

ETIHAD ETISALAT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (Unaudited)
For the three-months and six-months periods ended 30 June 2017
Together with
Independent Auditor's Review Report

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

The Shareholders
Etihad Etisalat Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial statements of **Etihad Etisalat Company** and its subsidiaries (collectively referred to as "the Group") which comprises:

- the condensed interim consolidated statement of financial position as at 30 June 2017;
- the condensed interim consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2017;
- the condensed interim consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2017;
- the condensed interim consolidated statement of changes in equity for the six-month period ended 30 June 2017;
- the condensed interim consolidated statement of cash flows for the six-month period ended 30 June 2017; and
- the notes to the condensed interim consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

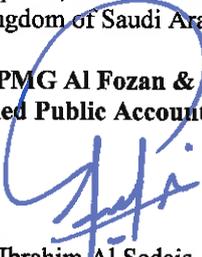
Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2017 condensed consolidated interim financial statements of **Etihad Etisalat Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants


Khalil Ibrahim Al Sedais
License No. 371

Riyadh on: 29 Shawwal 1438H
Corresponding to: 23 July 2017



Ethiad Etisalat Company (A Saudi Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

As at

	Notes	Unaudited 30 June 2017	Audited 31 December 2016 (Adjusted)
Assets			
Non-current assets			
Property and equipment	6	23,642,560	24,495,374
Intangible assets		8,830,237	8,987,693
Capital advances		508,265	895,212
Available for sale investments		7,271	7,271
Total non-current assets		32,988,333	34,385,550
Current assets			
Cash and cash equivalents		729,703	866,109
Inventories	7	125,126	200,072
Accounts receivable	8	3,875,133	3,701,340
Prepaid expenses and other assets		1,577,046	1,698,854
Due from a related party	9	108,804	69,568
Held to maturity investments		550,000	350,000
Total current assets		6,965,812	6,885,943
Total assets		39,954,145	41,271,493
Equity and liabilities			
Equity			
Share capital		7,700,000	7,700,000
Statutory reserve		2,648,971	2,648,971
Retained earnings		4,267,275	4,615,120
Foreign currency translation reserve		(7,383)	(9,111)
Total shareholders' equity		14,608,863	14,954,980
Non-controlling interest		1,500	1,500
Total Equity		14,610,363	14,956,480
Non-current liabilities			
Loans and notes payable	11	13,361,258	7,600,851
Provision for employees' end of service benefits		356,995	342,742
Deferred revenue		78,021	89,167
Deferred government grants income		170,449	180,064
Provision for decommissioning liability		214,378	209,374
Total non-current liabilities		14,181,101	8,422,198
Current liabilities			
Accounts payable		3,789,828	4,521,432
Loans and notes payable	11	1,394,717	7,607,902
Accrued expenses and other liabilities		4,555,358	4,393,204
Due to related parties	9	195,203	138,420
Provisions		1,189,703	1,158,108
Zakat provision		18,641	54,518
Deferred government grants income		19,231	19,231
Total current liabilities		11,162,681	17,892,815
Total liabilities		25,343,782	26,315,013
Total equity and liabilities		39,954,145	41,271,493

The attached notes from 1 to 14 are an integral part of these condensed interim consolidated financial statements.


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

Etihad Etisalat Company (A Saudi Joint Stock Company)

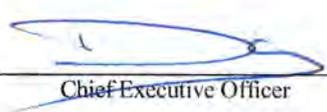
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-months period ended 30 June		For the six-months period ended 30 June	
	2017	2016 (Adjusted - Note 5)	2017	2016 (Adjusted - Note 5)
Revenue	2,853,829	3,288,884	5,718,893	6,729,159
Cost of sales	(1,220,544)	(1,201,206)	(2,420,780)	(2,716,508)
Gross profit	1,633,285	2,087,678	3,298,113	4,012,651
Selling and marketing expenses	(382,088)	(381,468)	(643,616)	(702,341)
General and administrative expenses	(358,183)	(572,160)	(845,114)	(1,057,499)
Depreciation and amortization	(905,532)	(986,149)	(1,802,133)	(1,964,618)
Other income	7,025	10,450	22,521	22,097
Operating (loss) / profit	(5,493)	158,351	29,771	310,290
Finance expenses	(162,716)	(143,290)	(357,269)	(267,809)
Finance income	2,971	8,877	5,697	14,880
(Loss) / profit before zakat	(165,238)	23,938	(321,801)	57,361
Zakat expense	(24,417)	(20,761)	(30,957)	(34,446)
(Loss) / profit for the period	(189,655)	3,177	(352,758)	22,915
(Loss) / profit attributable to:				
Owners of the Company	(189,655)	3,177	(352,758)	22,915
Non-controlling interest	-	-	-	-
(Loss) / profit for the period	(189,655)	3,177	(352,758)	22,915
(Losses) / earnings per share:				
Basic and diluted (losses) / earnings per share (in SR)	12 (0.25)	0.004	(0.46)	0.03

The attached notes from 1 to 14 are an integral part of these condensed interim consolidated financial statements.


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

Etihad Etisalat Company (A Saudi Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-months period ended 30 June		For the six-months period ended 30 June	
	2017	2016	2017	2016
(Loss) / profit for the period	(189,655)	3,177	(352,758)	22,915
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	<u>131</u>	<u>(792)</u>	<u>1,728</u>	<u>(833)</u>
Net total items that will be reclassified subsequently to profit or loss	<u>131</u>	<u>(792)</u>	<u>1,728</u>	<u>(833)</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Actuarial gains on re-measurement of employees' end of service benefits	<u>(570)</u>	<u>(3,255)</u>	<u>4,913</u>	<u>(1,386)</u>
Net total items that will not be reclassified subsequently to profit or loss	<u>(570)</u>	<u>(3,255)</u>	<u>4,913</u>	<u>(1,386)</u>
Total other comprehensive (loss) / income for the period	<u>(439)</u>	<u>(4,047)</u>	<u>6,641</u>	<u>(2,219)</u>
Total comprehensive (loss) / income for the period	<u>(190,094)</u>	<u>(870)</u>	<u>(346,117)</u>	<u>20,696</u>
Total comprehensive (loss) / income for the period attributable to:				
Owners of the Company	<u>(190,094)</u>	<u>(870)</u>	<u>(346,117)</u>	20,696
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss) / income for the period	<u>(190,094)</u>	<u>(870)</u>	<u>(346,117)</u>	<u>20,696</u>

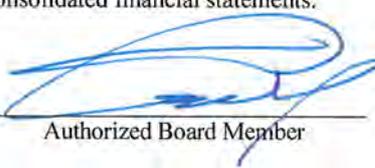
The attached notes from 1 to 14 are an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

Etihad Etisalat Company (A Saudi Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

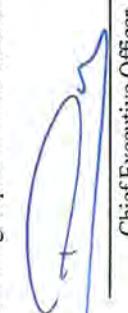
(All amounts in Saudi Riyals thousands unless otherwise stated)

For the six months period ended 30 June 2017

	Share capital	Statutory reserve	Retained earnings (Adjusted – Note 5)	Foreign currency translation reserve	Total shareholders' equity	Non-controlling interest	Total equity
As at 1 January 2016	7,700,000	2,648,971	4,831,447	(8,168)	15,172,250	1,500	15,173,750
Profit for the period	-	-	22,915	-	22,915	-	22,915
Other comprehensive loss for the period	-	-	(1,386)	(833)	(2,219)	-	(2,219)
Total comprehensive income / (loss) for the period	-	-	21,529	(833)	20,696	-	20,696
As at 30 June 2016	<u>7,700,000</u>	<u>2,648,971</u>	<u>4,852,976</u>	<u>(9,001)</u>	<u>15,192,946</u>	<u>1,500</u>	<u>15,194,446</u>
As at 1 January 2017	7,700,000	2,648,971	4,615,120	(9,111)	14,954,980	1,500	14,956,480
Loss for the period	-	-	(352,758)	-	(352,758)	-	(352,758)
Other comprehensive income for the period	-	-	4,913	1,728	6,641	-	6,641
Total comprehensive (loss) / income for the period	-	-	(347,845)	1,728	(346,117)	-	(346,117)
As at 30 June 2017	<u>7,700,000</u>	<u>2,648,971</u>	<u>4,267,275</u>	<u>(7,383)</u>	<u>14,608,863</u>	<u>1,500</u>	<u>14,610,363</u>

The attached notes from 1 to 14 are an integral part of these condensed interim consolidated financial statements.


 Chief Financial Officer


 Chief Executive Officer


 Authorized Board Member

Etihad Etisalat Company (A Saudi Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

For the six months period ended 30 June

	2017	2016 Adjusted
OPERATING ACTIVITIES		
Cash flows from operating activities		
(Loss) / Profit for the period	(352,758)	22,915
Adjustments for:		
Change in provision for inventory obsolescence	(13,755)	(14,648)
Depreciation	1,638,483	1,664,738
Amortization of intangible assets	163,650	299,880
Provision for end of service benefits	25,625	25,676
Provision for doubtful debts	120,995	152,172
Provisions	31,595	62,058
Government grants	(9,615)	11,025
Zakat provision	30,957	34,446
Gain on sale of property and equipment	(2)	(1,353)
Finance expenses	357,269	267,809
Finance income	(5,697)	(14,880)
Changes in:		
Accounts receivable	(294,788)	(441,354)
Inventories	88,701	253,193
Prepaid expenses and other assets	2,733	(400,090)
Accounts payable	26,752	434,543
Accrued expenses and other liabilities	147,690	135,541
Utilization of the decommissioning provision	(1,228)	-
Due from a related party	(39,236)	(32,098)
Due to related parties	56,783	30,740
Cash generated from operating activities	1,974,154	2,490,313
End of service benefits paid	(6,459)	(13,113)
Finance expenses paid	(325,630)	(260,787)
Zakat paid	(66,834)	(76,599)
Net cash generated from operating activities	1,575,231	2,139,814
INVESTING ACTIVITIES		
Held to maturity investment	(200,000)	50,000
Finance income received	6,441	6,008
Purchase of property and equipment	(1,099,416)	(3,466,462)
Proceeds from sales of property and equipment	4	1,612
Acquisition of intangible assets	(6,194)	(13,056)
Government grants received	-	57,308
Net cash used in investing activities	(1,299,165)	(3,364,590)
FINANCING ACTIVITIES		
Proceeds from loans and notes payable	8,572,822	2,697,172
Payment of loans and notes payable	(8,985,294)	(1,412,757)
Net cash generated from financing activities	(412,472)	1,284,415
Net changes in cash and cash equivalents	(136,406)	59,639
Cash and cash equivalents at 1 January	866,109	497,570
Cash and cash equivalents at 30 June	729,703	557,209
Supplementary non-cash information		
Property and equipment purchased credited to capital expenditure payable	(758,356)	(1,632,102)

The attached notes from 1 to 14 are an integral part of these condensed interim consolidated financial statements.


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

Etihad Etisalat Company (A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2017

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 CORPORATE INFORMATION

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 14 December 2004 (corresponding to Dhul Qa’adah 2, 1425H). The main address for the Company is P.O. Box 23088, Riyadh 11321, Kingdom of Saudi Arabia.

The Company was incorporated pursuant to the Royal decree number M/40 dated 18 August 2004 (corresponding to Rajab 2, 1425H) approving the Council of Ministers resolution number 189 dated 10 August 2004 (corresponding to Jumada II 23, 1425H) 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 10 August 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.

Pursuant to the Communication and Information Technology Commission (CITC) resolution number 5125 dated 21 February 2017 (corresponding to Jumada I 24, 1438H), the Company obtained a Unified License to provide all licensed telecommunication services including fixed line voice services and fixed internet.

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 Group commenced its commercial operations on 25 May 2005 (corresponding to Rabi Al-Thani 17, 1426H).

The authorized, issued and paid up share capital of the Company is SR 7,700 million divided into 770 million shares of SR 10 each.

Mobily clarified in its announcement on 13 May 2015 (corresponding to 24 Rajab 1436H) that it is currently in the phase of studying the possibility of selling its telecommunications towers. On 31 July 2016, Mobily signed a Memorandum of Understanding (MoU) with Saudi Telecom Company (STC) to jointly explore the possibility of extracting value from the towers assets owned by both parties. The Company has neither entered into any other agreement in this regard nor determined the financial impact thereof.

1.2 Subsidiary Companies

Below is the summary of Company’s subsidiaries’ and ownership percentage as at 30 June 2017 and 31 December 2016:

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>		<u>Initial investment</u>
		<u>Direct</u>	<u>Indirect</u>	
Mobily Ventures Holding SPC	Bahrain	100.00%	-	2,510
Mobily InfoTech India Private Limited	India	99.99%	0.01%	1,836
Bayanat Al-Oula for Network Services Company	Saudi Arabia	99.00%	1.00%	1,500,000
Zajil International Network for Telecommunication Company	Saudi Arabia	96.00%	4.00%	80,000
National Company for Business Solutions	Saudi Arabia	95.00%	5.00%	9,500
Sehati for Information Service Company	Saudi Arabia	90.00%	10.00%	900
Mobily Plug & Play LLC (Under liquidation)	Saudi Arabia	60.00%	-	2,250
National Company for Business Solutions FZE	United Arab Emirates	-	100.00%	184

Etihad Etisalat Company (A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2017

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 BASIS OF ACCOUNTING

2.1 Statement of Compliance

These condensed interim consolidated financial statements comprise the financial information of the Company and its subsidiaries (together referred to as the 'Group').

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants. Up to and including the year ended 31 December 2016, the Group prepared its annual and interim consolidated financial statements in accordance with Generally Accepted Accounting Standards as issued by Saudi Organization for Certified Public Accountants (SOCPA). These interim consolidated financial statements are for part of the period covered by the first IFRS annual financial statements, therefore IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been applied by the Group to prepare these condensed interim consolidated financial statements.

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Group's SOCPA annual financial statements for the year ended 31 December 2016, and the Group's first condensed interim consolidated financial statements in accordance with IFRS for the three-months period ended 31 March 2017. The reader must also take into account the explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group as provided in Note 5.

The principal accounting policies applied in the preparation of these condensed interim consolidated financial statements have been consistently applied to all periods presented.

The unaudited condensed interim consolidated financial statements has been approved for issuance on 23 July 2017 (corresponding to 29 Shawwal 1438H).

2.2 Basis of measurement

These condensed interim consolidated financial statements have been prepared on historical cost basis unless stated otherwise using the going concern basis of assumption.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Company. All amounts have been rounded off to the nearest thousands unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim consolidated financial statements are in accordance with International Financial Reporting Standards "IFRS" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA which are consistent with those that were applied in the Group's first condensed interim consolidated financial statements in accordance with IFRS as at and for the three-month period ended 31 March 2017.

Etihad Etisalat Company (A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2017

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, 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 affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's first condensed interim consolidated financial statements in accordance with IFRS as at and for the three-months period ended 31 March 2017.

4.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed interim consolidated financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the condensed interim consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Etihad Etisalat Company (A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2017

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 FIRST TIME ADOPTION OF IFRS

For all periods up to and including the year ended 31 December 2016, Etihad Etisalat Company prepared its consolidated financial statements based on the generally accepted accounting standards promulgated in Saudi Arabia by SOCPA.

The Group has prepared these condensed interim consolidated financial statements in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA applicable as at 30 June 2017, together with the comparative period data for the six-month period ended 30 June 2016 and for the year ended 31 December 2016. In preparing condensed interim consolidated financial statements, the Group's opening consolidated statement of financial position was prepared as at 1 January 2016, the Group's date of transition to IFRS and was reported as part of the Group's first condensed interim consolidated financial statements in accordance with IFRS as at and for the three-month period ended 31 March 2017. This note explains the principal adjustments made by Etihad Etisalat Company in adjusting its SOCPA consolidated financial statements for the six-month period ended 30 June 2016.

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The following exemptions are ones adopted by the Group:

- IFRS 3 'Business Combinations' has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2016. Use of this exemption means that the SOCPA's carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening condensed interim consolidated statement of financial position based on IFRS. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the SOCPA carrying amount of goodwill must be used in the opening condensed interim consolidated statement of financial position based on IFRS (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2016.
- The Group has applied the transitional provisions in IAS 23 'Borrowing Costs' and capitalises borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalised under SOCPA on qualifying assets prior to the date of transition to IFRS.

Estimates

The estimates at 30 June 2016 and as at 31 December 2016 are consistent with those made for the same dates in accordance with SOCPA (after adjustments to reflect any differences in accounting policies) apart from the following items:

- End of service benefits
- Provision for decommissioning liability

Etihad Etisalat Company (A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2017

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 FIRST TIME ADOPTION OF IFRS (CONTINUED)

5.1 Group reconciliation of the condensed interim consolidated statement of financial position and equity as at 30 June 2016

	Notes	SOCPA	Effect of transition	Re-classification	IFRS
Assets					
Non-current assets					
Property and equipment	5(b)	24,678,255	92,789	(382)	24,770,662
Intangible assets		7,739,540	-	1,467,247	9,206,787
Goodwill		1,466,865	-	(1,466,865)	-
Capital advances		978,588	-	-	978,588
Available for sale investments		19,003	(11,732)	-	7,271
Total non-current assets		34,882,251	81,057	-	34,963,308
Current assets					
Cash and cash equivalents		557,209	-	-	557,209
Inventories		247,314	-	-	247,314
Accounts receivable		3,713,273	-	-	3,713,273
Prepaid expenses and other assets		1,863,828	(20,000)	(96)	1,843,732
Due from related party		68,606	-	-	68,606
Held to maturity investments		1,200,000	-	-	1,200,000
Total current assets		7,650,230	(20,000)	(96)	7,630,134
Total assets		42,532,481	61,057	(96)	42,593,442
Equity and liabilities					
Equity					
Share capital		7,700,000	-	-	7,700,000
Statutory reserve		2,648,971	-	-	2,648,971
Retained earnings		5,245,717	(392,741)	-	4,852,976
Foreign currency translation reserve		-	-	(9,001)	(9,001)
Total shareholders' equity		15,594,688	(392,741)	(9,001)	15,192,946
Non-controlling interest		1,500	-	-	1,500
Total Equity		15,596,188	(392,741)	(9,001)	15,194,446
Non-current liabilities					
Loans and notes payable		6,993,335	-	-	6,993,335
Provision for employees' end of service	5(a)	259,499	60,498	-	319,997
Deferred government grants income	5(d)	-	169,680	-	169,680
Provision for decommissioning liability	5(b)	-	204,389	-	204,389
Total non-current liabilities		7,252,834	434,567	-	7,687,401
Current liabilities					
Accounts payable		5,338,306	-	-	5,338,306
Loans and notes payable		8,409,925	-	-	8,409,925
Accrued expenses and other liabilities		5,657,960	-	(1,176,124)	4,481,836
Due to related party		241,710	-	-	241,710
Provisions		-	-	1,185,029	1,185,029
Zakat provision		35,558	-	-	35,558
Deferred government grants income	5(d)	-	19,231	-	19,231
Total current liabilities		19,683,459	19,231	8,905	19,711,595
Total liabilities		26,936,293	453,798	8,905	27,398,996
Total equity and liabilities		42,532,481	61,057	(96)	42,593,442

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5 FIRST TIME ADOPTION OF IFRS (CONTINUED)

5.2 Group reconciliation of the condensed interim consolidated statement of profit or loss for the three-month period ended 30 June 2016

	Notes	<u>SOCPA</u>	<u>Effect of transition</u>	<u>Re-classification</u>	<u>IFRS</u>
Revenue		3,288,884	-	-	3,288,884
Cost of sales		(1,201,456)	-	250	(1,201,206)
Gross profit		<u>2,087,428</u>	<u>-</u>	<u>250</u>	<u>2,087,678</u>
Selling and marketing expenses	5(a)	(382,822)	1,354	-	(381,468)
General and administrative expenses	5(a)	(574,645)	2,735	(250)	(572,160)
Depreciation and amortization	5(b)	(984,360)	(1,789)	-	(986,149)
Other income	5(d)	-	(15,447)	25,897	10,450
Operating profit / (loss)		<u>145,601</u>	<u>(13,147)</u>	<u>25,897</u>	<u>158,351</u>
Finance expenses	5(b)	(140,797)	(2,493)	-	(143,290)
Finance income		-	-	8,877	8,877
Other income		34,774	-	(34,774)	-
Profit / (loss) before zakat		<u>39,578</u>	<u>(15,640)</u>	<u>-</u>	<u>23,938</u>
Zakat expense		(20,761)	-	-	(20,761)
Profit / (loss) for the period		<u>18,817</u>	<u>(15,640)</u>	<u>-</u>	<u>3,177</u>
Profit / (loss) attributable to:					
Owners of the Company		18,817	(15,640)	-	3,177
Non-controlling interest		-	-	-	-
Profit / (loss) for the period		<u>18,817</u>	<u>(15,640)</u>	<u>-</u>	<u>3,177</u>
Earnings / (losses) per share:					
Basic and diluted earnings / (losses) per share (in SR)		<u>0.024</u>	<u>(0.020)</u>	<u>-</u>	<u>0.004</u>

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5 FIRST TIME ADOPTION OF IFRS (CONTINUED)

5.3 Group reconciliation of the condensed interim consolidated statement of comprehensive income for the three-month period ended 30 June 2016

	SOCPA	Effect of transition	IFRS
	<u> </u>	<u> </u>	<u> </u>
Profit / (loss) for the period	18,817	(15,640)	3,177
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	-	(792)	(792)
Net total items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>(792)</u>	<u>(792)</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gains on re-measurement of employees' end of service benefits	-	(3,255)	(3,255)
Net total items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>(3,255)</u>	<u>(3,255)</u>
Total other comprehensive loss for the period	<u>-</u>	<u>(4,047)</u>	<u>(4,047)</u>
Total comprehensive income / (loss) for the period	<u>18,817</u>	<u>(19,687)</u>	<u>(870)</u>
Total comprehensive income / (loss) for the period attributable to:			
Owners of the Company	18,817	(19,687)	(870)
Non-controlling interest	-	-	-
Total comprehensive income / (loss) for the period	<u>18,817</u>	<u>(19,687)</u>	<u>(870)</u>

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5 FIRST TIME ADOPTION OF IFRS (CONTINUED)

5.4 Group reconciliation of the condensed interim consolidated statement of profit or loss for the six-month period ended 30 June 2016

	Notes	SOCPA	Effect of transition	Re-classification	IFRS
Revenue		6,729,159	-	-	6,729,159
Cost of sales		(2,716,508)	-	-	(2,716,508)
Gross profit		<u>4,012,651</u>	-	-	<u>4,012,651</u>
Selling and marketing expenses	5(a)	(704,628)	2,287	-	(702,341)
General and administrative expenses	5(a)	(1,062,293)	4,794	-	(1,057,499)
Depreciation and amortization	5(b)	(1,961,040)	(3,578)	-	(1,964,618)
Other income	5(d)	-	(11,025)	33,122	22,097
Operating profit / (loss)		<u>284,690</u>	<u>(7,522)</u>	<u>33,122</u>	<u>310,290</u>
Finance expenses	5(b)	(262,824)	(4,985)	-	(267,809)
Finance income		-	-	14,880	14,880
Other income		48,002	-	(48,002)	-
Profit / (loss) before zakat		<u>69,868</u>	<u>(12,507)</u>	<u>-</u>	<u>57,361</u>
Zakat expense		(34,446)	-	-	(34,446)
Profit / (loss) for the period		<u>35,422</u>	<u>(12,507)</u>	<u>-</u>	<u>22,915</u>
Profit / (loss) attributable to:					
Owners of the Company		35,422	(12,507)	-	22,915
Non-controlling interest		-	-	-	-
Profit / (loss) for the period		<u>35,422</u>	<u>(12,507)</u>	<u>-</u>	<u>22,915</u>
Earnings / (losses) per share:					
Basic and diluted earnings / (losses) per share (in SR)		<u>0.046</u>	<u>(0.016)</u>	<u>-</u>	<u>0.030</u>

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5 FIRST TIME ADOPTION OF IFRS (CONTINUED)

5.5 Group reconciliation of the condensed interim consolidated statement of comprehensive income for the six-month period ended 30 June 2016

	SOCPA	Effect of transition	IFRS
	<u> </u>	<u> </u>	<u> </u>
Profit / (loss) for the period	35,422	(12,507)	22,915
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	-	(833)	(833)
Net total items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>(833)</u>	<u>(833)</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gains on re-measurement of employees' end of service benefits	-	(1,386)	(1,386)
Net total items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>(1,386)</u>	<u>(1,386)</u>
Total other comprehensive loss for the period	<u>-</u>	<u>(2,219)</u>	<u>(2,219)</u>
Total comprehensive income / (loss) for the period	<u>35,422</u>	<u>(14,726)</u>	<u>20,696</u>
Total comprehensive income / (loss) for the period attributable to:			
Owners of the Company	35,422	(14,726)	20,696
Non-controlling interest	-	-	-
Total comprehensive income / (loss) for the period	<u>35,422</u>	<u>(14,726)</u>	<u>20,696</u>

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5 FIRST TIME ADOPTION OF IFRS (CONTINUED)

a) Provision for employees' end of service benefits

Under SOCPA, the Group recognized costs relating to its employees' end of service benefits on an accrual basis. Under IFRS, costs relating to the employees' end of service benefits are recognized based on an actuarial valuation.

b) Provision for decommissioning liability

Under SOCPA, a provision for decommissioning liability is not required. However, under IFRS, the cost of property and equipment should also include an initial estimate of the costs required to settle the obligation, when an entity is obliged to dismantle and remove the related equipment and restore the site to its original condition. The present value of the said liability is accounted for as a non-current liability, is reviewed annually and adjusted as appropriate for changes in the underlying assumptions.

c) Intangible assets

Under SOCPA, there is no guidance in determining whether an asset that combines both intangible and tangible elements should be treated as property and equipment or as an intangible asset. Under IFRS, an entity uses judgment in assessing which element is more significant. For example, computer software for a computer-controlled machine that cannot operate without that specific computer software is treated as an integral part of the related hardware and is treated as property and equipment. Similarly, when the software is not an integral part of the related hardware, they are treated as an intangible asset.

d) Government grants

Under SOCPA, grant income was recognized when the conditions attached to the said grant were fulfilled. However, under IFRS, government grants income shall be recognized in condensed interim consolidated statement of profit or loss on a systematic basis, to match them with the related costs for which they are intended to compensate.

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6 PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Telecommunication network equipment	Computer equipment and software	Office equipment and furniture	Vehicles	Capital work in progress	Total
Cost:									
At 1 January 2016	274,710	1,221,544	833,648	33,078,502	4,261,581	499,024	3,046	811,810	40,983,865
Additions	-	9,014	12,815	2,143,098	528,463	1,699	-	486,492	3,181,581
Reclassification	-	(103,666)	(7,545)	111,211	-	-	-	-	-
Transfers	-	39,560	-	408,848	12,103	-	-	(460,511)	-
Disposals	-	-	-	-	(153)	-	-	-	(153)
At 31 December 2016	274,710	1,166,452	838,918	35,741,659	4,801,994	500,723	3,046	837,791	44,165,293
Additions	-	5,688	1,610	530,796	117,924	2	-	129,651	785,671
Reclassification	-	(12,981)	-	12,981	-	-	-	-	-
Transfers	-	11,513	-	59,657	10,508	-	-	(81,678)	-
Disposals	-	-	-	-	(57)	-	-	-	(57)
At 30 June 2017	274,710	1,170,672	840,528	36,345,093	4,930,369	500,725	3,046	885,764	44,950,907
Depreciation:									
At 1 January 2016	-	143,334	542,517	12,761,854	2,537,782	437,682	1,621	-	16,424,790
Charge for the year	-	53,035	69,516	2,552,577	549,531	20,171	430	-	3,245,260
Reclassifications	-	(3,980)	(949)	4,929	-	-	-	-	-
Disposals	-	-	-	-	(131)	-	-	-	(131)
At 31 December 2016	-	192,389	611,084	15,319,360	3,087,182	457,853	2,051	-	19,669,919
Charge for the period	-	25,314	31,245	1,304,392	268,907	8,410	215	-	1,638,483
Reclassification	-	(585)	-	585	-	-	-	-	-
Disposals	-	-	-	-	(55)	-	-	-	(55)
At 30 June 2017	-	217,118	642,329	16,624,337	3,356,034	466,263	2,266	-	21,308,347
Net book value:									
At 30 June 2017	274,710	953,554	198,199	19,720,756	1,574,335	34,462	780	885,764	23,642,560
At 31 December 2016	274,710	974,063	227,834	20,422,299	1,714,812	42,870	995	837,791	24,495,374

The Group has capitalized borrowing costs during 30 June 2017 amounting to SR 56 million (31 December 2016: SR 95 million) and internal technical salaries amounting to SR 73 million (31 December 2016: SR 162 million).

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7 INVENTORIES

During the six-month period ended 30 June 2017, the Group has a net reversal of written down of SR 14 million (six-month period ended 30 June 2016: a net reversal of written down of SR 15 million) of inventories. This expense is included in cost of sales in the condensed interim consolidated statement of profit or loss.

8 ACCOUNTS RECEIVABLE

	<u>30 June 2017</u>	<u>31 December 2016</u>
Accounts receivable	5,417,724	6,431,214
Less: provisions for doubtful debts	<u>(1,542,591)</u>	<u>(2,729,874)</u>
	<u><u>3,875,133</u></u>	<u><u>3,701,340</u></u>

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

	<u>30 June 2017</u>	<u>31 December 2016</u>
Opening balance	(2,729,874)	(2,385,780)
Charge for the period / year	(120,995)	(551,692)
Written off during the period / year	<u>1,308,278</u>	<u>207,598</u>
Closing balance	<u><u>(1,542,591)</u></u>	<u><u>(2,729,874)</u></u>

9 RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Party</u>	<u>Relationship</u>
Emirates Telecommunication Corporation – Etisalat and its subsidiaries	Founding shareholder
Emirates Data Clearing House	Affiliate to Emirates Telecommunication Corporation

The Group transacted with related parties in ordinary course of business. Following are the details of major transactions with related parties:

	<u>30 June 2017</u>	<u>30 June 2016</u>
Interconnection services and roaming services rendered	46,912	42,188
Interconnection services and roaming services received	58,161	47,607
Management fees	11,262	18,763
Other management expenses	32,390	31,255
Telecommunication services	2,139	2,117
Other services	2,164	2,195
<u>Balances with related parties</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
Balance due from	108,804	69,568
Balance due to	195,203	138,420

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9 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

Compensation and benefits to key management personnel

	30 June 2017	30 June 2016
Short term employee benefits	29,039	23,471
Post-employment benefits	868	682
Total compensation and benefits to key management personnel	29,907	24,153

Services rendered to related parties comprise of the provision of telecommunication service, interconnection services and roaming services by the Group based on normal commercial terms. Services received from related parties comprise of telecommunication service, interconnection services and roaming services to the Group based on normal commercial terms. Management fees and other management expenses are calculated based on the relevant agreements with Emirates Telecommunication Corporation. The balances due to and from related parties are unsecured and will be settled in cash.

Transactions with key management personnel comprise of remunerations to Board of Directors and other senior management members who are key management personnel of the Group.

10 FINANCIAL ASSETS AND LIABILITIES

10.1 FINANCIAL ASSETS

	30 June 2017	31 December 2016
Available for sale investments:		
Unquoted equity shares	7,271	7,271
Total financial assets classified as available for sale	7,271	7,271
Financial assets at amortized cost:		
Cash and cash equivalents	729,703	866,109
Accounts receivables	3,875,133	3,701,340
Due from related party	108,804	69,568
Held to maturity investments	550,000	350,000
Total financial assets at amortized cost	5,263,640	4,987,017
Total financial assets	5,270,911	4,994,288
Current financial assets	5,263,640	4,987,017
Non-current financial assets	7,271	7,271
Total financial assets	5,270,911	4,994,288

Available for sale investments - unquoted equity shares

Available for sale investments include unlisted securities amounting to SAR 7.3 million (31 December 2016: 7.3 million) carried at cost less impairment due to absence of an active market for the equity securities.

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10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

10.2 FINANCIAL LIABILITIES

	30 June 2017	31 December 2016
Financial liabilities at amortized cost:		
Accounts payable	3,789,828	4,521,432
Due to related party	195,203	138,420
Loans and notes payable	14,755,975	15,208,753
Total financial liabilities at amortized cost	18,741,006	19,868,605
Current financial liabilities	5,379,748	12,267,754
Non-current financial liabilities	13,361,258	7,600,851
Total financial liabilities	18,741,006	19,868,605

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

11 LOANS AND NOTES PAYABLE

	30 June 2017	31 December 2016
Long-term loans	14,755,975	15,208,753
Less: current portion	(1,394,717)	(7,607,902)
Non-current	13,361,258	7,600,851

a) Maturity profile of loans and notes payable:

	30 June 2017	31 December 2016
Less than one year	1,394,717	7,607,902
Between one to five years	7,054,258	6,488,851
Over five years	6,307,000	1,112,000

During the period ended 30 June 2017, the Group has successfully refinanced its maturing obligations under the Airtime and Bayanat syndicated facilities amounting to SR 7.8 billion with a new syndicated facility of SR 7.9 billion over 7 years maturity. As a result, as at 30 June 2017, SR 6 billion has been re-classified as non-current liabilities compared to 31 December 2016. All the facilities are appropriately classified into current and non-current.

12 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the (loss) / profit for the period attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

	30 June 2017	30 June 2016
(Loss) / profit for the period	(352,758)	22,915
Weighted average number of shares	770,000	770,000
Basic and diluted (losses) / earnings per share in SR	(0.46)	0.03

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13 COMMITMENTS AND CONTINGENCIES

13.1 Capital commitments

The Group has capital commitments resulting from contracts for supply of property and equipment, which were entered into and not yet executed at the condensed interim consolidated statement of financial position date in the amount of SR 1.7 billion as at 30 June 2017 (31 December 2016: SR 2.4 billion).

As a result of frequencies auction held by CITC, the Company has been notified that CITC intends to allocate 2x5 MHz block after the Company meets the allocation requirements and pays the consideration for using the frequencies. Once the conditions attached to the auction and the procedures of granting licenses is completed the license to use frequencies will be granted to the Company. The Company will incur a cost of approximately SR 422 million to acquire the right of using these frequencies, 30% of which will be paid within 90 days after the conclusion of the auction and the remaining 70% will be paid in equal annual installments over a 10 years period.

13.2 Contingent liabilities

The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SR 740 million as at 30 June 2017 (31 December 2016: SR 658 million).

The CITC's violation committee has issued several penalty resolutions against the Group which the Group has opposed to in accordance with the Telecom regulations. The reasons of issuing these resolutions vary between the manner followed in issuing prepaid SIM Cards and providing promotions that have not been approved by CITC and/or other reasons.

Multiple lawsuits were filed by the Group against CITC at the Board of Grievances in order to oppose to such resolutions of the CITC's violation committee in accordance with the Telecom regulations, as follows:

- There are (361) lawsuits filed by the Group against CITC amounting to SR 653 million as of 30 June 2017.
- The Board of Grievance has issued (169) verdicts in favor of the Group voiding (169) resolutions of the CITC's violation committee with a total penalties amounting to SR 452 million as of 30 June 2017.
- Some of these preliminary verdicts have become conclusive (after they were affirmed by the appeal court) cancelling penalties with a total amounting to SR 411 million as of 30 June 2017.

In addition, 20 legal cases were filed by the Group against CITC in relation to the mechanism of calculating the governmental fees and other subjects in which (13) of them are specifically related to the governmental fees as of 30 June 2017, out of which the Group received seven preliminary judgments and five final judgments in its favor. The remaining cases are still being adjudicated before the Board of Grievance. It is difficult to determine the amount of claims due to the difference in the calculation method. Although the Company believes that these claims have no legal basis, they may have a material impact on the Company's business in case of retroactive change in the regulatory framework which is difficult to assess.

The Group received additional claims from CITC during the six months period ended 30 June 2017 and has reassessed the provisions required against the claims as at 30 June 2017 and has recorded an appropriate estimate of the amount that it may ultimately have to pay to settle such claims.

The Group is subject to litigations in the normal course of business. Management and Directors believe that it has adequate and sufficient provisions based on the status of these litigations as of 30 June 2017.

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13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

13.2 Contingent liabilities (Continued)

Furthermore, there are 167 lawsuits filed by some of the shareholders against the Group before the Committee for the Resolutions of Security Disputes and still being adjudicated by such committee. The Company has received (37) preliminary verdicts and (107) final verdicts in its favor in these lawsuits and (12) cases have been either dismissed or abandoned and (11) cases are on-going as of 30 June 2017.

The Group has filed its zakat returns with GAZT for the years through 2016 and settled its zakat thereon. During the year ended 31 December 2016, the Group submitted adjusted zakat returns for the years 2013 and 2014, as a result of restatement of the financial statements for the said years.

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 SR 317 million and SR 237 million respectively, which have been appealed by the Group at the Preliminary and Higher Appeal Committees. During the year ended 31 December 2016, The Appeal Committee issued its ruling on certain zakat and withholding tax matters and those rulings issued against the Group have been appealed at the Higher Appeal Committee. 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.

14 SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker ("CODM") and used to allocate resources to the segments and to assess their performance.

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the Saudi Arabia. The operating segments that are regularly reported to the CODM are Consumer, Business, Wholesale and Outsourcing.

The CODM used to receive other operational financial aggregates on a group consolidated level. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance.

	30 June	30 June
	2017	2016
Consumer revenues	4,746,468	5,597,626
Business revenues	611,862	728,131
Wholesale revenues	317,936	371,254
Outsourcing revenues	42,627	32,148
Total revenue	5,718,893	6,729,159
Total cost of sales	(2,420,780)	(2,716,508)
Total operating expense	(1,466,209)	(1,737,743)
Depreciation and amortization	(1,802,133)	(1,964,618)
Total non-operating expense	(351,572)	(252,929)
Capital expenditures	791,865	1,889,640