ELEMENT	CURRENT QUARTER	SIMILAR QUARTER FOR PREVIOUS YEAR(*)	% CHANGE CURRENT	PREVIOUS QUARTER	% CHANGE PREVIOUS QUARTER
NET PROFIT (LOSS)	-189.7	3.2	N/A	-163.1	-16.3%
GROSS PROFIT (LOSS)	1,633	2,088	-21.8%	1,665	-1.9%
OPERATIONAL PROFIT (LOSS)	-5.49	158.35	N/A	35.26	N/A

ELEMENT	CURRENT PERIOD	SIMILAR PERIOD FOR PREVIOUS YEAR	% CHANGE CURRENT
NET PROFIT (LOSS)	-352.8	22.9	N/A
GROSS PROFIT (LOSS)	3,298	4,013	-17.8%
OPERATIONAL PROFIT (LOSS)	29.77	310.29	-90.4%
EARNING OR LOSS PER SHARE, RIYALS	-0.46	0.03	N/A

All figures are in (Millions) Saudi Arabia, Riyals

ELEMENT	EXPLAINATION
REASONS OF INCREASE (DECREASE) FOR QUARTER COMPARED WITH SAME QUARTER LAST YEAR	Q2 2017 Net Result amounted to a loss of SAR 189.7 million compared to a gain of SAR 3.2 million in Q2 2016. This was mainly due to the following: • **Revenues** decreased by 13%, at SAR 2,854 million compared to 3,289 SAR million in Q2 2016 mainly due to the erosion of the base in 2016 as a result of the pressure on sales driven by the finger print process (implemented during 2016). • **Gross profit** decreased by 21.8%, at SAR 1,633 million compared to SAR 2,088 million in Q2 2016. This resulted mainly from the decrease in revenues and the increase in cost of sales. • **EBITDA** declined by 21%, at SAR 900 million (or 32 % EBITDA margin) compared to SAR 1,146 million (or 35% EBITDA margin) in Q2 2016. This decline is due to the decline of the gross profit partially offset by several cost reductions. • **Interest and financial charges** increased from SAR 143 million in Q2 2016 to SAR 163 million mainly as a result of the increase in the cost of funding.
REASONS OF INCREASE (DECREASE) FOR PERIOD COMPARED WITH SAME PERIOD LAST YEAR	H1 2017 Net Result amounted to a loss of SAR 352.8 million compared to a gain of SAR 22.9 million in H1 2016. This was mainly due to the following: • **Revenues** decreased by 15%, at SAR 5,719 million compared to SAR 6,729 million in H1 2016 mainly due to the erosion of the base in 2016 in particular as a result of: (i) The pressure on sales driven by the finger print process (implemented during 2016) (ii) The reduction of the interconnection rates since April 2016

	• **Gross profit** decreased by 17.8% at SAR 3,298 million compared to SAR 4,013 million in H1 2016, mainly due to the decrease in revenues. • **EBITDA** declined by 19%, reaching SAR 1,832 million (or 32% EBITDA margin) compared to SAR 2,275 million (or 34% EBITDA margin) due to the decrease in gross profit, partially offset by several cost reductions. • **Interest and financial charges** increased from SAR 268 million in H1 2016 to SAR 357 million mainly as a result of a one-off of SAR 42 million in connection with the implementation of the SAR 7.9 billion refinancing in February 2017, and the increase in the cost of funding.
REASONS OF INCREASE (DECREASE) FOR QUARTER COMPARED WITH PREVIOUS QUARTER	Q2 2017 Net Result amounted to a loss of SAR 189.7 million compared to a loss of SAR 163.1 million in Q1 2017. This was mainly due to the following: • **Revenues** slightly decreased by 0.39%, at SAR 2,854 million compared to SAR 2,865 million in Q1 2017, reflecting a slight improvement if we take into account the negative seasonality impact of Ramadan and lower handset sales. • **Gross profit** slightly decreased by 1.9% at SAR 1,633 million compared to SAR 1,665 million in Q1 2017, due to higher roaming costs and transit costs (associated with a higher transit revenues). • **EBITDA** declined by 3.4%, reaching SAR 900 million (or 32% EBITDA margin) compared to SAR 932 million (or 33% EBITDA margin) due to the decrease in gross profit and a combination of an increase of selling and marketing expenses (as a result of higher commercial activity) and a decrease of general and administrative expenses as a result of certain reversal of accruals and cost savings, in addition to a reclassification between the two cost items. • **Interest and financial charges** decreased from SAR 195 million in Q1 2017 to SAR 163 million in Q2 2017 mainly due to the presence of a one-off of SAR 42 million, that took place in Q1 2017, related to the implementation of refinancing. • **Zakat charge** increased from SAR 7 million to SAR 24 million in Q2 2017, due to a one-off charges reflecting change of regulation related to depreciation.
EXTERNAL AUDITOR'S REPORT CONTAINING RESERVATION	N/A
RECLASSIFICATIONS IN QUARTERLY FINANCIAL RESULTS	Certain figures for the comparative period have been reclassified and/or adjusted (to reflect IFRS implementation) to conform to the current period presentation.

OTHER NOTES	
OTHER NOTES	• **CAPEX addition** in Q2 2017 were at SAR 438 million compared to SAR 509 million in the same quarter last year, reflecting a decrease related to phasing and a certain capitalization of back-log CAPEX related to previous years in Q2 2016. • **Operational Cash Flow (EBITDA-CAPEX)** for H1 2017 amounted to SAR 1,040 million compared to SAR 384 million in H1 2016, while operational cash flow was at SAR 462 million in Q2 2017 compared to SAR 635 million in Q2 2016. • **Shareholders equity** (no minority interest) at the end of Q2 2017 amounted to SAR 14,609 million compared to SAR 15,193 million at the end of Q2 2016 with a decrease of 4%. • **Total comprehensive loss** for the first six months of 2017 amounted to SAR 346.1 million compared to a gain of SAR 20.7 million for the same period in 2016. Q2 2017 amounted to a loss of SAR 190 million, compared to a loss of SAR 0.9 million in Q2 2016 with an increase in losses of 21,011% (compared to a loss of SAR 156.1 million in Q1 2017, representing an increase in losses by 18%) (*) Restated under IFRS (reviewed by the auditors but unaudited)