ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS FOR THE YEAR
ENDED MARCH 31, 2014 AND INDEPENDENT
AUDITORS' REPORT



ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Financial Statements for the year ended March 31, 2014

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INDEPENDENT AUDITORS' REPORT May 26, 2014

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

Scope of audit

We have audited the accompanying balance sheet of Etihad Atheeb Telecommunication Company (the "Company") as of March 31, 2014 and the statements of income, cash flows and changes in shareholders' equity for the year then ended, and the notes from (1) to (26) which form an integral part of the financial statements. These financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all Information and explanations which we required, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Unqualified opinion

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

- Present fairly, in all material respects, the financial position of the Company as of March 31, 2014 and the results of its operations and its cash flows for the year then ended In conformity with accounting standards generally accepted in Saudi Arabia appropriate to the circumstances of the Company; and
- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's By-laws with respect to the preparation and presentation of financial statements.

Emphasis of matter

We draw attention to Note 1 to the accompanying financial statements that states that; the Company incurred a net loss for the year ended March 31, 2014 amounting Saudi Riyals 249 million and its current liabilities exceeded its current assets as of that date. Moreover, the Company had accumulated losses amounting Saudi Riyals 888 million as of March 31, 2014. 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 financial statements have been prepared under the going concern basis.

PricewaterhouseCoopers

By: _____
Khalid A. Mahdhar
License Number 368

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

ASSETS	Note	March 31, 2014	2013 (Restated)
CURRENT ASSETS:			
Cash and cash equivalents		40,205,109	115,207,970
Inventories		5,903,617	9,453,369
Trade receivables, net	4	52,039,977	21,931,276
Prepayments and other current assets	5	27,694,981	41,236,930
TOTAL CURRENT ASSETS		125,843,684	187,829,545
NON CURRENT ASSETS:			
Property and equipment, net	6, 26	823,836,521	962,017,177
Intangible assets, net	7	543,275,370	575,832,380
TOTAL NON CURRENT ASSETS		1,367,111,891	1,537,849,557
TOTAL ASSETS		1,492,955,575	1,725,679,102
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	8	408,853,432	330,119,929
Accrued expenses and other payables	9	101,603,337	105,245,121
Deferred revenue	10	44,216,497	65,205,927
Tawarooq Islamic financing - current portion	11	31,068,118	31,068,122
TOTAL CURRENT LIABILITIES		585,741,384	531,639,099
NON CURRENT LIABILITES:			
Tawarooq Islamic financing	11	163,107,658	194,175,782
Long term accounts payable		49,868,263	57,952,401
Employees' termination benefits		7,495,441	5,894,020
TOTAL NON CURRENT LIABILITIES		220,471,362	258,022,203
TOTAL LIABILITIES		806,212,746	789,661,302
SHAREHOLDERS' EQUITY:			
Share capital	1	1,575,000,000	1,575,000,000
Accumulated losses	1, 26	(888,257,171)	(638,982,200)
TOTAL SHAREHOLDERS' EQUITY		686,742,829	936,017,800
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,492,955,575	1,725,679,102

The notes from 1 to 26 form an integral part of these financial statements

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

	Note	For the year ended **March** 31, 2014	2013 (Restated)
Revenue from services	12	**234,542,232**	266,484,008
Costs of services	14, 26	**(202,111,138)**	(216,665,766)
GROSS PROFIT		**32,431,094**	49,818,242
OPERATING EXPENSES			
Employees' costs	15	**(41,437,116)**	(55,790,990)
Selling and marketing expenses	16	**(25,059,279)**	(37,080,167)
Depreciation and amortization	6, 7, 26	**(201,591,517)**	(189,865,995)
General and administration expenses	17	**(33,409,470)**	(40,208,411)
Reversal of provision	13	**18,529,616**	-
TOTAL OPERATING EXPENSES		**(282,967,766)**	(322,945,563)
LOSS FROM MAIN OPERATIONS		**(250,536,672)**	(273,127,321)
Other income		**8,467,197**	2,837,570
Financial charges	18	**(7,205,496)**	(8,795,722)
NET LOSS FOR THE YEAR		**(249,274,971)**	(279,085,473)
Weighted average number of shares	1	**157,500,000**	157,500,000
Loss per share from :			
Loss from main operations	19, 26	**(1.59)**	(1.73)
Net loss for the year	19, 26	**(1.58)**	(1.77)

The notes from 1 to 26 form an integral part of these financial statements

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
Statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended March 31, 2014	2013 (Restated)
OPERATING ACTIVITIES			
Net loss for the year		(249,274,971)	(279,085,473)
Adjustments for non-cash items:			
Depreciation and amortization	6,7, 26	201,591,517	189,865,995
Loss on sale of property and equipment		-	2,494
Provision for doubtful debts	4	1,005,550	1,210,669
Provision for employees' termination benefits		2,749,240	2,354,556
Provision for slow moving inventories		58,617	2,461,517
Operating cash flow before changes in operating assets and liabilities		(43,870,047)	(83,190,242)
Changes in operating assets and liabilities:			
Inventories		3,491,135	(4,639,080)
Trade receivables		(31,114,251)	(1,481,434)
Prepayments and other current assets		13,541,949	7,956,509
Accounts Payable		70,649,365	(2,525,111)
Accrued expenses and other payables		(3,641,784)	(6,618,249)
Deferred revenues		(20,989,430)	12,618,569
Employees' termination benefits paid		(1,147,819)	(1,216,374)
Net cash used in operating activities		(13,080,882)	(79,095,412)
INVESTING ACTIVITIES			
Purchase of property and equipment	6	(26,864,778)	(19,725,492)
Purchase of intangible assets		(4,015,000)	(8,528,750)
Proceeds from sale of property and equipment		25,927	28,988
Net cash used in investing activities		(30,853,851)	(28,225,254)
FINANCING ACTIVITIES			
Proceeds from rights issue		-	1,175,000,000
Payment against interim funding by founding shareholders		-	(119,900,000)
Payment for tawarooq Islamic financing		(31,068,128)	(849,551,096)
Net cash (used in) generated from financing activities		(31,068,128)	205,548,904
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		(75,002,861)	98,228,238
Cash and cash equivalents at the beginning of the year		115,207,970	16,979,732
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		40,205,109	115,207,970

The notes from 1 to 26 form an integral part of these financial statements

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A **Saudi** Joint Stock Company)
Statement of changes in shareholders' equity
For the year ended March 31, 2014
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Accumulated losses	Total
Balance at April 1, 2012		400,000,000	(400,636,514)	(636,514)
Effect of restatement	26	-	40,739,787	40,739,787
Balance at April 1, 2012 (Restated)	26	400,000,000	(359,896,727)	40,103,273
Issuance of rights issue	1	1,175,000,000	-	1,175,000,000
Net loss for the year		-	(279,085,473)	(279,085,473)
Balance at March 31, 2013 (Restated)	26	1,575,000,000	(638,982,200)	936,017,800
Net loss for the year		-	(249,274,971)	(249,274,971)
Balance at March 31, 2014		**1,575,000,000**	**(888,257,171)**	**686,742,829**

The attached notes 1 to 26 form an integral part of these financial statements

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 dated19 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 06, 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.

The Company incurred a net loss for the year ended March 31, 2014 amounting Saudi Riyals 249 million and its current liabilities exceeded its current assets as of that date. Moreover, the Company had accumulated losses amounting Saudi Riyals 888 million as of March 31, 2014. 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 November 28, 2013 related to amending the memorandum of understanding (MoU) signed on August 20, 2013 between a subsidiary of Etihad Etisalat 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 respect of the possibility of 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 January 30, 2014 (Long Stop Date), including obtaining necessary regulatory clearances, 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 and to cancel any exclusivity undertakings between them in respect of the proposed transaction. Subsequently on January 29, 2014, the parties agreed to amend the MoU by extending the agreement period by a further ninety (90) days. Therefore the Long Stop Date was extended till April 30, 2014 instead of January 30, 2014.

Further to the announcement published on Tadawul's website on January 29, 2014 referred to above, GO announced on April 30, 2014 that Bayanat has completed its commercial, financial, technical and legal due diligence in respect of the said acquisition and the structuring thereof and Bayanat is currently in the stages of discussions with:

1- GO in relation to the appointment of Bayanat as the operator of GO pursuant to a management agreement the terms and conditions of which remain to be agreed between the parties thereto, and
2- the Founding Shareholders and GO in relation to the acquisition by Bayanat - as described below - of a significant minority interest in GO (hereafter together referred to as the Proposed Transaction).

With respect to the acquisition element of the Proposed Transaction summarized in 2 above, Bayanat, GO and the Founding Shareholders are currently are in the stages of discussing structuring the acquisition element.

The parties are currently in the stages of discussions, no definitive agreements have been signed in respect of the Proposed Transaction and completion of the Proposed Transaction is subject to obtaining all necessary regulatory approvals including from the Communications and Information Technology Commission and Capital Market Authority.

The accompanying financial statements were approved for issue by the Board of Directors on May 26, 2014.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting, and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting standards 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

2.3 Foreign currency translations

(a) Reporting currency

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

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks.

2.5 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the income statement and reported under "Selling and marketing expenses". When account receivable is uncollectible, it is written off against the provision for the doubtful debt. Any subsequent recoveries of amounts previously written off are credited against "Selling and marketing expenses" in the income statement.

2.6 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.

2.7 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. Network capacity is amortized on a straight-line basis over the term of the agreement. Other intangibles are amortized over the estimated useful lives.

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. The amortization is charged to the statement of income over the useful life as follows:

	Life (Years)
Network capacity	7-15

2.8 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, if any. 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 as follows:

	Life (Years)
Buildings	40
Civil works	10-15
Network infrastructure	4-15
Information Technology ("IT") Equipment	5
Facilities and support	5

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amounts of these assets and are recognized in the statement of income.

Maintenance and normal repairs, which do not materially extend the estimated useful life of an asset, are charged to the statement of income. Major renewals and improvements, if any are capitalized and the assets so replaced are retired.

2.9 Impairment of non-current assets

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

2.10 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. 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. Other borrowing costs are charged to the statement of income.

2.11 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.

2.12 Provision for employees' termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and charged to the income statement. 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 labor regulations applied in the Kingdom of Saudi Arabia.

2.13 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.

2.14 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.

2.15 Zakat and income tax

The Company's Saudi shareholders are subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Foreign shareholders are subject to income taxes. Zakat and income tax provisions related to the shareholders are charged to their related shareholders accounts. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred income taxes are recognized on all major temporary differences between financial income and taxable income are recognized during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses. Deferred income taxes are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia in accordance with Saudi Arabian Income Tax Law.

2.16 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.

2.17 Operating leases

Lease of property and equipment under which all the risks and benefits of ownership are effectively retained by the lesser 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.

2.18 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.

2.19 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 related to unused airtime 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.

2.20 Dividends

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

2.21 Costs and 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.

2.22 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.

3 Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade accounts receivable, prepayments and other credit assets, current and non-current portions of tawarooq Islamic financing, accounts payable and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

3.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and US Dollars. The Company's management believes that the currency risk related to its financial assets and liabilities are insignificant.

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. Accordingly, the Company is not subject to any significant credit risk. Accounts receivable are carried net of provision for doubtful debts.

The table below shows the maximum exposure to credit risk for the components of the balance sheet.

	2014	2013
Bank balances	40,205,109	115,207,970
Trade receivables, net	52,039,977	21,931,276
Other current assets	5,813,717	4,167,425
	98,058,803	141,306,671

3.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The Company is dependent on its ability to generate sufficient trade cash flows and renegotiate terms of payments with creditors to meet operational cash requirements.

The table below summarises the maturities of the Company's discounted financial liabilities at March 31, based on contractual payment dates. The amounts do not include unaccrued interest.

March 31, 2014	Less than 12 months	More than 12 months	Without fixed maturity	Total
Trade payables and accruals	499,982,336	49,868,263	7,495 441	557,346,040
Tawarooq islamic financing	31,068,118	163,107,658	-	194,175,776
	531,050,454	212,975,921	7,495,441	751,521,816

March 31, 2013	Less than 12 months	More than 12 months	Without fixed maturity	Total
Trade payables and accruals	427,238,040	57,952,401	5,894,020	491,084,461
Tawarooq islamic financing	31,068,122	194,175,782	-	225,243,904
	458,306,162	252,128,183	5,894,020	716,328,365

3.4 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 Company'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 Company's financial assets and liabilities are not materially different from their carrying values.

4 Trade receivables

	Note	2014	2013
Trade receivables		48,905,731	27,740,125
Less: provision for doubtful debts		(7,191,954)	(6,186,404)
		41,713,777	21,553,721
Trade receivables from related parties	23.2	10,326,200	377,555
		52,039,977	21,931,276

Movement in provision for doubtful debts is as follows:

	Note	2014	2013
April 1		(6,186,404)	(4,975,735)
Additions	16	(1,005,550)	(1,210,669)
March 31		(7,191,954)	(6,186,404)

5 Prepayments and other receivables

	2014	2013
Prepaid expenses	21,058,523	18,914,726
Advances to suppliers and employees	5,813,717	4,063,054
Prepaid rent – WIMAX/Point of presence sites	827,108	18,439,782
Other	912,041	730,576
Less: Provision for other receivables	(916,408)	(911,208)
	27,694,981	41,236,930

6 Property and equipment, net

	Note	Land and buildings	Network Infrastructure	Facilities, support & IT	Work-in progress	2014 Total	2013 Total
Cost:							(Restated)
April 1 balance		77,606,922	1,333,066,727	27,776,649	89,627,450	**1,528,077,748**	1,458,048,090
Effect of restatement	26	-	-	-	-	-	50,367,666
April 1 balance (restated)		77,606,922	1,333,066,727	27,776,649	89,627,450	**1,528,077,748**	1,508,415,756
Additions during the year		40,512	18,560,509	128,310	8,135,447	**26,864,778**	32,197,039
Transfers during the year		-	3,919,408	840,518	(4,759,926)	-	-
Disposals		-	-	(71,144)	-	**(71,144)**	(63,500)
Adjustment		-	-	-	-	-	(12,471,547)
March 31 balance		77,647,434	1,355,546,644	28,674,333	93,002,971	1,554,871,382	1,528,077,748
Accumulated depreciation:							
April 1 balance		8,017,942	544,071,234	13,971,395	-	**566,060,571**	402,989,732
Effect of restatement	26	-	-	-	-	-	9,627,879
April 1 balance (restated)		8,017,942	544,071,234	13,971,395	-	**566,060,571**	412,617,611
Charge for the year		1,600,554	157,694,795	5,724,158	-	**165,019,507**	157,703,821
Disposals		-	-	(45,217)	-	**(45,217)**	(32,018)
Adjustment		-	-	-	-	-	(4,228,843)
March 31 balance		**9,618,496**	**701,766,029**	**19,650,336**	-	**731,034,861**	566,060,571
Net book values		68,028,938	653,780,615	9,023,997	93,002,971	823,836,521	962,017,177

At year ended March 31, 2014, the Company reassessed certain capitalizable costs related to the construction of its network infrastructure (see note 26).

7 Intangible assets, net

As of March 31:	2014	2013
Cost:		
License fees paid to Communication & Information Technology Commission ("CITC")	527,904,000	527,904,000
Network Capacity	159,260,000	155,260,000
Other	24,599,711	24,584,711
	711,763,711	707,748,711
Amortization:		
April 1 balance	(131,916,331)	(95,525,314)
Charge for the year	(36,572,010)	(36,391,017)
March 31 balance	(168,488,341)	(131,916,331)
	543,275,370	575,832,380

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

Network capacity represents indefeasible right to use ("IRU") acquired on a Fibre Optic cable network for local service connectivity for a period of fifteen years connecting the Company's headquarters in Riyadh.

8 Accounts Payable

	2014	2013
Trade Payables	335,640,387	258,039,713
Capital expenditure payable	73,213,045	72,080,216
	408,853,432	330,119,929

9 Accrued Expenses and other payables

	Note	2014	2013
Accrued expenses		80,660,412	88,177,947
Other		906,155	1,012,393
		81,566,567	89,190,340
Due to related parties	23.2	20,036,770	16,054,781
		101,603,337	105,245,121

10 Deferred revenue

These represent amounts billed or collected in advance to customers and will be recognized as revenue over the service period.

11 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 average rate of return on this financing is based on Saudi Interbank Offer Rate (SIBOR) plus the commission of the Bank.
The financing balance as of March 31 was as follows:

	2014	2013
Current portion	31,068,118	31,068,122
Non-current portion	163,107,658	194,175,782
	194,175,776	225,243,904

The non-current portion amounting to Saudi Riyals 163 million will be settled in twenty one quarterly installments starting from April 2015 and ending on April 2020.

12 Revenue from services

Revenue recognized is in respect of broadband and voice services provided to subscribers during the year and interconnection revenue billed to other telecommunication operators for the year ended March 31, 2014.

	2014	2013
Broadband services, net	168,965,962	196,128,070
Voice services and interconnection revenue	65,576,270	70,355,938
	234,542,232	266,484,008

13 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.

14 Cost of services

	2014	2013 (Restated)
Voice interconnection charges	59,622,114	62,430,247
Site rental and utilities	44,499,320	45,625,005
Capacity lease charges	38,438,563	32,529,501
Network maintenance and support	29,115,961	37,233,558
Inventory consumptions / Installation	11,010,092	18,521,628
Employees' cost	9,414,615	11,352,596
Government fees	8,023,356	8,023,352
Other	1,987,117	949,879
	202,111,138	216,665,766

15 Employee Costs

	2014	2013
Salaries and benefits	38,687,876	53,436,434
Provision for employees' terminal benefits	2,749,240	2,354,556
	41,437,116	55,790,990

16 Selling and Marketing Expenses

	Note	2014	2013
Point of display sales staff		5,684,673	6,565,427
Dealers' commission		5,536,374	8,961,217
Customer care		5,518,112	8,677,599
Point of display and flagship rental		3,705,995	4,731,898
Marketing and advertisement		2,401,085	5,527,361
Provision for doubtful debts	4	1,005,550	1,210,669
Public relation, promotion and communication		668,247	582,253
Others		539,243	823,743
		25,059,279	37,080,167

17 General and administration expenses

	2014	2013
Government fees	14,468,078	21,940,164
Computer accessories & software	4,763,671	101,402
Medical, visa and iqama charges	3,149,005	2,760,776
Professional & consultancy charges	2,241,537	1,793,301
Founding shareholders fee (note 22)	1,871,587	2,211,118
Business travel	966,953	1,433,983
Insurance charges	932,566	1,019,268
Manpower services	901,241	992,977
Withholding tax (vendors)	552,010	480,404
Utilities charges	434,821	4,225,487
Subscription & memberships	251,913	261,869
Board of members' remunerations (note 23)	-	300,000
Others	2,876,088	2,687,662
	33,409,470	40,208,411

18 Financial charges

	2014	2013
Tawarroq Financing Costs	5,833,718	7,078,697
Founding shareholders' fee (Note 23)	615,163	702,623
Letter of guarantee charges	28,973	12,735
Others	727,642	1,001,667
	7,205,496	8,795,722

19 Loss per share

Loss per share for the years ended March 31, 2014 and 2013 is calculated by dividing the loss for the year by the weighted average number of shares outstanding during the year (see also note 26).

20 Zakat and income tax matters

20.1 Zakat and income tax status

The Company has filed its zakat and income tax with the Department of Zakat and Income Tax ("DZIT") for the years up to the year ended March 31, 2013.

The Company has not received any final assessments as of the date of approving the accompanying financial statements for issue.

20.2 Zakat calculation

The significant components of the zakat base of the Company under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, long-term borrowings and estimated taxable income, less deductions for the net book value of property, plant and equipment and certain other items.

	2014	2013
Shareholders' equity	1,575,000,000	1,575,000,000
Accumulated losses:	(638,982,200)	(400,636,514)
Long-term accounts payables	49,868,263	49,868,263
Tawrooq Islamic financing	194,175,776	225,243,904
Provisions	22,931,934	18,258,796
Property plants and equipments	(1,008,550,549)	(1,159,182,237)
Financial charges deductible for zakat purposes	(6,477,854)	(7,794,055)
Adjusted net loss for the year	(219,078,988)	(301,733,045)
Zakat base	(31,113,618)	(974,888)
Attributable to Saudi and GCC shareholders (96%)	(29,869,073)	(935,892)

Zakat is payable at 2.5 percent of higher of the approximate zakat base and adjusted net income. However, no zakat is payable due to negative zakat base, as shown above (see also note 20.4).

20.3 Income tax calculation

	2014	2013
Share of foreign shareholder in the adjusted net loss at 4%	(8,763,160)	(12,069,322)
Carry forward losses adjusted up to 25% of adjusted net loss	-	-
Adjusted net loss for tax purposes	(8,763,160)	(12,069,322)
Estimated tax liability	-	-

Estimated tax liability is calculated at 20% of adjusted net income attributable to the foreign shareholder. The Company was not subject to income tax since it incurred losses in 2014 and 2013.

20.4 Adjusted net loss calculation

The following are the significant components to calculate the adjusted net loss.

	2014	2013
Calculation of adjusted net loss:		
Net loss for the year	(249,274,971)	(274,124,614)
Difference in depreciation rates used under accounting and zakat regulations	17,544,965	(39,826,005)
Provisions	3,035,158	3,761,930
Withholding tax	552,010	480,404
Financial Charges	6,477,854	7,794,055
Others	2,585,996	181,185
Adjusted net loss	(219,078,988)	(301,733,045)

20.5 Provision for zakat and income tax

Provision in respect of zakat and income tax is charged to the statement of changes in shareholders' equity, if any. However, the Company is not liable to zakat and income tax in view of the fact that the zakat base and the adjusted net loss for the last two years were in negative value.

21 Commitments and contingencies

a) Major capital commitments

The company had commitments resulting from major capital expenditure contracts which were entered into and not yet executed at the balance sheet date amounting approximately to Saudi Riyals 450 million (March 31, 2013: Saudi Riyals 51 million) out of which, Saudi Riyals 400 million are resulting from the IRU agreement signed with Bayanat as discussed below.

The Company announced on March 31, 2014 that it signed an Indefeasible Rights of Use (IRU) Agreement on March 30, 2014 with Bayanat Al-Oula Network Services Company "Bayanat", a subsidiary of Etihad Etisalat Company "Mobily". According to the agreement, Bayanat granted GO an indefeasible right of use for 50 thousand ports on the fiber optics network related to Bayanat. The indefeasible rights of use agreement allows both parties to agree upon increasing used ports by GO to reach 250 thousand ports. The ports are used to provide broadband internet and fixed telephone services for household sector and private businesses of small entities sector.

b) Letters of credit and guarantee

The Company's bankers have issued letters of credit and guarantees amounting to Saudi Riyals 50 million (March 31, 2013: Saudi Riyals 51 million) (including temporary sub allocation of facilities) as at the balance sheet date.

c) The Company has the legal claims summarized as below:

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.

22 Segmental information

The 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.

23 Related party matters

23.1 Related party transactions

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarized below:

Nature of transactions	2014	2013
Interconnection revenue	7,378,748	334,355
Data revenue	2,766,073	55,872
Management Fees	1,872,105	2,211,118
Voice Interconnection Cost	1,382,555	2,969,683
GMPLS Lease circuit invoices	1,000,000	-
Compensation for corporate guarantees issued by the founding shareholders	615,163	702,623
Other charges	10,500	1,066,278

23.2 Related party balances

Significant year end balances arising from transactions with related parties are as follows:

(i) Trade receivable from related parties

	2014	2013
BATELCO	8,913,892	334,355
Atheeb Trading Company Ltd.	718,014	-
SAMACO	510,744	-
Atheeb Integraph	97,150	-
UFM Radio	86,400	43,200
	10,326,200	377,555

(Ii) Due to related parties

	2014	2013
BATELCO	15,227,265	11,761,575
Al Nahla Trading and Contracting Company Ltd.	1,740,222	1,607,726
Traco Group Trading and Contracting Company	745,812	689,028
Saudi Internet Company Ltd.	559,358	516,769
Atheeb Computer and Communications Company Ltd.	559,358	516,769
Atheeb Maintenance and Services Company Ltd.	559,358	516,769
Atheeb Trading Company Ltd.	645,397	446,145
	20,036,770	16,054,781

24 Operating Lease

The Company has various operating leases for its offices, warehouses and production facilities. Rental expenses for the year ended March 31, 2014 amounted to Saudi Riyals 48.2 million (March 31, 2013: Saudi Riyals 50.4 million).

Future rental commitments at March 31, 2014 under these operating leases are as follows:

Years ending March 31:	Saudi Riyal
2015	42,920,420
2016	42,497,514
2017	41,705,563
2018	32,745,358
2019	11,587,873
After that	1,938,238
	173,394,966

25 Reclassifications

Certain reclassifications have been made in the comparative figures to conform to the presentation for the current year.

26 Restatement of certain capitalizable costs

At the year ended March 31, 2014, the Company reassessed costs of capitalizable nature which were charged to cost of revenues in prior years.as a consequence, the Company restated certain prior years' amounts to capitalize certain amounts in technical employees cost. The capitalized costs were added to the cost of "Network Infrastructure" under property and equipment and depreciated on straight line basis using the related asset category depreciation rate ranging from 4 to 15 years. Accordingly the related comparative amounts and balances presented in the financial statements as of April 1, 2012 and as of and for the year ended March 31, 2013 were restated as follows:

Balance sheet:	Balance as previously reported April 1, 2012	Balance after restatement April 1, 2012
Property and Equipment, net	1,055,058,358	1,095,798,145
Accumulated losses	(400,636,514)	(359,896,727)

	Balance as previously reported March 31, 2013	Balance after restatement March 31, 2013
Property and Equipment, net	921,277,390	962,017,177
Accumulated Losses	(674,761,128)	(638,982,200)

Income statement:	Amounts as previously reported March 31, 2013	Amounts after restatement March 31, 2013
Cost of revenues	(219,190,854)	(216,665,766)
Depreciation and amortization	(182,380,048)	(189,865,995)
Gross profit	47,293,154	49,818,242
Loss from main operations	(268,166,462)	(273,127,321)
Net loss for the year	(274,124,614)	(279,085,473)

Loss per share:	Amounts as previously reported March 31, 2013	Amounts after restatement March 31, 2013
Loss from main operations	(1.70)	(1.73)
Net Loss for the year	(1.74)	(1.77)

The Company's management believes the reassessment of such capitalizable costs as shown above more accurately reflect the Company's financial position and results of operations for the current and previous years. Had the Company not made the reassessment of such capitalizable costs, the losses for the year ended March 31, 2014 would have been lower by an amount of SR 4.8 million while accumulated losses would have been higher by SR 31 million. These restatements have been made subsequent to the issuance of the reviewed interim financial statements as of and for the quarter ended March 31, 2014.