

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND THE NINE-MONTH
PERIODS ENDED DECEMBER 31, 2013 AND
INDEPENDENT AUDITORS' REVIEW REPORT

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ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Interim Financial Statements (unaudited)
For the three-month and the nine-month periods ended December 31, 2013

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REVIEW REPORT

January 20, 2014

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

Scope of review

We have reviewed the accompanying interim balance sheet of Etihad Atheeb Telecommunication Company (A Saudi Joint Stock Company) (the "Company") as of December 31, 2013 and the related statements of income for the three-month and the nine-month periods ended December 31, 2013 and the cash flows and changes in shareholders' equity for the nine-month period ended December 31, 2013 and the related notes which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all information and explanation 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 the 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 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 principles generally accepted in Saudi Arabia.

Emphasis of matter

We draw attention to Note 1 to the accompanying interim financial statements that states that; the Company incurred a net loss for the period ended December 31, 2013 amounting Saudi Riyals 176.8 million and its current liabilities exceeded its current assets as of that date. Moreover, the Company had accumulated losses amounting Saudi Riyals 851.6 million as of December 31, 2013. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's management believes that it will be able to secure the necessary funding to meet its obligations when they become due. Accordingly, the accompanying interim financial statements have been prepared under the going concern basis.

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ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Interim balance sheet (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

ASSETS	Note	December 31,	
		2013 (Unaudited)	2012 (Unaudited)
CURRENT ASSETS:			
Cash and bank balances		41,307,638	139,995,796
Inventories		6,467,433	6,977,865
Trade receivables, net		48,183,716	20,828,185
Prepayments and other current assets		55,258,164	45,262,070
TOTAL CURRENT ASSETS		151,216,951	213,063,916
NON CURRENT ASSETS:			
Property and equipment	4,13	947,030,503	1,057,695,367
Intangible assets, net	5	433,794,656	458,703,102
TOTAL NON CURRENT ASSETS		1,380,825,159	1,516,398,469
TOTAL ASSETS		1,532,042,110	1,729,462,385
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accrued expenses, trade and other payables	12	498,864,180	441,405,395
Deferred revenue		50,446,208	68,048,903
Tawarooq Islamic financing - current portion	6	31,068,127	31,068,115
TOTAL CURRENT LIABILITIES		580,378,515	540,522,413
NON CURRENT LIABILITIES:			
Tawarooq Islamic financing	6	170,874,689	201,942,813
Long term accounts payable		49,868,263	49,868,263
Employees' termination benefits		7,505,556	5,501,705
TOTAL NON CURRENT LIABILITIES		228,248,508	257,312,781
TOTAL LIABILITIES		808,627,023	797,835,194
SHAREHOLDERS' EQUITY:			
Share capital	1	1,575,000,000	1,575,000,000
Accumulated losses	1	(851,584,913)	(643,372,809)
TOTAL SHAREHOLDERS' EQUITY		723,415,087	931,627,191
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,532,042,110	1,729,462,385

The attached notes 1 to 13 form an integral part of these interim financial statements

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Interim statement of income (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

		Three months ended 31 December 2013 (unaudited)	Three months ended 31 December 2012 (unaudited)	Nine months ended 31 December 2013 (unaudited)	Nine months ended 31 December 2012 (unaudited)
	Note				
Revenue from services	7	63,755,533	69,644,705	176,838,673	206,059,014
Cost of services		(56,689,658)	(56,964,815)	(151,344,457)	(169,652,083)
GROSS PROFIT		7,065,875	12,679,890	25,494,216	36,406,931
OPERATING EXPENSES					
Employee costs		(13,494,311)	(13,274,921)	(31,690,201)	(42,159,813)
Selling and marketing expenses		(4,367,800)	(9,816,714)	(19,015,152)	(28,438,952)
Depreciation and amortization expenses		(48,584,866)	(57,869,993)	(145,176,077)	(171,675,758)
General and administration expenses		(6,698,334)	(14,184,927)	(21,824,489)	(32,150,140)
Reversal of provisions	8	-	-	18,529,616	-
TOTAL OPERATING EXPENSES		(73,145,311)	(95,146,555)	(199,176,303)	(274,424,663)
LOSS FROM MAIN OPERATIONS		(66,079,436)	(82,466,665)	(173,682,087)	(238,017,732)
Other income		1,436,556	130,000	2,386,892	2,112,230
Financial charges		(1,800,229)	(2,072,637)	(5,528,590)	(6,830,793)
NET LOSS FOR THE PERIOD		(66,443,109)	(84,409,302)	(176,823,785)	(242,736,295)
Weighted average number of shares	1,9	157,500,000	157,500,000	157,500,000	157,500,000
Loss per share: Attributable to loss from main operations	9	(0.42)	(0.52)	(1.10)	(1.51)
Attributable to net loss for the period	9	(0.42)	(0.54)	(1.12)	(1.54)

The attached notes 1 to 13 form part of these interim financial statements

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Interim statement of cash flows for the nine-month period ended December 31, 2013 (Unaudited)
 (All amounts in Saudi Riyals unless otherwise stated)

	December 31,	
	2013 (Unaudited)	2012 (Unaudited)
OPERATING ACTIVITIES		
Net loss for the period	(176,823,785)	(242,736,295)
Adjustment for:		
Depreciation and amortization	145,176,077	171,675,758
Provision for employees' termination benefits	2,472,045	1,784,668
Provision for slow moving inventories	-	3,227,110
Operating cash flow before changes in operating assets and liabilities	(29,175,663)	(66,048,759)
Changes in operating assets and liabilities:		
Inventories	2,985,936	(2,929,169)
Trade receivables	(26,252,440)	(1,202,132)
Prepayments and other current assets	(14,021,234)	5,965,822
Accrued expenses, trade and other payables	55,414,992	(11,187,153)
Deferred revenues	(14,759,719)	15,461,545
Employees' termination benefits paid	(860,509)	(1,038,801)
Net cash used in operating activities	(26,668,637)	(60,978,647)
INVESTING ACTIVITIES		
Purchase of property and equipment	(23,956,533)	(29,338,952)
Purchase of intangible assets	-	(13,752)
Proceeds from sale of property and equipment	25,926	31,487
Net cash used in investing activities	(23,930,607)	(29,321,217)
FINANCING ACTIVITIES		
Proceeds from rights issue	-	1,175,000,000
Payment against interim funding by founding shareholders	-	(119,900,000)
Payment against tawarooq Islamic financing	(23,301,088)	(841,784,072)
Net cash (used in) generated from financing activities	(23,301,088)	213,315,928
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		
	(73,900,332)	123,016,064
Cash and cash equivalents at the beginning of the period	115,207,970	16,979,732
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	41,307,638	139,995,796

The attached notes 1 to 13 form an integral part of these financial statements




ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Interim statement of changes in shareholders' equity for the nine-month period
ended December 31, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
Balance at April 1, 2012	400,000,000	(400,636,514)	(636,514)
Issuance of rights issue (Note 1)	1,175,000,000	-	1,175,000,000
Net loss for the year ended March 31, 2013	-	(274,124,614)	(274,124,614)
Balance at March 31, 2013 (audited)	1,575,000,000	(674,761,128)	900,238,872
Net loss for the nine-month period ended December 31, 2013	-	(176,823,785)	(176,823,785)
Balance at December 31, 2013 (unaudited)	<u>1,575,000,000</u>	<u>(851,584,913)</u>	<u>723,415,087</u>

The attached notes 1 to 13 form an integral part of these interim financial statements




ETIHAD ATHEEB TELECOMMUNICATION COMPANY

(A Saudi Joint Stock Company)

Notes to the interim financial statements for the three-month and the nine-month periods ended December 31, 2013 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Etihad Atheeb Telecommunication Company (the "Company" or "GO"), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration (No. 1010263273) issued in Riyadh on 30 Safar 1430H (corresponding to February 25, 2009). The registered address of the Company is P.O. Box 25039 Riyadh 11391 Kingdom of Saudi Arabia.

Pursuant to the Ministerial Resolution No.41 dated 18 Safar 1429H (February 25, 2008) which was approved by the issuance of Royal Decree No. M/6 dated 19 Safar 1429H (February 26, 2008), the Company was granted a fixed-line telecommunication license and the used-frequency spectrum to provide fixed telephone services in the Kingdom of Saudi Arabia for a period of 25 years (starting on April 1, 2009 and ending on March 31, 2034).

The Company provides various fixed line and wireless services such as voice, data services, broadband internet services, internet telephony services, international gateway, and fixed telephone lines to individuals, homes and businesses via Worldwide Interoperability for Microwave Access ("WiMAX") technology as access technology. The Company commenced commercial operations from January 1, 2010.

At date of incorporation, the Company's authorized and paid share capital amounted to Saudi Riyals 1 billion consisting of 100 million shares (Saudi Riyals 10 par value per share).

On August 6, 2011 the extraordinary general assembly approved reducing the Company's share capital from Saudi Riyals 1 billion to Saudi Riyals 400 million, by transferring Saudi Riyals 600 million from share capital to the accumulated losses.

On January 14, 2012 the extraordinary general assembly approved increasing the Company's share capital from Saudi Riyals 400 million by Saudi Riyals 1,175 million to become Saudi Riyals 1,575 million, through a rights issue. The last day to exercise the rights was March 31, 2012. Accordingly, the Company's authorized and paid share capital, after the reduction and rights issue, is Saudi Riyals 1,575,000,000 consisting of 157,500,000 shares (Saudi Riyals 10 par value per share) with an adjustment factor of 1.56.

Further, the Company incurred a net loss for the period ended December 31, 2013 amounting Saudi Riyals 176.8 million and its current liabilities exceeded its current assets as of that date. Moreover, the Company had accumulated losses amounting Saudi Riyals 851.6 million as of December 31, 2013. The Company's management believes that it will be able to secure the necessary funding to meet its obligations when they become due. Accordingly, the accompanying interim financial statements have been prepared under the going concern basis.

Further to the announcement published on Tadawul's website on August 21, 2013 related to the possibility of acquiring an interest in the Company, Etihad Etisalat Company (Mobily) announces addendum as the Company refers to the signing of a memorandum of understanding (MOU) on August 20, 2013 between a subsidiary of Etihad Telecom Company (Mobily) (namely Bayanat Al-Oula Network Services Company (Bayanat)) and certain founding shareholders of the Company (namely Atheeb Trading Company, Al Nahla for Trading and Contracting Company, Traco Group for Trading and Contracting and Saudi Internet Company) in connection with the proposed acquisition by Bayanat of a controlling stake in the Company. The MoU provides, among other things, that the said acquisition is subject to certain conditions being satisfied prior to November 30, 2013 (Long Stop Date), including obtaining necessary regulatory clearances including from the CITC, completing commercial, financial, technical and legal due diligence to the satisfaction of Bayanat and the entry by the relevant parties into definitive agreements in respect of the proposed transaction. Subsequently on November 28, 2013, the parties agreed to cancel any exclusivity undertakings between them and to extend the agreement period by a further sixty (60) days. Therefore the Long Stop Date will be January 30, 2014 instead of November 30, 2013.

The accompanying interim financial statements were approved for issue by the Board of Directors on January 19, 2014.

2 Basis of preparation

The accounting policies adopted in the preparation of the interim financial statements, summarized below, are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended March 31, 2013.



ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Notes to the interim financial statements for the three-month and the nine-month periods ended
December 31, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

a) Statement of compliance

The interim financial statements have been prepared in accordance with accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting. The Company's interim results may not be indicative of its annual results.

c) Functional and presentation currency

These interim financial statements are presented in Saudi Riyals which is the functional currency of the Company.

3 Significant accounting policies

a. Use of estimates

The preparation of interim financial statements in conformity with accounting standards generally accepted in Saudi Arabia requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

b. Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts provision is written-off as incurred.

c. Provision for doubtful debts

The Company reviews its accounts receivable for the purpose of creating required provisions against doubtful debts. When creating provisions, consideration is given to the type of services rendered (data, voice services, etc), age of the receivable and the general economic situation.

d. Intangible assets

Intangible assets represent secured data communication license and other costs incurred by the Company upon incorporation. License fees are initially capitalized and subsequently amortized on a straight-line basis over 25 years, which is the regulatory life of the licenses, starting on April 1, 2009 and ending on March 31, 2034. Other intangibles are amortized over the estimated useful lives.

The amortization is charged to the statement of income. Capitalized license fees are reviewed at each financial period end to determine if there is any impairment in their values. In case impairment is identified, it is recorded in the statement of income.

e. Property and equipment

Property and equipment, except land and capital work in progress, are stated at cost less accumulated depreciation and any impairment in value. Land and capital work in progress are stated at cost. Routine repair and maintenance costs are expensed as incurred. The cost less estimated residual value of property and equipment is depreciated on a straight-line basis over the following estimated useful lives. During the three-months period ended March 31, 2013, the Company revised its estimated useful lives for its property and equipment to be as follows (see note 13 for further details):

	<u>Life (Years)</u>
Buildings	40
Civil works	10-15
Network infrastructure	4-15
Network capacity	7-15

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Notes to the interim financial statements for the three-month and the nine-month periods ended
December 31, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

Information Technology ("IT") Equipment	5
Facilities and support	5

Major renewals and improvements are capitalized if they increase the productivity or the operating useful life of the assets. Gain or loss on disposal of property and equipment represent the difference between the sale proceeds and the carrying amount of these assets and is recognized in the statement of income.

f. Impairment of assets

Financial assets, property and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

g. Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

h. Provision for employees' termination benefits

The provision for employees' termination benefits is calculated in accordance with the Saudi Arabian Labor Law and is charged to the statement of income.

i. Foreign currency translation

Transactions denominated in foreign currencies are recorded and translated into Saudi Riyals at the rates of exchange prevailing at the date of the transaction. At 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 arising on translation are recognized in the statement of income.

j. 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 Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

k. Government charges

Government charges represent fees and charges as stipulated in license agreements and paid against the right of use of telecommunications services in the Kingdom of Saudi Arabia including frequency fees. These fees are recorded as operating expenses in the related periods during which they are used and are charged to the statement of income.

l. Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian financial regulations. The liability is charged to the statement of changes in shareholders' equity.

m. Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the net income for the year (after deducting losses, zakat and income tax) should be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the share capital. The reserve is not currently available for distribution.

n. Operating leases

Lease of property and equipment under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Notes to the interim financial statements for the three-month and the nine-month periods ended
December 31, 2013 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

o. Interconnection cost (only applicable for voice service)

Interconnection cost represents connection charges to national and international telecommunication networks. Interconnection costs are recorded in the period when relevant calls are made and are charged to the statement of income.

p. Revenue recognition

Revenue represents the value of fixed or determinable considerations that are receivable and includes revenue from sharing arrangements entered into with national and international telecommunication operators in respect of traffic (data and voice) exchanged. Revenue for services rendered is recognized at amounts invoiced to customers. Fees for installation and activation are recognized as revenue upon activation. Installation and activation costs are expensed as incurred.

Service revenue received from the customer is recognized in the period in which the service is delivered. Airtime revenue is recognized on a usage basis. Deferred revenue represents amounts billed in advance and is related to unused airtime and is recognized when utilized by the customer or on a time proportion basis over the validity period. Upon termination of the customer contract, all deferred revenue for unused airtime is recognized in the statement of income. Revenue from data services is recognized when the Company has performed the related service and, depending on the nature of the service, is recognized either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service. Revenue from sale of WiMAX Customer Premises Equipment ("CPE") and Dongles (i.e. a broadband wireless adapter) are recognized when the WiMAX CPE and Dongles ("WiMAX modems") are delivered to subscribers and customers. Charges billed in advance are deferred and recognized over the contracted period of service.

q. Expenses

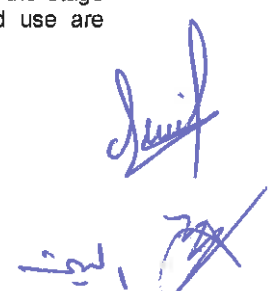
Cost of service comprises expenses incurred on operations and maintenance of the network, including leased and/or purchased capacity, inventory consumption and installation and interconnection charges. Selling and marketing expenses are those, which specifically relate to selling and marketing of the Company's products, and include costs relating mainly to commissions and advertising as well as provision for doubtful debts. All other expenses are classified as general and administrative expenses.

r. Inventory

Inventory comprises WiMAX modems, pre-paid cards, scratch cards and other telecommunication equipment. Inventories are stated at the lower of cost or net realizable value. Net realizable value represents the difference between estimated selling price in the ordinary course of business and all necessary expenses expected to be incurred in selling the inventory. Cost is determined on a weighted average basis.

s. Borrowing costs

Borrowing costs that are directly attributable to the construction of an asset are capitalized up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the statement of income.



ETIHAD ATHEEB TELECOMMUNICATION COMPANY

(A Saudi Joint Stock Company)

Notes to the interim financial statements for the three-month and the nine-month periods ended December 31, 2013 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

4 Property and equipment

	Land and buildings	Network infrastructure	Network capacity	Facilities, support & IT	Work in progress	2013 Total	2012 Total
Cost:							
April 1 balance	77,606,922	1,280,173,973	155,260,000	27,776,649	89,627,450	1,630,444,994	1,604,808,097
Additions during the period	33,500	14,697,837	4,000,000	128,315	5,096,881	23,956,533	29,338,952
Transfers during the period	-	2,225,586	-	840,518	(3,066,104)	-	-
Disposals	-	-	-	(71,143)	-	(71,143)	(63,500)
December 31 balance	77,640,422	1,297,097,396	159,260,000	28,674,339	91,658,227	1,654,330,384	1,634,083,549
Accumulated depreciation:							
April 1 balance	8,017,942	526,957,408	31,915,487	13,971,395	-	580,862,232	423,435,142
Charge for the period	1,200,320	112,234,505	8,776,467	4,271,575	-	126,482,866	152,985,053
Disposals	-	-	-	(45,216)	-	(45,216)	(32,013)
December 31 balance	9,218,261	639,191,913	40,691,955	18,197,754	-	707,299,882	576,388,182
Net book values	68,422,161	657,905,484	118,568,046	10,476,585	91,658,227	947,030,503	1,057,695,367

Network capacity represents infeasible right to use ("IRU") acquired on a Fiber Optic cable network for local service connectivity for a period of fifteen years connecting the Company's headquarters in Riyadh, replacing capacity lease charges costs otherwise incurred.

The Company has changed its estimate for property and equipment useful lives in the three-month period ended March 31, 2013 and takes into consideration the salvage value as per independent consultant study of the company's property and equipment impairment test (see note 13).

ETIHAD ATHEEB TELECOMMUNICATION COMPANY

(A Saudi Joint Stock Company)

Notes to the interim financial statements for the three-month and the nine-month periods ended

December 31, 2013 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

5 Intangible assets, net**As of December 31:**

Cost:

License fees paid to Communication & Information Technology Commission
("CITC")

Other

	<u>2013</u>	<u>2012</u>
	527,904,000	527,964,001
	<u>24,584,711</u>	<u>24,509,712</u>
	<u>552,488,711</u>	<u>552,473,713</u>
Amortization:		
April 1 balance		
Charge for the period	(100,000,844)	(75,079,906)
December 31 balance	<u>(18,693,211)</u>	<u>(18,690,705)</u>
	<u>(118,694,055)</u>	<u>(93,770,611)</u>
	<u>433,794,656</u>	<u>458,703,102</u>

License fees are amortized on a straight-line basis over 25 years, which is the regulatory life of the license.

6 Tawarooq Islamic financing

This comprises Islamic mode of financing from a local bank (the "Bank") to meet capital and operating expenditure of the company. The Islamic financing involves the sale and purchase of commodities with the Bank as per standard mutually agreed terms.

The financing balance as of December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Current portion	31,068,127	31,068,115
Non-current portion	<u>170,874,689</u>	<u>201,942,813</u>
	<u>201,942,816</u>	<u>233,010,928</u>

The non-current portion amounting to Saudi Riyals 170.9 million will be settled in 22 quarterly installments starting from January 2015 and ending on April 2020.

7 Revenue from services

Revenue recognized is in respect of broadband and voice services provided to subscribers during the period and termination revenue billed to other telecommunication operators for the period ended December 31, 2013.

8 Reversal of provisions

During the three-month period ended September 30, 2013, the management of the Company has carried out specific studies on all provisions and reversed certain provisions that are no longer required.

9 Loss per share

Loss per share for the three-month and nine-month periods ended December 31, 2013 and 2012 is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period.

10 Commitments and contingencies**a) Major capital commitments**

The Company had commitments resulting from major contracts which were entered into and not yet executed at the balance sheet date amounting approximately to Saudi Riyals 68 million (December 31, 2012: Saudi Riyals 65 million).

ETIHAD ATHEEB TELECOMMUNICATION COMPANY

(A Saudi Joint Stock Company)

Notes to the interim financial statements for the three-month and the nine-month periods ended December 31, 2013 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

b) Letter of credit and guarantees

The Company's bankers have issued letters of credit and guarantees amounting to Saudi Riyals 50 million (December 31, 2012: Saudi Riyals 51 million) (including temporary sub allocation of facilities) as at the balance sheet date.

c) Summary of legal claims:

The Company is part of legal cases with employees, and few suppliers in the normal course of business. The Company's management believes that the values of these cases are not significant.

The Company filed an appeal to the Board of Grievance against the Communications and Information Technology Commission's assessment decision that fined the Company an amount of Saudi Riyals 5 million related to a service provided by the Company, the appeal is still under consideration by the Board of Grievances in Riyadh, Saudi Arabia.

11 Segmental information

The segmental information required by SOCPA standard number 15 "Segmental Information" are not currently available for the Company to disclose. The Company is working on developing such information to be disclosed in the near future according to the requirements of SOCPA standard mentioned above.

12 Related party transactions

Transactions with related parties comprise transactions with the founding shareholders (Bahrain Telecommunications Company ("BATELCO") and Atheeb Trading Company ("Atheeb").

BATELCO provides technical and management support to the Company and was reimbursed for costs of seconded staff and internal audit fees of Saudi Riyals 185,500 (December 31, 2012: 1,066,278). The Company has also incurred voice interconnection charges amounting to Saudi Riyals 1,085,301 (December 31, 2012: Nil). The Company has incurred GMPLS lease circuit charges amounting to Saudi Riyals 1,000,000 (December 31, 2012: Nil).

The Company accrued an amount of Saudi Riyals 1,426,468 (December 31, 2012: Saudi Riyals 1,688,722) for management fees and Saudi Riyals 490,437 (December 31, 2012: Saudi Riyals 532,349) for financial charges payable to its founding shareholders during the period ended December 31, 2013. The financial charges incurred are in respect of compensation for corporate guarantees issued by the founding shareholders.

The Company incurred Nil as services revenue to a founding shareholder made during the period (December 31, 2012: Saudi Riyals 77,458).

13 Change of property and equipment useful lives

During the three-month period ended March 31, 2013, the Company revised the depreciation rates for the below property and equipment based on a review by an independent consultant to be consistent with other operators best practice in Saudi Arabia.

<u>Category</u>	<u>Old useful life (years)</u>	<u>New useful life (years)</u>
Buildings	20	40
Civil works	7 - 10	10 - 15
Network infrastructure	4 - 7	4 - 15
Network capacity	4 - 7	7 - 15
Facilities and support	5 - 10	5

Had the Company charged depreciation at the old useful lives, the losses for the nine-month period ended December 31, 2013 would have been higher by an amount of SR 30 million (see note 4).