

ZAIN BAHRAIN B.S.C.

**CONDENSED INTERIM
FINANCIAL INFORMATION
SEPTEMBER 30, 2016**

ZAIN BAHRAIN B.S.C.

<u>Commercial Registration No.</u>	50603
<u>Chairman</u>	Al Shaikh Ahmed Bin Ali Al Khalifa
<u>Directors</u>	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
<u>Corporate Secretary</u>	Ms. Latifah Salahuddin
<u>Chief Executive Officer</u>	Mr. Scott Gegnheimer
<u>General Manager</u>	Mr. Mohammed Zainalabedin
<u>Finance Director</u>	Mr. Mudasser Muhammad Ali
<u>Registered Office</u>	P.O. Box 266 Manama Kingdom of Bahrain
<u>Principal Bankers</u>	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
<u>Auditor</u>	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 September 30, 2016 and the related interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-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.

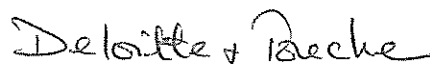
Scope of Review

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
October 16, 2016


Deloitte & Touche - Middle East
Partner Registration No. 184

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

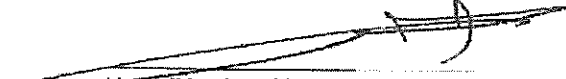
		<u>(Unaudited)</u> September 30, 2016 BD '000	<u>(Audited)</u> December 31, 2015 BD '000	<u>(Unaudited)</u> September 30, 2015 BD '000
ASSETS				
Current assets				
Cash and bank balances	5	5,433	7,822	10,074
Accounts receivable and other assets	6	21,814	21,564	21,631
Inventories	7	2,579	2,505	2,176
		-----	-----	-----
Total current assets		29,826	31,891	33,881
		-----	-----	-----
Non-current assets				
Property and equipment	8	74,149	72,720	67,221
Intangible assets	9	12,465	12,835	13,655
		-----	-----	-----
Total non-current assets		86,614	85,555	80,876
		-----	-----	-----
Total assets		116,440	117,446	114,757
		=====	=====	=====
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Accounts payable and other liabilities	10	35,773	32,606	28,607
Current portion of term loans	11	7,786	7,786	7,786
Deferred revenue		3,598	4,168	4,284
		-----	-----	-----
Total current liabilities		47,157	44,560	40,677
		-----	-----	-----
Non-current liabilities				
Non-current portion of term loans	11	4,830	9,661	12,616
Provision for employees' end-of-service benefits		306	285	259
		-----	-----	-----
Total non-current liabilities		5,136	9,946	12,875
		-----	-----	-----
Total liabilities		52,293	54,506	53,552
		-----	-----	-----


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 SEPTEMBER 30, 2016 (CONTINUED)

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Equity			
Share capital	36,800	36,800	36,800
Share premium	3,032	3,032	3,032
Statutory reserve	10,687	10,382	10,208
Retained earnings	13,628	12,726	11,165
Total equity	----- 64,147	----- 62,940	----- 61,205
Total liabilities and equity	----- 116,440 =====	----- 117,446 =====	----- 114,757 =====

The condensed interim financial information was approved and authorized for issue on October 16, 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
(UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Notes	<u>Three month</u>	<u>Three month</u>	<u>Nine month</u>	<u>Nine month</u>
		<u>period ended</u>	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>
		<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>
Revenue	12	16,953	18,508	48,823	53,630
Cost of revenue		(3,254)	(3,096)	(8,020)	(8,694)
Gross profit		13,699	15,412	40,803	44,936
Operating and administrative expenses		(6,975)	(7,917)	(21,164)	(22,553)
Depreciation and amortisation		(5,046)	(5,504)	(15,279)	(17,064)
Provision for impairment of receivables and other assets		(286)	(387)	(827)	(1,160)
Provision for inventories		(77)	(100)	(231)	(249)
Operating profit		1,315	1,504	3,302	3,910
Interest income		18	9	60	17
Other income		13	-	123	-
(Loss) / gain on currency revaluation		(2)	12	15	39
Finance costs		(140)	(187)	(453)	(554)
Profit for the period		1,204	1,338	3,047	3,412
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,204	1,338	3,047	3,412
Basic earnings per share	13	Fils 3	Fils 4	Fils 8	Fils 9

Al Shaikh Ahmed Bin Ali Al Khalifa
Chairman

Mr. Asnad 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 (UNAUDITED)**
FOR THE PERIOD ENDED SEPTEMBER 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	-	-	-	3,412	3,412
Transfer to statutory reserve	-	-	341	(341)	-
Balance at September 30, 2015	<u>36,800</u>	<u>3,032</u>	<u>10,208</u>	<u>11,165</u>	<u>61,205</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	-	-	-	3,047	3,047
Transfer to statutory reserve	-	-	305	(305)	-
Balance at September 30, 2016	<u>36,800</u>	<u>3,032</u>	<u>10,687</u>	<u>13,628</u>	<u>64,147</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 (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	<u>Nine-month</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Nine-month</u> <u>period ended</u> <u>September 30,</u> <u>2015</u> <u>BD '000</u>
Cash flows from operating activities:		
Profit for the period	3,047	3,412
Adjustments for:		
Depreciation and amortisation	15,279	17,064
Provision for impairment of receivables and other assets and provision for slow moving inventories	1,058	1,409
Finance costs	453	554
Interest income	(60)	(17)
Provision for employees' end of service indemnity	79	75
	-----	-----
Operating profit before working capital changes	19,856	22,497
Increase in inventories	(305)	(297)
Increase in accounts receivable and other assets	(2,335)	(1,553)
Increase in accounts payable and other liabilities	3,205	2,910
Decrease in deferred revenue	(570)	(245)
	-----	-----
Cash generated from operating activities	19,851	23,312
Payment of employees' end-of-service benefits	(58)	(139)
	-----	-----
Net cash from operating activities	19,793	23,173
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	(8,680)	(4,585)
Increase in intangible assets	(6,400)	(7,612)
Interest received	60	17
Proceeds from disposal of property and equipment	-	3
	-----	-----
Net cash used in investing activities	(15,020)	(12,177)
	-----	-----
Cash flows from financing activities:		
Term loans	(4,831)	(1,530)
Dividends paid	(1,814)	(1,796)
Interest paid	(517)	(570)
	-----	-----
Net cash used in financing activities	(7,162)	(3,896)
	-----	-----

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

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

	<u>Nine-month</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Nine-month</u> <u>period ended</u> <u>September 30,</u> <u>2015</u> <u>BD '000</u>
Net (decrease) / increase in cash and cash equivalents	(2,389)	7,100
Cash and cash equivalents beginning of period	7,822	2,974
	-----	-----
Cash and cash equivalents end of period (Note 5)	<u>5,433</u>	<u>10,074</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 SEPTEMBER 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, except as below:

Indefeasible Right to Use

Indefeasible Right to Use (“IRU”) are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an asset when the Company has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers or dedicated wave length bandwidth and the duration of the right is for the major part of the underlying asset’s economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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.

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 BANK BALANCES:

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Cash, current accounts with banks and items for collection	5,433	7,822	10,074
Cash and cash equivalents	<u>5,433</u>	<u>7,822</u>	<u>10,074</u>

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS:

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Accounts receivable:			
Due from post paid subscribers	21,387	19,898	19,730
Due from roaming partners (Note 6.1)	2,310	3,846	3,941
Allowance for impairment	(9,299)	(8,472)	(8,278)
	<u>14,398</u>	<u>15,272</u>	<u>15,393</u>
Instalment sales receivable	748	536	445
Due from distributors	462	674	573
Interconnect receivable from other operators	2,337	1,717	1,162
Accrued income	158	481	445
	<u>18,103</u>	<u>18,680</u>	<u>18,018</u>

ZAIN BAHRAIN B.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**6. ACCOUNTS RECEIVABLE AND OTHER ASSETS: (CONTINUED)**

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Other assets:			
Prepaid expenses	1,527	1,480	1,870
Due from related parties (Note 15)	15	15	15
Sundry receivables and other assets	1,302	529	767
Staff receivables	77	70	49
Portfolio under management	912	912	912
Allowance for impairment	(122)	(122)	-
	----- 3,711	----- 2,884	----- 3,613
	----- 21,814	----- 21,564	----- 21,631
	=====	=====	=====

6.1 Balances due from roaming partners are concentrated within a limited number of counterparts, whereas an amount of BD 832,573 as at September 30, 2016 (BD 2,090,751 as at December 31, 2015) relates to one roaming partner and has been outstanding for approximately 3 years. During the current period, the Company acquired two IRUs for USD 3,340,000 (BD 1,258,178) from the same roaming partner and the resulting liability arising from these transactions was set off against the amount due from them in respect of roaming receivable (Note 9.4).

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

7. INVENTORIES:

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

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Handsets, accessories and others	3,762	3,457	3,053
Allowance for slow moving items	(1,183)	(952)	(877)
	----- 2,579	----- 2,505	----- 2,176
	=====	=====	=====

Accessories include WIMAX and Customer Premises Equipment (CPE) which are used for WIMAX communication amounting to BD 526,018 (2015: BD 835,991).

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**8. PROPERTY AND EQUIPMENT:**

	<u>Freehold</u> <u>Land and</u> <u>Building</u> <u>BD '000</u>	<u>Network</u> <u>Equipment</u> <u>BD '000</u>	<u>Office</u> <u>Equipment</u> <u>BD '000</u>	<u>Furniture</u> <u>and</u> <u>Fixtures</u> <u>BD '000</u>	<u>Vehicles</u> <u>BD '000</u>	<u>Capital</u> <u>Work-in</u> <u>Progress</u> <u>BD '000</u>	<u>Total</u> <u>BD '000</u>
Cost:							
Balance at December 31, 2015	2,988	82,790	32,012	4,009	17	8,681	130,497
Additions	-	67	2	-	-	8,611	8,680
Reclassification	-	(5,469)	5,469	-	-	-	-
Transfers	12	2,726	1,378	-	-	(4,116)	-
Balance at September 30, 2016	3,000	80,114	38,861	4,009	17	13,176	139,177
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	27	4,978	2,143	103	-	-	7,251
Balance at September 30, 2016	755	31,505	29,090	3,661	17	-	65,028
Carrying amount:							
Balance at September 30, 2016	2,245	48,609	9,771	348	-	13,176	74,149
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 SEPTEMBER 30, 2016**9. INTANGIBLE ASSETS:**

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
National Fixed Wireless Services license	1,988	2,267	2,360
4G Long Term Evolution license	765	814	829
Indefeasible Right to Use	1,251	-	-
	-----	-----	-----
	4,004	3,081	3,189
Subscribers acquisition cost	8,461	9,754	10,466
	-----	-----	-----
	<u>12,465</u>	<u>12,835</u>	<u>13,655</u>

The movement of intangible assets is as follows:

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Balance beginning of period / year	12,835	15,940	15,940
Addition - Subscribers acquisition cost	6,400	9,852	7,612
- Indefeasible Right to Use	1,258	-	-
Amortisation charge	(8,028)	(12,957)	(9,897)
	-----	-----	-----
Balance end of period / year	<u>12,465</u>	<u>12,835</u>	<u>13,655</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.
- 9.4 During the period, the Company acquired an IRU for USD 3,340,000 (BD 1,258,178) for 15 years which was put in use on August 25, 2016. It is amortised over the contracted period (Note 6.1).

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

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Due to suppliers	4,063	8,845	7,421
Accrued expenses	18,074	9,695	6,504
Interconnection payable	990	1,588	1,941
Due to roaming partners	2,460	2,241	2,606
Accrued employees' benefits	1,105	1,227	858
Subscriber deposits	42	31	30
Dividend payable	63	37	44
Due to related parties (Note 15)	8,757	8,502	8,920
Accrued Directors' remuneration	150	307	186
Accrued interest	69	133	97
	----- 35,773 =====	----- 32,606 =====	----- 28,607 =====

11. TERM LOANS:

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Term loans from banks:			
Current portion	7,786	7,786	7,786
Non-current portion	4,830	9,661	12,616
	----- 12,616 =====	----- 17,447 =====	----- 20,402 =====

ZAIN BAHRAIN B.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE PERIOD ENDED SEPTEMBER 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 September 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 4.83 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 1.335 million (September 30, 2015: BD 2.056 million).

13. BASIC EARNINGS PER SHARE:

	<u>Three month period ended September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Three month period ended September 30,</u> <u>2015</u> <u>BD '000</u>	<u>Nine month period ended September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Nine month period ended September 30,</u> <u>2015</u> <u>BD '000</u>
Profit for the period	1,204	1,338	3,047	3,412
<i>Number of shares</i>	'000	'000	'000	'000
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	4	8	9

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 SEPTEMBER 30, 2016**15. 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>September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>September 30,</u> <u>2015</u> <u>BD '000</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u> <u>2015</u> <u>BD '000</u>
Office rent and maintenance costs (Note 16 (iii))	245	245	735	735
Site and outlet rent	12	12	37	36
Management fee	523	564	1,492	1,631
Royalty fee	-	90	-	208
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Balances with related parties are as follows:

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
<u>Due from related parties balances</u> (Note 6)			
Sudanese Mobile Telephone Company Ltd	13	13	13
Zain – South Sudan	1	1	1
Zain – Lebanon	1	1	1
	<u>-----</u>	<u>-----</u>	<u>-----</u>
	15	15	15
	<u>=====</u>	<u>=====</u>	<u>=====</u>
<u>Due to related parties balances</u> (Note 10)			
Zain Group Holding-Bahrain S.P.C.	8,755	8,500	8,918
Zain – Jordan	2	2	2
	<u>-----</u>	<u>-----</u>	<u>-----</u>
	8,757	8,502	8,920
	<u>=====</u>	<u>=====</u>	<u>=====</u>

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 SEPTEMBER 30, 2016**15. 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</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>September 30,</u> <u>2015</u> <u>BD '000</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u> <u>2015</u> <u>BD '000</u>
Short term benefits	303	297	851	815
Other long term benefits	25	18	75	53
	----- 328 =====	----- 315 =====	----- 926 =====	----- 868 =====

The above compensations were in the form of salaries, allowances and accrued bonus of BD 149,663 (September 30, 2015: BD 104,047).

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

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Letters of guarantee	1,847 =====	743 =====	920 =====

(ii) Capital commitments:

Capital commitments outstanding at the reporting dates are as follows:

	<u>(Unaudited)</u> <u>September 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>September 30,</u> <u>2015</u> <u>BD '000</u>
Capital expenditures	11,578 =====	11,370 =====	10,939 =====

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**16. 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) September 30, <u>2016</u> BD '000	(Audited) December 31, <u>2015</u> BD '000	(Unaudited) September 30, <u>2015</u> BD '000
Within one year	3,590	2,209	2,234
Later than one year, but not more than five years	7,904	8,720	10,778
Later than five years	3,147	2,443	-
	<u>14,641</u>	<u>13,372</u>	<u>13,012</u>

(iv) Other contingent financial commitments outstanding at the reporting date are BD 736,000 (December 31, 2015: BD 512,000).

