Note 2.1)	**(Restated)**
OPERATING ACTIVITIES			
Net (loss) /income for the year		**(1,575,805)**	4,691,908
Adjustments to reconcile net (loss)/ income to net cash from operating activities:			
Provision for inventory obsolescence	6	**116,987**	-
Depreciation	8	**2,958,257**	2,186,110
Amortization of licenses' acquisition fees	9	**574,599**	573,826
Impairment of goodwill	11	**63,021**	-
Provision for end-of-service benefits	16	**59,748**	39,189
Provision for doubtful debts	4, 10	**690,483**	334,875
Finance expenses		**269,145**	190,634
Changes in working capital:			
Accounts receivable, net		**2,308,921**	(2,229,724)
Due from a related party		**(23,124)**	(27,158)
Inventories		**(20,540)**	(193,127)
Prepaid expenses and other assets		**840,377**	(1,022,753)
Accounts payable		**511,298**	(760,191)
Due to related parties		**42,162**	(29,196)
Accrued expenses and other liabilities		**(626,509)**	1,854,690
Payment for end-of-service benefits	16	**(17,569)**	(18,558)
Net cash provided from operating activities		**6,171,451**	5,590,525
INVESTING ACTIVITIES			
Short-term investments		**(1,100,000)**	-
Purchases of property and equipment		**(4,714,123)**	(5,739,450)
Disposal of property and equipment, net		**53,720**	18,190
Acquisition of licenses, net	9	**(239,950)**	(76,645)
Disposal of license acquisition fees		**-**	1,835
Investment in associates, net		**(18,482)**	(5,631)
Net cash provided from/ (used in) investing activities		**(6,018,835)**	(5,801,701)
FINANCING ACTIVITIES			
Proceeds from loans and notes payable		**5,511,851**	5,703,070
Payments of loans and notes payable		**(2,108,350)**	(1,359,900)
Payments of financing expenses		**(276,078)**	(244,781)
Cash dividends paid	22	**(2,887,500)**	(3,619,000)
Minority interest		**1,500**	-
Net cash provided from financing activities		**241,423**	479,389

(*continued to page-6*)

Chief Financial Officer   Chief Executive Officer   Authorized Board Member

For.

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31,	
		2014	**2013**
		(Note 2.1)	**(Restated)**
Net change in cash and cash equivalents		**394,039**	268,213
Cash and cash equivalents, beginning of the year		**1,570,293**	1,302,080
CASH AND CASH EQUIVALENTS, END OF THE YEAR	3	**1,964,332**	1,570,293
Supplemental non-cash information:			
Transfer from retained earnings to share capital		**-**	700,000
Property and equipment purchases credited to capital expenditure payable		**2,252,009**	752,470

The accompanying notes from page 8 to page 60 form an integral part of these reissued consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	Share capital	Statutory reserve	Retained earnings	Minority interest	Total
Balance at January 1, 2013 (as previously reported)		7,000,000	2,179,779	11,725,997	-	20,905,776
Effect of changes in accounting policies and other adjustments	29	-	-	(862,988)	-	(862,988)
Balance at January 1, 2013 (restated)	2.1	7,000,000	2,179,779	10,863,009	-	20,042,788
Transfer from retained earnings to share capital	1	700,000	-	(700,000)	-	-
Net income for the year ended December 31, 2013 (restated)	2.1, 29	-	-	4,691,908	-	4,691,908
Transfer to statutory reserve (restated)	17	-	469,192	(469,192)	-	-
Cash dividends	22	-	-	(3,619,000)	-	(3,619,000)
Balance at December 31, 2013 (restated)	2.1, 29	7,700,000	2,648,971	10,766,725	-	21,115,696
Net loss for the year ended December 31, 2014	2.1, 29	-	-	(1,575,805)	-	(1,575,805)
Cash dividends	22	-	-	(2,887,500)	-	(2,887,500)
Contribution from minority interest		-	-	-	1,500	1,500
Balance at December 31, 2014	2.1, 29	**7,700,000**	**2,648,971**	**6,303,420**	**1,500**	**16,653,891**

The accompanying notes from page 8 to page 60 form an integral part of these reissued consolidated financial statements.

Chief Financial Officer

For.

Chief Executive Officer

Authorized Board Member

1. ORGANIZATION AND ACTIVITY

1.1. Etihad Etisalat Company

Etihad Etisalat Company ("Mobily" or the "Company"), a Saudi joint stock company, is registered in the Kingdom of Saudi Arabia under commercial registration number 1010203896 issued in Riyadh on December 14, 2004 (corresponding to Dhul Hijjah 2, 1425H). The main address for the Company is P.O. Box 33088, Riyadh 11331, Kingdom of Saudi Arabia.

The Company was incorporated pursuant to the Royal decree number M/40 dated August 18, 2004 (corresponding to Rajab 2, 1425H) approving the Council of Ministers resolution number 189 dated Jumada II 23, 1425H (corresponding to August 10, 2004) to approve the award of the license to incorporate a Saudi joint stock company under the name of "Etihad Etisalat Company".

Pursuant to the Council of Ministers resolution number 190 dated August 10, 2004 (corresponding to Jumada II 23, 1425H), the Company obtained the licenses to install and operate 2G and 3G mobile telephone network including all related elements and the provision of all related services locally and internationally through its own network.

The Company's main activity is to establish and operate mobile wireless telecommunications network, fiber optics networks and any extension thereof, manage, install and operate telephone networks, terminals and communication unit systems, in addition to sell and maintain mobile phones and communication unit systems in the Kingdom of Saudi Arabia. The Company commenced its commercial operations on May 25, 2005 (corresponding to Rabi Al-Thani 17, 1426H).

The Extraordinary General Assembly decided in its meeting held on January 12, 2013 (corresponding to Safar 30, 1434H) to approve the recommendation of the Board of Directors to increase the Company's share capital from Saudi Riyals 7 billion to Saudi Riyals 7.7 billion through a bonus share issue of one share for every ten shares owned by registered shareholders in the Company's shareholders' register as at the end of the trading day on which the Extraordinary General Assembly meeting was held, and that the increase in share capital shall be effected by transferring Saudi Riyals 700 million from the retained earnings as of September 30, 2012. The total number of shares increased by 70 million shares from 700 million shares to 770 million shares. Accordingly, the Company's share capital amounting to Saudi Riyals 7.7 billion consists of 770 million shares of Saudi Riyals 10 each. The legal formalities related to the increase in the Company's share capital were completed during the first quarter in 2013.

Mobily and Etihad Jawraa Telecommunications and Information Technology Company (Etihad Jawraa) entered into Mobile Virtual Network Operator (MVNO) agreement, whereby Etihad Jawraa shall use Mobily's network infrastructure, to provide mobile services to its retail customers as a mobile virtual network operator, after obtaining the necessary license from the governmental authorities. The procedures for Etihad Jawraa to obtain the necessary license from the governmental authorities have been completed during the second quarter of 2014.

Subsequent to the year end, Mobily clarified in its announcement on May 13, 2015 (corresponding to Rajab 24, 1436H) that it is currently at the phase of studying the possibility of selling its telecommunications towers. The Company has not entered into any binding agreement in this regard nor determined the financial impact thereof.

Further to the announcement published on Tadawul's website on March 30, 2014 (corresponding to Jumada Al-Awal 29, 1435H) regarding the Indefeasible Rights of Use ("IRU") Agreement between Bayanat Al-Oula for Network Services Company "Bayanat", a subsidiary of Mobily and Etihad Atheeb Telecommunication Company ("Atheeb"), Bayanat was to grant usage rights from its fiber-to-the-home (FTTH) network to Atheeb for a consideration of Saudi Riyals 400 million for a period of seventeen (17) years under the IRU Agreement. Subsequently, Atheeb notified Bayanat and announced the cancellation of the IRU Agreement on May 29, 2014 (corresponding to Rajab 30, 1435H). This transaction has no effect on the result of the Company for the year ended December 31, 2014.

These reissued consolidated financial statements replace the consolidated financial statements for the year ended December 31, 2014 previously issued by the Company on February 25, 2015 (corresponding to Jumada Al-Awwal 6, 1436H), as referred to in the Company's announcement on Tadawul on June 27, 2015 (corresponding to Ramadan 10, 1436H). Note 2.1 sets out details of the nature of and reasons for the changes made. Notes 29 and 30 set out reconciliations of the impact compared to the previously issued consolidated financial statements.

1. Organization and activity (continued)

The Board considers it is also appropriate to reissue the interim consolidated financial statements for the three-month period ended March 31, 2015 (including restated 2014 corresponding figures) reflecting these changes in accounting policies and accounting for net property and equipment. The reissued interim consolidated financial statements for the three-month period ended March 31, 2015 are also available on the Tadawul website.

1.2. Subsidiary companies

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") include the financial information of the following subsidiaries:

1.2.1 Mobily Ventures Holding SPC

During 2014, the Company completed the legal formalities pertaining to the investment in a new subsidiary, Mobily Ventures Holding, Single Person Company (SPC), located in the Kingdom of Bahrain owned 100% by the Company.

1.2.2 Mobily InfoTech India Private Limited

During the year 2007, the Company invested in 99.99% of the share capital of a subsidiary company, Mobily InfoTech India Private Limited incorporated in Bangalore, India which commenced its commercial activities during the year 2008. Early 2009, the remaining 0.01% of the subsidiary's share capital was acquired by National Company for Business Solutions, a subsidiary of the Company.

1.2.3 Bayanat Al-Oula for Network Services Company

During the year 2008, the Company acquired 99% of the partners' shares in Bayanat, a Saudi limited liability company. The acquisition included Bayanat's rights, assets, obligations, commercial name as well as its current and future trademarks for a total price of Saudi Riyals 1.5 billion, resulting in goodwill of Saudi Riyals 1.466 billion on the acquisition date (Note 11). The remaining 1% is owned by National Company for Business Solutions, a subsidiary of the Company.

1.2.4 Zajil International Network for Telecommunication Company

During the year 2008, the Company acquired 96% of the partners' shares in Zajil International Network for Telecommunication Company ("Zajil"), a Saudi limited liability company. The acquisition included Zajil's rights, assets, obligations, commercial name as well as its current and future trademarks for a total price of Saudi Riyals 80 million, resulting in goodwill of Saudi Riyals 63 million on the acquisition date (Note 11). The remaining 4% is owned by National Company for Business Solutions, a subsidiary of the Company. The goodwill has been fully impaired during the year ended December 31, 2014 (see Note 11).

1.2.5 National Company for Business Solutions

During the year 2008, the Company invested in 95% of the share capital of National Company for Business Solutions, a Saudi limited liability company. The remaining 5% is owned by Bayanat, a subsidiary of the Company.

1.2.6 Sehati for Information Service Company

During 2014, the Company completed the legal formalities pertaining to the investment of 90% in Sehati for Information Service Company. The remaining 10% is owned by Bayanat, a subsidiary of the Company.

1.2.7 Mobily Plug & Play LLC

During 2014, the Company completed the legal formalities pertaining to the investment of 60% in Mobily Plug & Play LLC. The remaining 40% is owned by Plug & Play International, a company incorporated in USA.

1.2.8 National Company for Business Solutions FZE

During 2014, the National Company for Business Solutions (KSA) completed the legal formalities pertaining to the investment of 100% in National Company for Business Solutions FZE, a company incorporated in the United Arab of Emirates.

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. Organization and activity (continued)

Below is the summary of Group's subsidiaries' and ownership percentage as at December 31, 2014 and 2013:

Name	Country of incorporation	Ownership percentage Direct	Ownership percentage Indirect
Mobily Ventures Holding SPC	Bahrain	100.00%	-
Mobily InfoTech India Private Limited	India	99.99%	0.01%
Bayanat Al-Oula for Network Services Company	Saudi Arabia	99.00%	1.00%
Zajil International Network for Telecommunication Company	Saudi Arabia	96.00%	4.00%
National Company for Business Solutions	Saudi Arabia	95.00%	5.00%
Sehati for Information Service Company	Saudi Arabia	90.00%	10.00%
Mobily Plug & Play LLC	Saudi Arabia	60.00%	-
National Company for Business Solutions FZE	United Arab Emirates	-	100.00%

The main activities of the subsidiaries are as follows:

- Development of technology software programs for the Company use, and to provide information technology support.
- Execution of contracts for the installation and maintenance of wire and wireless telecommunications networks and the installation of computer systems and data services.
- Wholesale and retail trade in equipment and machinery, electronic and electrical devices, wire and wireless telecommunications' equipment, smart building systems and import and export to third parties, in addition to marketing and distributing telecommunication services and providing consultation services in the telecommunication domain.
- Wholesale and retail trade in computers and electronic equipment, maintenance and operation of such equipment, and provision of related services.
- Providing television channels service over internet protocol (IPTV).
- Establishment, management and operation of, and investment in service and industrial projects.
- Establishment, operating and maintenance of telecommunications networks, computer and its related works, and establishment, maintenance and operating of computer software, importing and exporting and sale of equipment, devices and programs of telecommunication systems and computer software
- Establish and own companies specializing in commercial activities.
- Manage its affiliated companies or to participate in the management of other companies in which it owns shares, and to provide the necessary support for such companies.
- Invest funds in shares, bonds and other securities.
- Own real estate and other assets necessary for undertaking its activities within the limits pertained by law.
- Own or to lease intellectual property rights such as patents and trademarks, concessions and other intangible rights to exploit and lease or sub-lease them to its affiliates or to others.
- Have interest or participate in any manner in institutions which carry on similar activities or which may assist the Company in realizing its own objectives in the Kingdom of Bahrain or abroad. The Company may acquire such entities or merge therewith.
- Perform all acts and services relating to the realization of the foregoing objects.

1.3 Associates

The Group's investment in associates at December 31, 2014 and 2013 comprise of:

Name	Country of incorporation	Ownership %
Anghami LLC	British Virgin Islands	11.1%
Ecommerce Tax Middle East	Germany	10.0%
Hellofood Middle East	Luxembourg	12.5%

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements are the reissued consolidated financial statements for the year ended December 31, 2014 and replace the previously issued consolidated financial statements dated February 25, 2015 (corresponding to Jumada Al-Awwal 6,1436H), as referred to in the Company's announcement on Tadawul on June 27, 2015 (corresponding to Ramadan 10, 1436H).

In June 2015, the Company received a summary report issued by the Capital Markets Authority ("CMA") in relation to the Group's financial statements. The Board of Directors has carefully considered the observations made by the specialized team assigned by the CMA in this summary report.

The CMA report identified certain matters related to the set up and operation of Fibre-To-The-Home ("FTTH") contracts and Brand Reseller contracts such that the specialized team concluded that the way these contracts were operating was not strictly in accordance with the legal form of contracts themselves and on which the Group's accounting had been based. Accordingly, the Group needed to reconsider its accounting approach to such contracts.

The Group has carried out a review of its accounting policies for these two types of contract and other such contracts. Whilst the Group believes that the previous accounting policy adopted for such contracts complies fully with Saudi Organization for Certified Public Accountants ("SOCPA") standards, it now believes that a more appropriate accounting policy would be an approach that would be closer to that outlined in IFRS 15 (IFRS 15 is a converged international accounting standard that will improve the financial reporting of revenue. This Standard will be mandatory for reporting periods beginning on or after 1 January 2018) whilst still maintaining compliance with existing SOCPA standards. This would require the Group to allocate revenue from multi component contracts in proportion to the relative stand-alone selling price of the underlying service or products provided and, for such types of contracts, would have the effect of deferring revenue to be recognised to later periods. Accordingly, the Group has decided to adopt this new accounting policy as of December 31, 2014. Mobily has therefore reissued the 2014 annual consolidated financial statements (including restated 2013 corresponding figures) reflecting this change in accounting policy. Note 2.17 explains the change in accounting policy in more detail.

The CMA examination also made observations on certain aspects of the Company's previous practice of accounting for certain net property and equipment, principally in relation to the point of transfer to depreciable property and equipment and commencement of depreciation. Mobily has a large and complex fixed asset base which is being assessed and updated regularly. As part of its system of internal controls, the Company does not permit capitalization of fixed assets and entry on the fixed assets database until internal confirmations are received that the particular item is placed in service. Delays in capitalization are not infrequent as it is often not clear when a particular asset is ready for use or placed into service thus delaying the start of depreciation. As such amounts were not material to any one previous period and involved estimation, the Company had previously depreciated the full cost of the asset (less residual value) over the remaining useful life rather than making one-off adjustments to catch up on depreciation. As the consolidated financial statements for 2014 are being reissued, the Group has decided to reassess the capitalisation of its fixed assets and accounting for depreciation charge in prior periods to reflect the depreciation in the appropriate periods from the date assets were placed in service.

Notes 29 and 30 set out the impact of these changes in accounting policies and the accounting for net property and equipment for previously reported periods. The effect of these adjustments is to increase the previously reported loss for the year ended December 31, 2014 by Saudi Riyals 662 million, resulting in a net loss for the year of Saudi Riyals 1,576 million.

These reissued consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in compliance with accounting standards promulgated by SOCPA.

As referred to in Note 12, the Group is unable to meet a certain financial covenant under its long term financing facilities with various lenders and, consequently, such long-term loans and notes payable have been reclassified as a current liability. The Group therefore has net current liabilities of Saudi Riyals 17.3 billion as at December 31, 2014. The Group is currently engaged in negotiations with the lenders to obtain a reset of the relevant covenant based on its current financial forecasts.

2. Significant accounting policies (continued)

Management is confident that negotiations with the lenders to obtain such a reset will be successful. The Group expects to continue to meet its obligations as they become due in the normal course of operation. Accordingly, Management and the Board of Directors believe that it is appropriate to prepare these reissued consolidated financial statements under the going concern basis.

2.2 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting standards in Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the light of current trading conditions and specific events and circumstances that occurred during the year ended December 31, 2014, the management has reassessed certain accounting estimates. These reassessments have had a material impact on the reported results for the year ended December 31, 2014 and the balances as at that date. Management would like to draw the attention of the readers to the key items highlighted in Notes 4, 8, 10, 18, 25 and 29 to the reissued consolidated financial statements in order to outline their impact on the reported results and financial position of the Group.

Subsequent to the issuance on January 21, 2015 of the interim consolidated financial statements (unaudited) for the three-month period and year ended December 31, 2014, management and the directors further examined the recoverability of certain accounts receivables as at December 31, 2014, taking into account ongoing discussions with relevant customers of contractual arrangements and consideration of further information indicating heightened risks of non-recovery. Certain other accounting estimates and provisions were also reassessed based on additional information. The effect of these revisions to accounting estimates was an additional charge of Saudi Riyals 1,133 million, resulting in a net loss for the year of Saudi Riyals 913 million as originally reported in the consolidated financial statements prior to reissue. These revisions to accounting estimates are distinct from the restatements that were disclosed in the quarter ended September 30, 2014, which have been reported previously. Further details of these are also presented in Notes 29 and 30 to these reissued consolidated financial statements. Certain of these revisions to accounting estimates have been subsequently reversed in these reissued consolidated financial statements as they are no longer required due to changes in accounting policies and adjustment of depreciation charge for previously reported periods, resulting in a net loss for the year of Saudi Riyals 1,576 million. Further details of these are presented in Note 29 to these reissued consolidated financial statements.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

a) Provision for doubtful debts

A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. For significant individual amounts, assessment is made at individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and recoverability in the prior years. See Notes 4 and 10.

b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.10. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

2. Significant accounting policies (continued)

2.2 Critical accounting estimates and judgments (continued)

c) Property and equipment

Useful lives of property and equipment

The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use (Note 2.7). Such estimation by management is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge. Additional depreciation is charged in the current period to allow for known delays in capitalisation or transfer out of capital work in progress.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

Allocation of costs

The Group enters into arrangements with certain of its key suppliers which may include the provision of multiple products and services including property and equipment, inventories and maintenance and other services across a number of reporting periods. Such arrangements may include the provision of free of charge assets and incentives which enable the Group to obtain further products and services at discounted values. Management aggregates, where appropriate, such arrangements and allocates the net cost of such an aggregation between the multiple products and services based on its best estimate of the fair value of the individual components. The cost of such components is capitalized or expensed according to the relevant accounting policy.

(d) Zakat assessments

Provision for zakat and withholding taxes is determined by the Group in accordance with the requirements of the Department of Zakat and Income Tax ("DZIT") and is subject to change based on final assessments received from the DZIT. The Group recognizes liabilities for any anticipated zakat and withholding tax based on management's best estimates of whether additional zakat/taxes will be due. The final outcome of any additional amount assessed by the DZIT is dependent on the eventual outcome of the appeal process which the Group is entitled to. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the consolidated statement of income in the period in which such final determination is made.

(e) Contingencies

The Group is currently involved in various legal proceedings. Estimates of the probable costs for the resolution of these claims, if any, have been developed in consultation with internal and external counsels handling the Group's defense in these matters and are based upon the probability of potential results. The Group's management currently believes that these proceedings will not have a material effect on the financial statements. It is possible, however, that future results of operations could be materially affected depending on the final outcome of the proceedings.

(f) Revenues

Finance lease arrangements

The Group accounts for certain arrangements as finance leases. In accounting for such arrangements, the Group's management has to determine whether the arrangement meets the relevant criteria, that substantially all risks and rewards incidental to ownership are transferred by the lessor, by reviewing the individual facts and circumstances of each arrangement. The Group recognises revenue related to such arrangement only when it considers it is probable that future amounts due under such arrangements will be received. Where finance lease arrangements form part of the delivery of bundled products and services, the allocation of fair values follows the accounting policy set out in Note 2.17 (j).

2. Significant accounting policies (continued)

2.2 Critical accounting estimates and judgments (continued)

Gross versus net presentation

When the Group sells goods or services as a principal, revenue and payments to partners are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to partners are recorded in revenue on a net basis, representing the margin earned.

Multiple element arrangements

In arrangements involving the delivery of bundled products and services, including long-term arrangements, those bundled products and services are separated into individual elements, each with its own separate revenue contribution taking into the consideration the specific contractual details, evaluated from the perspective of the customer. Total arrangement consideration is allocated to each deliverable based on the relative fair value of the individual element. The Group generally determines the fair value of individual elements based on an objective and reliable assessment of the prices at which the deliverables may be sold on a standalone basis, taking into consideration the time value of the money.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank current accounts and Murabaha facilities with original maturities of three month or less from acquisition date.

2.4 Short-term investments

Short-term investments include placements with banks and other short-term highly liquid investments with original maturities of three months or more but not more than one year from the purchase date.

2.5 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the consolidated statement of income and reported under “general and administrative expenses”.

When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against “general and administrative expenses” in the consolidated statement of income. Write-off of accounts receivable against which no provision is made is charged directly to the consolidated statement of income in the year in which such write-off is made and reported under general and administrative expenses.

Accounts receivable which is collectible beyond 12 months is classified and presented as non-current assets in the consolidated balance sheet.

2.6 Inventories

Inventories comprise of mobile phones (handsets) and other customer-premise equipment (CPE), SIM cards, pre-paid vouchers and scratch cards. Inventories are stated at the lower of cost or net realizable value. Net realizable value represents the difference between the estimated selling price in the ordinary course of business and selling expenses. Cost is determined by using the weighted average method. The Group provides for slow-moving and obsolete inventories.

2.7 Property and equipment

Property and equipment, except land, are stated at cost less accumulated depreciation. The cost of property and equipment includes direct costs and other directly attributable incremental costs incurred in their acquisition and installation, net of any supplier discounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Significant accounting policies (continued)

2.7 Property and equipment (continued)

Depreciation on property and equipment is charged to the consolidated statement of income using the straight line method over their estimated useful lives at the following annual depreciation rates from the date management estimate the assets are available for use:

	Percentage
Buildings	5%
Leasehold improvements	10%
Telecommunication network equipment	5% - 20%
Computer equipment and software	25%
Office equipment and furniture	20%-25%
Vehicles	20%-25%

Additional depreciation is charged in the current period to allow for known delays in capitalisation or transfer out of capital work in progress.

Major renovations and improvements are capitalized if they increase the productivity or the operating useful life of the assets as well as direct labor and other direct costs. Repairs and maintenance are expensed when incurred. Gain or loss on disposal of property and equipment which represents the difference between the sale proceeds and the carrying amount of these assets, is recognized in the consolidated statement of income.

Capital work in progress is stated at cost until the construction on installation is complete. Upon the completion of construction or installation, the cost of such assets together with cost directly attributable to construction or installation, including capitalized borrowing cost, are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

2.8 Licenses' acquisition fees

Licenses' acquisition fees are amortized according to their regulatory useful lives and the amortization is charged to the consolidated statement of income. The capitalized license fees are reviewed at the end of each financial year to determine if any decline exists in their values. In case an impairment is identified in the capitalized licenses' fees, such impairment is recorded in the consolidated statement of income.

2.9 Goodwill

Goodwill represents the excess of consideration paid for the acquisition of subsidiaries over the fair value of the net assets acquired at the acquisition date and reported in the consolidated financial statements at carrying value after adjustments for impairment in value, if any (Note 2.10).

2.10 Investments in subsidiaries and associates

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported separately in the accompanying consolidated balance sheet. Goodwill is tested annually for impairment and carried at cost, net of any accumulated impairment losses, if any.

2. Significant accounting policies (continued)

2.10 Investments in subsidiaries and associates (continued)

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group’s share of its associate’s post-acquisition income or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising from investments in associates are recognized in the consolidated statement of income.

(c) Minority interest

Minority interest represents the portion of income or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from shareholders' equity.

Acquisition of minority interest is accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The Group recognizes any minority interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the minority interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

2.11 Impairment of non-financial assets

Non-financial assets, other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset’s fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income. Impairment losses recognized on goodwill are not reversible.

2.12 Borrowings

Borrowings are recognized at the proceeds received, net of transactions costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the consolidated statement of income.

2.13 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

2. Significant accounting policies (continued)

2.14 Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.15 Zakat and income tax

The Group is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Provision for zakat for the Group and zakat related to the Group's ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of income. Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Income tax provision related to the foreign shareholders in such subsidiaries is charged to the minority interest. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to the consolidated statement of income.

2.16 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the consolidated statement of income. Provision for employees' termination benefits are made in accordance with the Projected Unit Cost method. The provision is recognized based on the present value of the defined benefit obligations.

The present value of the defined benefit obligations is calculated using assumptions on the average annual rate of increase in salaries, average period of employment and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to government and corporate bonds.

2.17 Revenues

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of trade discounts, promotions and volume rebates and after eliminating revenue within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below.

The Group's revenue comprises revenue from mobile telecommunications services as summarized below:

(a) Revenue from mobile telecommunications comprises amounts charged to customers in respect of connection or activation, airtime usage, text messaging, the provision of other mobile telecommunications services including data services, and fees for connecting users of other fixed line and mobile networks to the Group's network.

(b) Airtime, text messaging and data usage by customers is invoiced and recorded as part of a periodic billing cycle and recognized as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each accounting period is accrued and unearned revenue from services provided in periods after each accounting period is deferred and recognised as the customer uses the airtime.

(c) Connection or activation fees, are non-refundable, one-off, fees charged to customers when they connect to the network and are recognized in full as revenue in the period in which the underlying obligation is fulfilled (refer to Note 2.17(j)). The fees to the Group are not contingent upon resale or payment by the end user as the Group has no further obligations related to bringing about resale or delivery, and all other revenue recognition criteria have been met.

2. Significant accounting policies (continued)

2.17 Revenues (continued)

(d) Subscription fees are monthly access fees that do not vary according to usage and are recognized as revenue on a straight-line basis over the service period.

(e) Interconnect revenue is recognized on the basis of the gross value of invoices raised on other operators for termination charges based on the airtime usage, text messaging, and the provision of other mobile telecommunications services for the billing period as per the agreed rate.

(f) Roaming revenue is recognized on the basis of the gross value of invoices raised on other roaming partners based on actual traffic delivered during the billing period.

(g) Revenue from sale of handsets and sim cards is recognized upon delivery of the products to the customers in the period during which the sale transaction took place.

(h) Revenue from sale of bundled handsets and sim cards is presented net of the related costs.

(i) Revenue from finance lease arrangements is recognized when substantially all the risks and rewards incidental to ownership are transferred by the lessor and there are no unfulfilled obligations on the lessor that affect the lessee's final acceptance of the arrangement. Where finance lease arrangements form part of the delivery of bundled products and services, the allocation of fair values follows the accounting policy set out in Note 2.17 (j).

This is a change from the previous accounting policy whereby the allocation of revenue to such finance lease arrangements was calculated as the residual revenue after the fair value of the other individual elements had been determined by management's assessment of the prices at which the deliverable would be regularly sold on a standalone basis.

(j) In arrangements involving the delivery of bundled products and services, those bundled products and services are separated into individual elements, each with its own separate revenue contribution, evaluated from the perspective of the customer. Total arrangement consideration is allocated to each deliverable based on the relative fair value of the individual element. The Group generally determines the fair value of individual elements based on an objective and reliable assessment of the prices at which the deliverable is regularly sold on a standalone basis.

This is a change from the previous accounting policy whereby the separation into individual elements was generally evaluated from the Group's perspective and fair value of individual elements were determined by management's assessment of the prices at which the deliverable could be sold on a standalone basis.

2.18 Costs and expenses

2.18.1 Cost of revenues

Represent the cost of services and revenues incurred during the period which include the costs of goods sold, direct labor, governmental charges, interconnection costs and other overheads related to the revenues recognized.

2.18.1.a Governmental charges
Governmental charges represent government contribution fees in trade earnings, license fees, frequency waves' fees and costs charged to the Group against the rights to use telecommunications and data services in the Kingdom of Saudi Arabia as stipulated in the license agreements. These fees are recorded in the related periods during which these fees are incurred and included under cost of services in the consolidated statement of income.

2.18.1.b Interconnection costs
Interconnection costs represent connection charges to national and international telecommunication networks. Interconnection costs are recorded in the period when relevant calls are made and are included in the cost of services caption in the consolidated statement of income.

2. Significant accounting policies (continued)

2.18.2 Selling and marketing expenses

Represent expenses resulting from the Group's management efforts with regard to the marketing function or the selling and distribution function. Selling and marketing expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between selling and marketing expenses and cost of revenues, when required, are made on a consistent basis.

2.18.3 General and administrative expenses

Represent expenses relating to the administration and not to the revenue earning function or the selling and distribution functions. General and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

2.19 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

2.20 Foreign currency transactions

(a) Reporting currency and functional currency

The consolidated financial statements are presented in Saudi Riyals, which is the Company's functional and Group's presentation currency. Each subsidiary in the Group determines its own functional currency, and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

(b) Transactions and balances

At the subsidiary level, transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. At consolidated balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at exchange rates prevailing on that date. Gains and losses resulting from changes in exchange rates, which are not material for 2013 and 2014, are recognized in the consolidated statement of income.

(c) Group companies

The results and financial position of foreign subsidiaries and associates, not operating in a hyper-inflationary economy, having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
ii. income and expenses for each the income statement are translated at average exchange rates; and
iii. components of the shareholders' equity accounts are translated at the exchange rates in effect at the dates the related items originated.

Cumulative adjustments resulting from the translations of the financial statements of foreign subsidiaries and associates into Saudi Riyals are reported as a separate component of shareholders' equity.

2.21 Operating and finance leases

Lease agreements are classified as capital leases if the lease agreement transfers substantially all the risks and rewards incidental to ownership of an asset. Other leases are classified as operating leases whereby the expenses and the revenues associated with the operating leases are recognized in the consolidated statement of income on a straight-line basis over the term of the leases.

The present value of lease payments for assets sold under finance lease is recognized as a receivable net of unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Provision is made against lease receivables, as soon as they are considered doubtful of recovery. Amounts due over one year are classified as non-current assets.

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Significant accounting policies (continued)

2.22 Loyalty program

The Group operates a loyalty program that provides a variety of benefits for customers. Loyalty award credits are based on a customer's telecommunications usage. The Group accounts for the loyalty award credits as a separately identifiable component of the sales transaction in which they are granted.

The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted for as a liability in the consolidated balance sheet until the awards are utilized. The fair value is determined using estimation techniques that take into account the fair value of the benefits for which the awards could be redeemed. The Group also sells award credits to third parties for use in promotional activities. The revenue from such sales is recognized when the awards are ultimately utilized.

2.23 Contingent liabilities

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognize the contingent liability but discloses it in the consolidated financial statements.

2.24 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

i. engaged in revenue producing activities;
ii. results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
iii. financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. See also Note 26.

3. CASH AND CASH EQUIVALENTS

	2014	**2013**
Cash on hand and in banks	**1,964,332**	1,570,293
	1,964,332	1,570,293

4. ACCOUNTS RECEIVABLES, NET

	2014 (Note 2.1)	**2013 Restated**
Trade receivables	**5,681,263**	8,163,665
Less: provision for doubtful debts	**(1,208,732)**	(691,730)
	4,472,531	7,471,935

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. ACCOUNTS RECEIVABLES, NET (continued)

The movement of the provision for doubtful debts is as follows:

	Note	2014 (Note 2.1)	2013 Restated
Balance at January 1		**691,730**	430,261
Charge for the year	21	**665,477**	334,875
Bad debts written off		**(148,475)**	(73,406)
Balance at December 31		**1,208,732**	691,730

During quarter four of 2014, the Group started an arbitration process in relation to amounts receivable arising from a Service Agreement signed with Zain KSA on May 6 2008 (corresponding to Jumada Al-Awwal 1,1429H). This agreement covers provision of services that include national roaming, site sharing, transmission links, and international traffic. The first arbitration session was held on December 20, 2014 (corresponding to Safar 28, 1436H) during which the arbitration panel process was agreed and the Group submitted its statement of claims.

The second session was held on February 7, 2015 (corresponding to Rabi Al-Thani 18,1436H) wherein the Group submitted during this session the documents relating to the engagement cancellation of its previous lawyer handling this case and confirmed the appointment of the new legal counsel to represent the Group in this case. The arbitration panel decided to schedule the next session to be held on February 14, 2015 (corresponding to Rabi Al-Thani 25, 1436H).

On February 14, 2015 (corresponding to Rabi Al-Thani 25, 1436H), the arbitration panel confirmed the Group's appointment of the new legal counsel to represent the Group in this case. Also during this session, the Group submitted its statement of response no.1 to the statement of defense submitted by Zain KSA. Furthermore, Zain KSA has submitted its counter response to the reply provided by the Group.

On May 23, 2015 (corresponding to Shaban 5, 1436H), the Group submitted a detailed response consisting of the required statement of claim and supporting annexes to the secretary general of the arbitration panel to which Zain KSA acknowledged the receipt of the documents from the secretary general and had two-and-a-half months from the date of receipt of the documents to prepare and respond to Mobily's statement of claim.

On July 13, 2015 (corresponding to Ramadan 26, 1436H), Zain KSA announced in the Tadawul website the submission of its response and documents accompanying the response to the secretary general of the arbitration panel and on the same date, Mobily acknowledged the receipt of Zain's KSA brief and supporting attachments thereto and indicated that it would respond to this brief in accordance with the arbitration procedures.

Further to the announcement made by the Company on June 27, 2015 (corresponding to Ramadan 10, 1436H), the Group stated that following a review of outstanding receivables, an additional provision of Saudi Riyals 800 million will be booked against the amount due from Zain and have reflected this in the Group's interim consolidated financial statements for the three and six-month periods ended June 30, 2015. See Note 27 for further details on this matter.

The accounts receivable balance that is subject to the arbitration proceedings amounted to Saudi Riyals 2.2 billion as of December 31, 2014. The Group has a provision of Saudi Riyals 1.2 billion against total receivables due from Zain KSA as of December 31, 2014 based on the Group's approach which has been to provide since November 2009 as circumstances evolved. Total provision for doubtful debts charged during the year ended December 31, 2014 amounted to Saudi Riyals 152 million.

The Service Agreement is still valid and the Group is receiving irregular payments from Zain KSA for the services provided. While the outcome of the arbitration proceedings is still on-going, management and the directors believe that sufficient and adequate provision had been made as of December 31, 2014 based on the facts and circumstances existing at that time (see also Note 2.2).

The Group reached a settlement with Saudi Telecom in respect of provision of services for the periods from year 2005 to June 2013, which resulted in it receiving a cash payment of Saudi Riyals 299.9 million whilst accepting an additional transmission cost of Saudi Riyals 55 million.

The Group has also reassessed the recoverability of various other outstanding receivables and, based on the current circumstances in each case, has provided additional amounts against heightened risks of non-recovery.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. RELATED PARTIES TRANSACTIONS AND BALANCES

During the year, the Group transacted with the following related parties:

Party	Relation
Emirates Telecommunication Corporation - Etisalat and its subsidiaries	Founding shareholder
Emirates Data Clearing House	Affiliate to Emirates Telecommunication Corporation

The terms of transactions with related parties are at agreed rates with those parties. Management fee and other management expenses are calculated based on the relevant agreements with Emirates Telecommunication Corporation.

The following are the details of major transactions with related parties during the year ended December 31:

	2014	2013 (Restated)
Net interconnection services and roaming	**67,954**	53,482
Management fees	**37,543**	37,533
Other management expenses	**93,138**	104,938
Telecommunications services	**3,814**	7,659

Due from a related party comprises of the following as at December 31:

	2014	2013
Emirates Telecommunication Corporation	**56,394**	33,270
	56,394	33,270

Due to related parties comprise of the following as at December 31:

	2014	2013 (Restated)
Emirates Telecommunication Corporation	**144,931**	96,934
Emirates Data Clearing House	**343**	6,178
	145,274	103,112

6. INVENTORIES, NET

	2014	2013
Handsets and CPEs	**815,588**	754,631
SIM cards	**101,286**	108,512
Prepaid vouchers and scratch cards	**18,187**	51,378
	935,061	914,521
Less: provision for inventory obsolescence	**(116,987)**	-
	818,074	914,521

The movement of the provision for inventory obsolescence during the year ended December 31, 2014 is as follows:

	Note	2014
Balance at January 1		-
Charge for the year	21	**116,987**
Balance at December 31		**116,987**

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. PREPAID EXPENSES AND OTHER ASSETS

	2014 (Note 2.1)	2013 (Restated)
Advance payments to suppliers of network equipment	**2,348,823**	2,131,530
Deferred costs	**393,454**	668,594
Accrued revenues	**257,942**	701,561
Prepaid expenses	**362,010**	388,534
Advance payments to trade suppliers	**154,477**	144,268
Other	**574,343**	695,750
	4,091,049	4,730,237

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Leasehold improve-ments	Telecom-munication network equipment	Computer equipment and software	Office equipment and furniture	Vehicles	Capital work in progress	Total
Cost (Note 2.1)									
January 1, 2014 (Restated)	275,360	737,101	703,990	25,241,709	2,886,933	468,726	2,370	502,695	30,818,884
Additions	-	13,709	10,348	4,496,512	696,186	25,559	272	1,523,006	6,765,592
Transfers/ reclassifications	-	-	29,038	514,059	447,686	2,453	-	(993,236)	-
Disposals	(650)	-	-	(9,044)	(3)	-	-	(50,642)	(60,339)
December 31, 2014	**274,710**	**750,810**	**743,376**	**30,243,236**	**4,030,802**	**496,738**	**2,642**	**981,823**	**37,524,137**
Accumulated depreciation (Note 2.1)									
January 1, 2014 (Restated)	-	73,248	387,927	8,041,543	1,618,037	377,691	876	-	10,499,322
Depreciation for the year	-	24,581	69,325	2,258,261	573,646	32,089	355	-	2,958,257
Disposals	-	-	-	(5,966)	(3)	-	-	-	(5,969)
December 31, 2014	**-**	**97,829**	**457,252**	**10,293,838**	**2,191,680**	**409,780**	**1,231**	**-**	**13,451,610**
Net book value (Note 2.1)									
December 31, 2014	**274,710**	**652,981**	**286,124**	**19,949,398**	**1,839,122**	**86,958**	**1,411**	**981,823**	**24,072,527**

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. Property and equipment, net (continued)

	Land	Buildings	Leasehold improve-ments	Telecom-munication network equipment	Computer equipment and software	Office equipment and furniture	Vehicles	Capital work in progress	Total
Cost(Note 2.1)									
January 1, 2013 (Restated)	275,360	308,079	649,890	20,807,557	2,061,576	427,676	1,790	703,932	25,235,860
Additions	-	102,864	45,527	3,751,113	736,457	41,091	580	934,645	5,612,277
Transfers	-	326,158	8,573	709,298	91,726	127	-	(1,135,882)	-
Disposals	-	-	-	(26,259)	(2,826)	(168)	-	-	(29,253)
December 31, 2013 (Restated)	275,360	737,101	703,990	25,241,709	2,886,933	468,726	2,370	502,695	30,818,884
Accumulated depreciation (Note 2.1)									
January 1, 2013 (Restated)	-	41,266	321,752	6,385,740	1,238,747	336,075	697	-	8,324,277
Depreciation for the year	-	31,982	66,175	1,664,284	381,749	41,741	179	-	2,186,110
Disposals	-	-	-	(8,481)	(2,459)	(125)	-	-	(11,065)
December 31, 2013 (Restated)	-	73,248	387,927	8,041,543	1,618,037	377,691	876	-	10,499,322
Net book value (Note 2.1)									
December 31, 2013 (Restated)	275,360	663,853	316,063	17,200,166	1,268,896	91,035	1,494	502,695	20,319,562

The Group conducted internal reviews of capitalization and depreciation of property and equipment, which resulted in an additional depreciation of Saudi Riyals 202 million during Q4, 2014 (Note 2.2). However, this adjustment in depreciation, which was made prior to these reissued consolidated financial statements, was reversed in order to reflect the correct depreciation charge in the appropriate periods. Following the CMA review, a decision was made by the Board to reassess the capitalization of capital work in progress and as a result, additions to property and equipment amounting to Saudi Riyals 925 million (2013: Saudi Riyals 188 million) and related additional depreciation charge for the year ended December 31, 2014 of Saudi Riyals 41.5 million (2013: Saudi Riyals 258.1 million) were recognized. See Note 29.

The Group has capitalized borrowing costs amounting to Saudi Riyals 16 million (2013: Saudi Riyals 2.3 million) and internal technical salaries amounting to Saudi Riyals 156 million (2013: Saudi Riyals 147.7 million), respectively, during the year ended December 31, 2014.

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. LICENSES' ACQUISITION FEES, NET

	Mobile Telecom-munication services license	3G services license	Other	Total
Cost				
January 1, 2014	12,210,000	753,750	895,109	13,858,859
Additions	-	-	239,950	239,950
December 31, 2014	**12,210,000**	**753,750**	**1,135,059**	**14,098,809**
Accumulated amortization				
January 1, 2014	4,488,306	276,513	181,249	4,946,068
Amortization for the year	482,606	29,827	62,166	574,599
December 31, 2014	**4,970,912**	**306,340**	**243,415**	**5,520,667**
Net book value				
December 31, 2014	**7,239,088**	**447,410**	**891,644**	**8,578,142**

	Mobile Telecom-munication services license	3G services license	Other	Total
Cost				
January 1, 2013	12,210,000	753,750	820,341	13,784,091
Additions	-	-	76,645	76,645
Disposals	-	-	(1,877)	(1,877)
December 31, 2013	12,210,000	753,750	895,109	13,858,859
Accumulated amortization				
January 1, 2013	4,005,700	246,686	119,898	4,372,284
Amortization for the year	482,606	29,827	61,393	573,826
Disposals	-	-	(42)	(42)
December 31, 2013	4,488,306	276,513	181,249	4,946,068
Net book value				
December 31, 2013	7,721,694	477,237	713,860	8,912,791

10. LONG-TERM ACCOUNTS RECEIVABLES, NET

	2014 (Note 2.1)
Long-term receivables	**25,006**
Less: provision for doubtful debts	**(25,006)**
	-

Note 2.17 (j) discusses the change from the previous accounting policy in respect of recognition of revenues from arrangements involving the delivery of bundled products and services as a result of the Board's decision to adopt this new accounting policy as of December 31, 2014. As a consequence of the adoption of the new accounting policy, the Group reversed its long-term receivables of Saudi Riyals 1,678 million (2013: Saudi Riyals 576 million) and related provision for doubtful debts for the year ended December 31, 2014 amounting to Saudi Riyals 386 million (2013: nil). See Note 29.

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. GOODWILL

The details of goodwill arising from the acquisition of the following subsidiaries, as disclosed in Note 1.2, are as follows:

	2014	2013
Bayanat Al-Oula for Network Services Company	**1,466,865**	1,466,865
Zajil International Network for Telecommunication Company (“Zajil”)	**-**	63,021
	1,466,865	1,529,886

The Group has tested separately recognized goodwill for impairment. The recoverable amount has been determined based on value-in-use, using discounted cash flow analysis. The cash flow projections are based on 2015 approved budget. The discount rate and terminal capitalization rate ranged between 8.45% to 9.95%, respectively.

The Group recognized impairment of goodwill from its investment in Zajil during the year ended December 31, 2014 amounting to Saudi Riyals 63 million, as disclosed in the consolidated statement of income (Note 2.2).

12. LOANS AND NOTES PAYABLE

	2014	2013
Loans and notes payable	**16,993,462**	13,596,894
Less: current portion	**(16,993,462)**	(3,079,653)
Non-current	**-**	10,517,241

The Group is unable to meet a certain financial covenant as at December 31, 2014 under its long term financing facilities with various lenders. The Group is currently in negotiations with its lenders to obtain a reset of the relevant covenant with effect from Quarter 4, 2014 such that, based on its current financial forecasts, it will be able to meet the relevant financial covenant with each of its facilities, on a quarterly basis, going forward. These discussions are on-going and are expected to be finalised during Quarter 3, 2015. Management is confident that the outcome of such discussions will be successful.

The Group has met all its loan repayment obligations under these financing facilities during the year ended December 31, 2014 and is expected to continue to comply with its short term repayment obligations as disclosed in Note 12 (a) and 12 (b) on the assumption that its negotiations with the lenders to reset the relevant covenant are successful.

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. LOANS AND NOTES PAYABLE (continued)

If such negotiations are successful and reset of the financial covenant is effective from December 31, 2014, the proforma classification and maturity profile of loans and notes payable and proforma summarized consolidated balance sheet would have been as follows:

a) Classification of loans and notes payable (excluding the reclassification)

	2014	2013
Loans and notes payable	**16,993,462**	13,596,894
Less: current portion	**(2,413,472)**	(3,079,653)
Non-current	**14,579,990**	10,517,241

b) Maturity profile of loans and notes payable (excluding the reclassification)

	2014	2013
Less than one year	**2,413,472**	3,079,653
Between one to five years	**12,697,301**	8,048,033
Over five years	**1,882,689**	2,469,208
	16,993,462	13,596,894

c) The proforma summarized consolidated balance sheet at December 31, 2014 (excluding the reclassification).

	2014 (Note 2.1)
Total current assets	**12,502,380**
Total non-current assets	**34,141,647**
Total assets	**46,644,027**
Total current liabilities	**15,210,225**
Total non-current liabilities	**14,779,911**
Total liabilities	**29,990,136**
Total equity	**16,653,891**
Total liabilities and equity	**46,644,027**

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. Loans and notes payable (continued)

d) The details of loans and notes payable as at December 31, 2014 (excluding reclassification) are as follows:

Lender	Borrowing Company	Loan nature	Borrowing purpose	Date issued	Currency	Principal amount	Utilized amount	Profit rate	Payment terms	Period	Current portion	Long-term portion	Total	Other terms
Local banks	Mobily	Long-term refinancing facility agreement Sharia' compliant	Settling the outstanding loan balances, previously obtained by Mobily, and financing the Company's capital expenditures and working capital requirements.	Q1, 2012	Saudi Riyals	Saudi Riyals 10 billion	Saudi Riyals 10 billion	Murabaha rate based on SIBOR plus a fixed profit margin	Semi-annual scheduled instalments, with the first instalment settled in August 2012. The last instalment is due on February 12, 2019.	Divided to five and seven years	Saudi Riyals 825 million	Saudi Riyals 8,074 million	Saudi Riyals 8,899 million	None
Export Credit Agency of Finland (Finnvera) and the Swedish Export Credit Corporation (EKN)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring network equipment from Nokia Siemens Networks (NSN) and Ericsson to upgrade and enhance the infrastructure capabilities, introduce new technologies, and strengthen the Company's competitiveness in the business segment	Q3, 2013	US Dollars	USD 650 million (Saudi Riyals 2.4 billion)	USD 442 million (Saudi Riyals 1,657 million)	1.71% fixed rate per annum	Scheduled instalments	10 years	Saudi Riyals 200 million	Saudi Riyals 1,330 million	Saudi Riyals 1,530 million	Utilization period of 1.5 years, and an extended repayment period of 8.5 years

(All amounts in Saudi Riyals thousands unless otherwise stated)

Lender	Borrowing Company	Loan nature	Borrowing purpose	Date issued	Currency	Principal amount	Utilized amount	Profit rate	Payment terms	Period	Current portion	Long-term portion	Total	Other terms
Export Credit Agency of Finland (Finnvera) and the Swedish Export Credit Corporation (EKN)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring network equipment from Nokia Siemens Networks (NSN) and Ericsson to upgrade and enhance the infrastructure capabilities, introduce new technologies, and strengthen the Company's competitiveness in the business segment	Q1, 2014	US Dollars	USD 560 million (Saudi Riyals 2.1 billion)	USD 51 million (Saudi Riyals 192 million)	2.4% fixed rate per annum	Scheduled instalments	10 years	-	Saudi Riyals 181 million	Saudi Riyals 181 million	Utilization period of 1.5 years, and an extended repayment period of 8.5 years
Saudi Investment Bank	Mobily	Long-term financing agreement Sharia' compliant	Financing the Company's working capital requirements	Q1, 2014	Saudi Riyals	Saudi Riyals 1.5 billion	Saudi Riyals 1.5 billion	Murabaha rate is based on SIBOR plus a fixed profit margin of 1.25%	One bulk amount due on June 28, 2020	7.5 years	-	Saudi Riyals 1,499 million	Saudi Riyals 1,499 million	None
CISCO Systems International	Mobily	Vendor financing agreement	Acquiring CISCO network equipment and software solutions	Q1, 2014	US Dollars	USD 100 Million (Saudi Riyals 372.2 million)	USD 93.69 million (Saudi Riyals 351.34 million)	0.95% fixed competitive rate	Semi-annual repayments	3 years	Saudi Riyals 117 million	Saudi Riyals 194 million	Saudi Riyals 311 million	None

(All amounts in Saudi Riyals thousands unless otherwise stated)

Lender	Borrowing Company	Loan nature	Borrowing purpose	Date issued	Currency	Principal amount	Utilized amount	Profit rate	Payment terms	Period	Current portion	Long-term portion	Total	Other terms
Export Development of Canada (EDC)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring a telecom-munication devices and equipment from Alcatel-Lucent	Q2, 2014	US Dollars	USD 200 million (Saudi Riyals 750 million)	USD 29 million (Saudi Riyals 109 million)	2.52% fixed competitive rate per annum	Semi-annual repayments	10.5 years	Saudi Riyals 6 million	Saudi Riyals 102 million	Saudi Riyals 108 million	Utilization period of 2 years, and an extended repayment period of 8.5 years
Societe Generale Banque	Mobily	Bilateral long-term financing agreement Sharia' compliant	Financing the uncovered portion of the agreements with the Export Credit Agency of Finland (Finnvera) and the Swedish Export Credit Corporation (EKN) and Export Development of Canada (EDC)	Q2, 2014	US Dollars	USD 200 million (Saudi Riyals 750 million)	USD 116 million (Saudi Riyals 436 million)	Murabaha rate is based on LIBOR plus a fixed profit margin of 0.70%	One bulk payment due on June 26, 2017	3 years	-	Saudi Riyals 436 million	Saudi Riyals 436 million	None
Samba	Mobily	Long-term financing agreement Sharia' compliant	Financing its working capital requirements	Q3, 2014	Saudi Riyals	Saudi Riyals 600 million	Saudi Riyals 600 million	Murabaha rate is based on SIBOR plus a fixed profit margin of 1.25%	20% on instalments and 80% on, one bulk payment due in 2021	7 years	Saudi Riyals 18 million	Saudi Riyals 569 million	Saudi Riyals 587 million	None

(All amounts in Saudi Riyals thousands unless otherwise stated)

Lender	Borrowing Company	Loan nature	Borrowing purpose	Date issued	Currency	Principal amount	Utilized amount	Profit rate	Payment terms	Period	Current portion	Long-term portion	Total	Other terms
Banque Saudi Fransi	Mobily	Long-term financing agreement Sharia' compliant	Financing its capital expenditures and working capital requirements	Q3, 2014	Saudi Riyals	Saudi Riyals 500 million	Saudi Riyals 500 million	Murabaha rate is based on SIBOR plus a fixed profit margin of 1.25% per annum	One bulk payment in 2017	7 years	-	Saudi Riyals 500 million	Saudi Riyals 500 million	None
Local & International banks	Mobily	Short-term financing agreement Sharia' compliant	Vendor financing	Q2, 2013	Saudi Riyals	Saudi Riyals 1,654 million	Saudi Riyals 1.654 million	Murabaha rate is based on SIBOR plus a fixed profit margin	Sporadic payments	5 years	Saudi Riyals 1,047 million	Saudi Riyals 604 million	Saudi Riyals 1,651 million	None
Local banks	Bayanat	Long-term financing agreement Sharia' compliant	Settling outstanding long-term loans in addition to financing the subsidiary's working capital requirements	Q2, 2013	Saudi Riyals	Saudi Riyals 1.5 billion	Saudi Riyals 1.5 billion	Murabaha rate is based on SIBOR plus a fixed profit margin of 1.25% per annum	Semi-annual scheduled instalments where the last instalment is due on June 17, 2018	5 years	Saudi Riyals 200 million	Saudi Riyals 1,091 million	Saudi Riyals 1,291 million	None
Total											Saudi Riyals 2,413 million	Saudi Riyals 14,580 million	Saudi Riyals 16,993 million	

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. ACCOUNTS PAYABLE

	2014 (Note 2.1)	2013 (Restated)
Capital expenditure payable	**5,948,388**	3,697,128
Trade accounts payable	**1,857,541**	1,345,494
	7,805,929	5,042,622

14. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2014 (Note 2.1)	2013 (Restated)
Accrued telecommunication expenses		**1,594,584**	2,014,731
Deferred revenues		**1,260,523**	1,457,905
Accrued selling and marketing expenses		**605,145**	360,803
Accrued services and maintenance expenses		**383,973**	288,688
Zakat	15	**13,317**	105,625
Other		**988,008**	1,244,308
		4,845,550	5,472,060

15. ZAKAT

The Group is subject to zakat according to the regulations of the Department of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. The Group files its zakat returns on consolidated basis, starting from the financial year ended December 31, 2009 and thereafter, where it includes the Company and its subsidiaries due to the fact that the Group is one economic entity wholly owned and managed by the Company. The following financial information pertains to the consolidated returns of the Group. Since prior year results were restated, certain reclassifications were made to the financial information of 2013 based on the basis of an estimated adjusted return that the Group intends to file with DZIT.

15.1 Calculation of adjusted net income

	2014 (Note 2.1)	2013 (Restated)
(Loss) / income before zakat	**(1,535,301)**	4,771,305
Depreciation	**(1,259,584)**	(1,530,324)
Provisions	**974,244**	282,383
Other	**(5,787)**	-
Adjusted net income	**(1,826,428)**	3,523,364

15.2 Zakat base calculation

The significant components of the zakat base under zakat and income tax regulations are principally comprised of the following:

	Note	2014 (Note 2.1)	2013 (Restated)
Adjusted net (loss)/ income for the year	15.1	**(1,826,428)**	3,523,364
Shareholder's equity at beginning of the year		**18,165,036**	10,615,312
Provisions as at beginning of the year		**1,402,861**	1,146,627
Loans		**13,708,000**	9,307,872
Other additions		**5,979,745**	3,724,836
Property and equipment, as adjusted		**(31,993,375)**	(21,413,631)
Goodwill		**(1,466,865)**	(1,529,886)
Other deductions		**(2,348,823)**	(2,198,595)
Total approximate zakat base		**1,620,151**	3,175,899

Zakat is payable at 2.5 percent of zakat base.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. Zakat (continued)

15.3 Provision for zakat

	Note	2014 (Note 2.1)	2013 (Restated)
January 1		**105,625**	80,310
Charge during the year		**40,504**	79,397
Payments		**(132,812)**	(54,082)
December 31	14	**13,317**	105,625

15.4 Status of final assessments

The Group has filed its zakat returns with DZIT for the years through 2013 and settled its zakat thereon. The Group intends to submit an adjusted zakat return for 2013 as a result of restatements for the year 2013. The expected result of such filing is a lower zakat expense.

The Group has finalized its Zakat status and obtained the final Zakat assessments for the years until 2006. The Group has received Zakat assessments for the years 2007 through 2011 that showed additional zakat and withholding tax assessments of Saudi Riyals 317 million and Saudi Riyals 237 million, respectively, which have been objected by the Group at the preliminary and higher appeal committees. Management believes that it has sufficient grounds to contest the matters included in the assessments and the eventual outcome of the appeal process will not result in any significant liability.

16. PROVISION FOR EMPLOYEE END-OF-SERVICE BENEFITS

	2014	2013
January 1	**157,742**	137,111
Charge during the year	**59,748**	39,189
Payments	**(17,569)**	(18,558)
December 31	**199,921**	157,742

The above provision is based on the following significant assumptions:

	2014	2013
Discount rate	**6.5%**	**6.5**%
Average annual rate of salary increase (per annum compound)	**1.75%**	**1.75**%

17. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-Laws, the Company establishes at every financial year end a statutory reserve by the appropriation of 10% of the annual net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. No transfer to statutory reserve has been made for the year ended December 31, 2014 due to net loss for the year then ended.

18. REVENUES

	2014 (Note 2.1)	2013 (Restated)
Usage	**10,404,894**	14,445,584
Activation and subscription fees	**2,653,799**	1,771,437
Other	**936,324**	1,885,646
	13,995,017	18,102,667

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 REVENUES (continued)

Subsequent to December 31, 2014, Bayanat sent a notice of breach to one of its partners pertaining to the FTTH Partnership Agreement, in which the partner has failed to submit a bank guarantee within the period stipulated in the contract and its addendum. The partner has been requested to rectify such breach and submit the bank guarantee by January 28, 2015 (corresponding to Rabi Al-Thani 8, 1436H). Also see Note 27 for the subsequent cancellation of the project. See Note 2.1 for the change in accounting policy.

Management has reassessed the estimated beneficial economic life of incentives given to customers. This has accelerated the recognition of deferred promotional costs by Saudi Riyals 496 million during 2014 (Note 2.2).

19. COST OF REVENUES

	2014	2013 (Restated)
Cost of utilized inventories	**1,431,936**	1,534,144
Network access charges	**3,245,362**	3,271,065
Government contribution fees in trade earnings*	**972,999**	983,389
Rental and maintenance of network equipment expenses	**984,373**	700,882
Frequency wave fees	**153,732**	127,640
National transmission and interconnection costs	**131,856**	103,757
License fees*	**68,802**	70,821
Other	**106,806**	104,301
	7,095,866	6,895,999

* Total governmental charges for the year ended December 31, 2014 amounted to Saudi Riyals 1.04 billion (2013: Saudi Riyals 1.05 billion). Also see Note 25.2.

20. SELLING AND MARKETING EXPENSES

	2014	2013 (Restated)
Salaries, wages and employee benefits	**950,806**	827,023
Advertisement, promotion and sales commissions	**848,573**	664,803
Flagships rental expenses	**43,576**	40,703
	1,842,955	1,532,529

21. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2014 (Note 2.1)	2013 (Restated)
Provision for doubtful debts	4,10	**690,483**	334,875
Salaries, wages and employees' benefits		**634,741**	903,547
Maintenance		**315,284**	300,925
Consulting and professional services		**218,956**	125,170
Rentals		**122,359**	114,748
Provision for inventory obsolescence	6	**116,987**	-
Management fees and incentives		**99,570**	112,888
Travel and transportation		**42,571**	46,519
Board of Directors' remunerations and allowances		**17,471**	10,885
Other		**551,539**	259,933
		2,809,961	2,209,490

22. DIVIDENDS

The total cash dividends distributed during the financial year ended December 31, 2014 amounted to Saudi Riyals 2,888 million equivalent to Saudi Riyals 3.75 for each outstanding share (December 31, 2013: Saudi Riyals 3,619 million equivalent to Saudi Riyals 4.7 for each outstanding share).

23. (LOSS) / EARNINGS PER SHARE

(Loss) /earnings per share from operating (loss)/ income and from net (loss)/ income for the year is calculated by dividing operating (loss)/ income and net (loss) / income for the year by the average outstanding number of ordinary shares amounting to 770 million shares as at December 31, 2014 and 2013.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

24.1 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow commission rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow commission rate risks.

Financial instruments carried on the balance sheet include cash and cash equivalents, short-term investments, accounts receivable, due from a related party, short-term and long-term loans and notes payable, accounts payable, due to related parties and accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Significant accounting policies for financial assets and liabilities are set out in Note 2.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

24.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with banks with sound credit ratings. The Group has two major customers representing 43% of total accounts receivables as at December 31, 2014 (65% at December 31, 2013). The rest of the balances do not have significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has a robust credit review process.

A credit assessment is being made to check the credit worthiness of major customers prior to signing the contract/accepting their purchase order. Accounts receivable are carried net of provision for doubtful debts.

24.3 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars.

The management closely and continuously monitors the exchange rate fluctuations. Based on its experience, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transactions are in Saudi Riyals and US Dollars.

24.4 Fair value and cash flow commission rate risk

Fair value and cash flow commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial positions and cash flows. The Group's exposure to market risk for changes in commission rates relates primarily to the Group's borrowings which were acquired to finance working capital requirements and capital expenditures. These borrowings are re-priced on a periodic basis and expose the Group to cash flows commission rate risk. The Group's practice is to manage its commission cost through optimizing available cash and minimizing borrowings. When borrowing is necessary, tenor of borrowings is matched against the expected receipts. There is regular review of commission rates to ensure that the impact of such risk is mitigated.

24. Financial instruments and risk management (continued)

24.5 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The management closely and continuously monitors the liquidity risk by performing regular review of available funds as well as present and future commitments. Moreover, the Group monitors the actual cash flows and matches the maturity dates of its financial assets and its financial liabilities. Also see Note 12.

24.6 Price risk

The Group is not exposed to equity securities price risk as it does not currently have significant investments in equity securities as at December 31, 2014.

24.7 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments

The Group had capital commitments resulting from contracts for supply of property and equipment, which were entered into and not yet executed at the consolidated balance sheet date in the amount of Saudi Riyals 7.3 billion as at December 31, 2014 (December 31, 2013: Saudi Riyals 6.1billion).

The Group had commitments in the form of letters of credit amounting to Saudi Riyals 75 million as at December 31, 2014 (2013: Saudi Riyals 75 million).

25.2 Contingent liabilities

The Group had contingent liabilities in the form of letters of guarantee amounting to Saudi Riyals 449 million as at December 31, 2014 (2013: Saudi Riyals 204 million).

The Communication Information Technology Commission (CITC's) violation committee has issued several penalty resolutions against the Group which the Group has opposed in accordance with the Telecom regulations. These resolutions relate to various matters, including the manner of issuing prepaid SIM Cards and providing promotions that have not been approved by CITC.

Multiple lawsuits were filed by the Company against CITC at the Board of Grievances to oppose such resolutions of the CITC's committee in accordance with the Telecom regulations. The status of these lawsuits as at December 31, 2014 is as follows:

- There are 311 lawsuits filed by the Company against CITC amounting to Saudi Riyals 562 million;
- The Board of Grievance has issued 159 preliminary verdicts in favor of the Company voiding 159 resolutions of the CITC's violation committee with total penalties amounting to Saudi Riyals 284 million; and
- Some of these preliminary verdicts have become conclusive (after they were affirmed by the appeal court) resulting in cancellation of penalties with a total amount of Saudi Riyals 64 million.

In addition, there are 8 lawsuits filed by the Company against CITC in relation to the mechanism of calculating the government contribution fees in trade earnings as of December 31, 2014 of which 2 lawsuits have been preliminary ruled in favor of the Company. Subsequently, the Company received final verdict on one of the cases in favor of the Company and two preliminary judgments in favor of the Company. The remaining cases are still being adjudicated before the Board of Grievance.

25. Commitments and contingencies (continued)

Management and Directors believe that the likelihood of additional material liabilities arising from these lawsuits is remote and has adequate and sufficient provision based on the appropriate estimate of the likely payable fees. The external lawyers have also reaffirmed that the expected outcome of these lawsuits would be favorable to the Company.

The Group received additional claims from CITC in December 2014 for which it has provided Saudi Riyals 216 million believing that to be an appropriate estimate of the amounts that it may ultimately have to pay to settle such claims.

The Group is subject to litigation in the normal course of business (Note 19). Management and Directors believe that it has adequate and sufficient provision based on the status of these litigations as of December 31, 2014. Also see Note 15 for contingency related to zakat and withholding taxes.

Furthermore subsequent to year end, there are 147 lawsuits filed by a number of shareholders against the Company before the Committee for the Resolutions of Security Disputes and are currently being adjudicated by the said committee. Management and Directors believe that the likelihood of additional material liabilities arising from these lawsuits is remote.

26. SEGMENT INFORMATION

The Group's operations are substantially comprised of mobile telecommunication services of which the consumer segment represents 81.1% of the Group's revenues for the year ended December 31, 2014 (2013: 80.02%). The Group views its assets and liabilities on an integrated basis without segregation for each operational segment. Furthermore, all of the Group's operations are principally conducted in Saudi Arabia.

27. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on February 24, 2015 (corresponding to Jumada-Awwal 5, 1436H) resolved to cancel an agreement pertaining to FTTH Partnership as the partner failed to submit the required bank guarantee (see Note 18) and the termination agreement was mutually signed by Bayanat and the partner on June 2, 2015 (corresponding to Shaban 15, 1436H).

The Board of Directors in its meeting held on February 24, 2015 (corresponding to Jumada-Awwal 5, 1436H) resolved not to distribute additional dividends for 2014.

The Board of Directors in its meeting held on June 9, 2015 (corresponding to Shaban 22, 1436H) agreed on the settlement of amount due in respect of the cancellation of the Branded Reseller agreement made by one of the partners and the termination agreement was mutually signed by Mobily and the partner on June 15, 2015 (corresponding to Shaban 28, 1436H).

Furthermore, in its announcement on June 27, 2015 (corresponding to Ramadan 10, 1436H), the Board stated that, following a review of outstanding receivables, an additional provision of Saudi Riyals 800 million will be booked against the amount due from Zain and reflected in the Company's interim consolidated financial statements for the three and six-month periods ended June 30, 2015. This increase in provision reflects increasing concerns of the Board over the timing and recoverability of the receivable that have arisen since the year end and is considered as a non-adjusting post balance sheet event.

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year presentation as follows:

	Balance as previously reported	Reclassification	Balance after reclassification
Balance sheet as at December 31, 2013:			
Accounts receivable - current*	8,620,722	(647,620)	7,973,102
Long-term account receivables*	-	575,712	575,712
Prepaid expenses and other assets *	4,195,031	388,827	4,583,858
Accounts payable *	7,382,293	(2,900,348)	4,481,945
Loans and notes payable - current	782,124	2,297,529	3,079,653
Long-term loans and notes payable	9,970,418	546,823	10,517,241
Accrued expenses and other liabilities*	4,147,044	372,915	4,519,959

	Previously reported	Reclassification	After reclassification
Income statement for the year ended December 31, 2013:			
Revenues*	25,190,853	(5,107,450)	20,083,403
Cost of revenues*	(12,242,687)	5,106,138	(7,136,549)
Selling and marketing*	(1,535,100)	(2,779)	(1,537,879)
General and administrative expenses*	(2,222,759)	4,091	(2,218,668)

*See Note 29 in relation to restated amounts.

Reclassified amounts relating to revenues and cost of services and sales, resulted from presenting revenues from sale of bundled handsets and sim cards net of the related costs. Such amounts are presented before the adjustments arising from the restatements discussed in Note 29.

(All amounts in Saudi Riyals thousands unless otherwise stated)

29. RESTATEMENT AND REISSUANCE

The tables below set out the impact on the reissued consolidated financial statements for the year ended December 31, 2014 and corresponding figures of:

a. Restatement - the restatement of revenue, other related items and net income in addition to retained earnings and related balances in the consolidated financial statements for the year ended December 31, 2013 as a result of an error in the timing of revenue recognition resulting from a promotional program. The restatements remain unchanged from the previously reported consolidated financial statements for the year ended December 31, 2014.
b. Reissuance - the change in accounting policy for revenue recognition for certain transactions including finance leases, and the accounting for net property and equipment to previously reported periods as explained in Note 2.1.
c. Reclassification of certain amounts related to CITC. These relate to amounts payable to CITC which are recoverable from other telecoms providers and a gross presentation has therefore been adopted.

Year ended December 31, 2014

Income statement for year ended December 31, 2014:	**Balance as at December 31, 2014 reported in previously issued financial statements**	**Adjustments referred to in 29 (b) to (c) above**	**Balance as at December 31, 2014 after all adjustments**
Revenues	15,748,831	(1,753,814)	13,995,017
Cost of revenues	(7,107,167)	11,301	(7,095,866)
Selling and marketing expenses	(1,842,955)	-	(1,842,955)
General and administrative expenses	(3,822,181)	1,012,220	(2,809,961)
Depreciation and amortization	(3,491,358)	(41,498)	(3,532,856)
Net loss for the year	(913,431)	(662,374)	(1,575,805)
Loss per share (in Saudi Riyals) from:			
Loss from operations	(0.75)	(1.00)	(1.75)
Net loss for the year	(1.19)	(0.86)	(2.05)

(All amounts in Saudi Riyals thousands unless otherwise stated)

29. RESTATEMENT AND REISSUANCE (CONTINUED)

Balance sheet as at December 31, 2014:	**Balance as at December 31, 2014 reported in previously issued financial statements**	**Adjustments referred to in 29 (b) to (c) on page-40**	**Balance as at December 31, 2014 after all adjustments**
Accounts receivable, net	5,050,710	(578,179)	4,472,531
Prepaid expenses and other assets	3,540,203	550,846	4,091,049
Due to related parties	145,274	-	145,274
Accounts payable	6,173,878	1,632,051	7,805,929
Accrued expenses and other liabilities	4,558,013	287,537	4,845,550
Property and equipment, net	23,603,018	469,509	24,072,527
Long-term accounts receivables, net	1,292,776	(1,292,776)	-
Statement of changes in equity as at December 31, 2014:			
Retained earnings	8,949,126	(2,645,706)	6,303,420
Statutory reserve	2,773,453	(124,482)	2,648,971

(All amounts in Saudi Riyals thousands unless otherwise stated)

29. RESTATEMENT AND REISSUANCE (CONTINUED)

Year ended December 31, 2013

Income statement for year ended December 31, 2013:	**Balance as at December 31, 2013 reported in previously issued financial statements**	**Adjustments referred to in 29 (a) on page-40**	**Adjustments referred to in 29 (b) on page-40**	**Balance as at December 31, 2013 after all adjustments**
Revenues*	20,083,403	(903,857)	(1,076,879)	18,102,667
Cost of revenues*	(7,136,549)	149,510	91,040	(6,895,999)
Selling and marketing expenses*	(1,537,879)	5,350	-	(1,532,529)
General and administrative expenses*	(2,218,668)	9,178	-	(2,209,490)
Depreciation and amortization	(2,501,877)	-	(258,059)	(2,759,936)
Net income for the year	6,676,553	(739,819)	(1,244,826)	4,691,908
Earnings per share (in Saudi Riyals) from:				
Income from operations	8.69	(0.96)	(1.62)	6.11
Net income for the year	8.67	(0.96)	(1.62)	6.09

* See Note 28 in relation to reclassified amounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

29. RESTATEMENT AND REISSUANCE (CONTINUED)

Balance sheet as at December 31, 2013:	Balance as at December 31, 2013 reported in previously issued financial statements	Adjustments referred to in 29 (a) on page-40	Adjustments referred to in 29 (b) on page-40	Balance as at December 31, 2013 after all adjustments
Accounts receivable, net*	7,973,102	-	(501,167)	7,471,935
Prepaid expenses and other assets*	4,583,858	55,338	91,041	4,730,237
Due to related parties	112,289	(9,177)	-	103,112
Accounts payable*	4,481,945	(146,836)	707,513	5,042,622
Accrued expenses and other liabilities*	4,519,959	951,170	931	5,472,060
Property and equipment, net	20,733,094	-	(413,532)	20,319,562
Long-term accounts receivable, net*	575,712	-	(575,712)	-
Statement of changes in equity as at December 31, 2013:				
Retained earnings	13,415,895	(665,838)	(1,983,332)	10,766,725
Statutory reserve	2,847,434	(73,981)	(124,482)	2,648,971

Statement of changes in equity as at January 1, 2013:	Balance as at January 1, 2013 reported in previously issued financial statements	Adjustments referred to in 29 (b) on page-40	Balance as at January 1, 2013 after all adjustments
Retained earnings	11,725,997	(862,988)	10,863,009

* See Note 28 in relation to reclassified amounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED)

30.a Reclassifications in the previously reported 2014 quarters

Certain comparative figures have been reclassified to conform to the current year presentation as follows:

	Previously reported	Reclassification	After reclassification
Balance sheet as at December 31, 2014:			
Prepaid expenses and other assets *	3,859,075	448,506	4,307,581
Accrued expenses and other liabilities*	4,510,221	448,506	4,958,727
Balance sheet as at September 30, 2014:			
Prepaid expenses and other assets *	4,732,964	383,629	5,116,593
Current portion of long-term loans	1,082,124	1,163,639	2,245,763
Accounts payable*	7,500,543	(1,809,274)	5,691,269
Accrued expenses and other liabilities*	4,126,033	447,282	4,573,315
Long-term loans	14,267,207	581,982	14,849,189
Income statement for the three-month period ended September 30, 2014:			
Cost of revenues*	(1,673,613)	(4,665)	(1,678,278)
General and administrative expenses	(759,268)	(7,536)	(766,804)
Selling and marketing expenses	(421,233)	12,200	(409,033)
Income statement for the nine-month period ended September 30, 2014:			
Cost of revenues*	(5,034,063)	(4,665)	(5,038,728)
General and administrative expenses	(1,809,296)	(7,536)	(1,816,832)
Selling and marketing expenses	(1,235,434)	12,200	(1,223,234)
Balance sheet as at June 30, 2014:			
Prepaid expenses and other assets *	4,238,502	393,642	4,632,144
Current portion of long-term loans	857,124	558,724	1,415,848
Accounts payable*	7,097,087	(2,038,297)	5,058,790
Accrued expenses and other liabilities*	3,768,971	446,375	4,215,346
Long-term loans	12,669,590	1,426,840	14,096,430
Income statement for the three-month period ended June 30, 2014:			
Revenues*	5,989,688	(1,325,327)	4,664,361
Cost of revenues*	(2,902,079)	1,325,327	(1,576,752)
Income statement for the six-month period ended June 30, 2014:			
Revenues*	12,226,953	(2,726,049)	9,500,904
Cost of revenues*	(6,005,140)	2,721,328	(3,283,812)
General and administrative expenses *	(1,044,711)	4,721	(1,039,990)
Balance sheet as at March 31, 2014:			
Accounts receivable, net*	9,867,222	(475,351)	9,391,871
Long-term account receivables*	-	475,351	475,351
Prepaid expenses and other assets *	4,317,188	393,007	4,710,195
Accounts payable *	6,897,510	(2,526,715)	4,370,795
Loans and notes payable - current	857,124	1,922,896	2,780,020
Long-term loans and notes payable	11,662,698	550,981	12,213,679
Accrued expenses and other liabilities*	4,235,875	445,845	4,681,720
Income statement for the three-month period ended March 31, 2014:			
Revenues*	6,237,265	(1,400,722)	4,836,543
Cost of revenues*	(3,103,061)	1,396,001	(1,707,060)
General and administrative expenses*	(468,269)	4,721	(463,548)

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

30.b Reclassifications in the previously reported 2013 quarters

	Previously reported	Reclassification	After reclassification
Balance sheet as at December 31, 2013:			
Accounts receivable, net*	8,620,722	(647,620)	7,973,102
Long-term account receivables*	-	575,712	575,712
Prepaid expenses and other assets *	4,195,031	388,827	4,583,858
Accounts payable *	7,382,293	(2,900,348)	4,481,945
Loans and notes payable - current	782,124	2,297,529	3,079,653
Long-term loans and notes payable	9,970,418	546,823	10,517,241
Accrued expenses and other liabilities*	4,147,044	372,915	4,519,959
Income statement for the three-month period ended December 31, 2013:			
Revenues*	7,145,611	(1,555,466)	5,590,145
Cost of revenues*	(3,272,604)	1,611,231	(1,661,373)
Selling and marketing*	(431,115)	(168)	(431,283)
General and administrative expenses*	(964,065)	3,093	(960,972)
Other income	124,736	(58,690)	66,046
Income statement for the twelve-month period ended December 31, 2013:			
Revenues*	25,190,853	(5,107,450)	20,083,403
Cost of revenues*	(12,242,687)	5,106,138	(7,136,549)
Selling and marketing*	(1,535,100)	(2,779)	(1,537,879)
General and administrative expenses*	(2,222,759)	4,091	(2,218,668)
Balance sheet as at September 30, 2013:			
Accounts receivable, net*	7,907,374	(436,195)	7,471,179
Accrued expenses and other liabilities*	3,823,265	(436,195)	3,387,070
Income statement for the three-month period ended September 30, 2013:			
Revenues*	6,444,936	(1,495,027)	4,949,909
Cost of revenues*	(3,085,929)	1,483,552	(1,602,377)
Selling and marketing expenses*	(402,862)	26	(402,836)
General and administrative expenses*	(530,626)	(26)	(530,652)
Other income	34,367	11,475	45,842

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

30.b Reclassifications in the previously reported 2013 quarters (continued)

	Previously reported	Reclassification	After reclassification
Income statement for the nine-month period ended September 30, 2013:			
Revenues*	18,045,242	(3,551,984)	14,493,258
Cost of revenues*	(8,970,083)	3,493,294	(5,476,789)
Other income	132,490	58,690	191,180
Balance sheet as at June 30, 2013:			
Accounts receivable, net*	6,551,088	(293,837)	6,257,251
Prepaid expenses and others	2,486,598	71,533	2,558,131
Long-term loans and notes payable	8,574,781	71,533	8,646,314
Accrued expenses and other liabilities*	3,596,383	(293,837)	3,302,546
Income statement for the three-month period ended June 30, 2013:			
Revenues*	5,972,412	(1,163,991)	4,808,421
Cost of revenues*	(2,984,913)	1,151,630	(1,833,283)
Selling and marketing expenses*	(346,522)	(26)	(346,548)
General and administrative expenses*	(328,757)	26	(328,731)
Other income	43,578	12,361	55,939
Income statement for the six-month period ended June 30, 2013:			
Revenues*	11,600,306	(2,056,957)	9,543,349
Cost of revenues*	(5,884,154)	2,009,742	(3,874,412)
Selling and marketing expenses*	(701,123)	(26)	(701,149)
General and administrative expenses*	(728,068)	26	(728,042)
Other income	98,123	47,215	145,338
Balance sheet as at March 31, 2013:			
Accounts receivable, net	6,107,742	(273,941)	5,833,801
Accrued expenses and other liabilities*	3,775,443	(273,941)	3,501,502
Income statement for three-month period ended March 31, 2013:			
Revenues	5,627,894	(892,966)	4,734,928
Costs of revenues	(2,899,241)	858,112	(2,041,129)
Other income	54,545	34,854	89,399

Reclassified amounts relating to revenues and cost of services and sales, resulted from presenting revenues from sale of bundled handsets and sim cards net of the related costs. Such amounts are presented before the adjustments (where relevant marked *) arising from the restatements discussed below. Reclassifications also include the CITC reclassification for December 31, 2013 and December 31, 2014 quarterly reporting only as information is not available for other quarters. The CITC reclassification as of December 31, 2014 is included in Note 29 as adjustment (c) as no separate reclassification table is presented for December 31, 2014.

The income statement for the three-month period ended December 31, 2013 was previously reported in the Q4, 2014 financial statements after certain reclassifications and restatement had been made.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

The tables below set out the impact on the quarterly financial statements for the periods ended March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 and the respective corresponding figures of:

a. Restatement - the restatement of revenue, other related items and net income in addition to retained earnings and related balances in the consolidated financial statements as a result of an error in the timing of revenue recognition resulting from a promotional program. The restatements remain unchanged from the previously reported interim consolidated financial statements for the quarter ended September 30, 2014.
b. Reissuance - the change in accounting policy for revenue recognition for certain transactions, including finance leases, and the accounting for net property and equipment for previously reported periods as explained in Note 2.1.

Revisions to accounting estimates adjustments (as explained in Note 2.2) reflect the changes between the Quarter 4, 2014 financial statements and the audited financial statements for the year ended December 31, 2014.

Year ended December 31, 2014

Income statement for three-month period ended December 31, 2014:	**Balance as at December 31, 2014 reported in previously issued financial statements**	**Revision to accounting estimates adjustments**	**Adjustments referred to in 30 (b) above**	**Balance as at December 31, 2014 after all adjustments**
Revenues	2,791,862	(75,092)	(3,198)	2,713,572
Cost of revenues	(1,877,347)	(186,371)	-	(2,063,718)
Selling and marketing expenses	(619,165)	(557)	-	(619,722)
General and administrative expenses	(1,333,823)	(676,246)	1,012,219	(997,850)
Depreciation and amortization	(1,104,287)	1,340	182,831	(920,116)
Net loss for the period	(2,276,511)	(1,133,204)	1,301,268	(2,108,447)
Earnings per share (in Saudi Riyals) from:				
Loss from operations	(2.86)	(1.22)	1.55	(2.53)
Net loss for the period	(2.96)	(1.47)	1.69	(2.74)

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Income statement for year ended December 31, 2014:	**Balance as at December 31, 2014 reported in previously issued financial statements**	**Revision to accounting estimates adjustments**	**Adjustments referred to in 30 (b) on page 47**	**Balance as at December 31, 2014 after all adjustments**
Revenues	15,823,923	(75,092)	(1,753,814)	13,995,017
Cost of revenues	(6,920,796)	(186,371)	11,301	(7,095,866)
Selling and marketing expenses	(1,842,398)	(557)	-	(1,842,955)
General and administrative expenses	(3,145,935)	(676,246)	1,012,220	(2,809,961)
Depreciation and amortization	(3,492,698)	1,340	(41,498)	(3,532,856)
Net income / (loss) for the year	219,773	(1,133,204)	(662,374)	(1,575,805)
Earnings/ (loss) per share (in Saudi Riyals) from:				
Income/ (loss) from operations	0.47	(1.22)	(1.00)	(1.75)
Net income/ (loss) for the year	0.29	(1.47)	(0.86)	(2.05)
Balance sheet as at December 31, 2014:				
Cash and cash equivalents	1,975,700	(11,368)	-	1,964,332
Accounts receivable, net	5,255,421	(204,711)	(578,179)	4,472,531
Prepaid expenses and other assets *	4,307,581	(318,873)	102,341	4,091,049
Due to related parties	145,303	(29)	-	145,274
Accounts payable	6,130,155	43,723	1,632,051	7,805,929
Accrued expenses and other liabilities *	4,958,727	47,791	(160,968)	4,845,550
Property and equipment, net	23,785,201	(182,183)	469,509	24,072,527
Long-term accounts receivables, net	1,703,474	(410,698)	(1,292,776)	-
Investment in associates	15,927	8,186	-	24,113
Loans and notes payable	17,071,390	(77,928)	-	16,993,462
Statement of changes in equity as at December 31, 2014:				
Retained earnings	10,060,353	(1,111,227)	(2,645,706)	6,303,420
Statutory reserve	2,795,430	(21,977)	(124,482)	2,648,971

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Three and nine-month periods ended September 30, 2014 (Unaudited)

Income statement for three-month period ended September 30, 2014:	Balance as at September 30, 2014 reported in previously issued financial statements	Adjustments referred to in 30 (b) on page 47	Balance as at September 30, 2014 after all adjustments
Revenues	4,158,873	(299,009)	3,859,864
Cost of revenues *	(1,678,278)	2,220	(1,676,058)
Depreciation and amortization	(835,405)	(45,552)	(880,957)
Net income for the period	471,797	(342,340)	129,457
Earnings per share (in Saudi Riyals) from:			
Income from operations	0.61	(0.44)	0.17
Net income for the period	0.61	(0.44)	0.17
Income statement for nine-month period ended September 30, 2014:			
Revenues	13,032,061	(1,750,615)	11,281,446
Cost of revenues *	(5,038,728)	11,301	(5,027,427)
Depreciation and amortization	(2,388,411)	(224,328)	(2,612,739)
Net income for the period	2,496,285	(1,963,642)	532,643
Earnings per share (in Saudi Riyals) from:			
Income from operations	3.33	(2.55)	0.78
Net income for the period	3.24	(2.55)	0.69

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Balance sheet as at September 30, 2014

	Balance as at September 30, 2014 reported in previously issued financial statements	Adjustments referred to in 30 (b) on page 47	Balance as at September 30, 2014 after all adjustments
Accounts receivable, net	6,899,374	(673,099)	6,226,275
Prepaid expenses and other assets *	5,116,593	102,341	5,218,934
Accounts payable *	5,691,269	2,703,803	8,395,072
Accrued expenses and other liabilities *	4,573,315	(6,084)	4,567,231
Property and equipment, net	22,910,816	1,358,431	24,269,247
Long-term accounts receivables, net	2,161,408	(2,161,408)	-

Statement of changes in equity as at September 30, 2014:

Retained earnings	12,358,842	(3,946,972)	8,411,870
Statutory reserve	2,773,453	(124,482)	2,648,971

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Three and six-month periods ended June 30, 2014 (Unaudited)

Income statement for three-month period ended June 30, 2014:	**Balance as at June 30, 2014 reported in previously issued financial statements**	**Adjustments referred to in 30 (a) on page 47**	**Adjustments referred to in 30 (b) on page 47**	**Balance as at June 30, 2014 after all adjustments**
Revenues *	4,664,361	(885,386)	(210,450)	3,568,525
Cost of revenues *	(1,576,752)	(39,550)	(50,433)	(1,666,735)
Selling and marketing expenses	(419,430)	(709)	-	(420,139)
General and administrative expenses	(576,442)	(2,748)	-	(579,190)
Depreciation and amortization	(789,925)	-	(59,065)	(848,990)
Net income for the period	1,311,895	(899,452)	(319,948)	92,495
Earnings per share (in Saudi Riyals) from:				
Income from operations	1.69	(1.21)	(0.42)	0.07
Net income for the period	1.71	(1.17)	(0.42)	0.12
Income statement for six-month period ended June 30, 2014:				
Revenues *	9,500,904	(627,716)	(1,451,606)	7,421,582
Cost of revenues *	(3,283,812)	(81,359)	9,081	(3,356,090)
Selling and marketing expenses	(812,617)	(1,583)	-	(814,200)
General and administrative expenses *	(1,039,990)	(5,317)	-	(1,045,307)
Depreciation and amortization	(1,553,006)	-	(178,776)	(1,731,782)
Net income for the period	2,711,521	(687,034)	(1,621,301)	403,186
Earnings per share (in Saudi Riyals) from:				
Income from operations	3.65	(0.93)	(2.11)	0.61
Net income for the period	3.52	(0.89)	(2.11)	0.52

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Balance sheet as at June 30, 2014

	Balance as at June 30, 2014 reported in previously issued financial statements	Adjustments referred to in 30 (a) on page 47	Adjustments referred to in 30 (b) on page 47	Balance as at June 30, 2014 after all adjustments
Accounts receivable, net	10,175,383	(1,473,466)	(2,538,018)	6,163,899
Prepaid expenses and other assets *	4,632,144	23,863	100,121	4,756,128
Due to related parties	67,686	(3,859)	-	63,827
Accounts payable *	5,058,790	(61,745)	1,873,797	6,870,842
Accrued expenses and other liabilities *	4,215,346	42,857	(8,603)	4,249,600
Property and equipment, net	22,595,717	-	573,978	23,169,695

Statement of changes in equity as at June 30, 2014:

Retained earnings	14,202,416	(1,352,874)	(3,604,631)	9,244,911
Statutory reserve	2,847,434	(73,981)	(124,482)	2,648,971

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Three-month period ended March 31, 2014 (Unaudited)

Income statement for three-month period ended March 31, 2014:	**Balance as at March 31, 2014 reported in previously issued financial statements**	**Adjustments referred to in 30 (a) on page 47**	**Adjustments referred to in 30 (b) on page 47**	**Balance as at March 31, 2014 after all adjustments**
Revenues *	4,836,543	257,670	(1,241,156)	3,853,057
Cost of revenues *	(1,707,060)	(41,809)	59,514	(1,689,355)
Selling and marketing expenses	(393,187)	(874)	-	(394,061)
General and administrative expenses *	(463,548)	(2,570)	-	(466,118)
Depreciation and amortization	(763,081)	-	(119,712)	(882,793)
Net income for the period	1,399,626	212,418	(1,301,355)	310,689
Earnings per share (in Saudi Riyals) from:				
Income from operations	1.96	0.28	(1.69)	0.55
Net income for the period	1.82	0.28	(1.69)	0.40
Balance sheet as at March 31, 2014:				
Accounts receivable, net *	9,391,871	-	(1,883,479)	7,508,392
Prepaid expenses and other assets *	4,710,195	39,469	150,553	4,900,217
Due to related parties	30,627	(6,607)	-	24,020
Accounts payable*	4,370,795	(105,720)	1,180,520	5,445,595
Accrued expenses and other liabilities*	4,681,720	679,199	(39,865)	5,321,054
Property and equipment, net	21,628,434	-	(60,235)	21,568,199
Long-term accounts receivables, net *	475,351	-	(475,351)	-
Statement of changes in equity as at March 31, 2014:				
Retained earnings	13,853,021	(453,422)	(3,284,685)	10,114,914
Statutory reserve	2,847,434	(73,981)	(124,482)	2,648,971

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Year ended December 31, 2013 (unaudited)

Income statement for three-month ended December 31, 2013:	**Balance as at December 31, 2013 reported in previously issued financial statements**	**Adjustments referred to in 30 (a) on page 47**	**Adjustments referred to in 30 (b) on page 47**	**Balance as at December 31, 2013 after all adjustments**
Revenues*	5,590,145	(426,147)	(942,179)	4,221,819
Cost of revenues*	(1,661,373)	70,826	91,040	(1,499,507)
Selling and marketing expenses*	(431,283)	4,045	-	(427,238)
General and administrative expenses*	(960,972)	4,427	-	(956,545)
Depreciation and amortization	(544,638)	-	(60,325)	(604,963)
Net income for the period	2,039,270	(346,849)	(912,392)	780,029
Earnings per share (in Saudi Riyals) from:				
Income from operations	2.59	(0.45)	(1.18)	0.95
Net income for the period	2.65	(0.45)	(1.18)	1.01
Income statement for year ended December 31, 2013:				
Revenues*	20,083,403	(903,857)	(1,076,879)	18,102,667
Cost of revenues*	(7,136,549)	149,510	91,040	(6,895,999)
Selling and marketing expenses*	(1,537,879)	5,350	-	(1,532,529)
General and administrative expenses*	(2,218,668)	9,178	-	(2,209,490)
Depreciation and amortization	(2,501,877)	-	(258,059)	(2,759,936)
Net income for the year	6,676,553	(739,819)	(1,244,826)	4,691,908
Earnings per share (in Saudi Riyals) from:				
Income from operations	8.69	(0.96)	(1.62)	6.11
Net income for the year	8.67	(0.96)	(1.62)	6.09

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Balance sheet as at December 31, 2013:

	Balance as at December 31, 2013 reported in previously issued financial statements	Adjustments referred to in 30 (a) on page 47	Adjustments referred to in 30 (b) on page 47	Balance as at December 31, 2013 after all adjustments
Accounts receivable, net *	7,973,102	-	(501,167)	7,471,935
Prepaid expenses and other assets *	4,583,858	55,338	91,041	4,730,237
Due to related parties	112,289	(9,177)	-	103,112
Accounts payable*	4,481,945	(146,836)	707,513	5,042,622
Accrued expenses and other liabilities*	4,519,959	951,170	931	5,472,060
Property and equipment, net	20,733,094	-	(413,532)	20,319,562
Long-term accounts receivables, net *	575,712	-	(575,712)	-

Statement of changes in equity as at December 31, 2013:

Retained earnings	13,415,895	(665,838)	(1,983,332)	10,766,725
Statutory reserve	2,847,434	(73,981)	(124,482)	2,648,971

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Three and nine-month periods ended September 30, 2013 (Unaudited)

Income statement for three-month period ended September 30, 2013:	**Balance as at September 30, 2013 reported in previously issued financial statements**	**Adjustments referred to in 30 (a) on page 47**	**Adjustments referred to in 30 (b) on page 47**	**Balance as at September 30, 2013 after all adjustments**
Revenues *	4,949,909	(66,454)	(134,700)	4,748,755
Cost of revenues *	(1,602,377)	10,947	-	(1,591,430)
Selling and marketing expenses *	(402,836)	181	-	(402,655)
General and administrative expenses *	(530,652)	659	-	(529,993)
Depreciation and amortization	(684,138)	-	(52,666)	(736,804)
Net income for the period	1,686,604	(54,667)	(187,366)	1,444,571
Earnings per share (in Saudi Riyals) from:				
Income from operations	2.26	(0.08)	(0.24)	1.94
Net income for the period	2.19	(0.07)	(0.24)	1.88
Income statement for nine-month period ended September 30, 2013:				
Revenues *	14,493,258	(477,710)	(134,700)	13,880,848
Cost of revenues *	(5,476,789)	78,684	-	(5,398,105)
Selling and marketing expenses	(1,103,985)	1,305	-	(1,102,680)
General and administrative expenses	(1,258,694)	4,748	-	(1,253,946)
Depreciation and amortization	(1,957,239)	-	(197,734)	(2,154,973)
Net income for the period	4,637,284	(392,972)	(332,434)	3,911,878
Earnings per share (in Saudi Riyals) from:				
Income from operations	6.10	(0.51)	(0.43)	5.16
Net income for the period	6.02	(0.51)	(0.43)	5.08

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Balance sheet as at September 30, 2013

	Balance as at September 30, 2013 reported in previously issued financial statements	Adjustments referred to in 30 (a) on page 47	Adjustments referred to in 30 (b) on page 47	Balance as at September 30, 2013 after all adjustments
Accounts receivable, net *	7,471,179	-	(134,700)	7,336,479
Prepaid expenses and other assets	3,613,051	31,359	-	3,644,410
Due to related parties	23,796	(4,751)	-	19,045
Accounts payable	6,622,189	-	722,486	7,344,675
Accrued expenses and other liabilities*	3,387,070	429,082	-	3,816,152
Property and equipment, net	19,677,291	-	(338,233)	19,339,058

Statement of changes in equity as at September 30, 2013:

Retained earnings	12,968,281	(392,972)	(1,195,419)	11,379,890

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Three and six-month periods ended June 30, 2013 (Unaudited)

Income statement for three-month period ended June 30, 2013:	**Balance as at June 30, 2013 reported in previously issued financial statements**	**Adjustments referred to in 30 (a) on page 47**	**Adjustments referred to in 30 (b) on page 47**	**Balance as at June 30, 2013 after all adjustments**
Revenues *	4,808,421	(411,255)	-	4,397,166
Cost of revenues *	(1,833,283)	67,739	-	(1,765,544)
Selling and marketing expenses *	(346,548)	1,123	-	(345,425)
General and administrative expenses *	(328,731)	4,090	-	(324,641)
Depreciation and amortization	(660,262)	-	(75,479)	(735,741)
Net income for the period	1,611,042	(338,304)	(75,479)	1,197,259
Earnings per share (in Saudi Riyals) from:				
Income from operations	2.13	(0.44)	(0.10)	1.59
Net income for the period	2.09	(0.44)	(0.10)	1.55
Income statement for six-month period ended June 30, 2013:				
Revenues *	9,543,349	(411,255)	-	9,132,094
Cost of revenues *	(3,874,412)	67,739	-	(3,806,673)
Selling and marketing expenses *	(701,149)	1,123	-	(700,026)
General and administrative expenses *	(728,042)	4,090	-	(723,952)
Depreciation and amortization	(1,273,101)	-	(145,069)	(1,418,170)
Net income for the period	2,950,680	(338,304)	(145,069)	2,467,307
Earnings per share (in Saudi Riyals) from:				
Income from operations	3.85	(0.44)	(0.19)	3.23
Net income for the period	3.83	(0.44)	(0.19)	3.20

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Balance sheet as at June 30, 2013

	Balance as at June 30, 2013 reported in previously issued financial statements	Adjustments referred to in 30 (a) on page 47	Adjustments referred to in 30 (b) on page 47	Balance as at June 30, 2013 after all adjustments
Prepaid expenses and other assets *	2,558,131	26,996	-	2,585,127
Due to related parties	42,774	(4,090)	-	38,684
Accounts payable	6,012,528	-	633,012	6,645,540
Accrued expenses and other liabilities*	3,302,546	369,389	-	3,671,935
Property and equipment, net	19,085,290	-	(375,041)	18,710,249
Statement of changes in equity as at June 30, 2013:				
Retained earnings	12,205,677	(338,304)	(1,008,053)	10,859,320

* Balances were reclassified (see 30.a).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. RECLASSIFICATION AND RESTATEMENT PERTAINING TO PREVIOUSLY REPORTED QUARTERS (UNAUDITED) (CONTINUED)

Three month period ended March 31, 2013 (Unaudited)

Income statement for three-month period ended March 31, 2013:	**Balance as at March 31, 2013 reported in previously issued financial statements**	**Adjustments referred to in 30 (b) on page 47**	**Balance as at March 31, 2013 after all adjustments**
Depreciation and amortization	(612,839)	(69,590)	(682,429)
Net income for the period	1,339,638	(69,590)	1,270,048
Earnings per share (in Saudi Riyals) from:			
Income from operations	1.72	(0.09)	1.63
Net income for the period	1.74	(0.09)	1.65
Balance sheet as at March 31, 2013:			
Accounts payable	5,475,935	555,583	6,031,518
Property and equipment, net	17,937,255	(376,991)	17,560,264
Statement of changes in equity as at March 31, 2013:			
Retained earnings	11,480,135	(932,574)	10,547,561

* Balances were reclassified (see 30.a).