
ZAIN BAHRAIN B.S.C.

CONDENSED INTERIM
FINANCIAL INFORMATION
JUNE 30, 2016

ZAIN BAHRAIN B.S.C.

Commercial Registration No. 50603

Chairman Al Shaikh Ahmed Bin Ali Al Khalifa

Directors Mr. Asaad Ahmed Al Banwan - Vice Chairman
Al Shaikh Rashed Abdulrahman Mohamed Al Khalifa -
Independent Director
Mr. Jamal Shaker Al Alkazemi
Mr. Waleed A M A Alroudan
Mrs. Shaikha Khalid A A Albahar
Mr. Ali Al Khaja - Independent Director

Corporate Secretary Ms. Latifah Salahuddin

Chief Executive Officer Mr. Scott Gegzheimer

General Manager Mr. Mohammed Zainalabedin

Finance Director Mr. Mudasser Muhammad Ali

Registered Office P.O. Box 266
Manama
Kingdom of Bahrain

Principal Bankers National Bank of Kuwait
Bank of Bahrain and Kuwait
National Bank of Bahrain
National Bank of Abu Dhabi
Ahli United Bank
Ithmar Bank
Arab Bank
Khaleeji Commercial Bank
Bank Muscat International
Kuwait Finance House
Bahrain Islamic Bank
Al Baraka Islamic Bank
Standard Chartered Bank

Auditor Deloitte & Touche – Middle East
P.O. Box 421
Manama
Kingdom of Bahrain

ZAIN BAHRAIN B.S.C.

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REVIEW REPORT

To the Directors
Zain Bahrain B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying interim statement of financial position of Zain Bahrain B.S.C. (the "Company") as at June 30, 2016 and the related interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

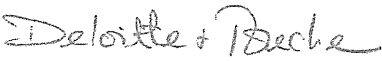
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." 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 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 condensed interim financial information is not prepared, in all material respect, in accordance with International Accounting Standard 34.

Manama, Kingdom of Bahrain
July 28, 2016


Deloitte & Touche - Middle East
Partner Registration No. 184

ZAIN BAHRAIN B.S.C.INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

		<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
		<u>2016</u>	<u>2015</u>	<u>2015</u>
	<u>Notes</u>	<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>
ASSETS				
Current assets				
Cash and bank balances	5	6,278	7,822	4,026
Accounts receivable and other assets	6	22,543	21,564	21,404
Inventories	7	3,420	2,505	2,069
		-----	-----	-----
Total current assets		32,241	31,891	27,499
		-----	-----	-----
Non-current assets				
Property and equipment	8	72,512	72,720	68,632
Intangible assets	9	11,060	12,835	13,916
		-----	-----	-----
Total non-current assets		83,572	85,555	82,548
		-----	-----	-----
Total assets		<u>115,813</u>	<u>117,446</u>	<u>110,047</u>
		=====	=====	=====
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Accounts payable and other liabilities	10	34,928	32,606	24,289
Current portion of term loans	11	7,786	7,786	7,786
Deferred revenue		4,064	4,168	4,271
		-----	-----	-----
Total current liabilities		46,778	44,560	36,346
		-----	-----	-----
Non-current liabilities				
Non-current portion of term loans	11	5,768	9,661	13,553
Provision for employees' end-of-service benefits		324	285	281
		-----	-----	-----
Total non-current liabilities		6,092	9,946	13,834
		-----	-----	-----
Total liabilities		<u>52,870</u>	<u>54,506</u>	<u>50,180</u>
		-----	-----	-----


The attached notes 1 to 16 form part of this condensed interim financial information


ZAIN BAHRAIN B.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016 (CONTINUED)

	(Unaudited) June 30, 2016 BD '000	(Audited) December 31, 2015 BD '000	(Unaudited) June 30, 2015 BD '000
Equity			
Share capital	36,800	36,800	36,800
Share premium	3,032	3,032	3,032
Statutory reserve	10,566	10,382	10,074
Retained earnings	12,545	12,726	9,961
Total equity	62,943	62,940	59,867
Total liabilities and equity	115,813	117,446	110,047

The condensed interim financial information was approved and authorised for issue on July 28th, 2016 and signed on behalf of the Directors by:


 Al-Shaikh Ahmed Bin Ali Al Khalifa
 Chairman



 Mr. Asaad Ahmed Al Banwan
 Vice Chairman


The attached notes 1 to 16 form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.

**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2016**

	Notes	Three month	Three month	Six month	Six month
		period ended June 30, 2016 BD '000	period ended June 30, 2015 BD '000	period ended June 30, 2016 BD '000	period ended June 30, 2015 BD '000
Revenue	12	15,785	17,489	31,870	35,122
Cost of revenue		(2,437)	(2,884)	(4,766)	(5,598)
Gross profit		13,348	14,605	27,104	29,524
Operating and administrative expenses		(6,955)	(7,080)	(14,189)	(14,636)
Depreciation and amortisation		(5,063)	(5,810)	(10,233)	(11,560)
Provision for impairment of receivables and other assets		(254)	(424)	(541)	(773)
Provision for inventories		(77)	(74)	(154)	(149)
Operating profit		999	1,217	1,987	2,406
Interest income		14	4	42	8
Other income		46	-	110	-
Gain on currency revaluation		11	16	17	27
Finance costs		(144)	(187)	(313)	(367)
Profit for the period		926	1,050	1,843	2,074
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		926	1,050	1,843	2,074
Basic earnings per share	13	Fils 3	Fils 3	Fils 5	Fils 6


Al Shaikh Ahmed Bin Ali Al Khalifa
Chairman


Mr. Asaad Ahmed Al Banwan
Vice Chairman

The attached notes 1 to 16 form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2016

	<u>Share Capital</u> BD '000	<u>Share Premium</u> BD '000	<u>Statutory Reserve</u> BD '000	<u>Retained Earnings</u> BD '000	<u>Total</u> BD '000
Balance at December 31, 2014	36,800	3,032	9,867	9,934	59,633
Dividends	-	-	-	(1,840)	(1,840)
Total comprehensive income for the period	-	-	-	2,074	2,074
Transfer to statutory reserve	-	-	207	(207)	-
Balance at June 30, 2015	<u>36,800</u>	<u>3,032</u>	<u>10,074</u>	<u>9,961</u>	<u>59,867</u>
Balance at December 31, 2015	36,800	3,032	10,382	12,726	62,940
Dividends	-	-	-	(1,840)	(1,840)
Total comprehensive income for the period	-	-	-	1,843	1,843
Transfer to statutory reserve	-	-	184	(184)	-
Balance at June 30, 2016	<u>36,800</u>	<u>3,032</u>	<u>10,566</u>	<u>12,545</u>	<u>62,943</u>

The annual general assembly held on March 24, 2016 approved cash dividends equivalent to 5% of the issued share capital amounting to BD 1,840,000.

ZAIN BAHRAIN B.S.C.INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2016

	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Cash flows from operating activities:		
Profit for the period	1,843	2,074
Adjustments for:		
Depreciation and amortization	10,233	11,560
Provision for impairment of receivables and other assets and provision for slow moving inventories	695	922
Finance costs	313	367
Interest income	(42)	(8)
Provision for employees' end of service indemnity	65	57
	-----	-----
Operating profit before working capital changes	13,107	14,972
Increase in inventories	(1,069)	(90)
Increase in accounts receivable and other assets	(1,520)	(939)
Increase / (decrease) in accounts payable and other liabilities	2,310	(1,440)
Decrease in deferred revenue	(104)	(258)
	-----	-----
Cash generated from operating activities	12,724	12,245
Payment of employees' end of service indemnity	(26)	(99)
	-----	-----
Net cash from operating activities	12,698	12,146
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	(4,590)	(3,619)
Increase in intangible assets	(3,660)	(4,746)
Interest received	42	8
	-----	-----
Net cash used in investing activities	(8,208)	(8,357)
	-----	-----
Cash flows from financing activities:		
Term loans	(3,893)	(594)
Dividends paid	(1,810)	(1,757)
Interest paid	(331)	(386)
	-----	-----
Net cash used in financing activities	(6,034)	(2,737)
	-----	-----

The attached notes 1 to 16 form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2016 (CONTINUED)

	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Net (decrease) / increase in cash and cash equivalents	(1,544)	1,052
Cash and cash equivalents beginning of period	7,822	2,974
	-----	-----
Cash and cash equivalents end of period (Note 5)	<u>6,278</u>	<u>4,026</u>

The attached notes 1 to 16 form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2016**1. INCORPORATION AND ACTIVITIES:**

Zain Bahrain B.S.C. (the "Company") is a Bahraini Shareholding Company (Public) incorporated in the Kingdom of Bahrain on April 19, 2003 and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) number 50603. The Company is a subsidiary of Mobile Telecommunications Company K.S.C. (the "Parent Company"), a Kuwaiti shareholding company listed on the Kuwait Stock Exchange. The Company's registered office is P.O. Box 266, Manama, Kingdom of Bahrain.

The Company is mainly engaged in the provision of public telecommunications and related products and services. Effective December 4, 2014, the Company became a Bahraini Shareholding Company (Public) with shares listed on the Bahrain Bourse.

2. BASIS OF PREPARATION:

The condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The condensed interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards. For more details, please refer to the audited financial statements for the year ended December 31, 2015.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES:

The condensed interim financial information has been prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation are followed in this condensed interim financial information as were applied in the preparation of the Company's financial statements for the year ended December 31, 2015.

Standards affecting the disclosures and presentation in the current period

None of the revised Standards that have been adopted in the current period which are effective for annual periods beginning on or after January 1, 2016 have affected the disclosures and presentations in the financial information.

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2016**4. JUDGEMENTS AND ESTIMATES:**

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended December 31, 2015.

5. CASH AND BANKS:

	(Unaudited) June 30, 2016 BD '000	(Audited) December 31, 2015 BD '000	(Unaudited) June 30, 2015 BD '000
Cash and current accounts with banks	6,278	7,822	4,026
Cash and cash equivalents	6,278	7,822	4,026

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS (NET):

	(Unaudited) June 30, 2016 BD '000	(Audited) December 31, 2015 BD '000	(Unaudited) June 30, 2015 BD '000
Accounts receivable:			
Due from post paid subscribers	20,170	19,898	18,844
Due from roaming partners (Note 6.1)	3,693	3,846	3,696
Allowance for impairment	(9,013)	(8,472)	(7,891)
	14,850	15,272	14,649
Instalment sales receivable	717	536	221
Due from distributors	486	674	744
Interconnect receivable from other operators	2,263	1,717	1,266
Accrued income	248	481	555
	18,564	18,680	17,435

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 20166. ACCOUNTS RECEIVABLE AND OTHER ASSETS (NET): (CONTINUED)

	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2015</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Other assets:			
Prepaid expenses	1,953	1,480	2,072
Due from related parties (Note 15)	15	15	16
Sundry receivables and other assets	1,148	529	871
Staff receivables	73	70	98
Portfolio under management	912	912	912
Allowance for impairment	(122)	(122)	-
	-----	-----	-----
	3,979	2,884	3,969
	-----	-----	-----
	<u>22,543</u>	<u>21,564</u>	<u>21,404</u>
	=====	=====	=====

- 6.1 Balances due from roaming partners are concentrated within a limited number of counterparts, whereas an amount of BD 2,090,751 as at June 30, 2016 and December 31, 2015 relates to one roaming partner and has been outstanding for approximately 3 years. The Company is currently negotiating a five year service agreement with this counterparty and management believes that once signed, it will contribute to the settlement of this balance by offsetting against payables that will arise.

An allowance for impairment in the amount of BD 265,000 has been provided for in previous year.

7. INVENTORIES (NET):

This caption comprises mobile telephone handsets and accessories, laptops, subscribers' identification module ("SIM") cards, recharge vouchers and calling cards.

	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2015</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Handsets, accessories and others	4,526	3,457	2,847
Allowance for slow moving items	(1,106)	(952)	(778)
	-----	-----	-----
	3,420	2,505	2,069
	=====	=====	=====

Accessories include WIMAX and Customer Premises Equipment (CPE) which are used for WIMAX communication amounting to BD 750,248 (2015: BD 835,991).

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 20168. PROPERTY AND EQUIPMENT:

	Freehold Land and Building BD '000	Network Equipment BD '000	Office Equipment BD '000	Furniture and Fixtures BD '000	Vehicles BD '000	Capital Work-in Progress BD '000	Total BD '000
Cost:							
Balance at December 31, 2015	2,988	82,790	32,012	4,009	17	8,681	130,497
Additions	-	-	-	-	-	4,590	4,590
Reclassification	-	(5,469)	5,469	-	-	-	-
Transfers	5	1,894	670	-	-	(2,569)	-
Balance at June 30, 2016	2,993	79,215	38,151	4,009	17	10,702	135,087
Accumulated depreciation:							
Balance at December 31, 2015	728	30,336	23,138	3,558	17	-	57,777
Relating to reclassification	-	(3,809)	3,809	-	-	-	-
Depreciation expense	18	3,300	1,411	69	-	-	4,798
Balance at June 30, 2016	746	29,827	28,358	3,627	17	-	62,575
Carrying amount:							
Balance at June 30, 2016	2,247	49,388	9,793	382	-	10,702	72,512
Balance at December 31, 2015	2,260	52,454	8,874	451	-	8,681	72,720

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 20169. INTANGIBLE ASSETS:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2015</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
National Fixed Wireless Services license	2,081	2,267	2,453
4G Long Term Evolution license	782	814	845
	-----	-----	-----
	2,863	3,081	3,298
Subscribers acquisition cost	8,197	9,754	10,618
	-----	-----	-----
	<u>11,060</u>	<u>12,835</u>	<u>13,916</u>

The movement of intangible assets is as follows:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2015</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Balance beginning of period / year	12,835	15,940	15,940
Addition - Subscribers acquisition cost	3,660	9,852	4,746
Amortisation charge	(5,435)	(12,957)	(6,770)
	-----	-----	-----
Balance end of period / year	<u>11,060</u>	<u>12,835</u>	<u>13,916</u>

- 9.1 The National Fixed Wireless Services (“NFWS”) license was obtained on January 8, 2007. Initial cost of BD 5,576,211 is amortised over the license period of 15 years.
- 9.2 The 4G Long Term Evolution (“4G LTE”) license was obtained on September 19, 2013. The initial cost of BD 956,700 is amortised over the license period of 15 years.
- 9.3 Subscribers acquisition cost consists of the subsidised cost of inventory items sold by the Company to its customers. These items are amortised over the contracted subsidy period which ranges from 1 to 4 years.

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 201610. ACCOUNTS PAYABLE AND ACCRUALS:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2015</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Due to suppliers	4,579	8,845	6,057
Accrued expenses	15,982	9,695	5,466
Interconnection payable	1,409	1,588	2,089
Due to roaming partners	2,397	2,241	2,300
Accrued employees' benefits	1,016	1,227	599
Subscriber deposits	45	31	30
Dividend payable	67	37	83
Due to related parties (Note 15)	9,237	8,502	7,467
Accrued Directors' remuneration	81	307	104
Accrued interest	115	133	94
	-----	-----	-----
	34,928	32,606	24,289
	=====	=====	=====

11. TERM LOANS:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2015</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Term loans from banks:			
Current portion	7,786	7,786	7,786
Non-current portion	5,768	9,661	13,553
	-----	-----	-----
	13,554	17,447	21,339
	=====	=====	=====

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2016**11. TERM LOANS: (CONTINUED)**

In 2013, the Company obtained three term loans from resident banks in the aggregate amount of BD 31 million for the purpose of financing the Company's capital expenditures, including network expansion, and its working capital requirements. Total utilised balance up to June 30, 2016 amounted to BD 29.5 million (December 31, 2015: BD 29.5 million). These loans are payable over 7 to 8 semi-annual installments starting after one year from loan agreements' dates and carry interest rate of three month BIBOR + 2.25%, payable quarterly.

Settlements made during the period amounted to BD 3.893 million (December 31, 2015: BD 7.786 million).

12. REVENUE:

This caption represents revenue from airtime, data, subscription, handsets, accessories and SIM card starter pack sales, net of roaming expense. Revenue from sale of handsets, accessories and other items amounts to BD 0.894 million (June 30, 2015: BD 1.336 million).

13. BASIC EARNINGS PER SHARE:

	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>Six month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Profit for the period	926	1,050	1,843	2,074
<i>Number of shares</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of shares in issue	368,000	368,000	368,000	368,000
	<u>Fils</u> <u>per share</u>	<u>Fils</u> <u>per share</u>	<u>Fils</u> <u>per share</u>	<u>Fils</u> <u>per share</u>
Basic and diluted earnings per share	3	3	5	6

Basic and diluted earnings per share are same since the Company has not issued any instrument that would have a diluting effect.

14. SEGMENT INFORMATION:

The Company operates in telecommunication and related services business and its activities are organised into three main business segments; mobile operation, fixed broadband operation and trading of handsets and accessories. Management considers that these business activities are not separate operating units. The Company carries out its activities in the Kingdom of Bahrain.

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 201615. RELATED PARTIES:

Transactions with related parties mainly with Zain Group Holding S.P.C. included in the statement of profit or loss and other comprehensive income are as follows:

	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>Six month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Office rent and maintenance costs	245	245	490	490
Site and outlet rent	13	12	25	24
Management fee	481	532	969	1,067
Royalty fee	-	90	-	179
	=====	=====	=====	=====

Balances with related parties are as follows:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2015</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
<u>Due from related parties balances (Note 6)</u>			
Sudanese Mobile Telephone Company Ltd	13	13	13
Zain – South Sudan	1	1	2
Zain – Lebanon	1	1	1
	-----	-----	-----
	15	15	16
	=====	=====	=====
<u>Due to related parties balances (Note 10)</u>			
Zain Group Holding-Bahrain S.P.C.	9,235	8,500	7,467
Zain – Jordan	2	2	-
	-----	-----	-----
	9,237	8,502	7,467
	=====	=====	=====

Transactions and balances involving telecommunication services in the ordinary course of business are not reported above.

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 201615. RELATED PARTIES: (CONTINUED)Compensation of key management personnel:

Remuneration of Directors and other members of key management during the period were as follows:

	<u>Three month period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Three month period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>Six month period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six month period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Short term benefits	275	259	548	517
Other long term benefits	25	17	50	36
	----- 300 =====	----- 276 =====	----- 598 =====	----- 553 =====

The above compensations were in the form of salaries, allowances and accrued bonus of BD 81,181 (June 30, 2015: BD 104,047).

16. CONTINGENT LIABILITIES AND COMMITMENTS:(i) Contingent liabilities:

	(Unaudited) <u>June 30,</u> <u>2016</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2015</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Letters of guarantee	714 =====	743 =====	930 =====

(ii) Capital commitments:

Capital commitments outstanding at the reporting dates are as follows:

	(Unaudited) <u>June 30,</u> <u>2016</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2015</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Capital expenditures	9,234 =====	11,370 =====	11,809 =====

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 201616. CONTINGENT LIABILITIES AND COMMITMENTS: (CONTINUED)(iii) **Commitments under operating leases:**

Commitments under operating leases, which substantially comprise properties on which telecommunication equipment have been installed, are presented as follows:

	(Unaudited) <u>June 30,</u> <u>2016</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2015</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2015</u> <u>BD '000</u>
Within one year	4,344	2,209	2,435
Later than one year, but not more than five years	8,946	8,720	10,762
Later than five years	1,713	2,443	-
	<u>15,003</u>	<u>13,372</u>	<u>13,197</u>

(iv) Other contingent financial commitments outstanding at the reporting date are BD 733,000 (December 31, 2015: BD 512,000).