ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2014 AND INDEPENDENT AUDITORS' REVIEW REPORT

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014

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LIMITED REVIEW REPORT November 2, 2014

To the Shareholders of Etihad Etisalat Company
(A Saudi joint stock company)

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Etihad Etisalat Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2014 and the interim consolidated income statement for the three-month and nine-month periods ended September 30, 2014, and the interim consolidated statements of cash flows, and changes in shareholders' equity for the nine-month period then ended, and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting standards generally accepted in Saudi Arabia.

Emphasis of matters

We draw attention to Note 14 to the accompanying interim consolidated financial statements, which outlines the impact of restatements of revenue and net income, in addition to retained earnings and related balances, in:

1) the consolidated financial statements for the year ended December 31, 2013 and the interim consolidated financial statements for the comparative period in 2013 and for the periods ended March 31, 2014 and June 30, 2014 as a result of an error in the timing of revenue recognition in respect of a promotional program, and

2) the interim consolidated financial statements for the period ended June 30, 2014 relating to the timing of revenue recognition in respect of leasing elements of the fiber-optic communication network due to a lack of readiness for use in full by the end user of the service.

PricewaterhouseCoopers

By: ______________________
Khalid A. Mahdhar
License Number 368

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

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED BALANCE SHEET (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

		As at September 30,	
ASSETS	**Notes**	**2014**	2013 (Restated)
Current assets			
Cash and cash equivalents		**1,290,767**	1,410,576
Short-term investment		**1,100,000**	-
Accounts receivable, net		**6,899,374**	7,471,179
Due from a related party		**61,046**	36,213
Inventories, net		**841,852**	744,001
Prepaid expenses and other assets		**4,732,964**	3,644,410
Total current assets		**14,926,003**	13,306,379
Non-current assets			
Property and equipment, net	4	**22,910,816**	19,677,291
Licenses' acquisition fees, net	5	**8,570,410**	9,032,757
Long-term accounts receivables		**2,161,408**	-
Goodwill		**1,529,886**	1,529,886
Investment in an associate		**5,279**	-
Total non-current assets		**35,177,799**	30,239,934
TOTAL ASSETS		**50,103,802**	43,546,313
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Current portion of long-term loans	6	**1,082,124**	725,000
Accounts payable		**7,500,543**	6,622,189
Due to related parties		**111,017**	19,045
Accrued expenses and other liabilities		**4,126,033**	3,816,152
Total current liabilities		**12,819,717**	11,182,386
Non-current liabilities			
Long-term loans	6	**14,267,207**	9,759,162
Provision for end-of-service benefits		**183,083**	149,677
Total non-current liabilities		**14,450,290**	9,908,839
TOTAL LIABILITIES		**27,270,007**	21,091,225
EQUITY			
SHAREHOLDERS' EQUITY			
Authorized, issued and outstanding share capital	1	**7,700,000**	7,700,000
Statutory reserve	7	**2,773,453**	2,179,779
Retained earnings		**12,358,842**	12,575,309
Total shareholders' equity		**22,832,295**	22,455,088
Minority interest		**1,500**	-
Total equity		**22,833,795**	22,455,088
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**50,103,802**	43,546,313

The accompanying notes from page 6 to page 22 form an integral part of these interim consolidated financial statements.

Chief Financial Officer
Thamer Mohamed Al Hosani

Managing Director and Chief Executive Officer
Khalid Omar Al Kaf

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED INCOME STATEMENT (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the three-month period ended September 30,		For the nine-month period ended September 30,	
	Notes	**2014**	2013 (Restated)	**2014**	2013 (Restated)
Revenues		**4,158,873**	4,883,455	**13,032,061**	14,015,548
Cost of services and sales		**(1,673,613)**	(1,591,430)	**(5,034,063)**	(5,398,105)
Gross profit		**2,485,260**	3,292,025	**7,997,998**	8,617,443
Operating expenses:					
Selling and marketing expenses		**(421,233)**	(402,656)	**(1,235,434)**	(1,102,680)
General and administrative expenses		**(759,268)**	(529,992)	**(1,809,296)**	(1,253,946)
Depreciation and amortization	4, 5	**(835,405)**	(684,138)	**(2,388,411)**	(1,957,239)
Total operating expenses		**(2,015,906)**	(1,616,786)	**(5,433,141)**	(4,313,865)
Income from main operations		**469,354**	1,675,239	**2,564,857**	4,303,578
Other income (expense):					
Finance expenses	6	**(64,485)**	(55,944)	**(180,498)**	(148,757)
Other income		**108,706**	45,842	**233,195**	191,181
Company's share in loss of an associate		**(104)**	-	**(352)**	-
Income before zakat		**513,471**	1,665,137	**2,617,202**	4,346,002
Zakat		**(41,672)**	(33,200)	**(120,917)**	(101,690)
NET INCOME FOR THE PERIOD		**471,799**	1,631,937	**2,496,285**	4,244,312
Earnings per share (in Saudi Riyals) from:					
Income from main operations	8	**0.61**	2.18	**3.33**	5.59
Net income for the period	8	**0.61**	2.12	**3.24**	5.51

The accompanying notes from page 6 to page 22 form an integral part of these interim consolidated financial statements.

Chief Financial Officer
Thamer Mohamed Al Hosani

Managing Director and Chief Executive Officer
Khalid Omar Al Kaf

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the nine-month period ended September 30,	
	2014	2013 (Restated)
OPERATING ACTIVITIES		
Net income for the period	**2,496,285**	4,244,312
Adjustments to reconcile income before zakat to net cash from operating activities:		
Depreciation	**1,970,384**	1,527,206
Amortization of licenses' acquisition fees	**418,027**	430,033
Provision for doubtful debts	**340,509**	137,614
Finance expenses	**180,498**	148,757
Changes in working capital:		
Accounts receivable	**(780,569)**	(2,031,707)
Due from a related party	**(27,776)**	(30,101)
Inventories	**72,669**	(22,607)
Prepaid expenses and other assets	**348,347**	(605,211)
Accounts payable	**771,644**	(239,537)
Due to related parties	**7,905**	(113,262)
Accrued expenses and other liabilities	**(972,182)**	533,447
Provision for end-of-service benefits, net	**25,341**	12,566
Net cash provided from operating activities	**4,851,082**	3,991,510
INVESTING ACTIVITIES		
Short-term investment	**(1,100,000)**	-
Purchase of property and equipment	**(5,488,107)**	(3,232,771)
Disposals of property and equipment, net	**2,502**	18,442
Acquisition of licenses, net	**(75,646)**	(50,983)
Investment in an associate	**352**	-
Net cash used in investing activities	**(6,660,899)**	(3,265,312)
FINANCING ACTIVITIES		
Proceeds from long-term loans	**5,406,709**	3,587,916
Payment of long-term loans	**(821,107)**	(1,359,900)
Finance expenses paid	**(169,311)**	(150,718)
Cash dividends	**(2,887,500)**	(2,695,000)
Changes in minority interest	**1,500**	-
Net cash provided from (used in) financing activities	**1,530,291**	(617,702)
Net change in cash and cash equivalents	**(279,526)**	108,496
Cash and cash equivalents, beginning of the period	**1,570,293**	1,302,080
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**1,290,767**	1,410,576
Supplemental non-cash information		
Transfer from retained earnings to share capital	**-**	700,000
Property and equipment purchases credited to capital expenditures payable	**506,556**	1,281,295

The accompanying notes from page 6 to page 22 form an integral part of these interim consolidated financial statements.

Chief Financial Officer
Thamer Mohamed Al Hosani

Managing Director and Chief Executive Officer
Khalid Omar Al Kaf

ETIHAD ETISALAT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	Share capital	Statutory reserve	Retained earnings	Total
Balance at January 1, 2013		7,000,000	2,179,779	11,725,997	20,905,776
Net income for the period till September 30, 2013 (restated)	14	-	-	4,244,312	4,244,312
Transfer from retained earnings to share capital	1	700,000	-	(700,000)	-
Dividends	9	-	-	(2,695,000)	(2,695,000)
Balance at September 30,2013 (restated)	14	7,700,000	2,179,779	12,575,309	22,455,088
Net income for the period from October 1, 2013 till December 31, 2013 (restated)	14	-	-	1,692,422	1,692,422
Transfer to statutory reserve (restated)	7, 14	-	593,674	(593,674)	-
Dividends	9	-	-	(924,000)	(924,000)
Balance at December 31, 2013 (restated)	14	7,700,000	2,773,453	12,750,057	23,223,510
Net income for the period		-	-	2,496,285	2,496,285
Dividends	9	-	-	(2,887,500)	(2,887,500)
Balance at September 30, 2014		**7,700,000**	**2,773,453**	**12,358,842**	**22,832,295**

The accompanying notes from page 6 to page 23 form an integral part of these interim consolidated financial statements.

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 Dhul Hijjah 2, 1425H (corresponding to December 14, 2004). 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 Rajab 2, 1425H (corresponding to August 18, 2004) 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 Jumada II 23, 1425H (corresponding to August 10, 2004), 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.

The Extraordinary General Assembly decided in its meeting held on Safar 30, 1434H (corresponding to January 12, 2013) 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. Accordingly, the total number of shares to increase by 70 million shares from 700 million shares to 770 million shares. The legal formalities related to the increase in the Company's share capital were completed during the first quarter in 2013.

The Company's share capital amounting to Saudi Riyals 7.7 billion consists of 770 million shares of Saudi Riyals 10 each, paid in full as at December 31, 2013. The Company's share capital amounted to Saudi Riyals 7 billion consists of 700 million shares of Saudi Riyals 10 each, paid in full as at December 31, 2012.

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.

Further to the announcement published on Tadawul's website on March 30, 2014 regarding the Indefeasible Rights of Use ("IRU") Agreement between Bayanat Al-Oula Network Services Company "Bayanat", a subsidiary of Mobily and Etihad Atheeb Telecommunication Company ("Atheeb"). Bayanat was supposed 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. This transaction has no effect on the result of the Company for the nine-month period ended September 30, 2014.

1.2 Subsidiary companies

The consolidated financial statements of the Group include the financial information of the below subsidiaries (see also Note 2-2);

1.2.1 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 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 company.

1.2.2 Bayanat Al-Oula for Network Services Company

During the year 2008, the Company acquired 99% of the partners' shares in Bayanat Al-Oula for Network Services Company, a Saudi limited liability company. The acquisition included the company'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. It worth mentioning that the remaining 1% is owned by National Company for Business Solutions, a subsidiary company.

1.2.3 National Company for Business Solutions

During the year 2008, the Company invested in 95% of the share capital of a subsidiary company, National Company for Business Solutions, a Saudi limited liability company. It worth mentioning that the remaining 5% is owned by Bayanat Al-Oula for Network Services Company, a subsidiary 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 the 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. It worth mentioning that the remaining 4% is owned by National Company for Business Solutions, a subsidiary company.

1.2.5 Mobily Plug & Play LLC

During the first quarter of 2014, the Company had completed the legal formalities pertaining to the investment of 60% of Mobily Plug & Play LLC. It worth mentioning that the remaining 40% is owned by Plug & Play International, a company incorporated in USA.

1.2.6 Sehati for Information Service Company

During 2014, the Company had completed the legal formalities pertaining to the investment of 90% of Sehati for Information Service Company. It worth mentioning that the remaining 10% is owned by Bayanat Al-Oula for Network Services Company, a subsidiary company.

1.2.7 Mobily Ventures Holding SPC

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

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

- To establish and own companies specializing in commercial activities, including those typically engaged by the Promoter.
- To 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.
- To invest funds in shares, bonds and other securities.
- To own real estate and other assets necessary for undertaking its activities within the limited pertained by law.
- To 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.
- To have interest or participate in any manner in institutions which carry on similar activities or which may assist the Company in realizing its own objects in the Kingdom of Bahrain or abroad. The Company may acquire such entities or merge therewith.
- To perform all acts and services relating to the realization of the foregoing objects.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements are prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The significant accounting policies adopted are as follows:

2.1 Interim consolidated financial statements

The Group prepares its interim consolidated financial statements in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA. Each interim period is an integral part of the financial year. Revenues, expenses and provisions for a period are recorded and presented in the interim consolidated financial statements for that period. The results for the interim period may not give an accurate indication of the annual operating results.

2.2 Basis of consolidation

The accompanying interim consolidated financial statements include the financial statements of the Company and its subsidiaries listed below, after elimination of significant inter-company balances and transactions, as well as gains (losses) arising from transactions with the subsidiaries. An investee company is classified as a subsidiary based on the degree of effective control exercised by the Company over these companies compared to other shareholders, from the date on which control is transferred to the Company.

Except for the subsidiary, Mobily Plug & Play LLC, The Company's equity share in the net income (losses) of the subsidiaries is computed at 100% based on direct investment in the share capital of the other subsidiaries and indirect investment by certain subsidiaries. The Company's equity share in the net income (losses) of the subsidiary Mobily Plug & Play is computed at 60% based on direct investment in its share capital as at September 30, 2014:

Name	Country of incorporation	Ownership percentage	
		Direct	Indirect
Mobily Ventures Holding SPC	Bahrain	100.00%	-
Mobily Info Tech Limited Company	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	Saudi Arabia	90.00%	10.00%
Mobily Plug & Play LLC	Saudi Arabia	60.00%	-

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.3 Accounting convention

The accompanying interim 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.

2.4 Critical accounting estimates and judgments

The preparation of interim 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. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

2.5 Cash and cash equivalents

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

2.6 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.

2.7 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 interim 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.

2.8 Inventories

Inventories comprise of mobile phones' SIM cards, pre-paid cards, scratch cards, mobile phones and other telecommunication equipment. 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.

2.9 Property and equipment

Property and equipment, except land, are stated at cost less accumulated depreciation. Land and capital work in progress are stated at cost. Routine repair and maintenance costs are expensed as incurred. Depreciation on property and equipment is charged to the interim consolidated statement of income using the straight line method over their estimated useful lives at the following depreciation rates:

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

Major renovations and improvements are capitalized if they increase the productivity or the operating useful life of the assets as well as direct costs. Minor repairs and improvements 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 interim consolidated statement of income.

2.10 Licenses' acquisition fees

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

2.11 Goodwill

Goodwill represents the excess of consideration paid for the acquisition of a subsidiary over the fair value of the net assets acquired at the acquisition date and is measured at the end of each financial period and reported in the interim consolidated financial statements at carrying value after adjustments for impairment in value, if any.

2.12 Investment in an associate

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 interim 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 in investments in associates are recognized in the interim consolidated statement of income.

2.13 Impairment of non-current assets

The carrying amounts of the Group's assets are reviewed at each consolidated balance sheet date to check whether there is an indication of permanent impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is incurred and charged to the interim consolidated statement of income whenever the carrying amount of the assets exceeds its recoverable amount.

2.14 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 interim consolidated statement of income.

2.15 Accounts payable

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

2.16 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.

2.17 Zakat and income tax

Zakat is provided for in accordance with the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis and is computed on the zakat base at year end. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

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

The tax relating to the subsidiary operating outside the Kingdom of Saudi Arabia is calculated in accordance with tax laws applicable in its country and is recorded under "General and administrative expenses" in the interim consolidated statement of income.

2.18 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 interim consolidated statement of income. The liability is calculated; as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

2.19 Revenue recognition

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. Revenue is recognised when the following conditions are met:

1. the amount of revenue can be measured reliably;
2. it is probably that the economic benefits associated with the transaction will flow to the Group;
3. the stage of completion of the transaction at the month-end date can be measured reliably; and
4. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Group's revenue comprises revenue from mobile telecommunications, data services, and sale of related equipment.

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 Company's network.

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.

Connection or activation fees, including those to brand re-sellers allowing them access to the Mobily network 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.

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.

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.

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.

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.

Revenue from sale of bundled handsets and SIM cards is presented net of the related costs.

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. 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 prices at which the deliverable is regularly sold on a standalone basis.

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.

2.20 Costs and expenses

2.20.1 Cost of services and 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.

2.20.1.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 they are used and are included under cost of services in the interim consolidated statement of income.

2.20.1.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 interim consolidated statement of income.

2.20.2 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.

2.20.3 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.

2.21 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the Shareholders of the Company.

2.22 Foreign currency transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the rates of exchange prevailing at the dates of the respective transactions. At interim 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 are recognized in the interim consolidated statement of income.

For the purpose of consolidating the interim financial statements, the interim financial statements denominated in foreign currencies are translated into Saudi Riyals at rates of exchange prevailing at the interim balance sheet date for assets and liabilities, and the average of exchange rates for the period for revenues and expenses. Components of equity, other than retained earnings, are translated using the rates prevailing as of the date of their occurrence. Translation adjustments, if significant, are recorded in a separate component of shareholders' equity.

2.23 Operating and capital 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 interim consolidated statement of income on a straight-line basis over the terms of the leases.

2.24 Loyalty programme

The Company operates a loyalty programme that provides a variety of benefits for customers. Loyalty award credits are based on a customer's telecommunications usage. The Company 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 Company 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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

3.1 Financial instruments

Financial assets of the Group comprised of cash and cash equivalents, accounts receivable, due from a related party and other assets, while financial liabilities of the Group comprised of short and long-term loans, accounts payable, due to related parties, and other liabilities. Accounting policies relating to financial assets and liabilities are presented under Note 2.

3.2 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. Accounts receivable are carried net of provision for doubtful debts.

3.3 Foreign exchange risk

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.

3.4 Murabaha rate risk

The Group does not have any significant Murabaha rate risk. Cost of Murabaha with banks and short/long-term loans are determined based on prevailing market rates. Financial commitments are made to minimize the risk, when management believes it is deemed necessary.

3.5 Liquidity risk

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. The Group believes that it is not exposed to significant risk with respect to liquidity.

3.6 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Leasehold improvements	Telecom-munication network equipment	Computer equipment and software	Office equipment and furniture	Vehicles	Capital work in progress	Total
Cost									
January 1, 2014	275,361	883,097	663,290	23,937,675	2,778,884	462,889	2,369	1,107,808	30,111,373
Additions	-	-	(85,463)	2,740,623	378,024	17,153	-	1,100,271	4,150,608
Disposals	-	-	-	(4,441)	-	-	-	-	(4,441)
Transfers	-	25,249	109,485	318,341	41,161	497	-	(494,733)	-
September 30, 2014	**275,361**	**908,346**	**687,312**	**26,992,198**	**3,198,069**	**480,539**	**2,369**	**1,713,346**	**34,257,540**
Accumulated depreciation									
January 1, 2014	-	42,774	375,951	7,080,639	1,504,459	373,581	875	-	9,378,279
Depreciation for the period	-	11,220	50,143	1,543,091	341,446	24,243	241	-	1,970,384
Disposals	-	-	-	(1,939)	-	-	-	-	(1,939)
September 30, 2014	**-**	**53,994**	**426,094**	**8,621,791**	**1,845,905**	**397,824**	**1,116**	**-**	**11,346,724**
Net book amount									
September 30, 2014	**275,361**	**854,352**	**261,218**	**18,370,407**	**1,352,164**	**82,715**	**1,253**	**1,713,346**	**22,910,816**
September 30, 2013	275,361	238,796	293,542	16,161,357	1,205,862	89,770	959	1,411,644	19,677,291

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. LICENSES' ACQUISITION FEES, NET

	Mobile Telecom-munication services license	3G services license	Other	Total licenses' acquisition fees
Cost at January 1, 2014	12,210,000	753,750	895,109	13,858,859
Additions	-	-	75,646	75,646
Cost at September 30, 2014	**12,210,000**	**753,750**	**970,755**	**13,934,505**
Less:				
Accumulated amortization at January 1, 2014	4,488,306	276,513	181,249	4,946,068
Amortization for the period	361,954	22,370	33,703	418,027
Accumulated amortization at September 30, 2014	**4,850,260**	**298,883**	**214,952**	**5,364,095**
Balance at September 30, 2014	**7,359,740**	**454,867**	**755,803**	**8,570,410**
Balance at September 30, 2013	7,842,345	484,694	705,718	9,032,757

6. LOANS

Loans as at September 30, 2014 and 2013 comprise of:

	2014	2013
Long-term loans	**15,349,331**	10,484,162
Less: current portion	**(1,082,124)**	(725,000)
Non-current	**14,267,207**	9,759,162

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. LOANS (continued)

Loans details as of September 30, 2014 are presented 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 8,071 million	Saudi Riyals 8,896 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	USD	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 57.1 million	Saudi Riyals 1,511.9 million	Saudi Riyals 1,569 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	USD	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 192 million	Saudi Riyals 192 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 1.5 billion	Saudi Riyals 1.5 billion	None
CISCO Systems International	Mobily	Vendor financing agreement	Acquiring CISCO network equipment and software solutions	Q1, 2014	USD	USD 100 Million (Saudi Riyals 372.2 million)	USD 70.5 million (Saudi Riyals 265 million)	0.95% fixed competitive rate	Semi-annual repayments	3 years	-	Saudi Riyals 256 million	Saudi Riyals 256 million	None
Export Development of Canada (EDC)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring a telecommunica-tion devices and equipment from Alcatel-Lucent	Q2, 2014	USD	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 109 million	Saudi Riyals 109 million	Utilization period of 2 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
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	USD	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 600 million	Saudi Riyals 600 million	None
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%	One bulk payment in 2017	7 years	-	Saudi Riyals 500 million	Saudi Riyals 500 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%	Semi-annual scheduled instalments where the last instalment is due on June 17, 2018	5 years	Saudi Riyals 200 million	Saudi Riyals 1.1 billion	Saudi Riyals 1.3 billion	None
Total											Saudi Riyals 1,082 million	Saudi Riyals 14,276 million	Saudi Riyals 15,358 million	

7. 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.

8. EARNINGS PER SHARE

Earnings per share from income from main operations and net income for the period is calculated by dividing operating income and net income for the period by the weighted average for the outstanding number of ordinary shares amounting to 770 million shares as at September 30, 2014 and 2013.

9. DIVIDENDS

The total cash dividends distributed during the financial period ended September 30, 2014 amounted to Saudi Riyals 2,887 million by Saudi Riyals 3.75 for each outstanding share (September 30, 2013: Saudi Riyals 2,695 million by Saudi Riyals 3.5 for each outstanding share).

10. CONTINGENCIES AND COMMITMENTS

10.1 Capital 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 interim consolidated balance sheet date in the amount of Saudi Riyals 10.7 billion as at September 30, 2014 (September 30, 2013: Saudi Riyals 8.9 billion).

10.2 Contingent liabilities

The Group had contingent liabilities in the form of letters of guarantee and letters of credit in the amount of Saudi Riyals 498 million and Saudi Riyals 75 million as at September 30, 2014, respectively (2013: Saudi Riyals 238 million and Saudi Riyals 75 million, respectively).

11. STATUS OF ZAKAT FINAL ASSESSMENTS

The Group has finalized its Zakat status and obtained the final Zakat assessments for the years until 2006. The Group has submitted its annual Zakat declarations for the years until 2013 and settled Zakat due thereon. The Group has received Zakat assessments for the years 2007, 2008, and 2009 which showed additional differences which were objected by the Group against the Preliminary and Appeal Committees of the DZIT. Although the differences are material, management is unable to estimate the likelihood of unfavorable outcome and believes that it has adequate provisions to cover potential losses in the event of loss of these objections and appeals.

12. SEGMENT INFORMATION

The objective of the segment reporting standard promulgated by SOCPA is to disclose detailed information on the results of each of the main operating segments, allocated based on the regulatory environment. Given that the requirements of this standard, in terms of the prescribed threshold, taking into consideration the concentration in the Group's operations, are not met as at September 30, 2014, the Group's management believes that operating segment information disclosure for the Company and its subsidiaries is not required.

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. RECLASSIFICATION

Certain amounts in the comparative period and of the first and second quarters in the year 2014, have been reclassified to conform to the current period presentation as follows:

	Balance as previously reported	Reclassification	Balance after reclassification
Three month period ended September 30, 2013:			
Revenues	6,444,936	(1,495,027)	4,949,909
Cost of services and sales	(3,085,929)	1,483,552	(1,602,377)
Other income	34,367	11,475	45,842
Nine month period ended September 30, 2013:			
Revenues	18,045,242	(3,551,984)	14,493,258
Cost of services and sales	(8,970,083)	3,493,294	(5,476,789)
Other income	132,490	58,691	191,181
Accounts receivables	7,907,374	(436,195)	7,471,179
Accrued expenses and other liabilities	3,823,265	(436,195)	3,387,070
Three month period ended March 31, 2014:			
Revenues	6,237,265	(1,400,722)	4,836,543
Cost of services and sales	(3,103,061)	1,400,722	(1,702,339)
Prepaid expenses and other assets	4,317,188	(445,845)	3,871,343
Accrued expenses and other liabilities	4,235,875	(445,845)	3,790,030
Three month period ended June 30, 2014:			
Revenues	5,989,688	(1,325,327)	4,664,361
Cost of services and sales	(2,902,079)	1,325,327	(1,576,752)
Prepaid expenses and other assets	4,238,502	(513,803)	3,724,699
Accrued expenses and other liabilities	3,768,971	(446,376)	3,322,595
Long-term loans	12,669,590	67,427	12,737,017
Six month period ended June30, 2014:			
Revenues	12,226,953	(2,726,049)	9,500,904
Cost of services and sales	(6,005,140)	2,726,049	(3,279,091)

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.

14. RESTATEMENT OF PRIOR PERIODS

The Company restated the revenue 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 impact of the restatement has been also reflected in the interim consolidated financial statements for the comparative periods in 2013 and March 31, 2014 and June 30, 2014. The Company also adjusted its revenue and net income from leasing fiber-optic communication network in the interim financial statements for the second quarter of 2014 due to lack of readiness for use in full by the end user of the service. The following is the impact of these amendments:

(All amounts in Saudi Riyals thousands unless otherwise stated)

14.1 RESTATEMENT OF COMPARATIVE FIGURES

Balance sheet as of September 30, 2013:

	Balance as of September 30, 2013 before restatement	Restatement	Balance after restatement September 30, 2013
Prepaid expenses and other assets	**3,613,051**	31,359	3,644,410
Due to related parties	**23,796**	(4,751)	19,045
Accrued expenses and other liabilities*	**3,387,070**	429,082	3,816,152
Retained earnings	**12,968,281**	(392,972)	12,575,309

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

	Balance as of December 31, 2013 before restatement	Restatement	Balance after restatement December 31, 2013
Retained earnings	**13,415,895**	(665,839)	12,750,057
Statutory reserve	**2,847,434**	(73,981)	2,773,453

Income statement for the three-month period ended September 30, 2013:

	Balance as of September 30, 2013 before restatement	Restatement	Balance after restatement September 30, 2013
Revenues*	**4,949,909**	(66,454)	4,883,455
Cost of services and sales*	**(1,602,377)**	10,947	(1,591,430)
Selling and marketing expenses	**(402,837)**	181	(402,656)
General and administrative expenses	**(530,651)**	659	(529,992)
Net income for the period	**1,686,604**	(54,667)	1,631,937
Earnings per share (in Saudi Riyals) from:			
Income from main operations	**2.26**	(0.08)	2.18
Net income for the period	**2.19**	(0.07)	2.12

Income statement for the nine-month period ended September 30, 2013:

	Balance as of September 30, 2013 before restatement	Restatement	Balance after restatement September 30, 2013
Revenues*	**14,493,258**	(477,710)	14,015,548
Cost of services and sales*	**(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)
Net income for the period	**4,637,284**	(392,972)	4,244,312
Earnings per share (in Saudi Riyals) from:			
Income from main operations	**6.18**	(0.59)	5.59
Net income for the period	**6.02**	(0.51)	5.51

* See Note 13 in relation to reclassified amounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

14.2 RESTATEMENT OF FIRST AND SECOND QUARTERS 2014

Balance sheet as of March 31, 2014:

	Balance as of March 31, 2014 before restatement	Restatement	Balance after restatement March 31, 2014
Prepaid expenses and other assets *	**3,871,343**	39,469	3,910,812
Accounts payable	**6,897,510**	(105,719)	6,791,791
Due to related parties	**30,627**	(6,607)	24,020
Accrued expenses and other liabilities *	**3,790,030**	679,199	4,469,229
Retained earnings	**13,853,021**	(453,421)	13,399,600
Statutory reserve	**2,847,434**	(73,982)	2,773,452

Balance sheet as of June 30, 2014:

	Balance as of June 30, 2014 before restatement	Restatement	Balance after restatement June 30, 2014
Accounts receivable	**10,175,383**	(1,473,466)	8,701,917
Prepaid expenses and other assets *	**3,724,699**	23,863	3,748,562
Accounts payable	**7,097,087**	(61,745)	7,035,342
Due to related parties	**67,686**	(3,859)	63,827
Accrued expenses and other liabilities *	**3,322,595**	76,549	3,399,144
Retained earnings	**14,202,416**	(1,352,914)	12,849,502
Statutory reserve	**2,847,434**	(73,982)	2,773,452

Income statement for the three-month period ended March 31, 2014:

	Balance as of March 31, 2014 before restatement	Restatement	Balance after restatement March 31, 2014
Revenues*	**4,836,543**	257,670	5,094,213
Cost of services and sales*	**(1,702,339)**	(41,809)	(1,744,148)
Selling and marketing expenses	**(393,187)**	(874)	(394,061)
General and administrative expenses	**(468,269)**	(2,570)	(470,839)
Net income for the period	**1,399,626**	212,417	1,612,043
Earnings per share (in Saudi Riyals) from:			
Income from main operations	**1.96**	0.28	2.24
Net income for the period	**1.82**	0.27	2.09

Income statement for the three-month period ended June 30, 2014:

	Balance as of June 30, 2014 before restatement	Restatement	Balance after restatement June 30, 2014
Revenues*	**4,664,361**	(885,386)	3,778,975
Cost of services and sales*	**(1,576,752)**	(39,550)	(1,616,302)
Selling and marketing expenses	**(419,430)**	(709)	(420,139)
General and administrative expenses	**(576,442)**	(2,748)	(579,190)
Net income for the period	**1,311,895**	(899,452)	412,443
Earnings per share (in Saudi Riyals) from:			
Income from main operations	**1.69**	(1.21)	0.48
Net income for the period	**1.70**	(1.17)	0.54

* See Note 13 in relation to reclassified amounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

Income statement for the six-month period ended June 30, 2014:

	Balance as of June 30, 2014 before restatement	**Restatement**	**Balance after restatement June 30, 2014**
Revenues*	**9,500,904**	(627,716)	8,873,188
Cost of services and sales*	**(3,279,091)**	(81,359)	(3,360,450)
Selling and marketing expenses	**(812,617)**	(1,583)	(814,200)
General and administrative expenses	**(1,044,711)**	(5,318)	(1,050,029)
Net income for the period	**2,711,521**	(687,035)	2,024,486
Earnings per share (in Saudi Riyals) from:			
Income from main operations	**3.65**	(0.81)	2.72
Net income for the period	**3.52**	(0.89)	2.63

* See Note 13 in relation to reclassified amounts.