

**ZAIN BAHRAIN B.S.C.**

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
SEPTEMBER 30, 2017**

**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 (Up to June 8, 2017)  
Mr. Jamal Shaker Al Alkazemi (Up to June 8, 2017)  
Mr. Waleed A M A Alroudan (Up to June 8, 2017)  
Mrs. Shaikha Khalid A A Albahar (Up to June 8, 2017)  
Al Shaikh Rashed Abdulrahman Mohamed Al Khalifa -  
Independent Director  
Mr. Ali Al Khaja - Independent Director  
Mr. Mohannad Al-Kharafi (Appointed effective from June 8, 2017)  
Mr. Bader Nasser Al-Kharafi (Appointed effective from June 8, 2017)  
Mr. Ahmed Tahous Al-Tahous (Appointed effective from June 8, 2017)  
Mr. Talal Jassem Al-Kharafi (Appointed effective from June 8, 2017)

**Corporate Secretary** Ms. Latifah Salahuddin

**Chief Executive Officer** Mr. Scott Gegnheimer

**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  
United Bank Ltd

**Auditors** 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, 2017 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.



DELOITTE & TOUCHE – MIDDLE EAST  
Partner Registration No. 184

Manama, Kingdom of Bahrain  
October 23, 2017

**ZAIN BAHRAIN B.S.C.****INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2017**

		(Unaudited) September 30, 2017 BD '000	(Audited) December 31, 2016 BD '000	(Unaudited) September 30, 2016 BD '000
<b>ASSETS</b>				
	<u>Notes</u>			
<b>Current assets</b>				
Cash and bank balances		2,551	5,364	5,433
Accounts receivable and other assets	5	27,093	21,218	21,814
Inventories	6	3,773	3,390	2,579
		-----	-----	-----
Total current assets		33,417	29,972	29,826
		-----	-----	-----
<b>Non-current assets</b>				
Property and equipment	7	63,801	74,656	74,149
Intangible assets	8	7,306	13,451	12,465
		-----	-----	-----
Total non-current assets		71,107	88,107	86,614
		-----	-----	-----
<b>Total assets</b>		<u>104,524</u>	<u>118,079</u>	<u>116,440</u>
		=====	=====	=====
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and other liabilities	9	31,072	39,222	35,773
Current portion of term loans	10	4,830	7,786	7,786
Deferred revenue		1,990	3,542	3,598
		-----	-----	-----
Total current liabilities		37,892	50,550	47,157
		-----	-----	-----
<b>Non-current liabilities</b>				
Non-current portion of term loans	10	-	1,875	4,830
Provision for employees' end-of-service benefits		319	300	306
		-----	-----	-----
Total non-current liabilities		319	2,175	5,136
		-----	-----	-----
<b>Total liabilities</b>		<u>38,211</u>	<u>52,725</u>	<u>52,293</u>
		-----	-----	-----

The attached notes 1 to 15 form part of this condensed interim financial information

**ZAIN BAHRAIN B.S.C.****INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2017 (CONTINUED)**

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
<b>Equity</b>			
Share capital	36,800	36,800	36,800
Share premium	3,032	3,032	3,032
Statutory reserve	11,087	10,807	10,687
Retained earnings	15,394	14,715	13,628
	-----	-----	-----
Total equity	66,313	65,354	64,147
	-----	-----	-----
<b>Total liabilities and equity</b>	<u>104,524</u>	<u>118,079</u>	<u>116,440</u>

The condensed interim financial information was approved and authorised for issue on October 23, 2017 and signed on behalf of the Directors by:

  
Al Shaikh Ahmed Bin Ali Al Khalifa  
Chairman

  
Mr. Bader Nasser Al-Kharafi  
Director

The attached notes 1 to 15 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, 2017**

		<u>Three month</u> <u>period ended</u> <u>September 30,</u>	<u>Three month</u> <u>period ended</u> <u>September 30,</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u>	<u>Nine month</u> <u>period ended</u> <u>September</u> <u>30,</u>
	<u>Notes</u>	<u>2017</u> <u>BD '000</u>	<u>2016</u> <u>BD '000</u>	<u>2017</u> <u>BD '000</u>	<u>2016</u> <u>BD '000</u>
Revenues	11	17,496	16,953	54,527	48,823
Cost of revenues		(4,780)	(3,254)	(15,266)	(8,020)
<b>Gross profit</b>		<b>12,716</b>	<b>13,699</b>	<b>39,261</b>	<b>40,803</b>
Operating and administrative expenses		(6,957)	(6,975)	(21,789)	(21,164)
Depreciation and amortisation		(4,151)	(5,046)	(13,755)	(15,279)
Provision for impairment of receivables and other assets		(282)	(286)	(662)	(827)
Reversal / (Provision) for inventories		85	(77)	(61)	(231)
<b>Operating profit</b>		<b>1,411</b>	<b>1,315</b>	<b>2,994</b>	<b>3,302</b>
Interest income		11	18	27	60
Other income		11	13	86	123
Foreign exchange (loss) / gain		(16)	(2)	(59)	15
Finance costs		(69)	(140)	(249)	(453)
<b>Profit for the period</b>		<b>1,348</b>	<b>1,204</b>	<b>2,799</b>	<b>3,047</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>1,348</b>	<b>1,204</b>	<b>2,799</b>	<b>3,047</b>
Basic earnings per share	12	Fils 4	Fils 3	Fils 8	Fils 8

  
 Al Shaikh Ahmed Bin Ali Al Khalifa  
 Chairman

  
 Mr. Bader Nasser Al-Kharafi  
 Director

**ZAIN BAHRAIN B.S.C.****INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

	<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, 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>
Balance at December 31, 2016	36,800	3,032	10,807	14,715	65,354
Dividends	-	-	-	(1,840)	(1,840)
Total comprehensive income for the period	-	-	-	2,799	2,799
Transfer to statutory reserve	-	-	280	(280)	-
Balance at September 30, 2017	<u>36,800</u>	<u>3,032</u>	<u>11,087</u>	<u>15,394</u>	<u>66,313</u>

The annual general assembly held on March 22, 2017 approved cash dividends equivalent to 5% of the issued share capital amounting to BD 1,840,000.

The attached notes 1 to 15 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, 2017

	<u>Nine-month period ended September 30, 2017 BD '000</u>	<u>Nine-month period ended September 30, 2016 BD '000</u>
<b>Cash flows from operating activities:</b>		
Profit for the period	2,799	3,047
Adjustments for:		
Depreciation and amortization	13,755	15,279
Provision for impairment of receivables and inventories	723	1,058
Finance costs	249	453
Interest income	(27)	(60)
Provision for employees' end of service benefits	64	79
	-----	-----
Operating profit before working capital changes	17,563	19,856
Increase in inventories	(443)	(305)
Increase in accounts receivable and other assets	(6,537)	(2,335)
(Decrease) / increase in accounts payable and other liabilities	(2,261)	3,205
Decrease in deferred revenue	(1,552)	(570)
	-----	-----
Cash generated from operating activities	6,770	19,851
Payment of employees' end of service benefits	(45)	(58)
	-----	-----
Net generated from operating activities	6,725	19,793
	-----	-----
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(2,229)	(8,680)
Increase in intangible assets	(412)	(6,400)
Interest received	27	60
	-----	-----
Net cash used in investing activities	(2,614)	(15,020)
	-----	-----
<b>Cash flows from financing activities:</b>		
Payment of term loans	(4,831)	(4,831)
Dividends paid	(1,788)	(1,814)
Interest paid	(305)	(517)
	-----	-----
Net cash used in financing activities	(6,924)	(7,162)
	-----	-----

The attached notes 1 to 15 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, 2017 (CONTINUED)**

	<u>Nine-month period ended September 30, 2017 BD '000</u>	<u>Nine-month period ended September 30, 2016 BD '000</u>
<b>Net decrease in cash and cash equivalents</b>	(2,813)	(2,389)
Cash and cash equivalents beginning of period	5,364	7,822
	-----	-----
<b>Cash and cash equivalents end of period</b>	<u>2,551</u>	<u>5,433</u>
	=====	=====
<b>Non cash transactions</b>		
Disposal and adjustment of property and equipment against settlement of payables	5,885	-
	<u>5,885</u>	<u>-</u>
	=====	=====

The attached notes 1 to 15 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, 2017****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).

**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, 2016.

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, 2017.

**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, 2016.

**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, 2017 have affected the disclosures and presentation in the financial information.

**ZAIN BAHRAIN B.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017****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, 2016.

**5. ACCOUNTS RECEIVABLE AND OTHER ASSETS (NET):**

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Accounts receivable:			
Due from post paid subscribers	21,025	21,319	21,387
Due from roaming partners	2,388	2,353	2,310
Allowance for impairment	(10,131)	(9,468)	(9,299)
	-----	-----	-----
	13,282	14,204	14,398
Instalment sales receivable	5,978	677	748
Due from distributors	441	397	462
Interconnect receivable from other operators	3,081	2,441	2,337
Accrued income	-	178	158
	-----	-----	-----
	22,782	17,897	18,103
	-----	-----	-----

**ZAIN BAHRAIN B.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017****5. ACCOUNTS RECEIVABLE AND OTHER ASSETS (NET): (CONTINUED)**

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Other assets:			
Prepaid expenses	2,349	806	1,527
Due from related parties (Note 14)	15	15	15
Sundry receivables and other assets	1,075	1,631	1,302
Staff receivables	82	79	77
Portfolio under management	912	912	912
Allowance for impairment	(122)	(122)	(122)
	-----	-----	-----
	4,311	3,321	3,711
	-----	-----	-----
	27,093	21,218	21,814
	=====	=====	=====

**6. 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>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Handsets, accessories and others	5,015	4,572	3,762
Allowance for slow moving and obsolete items	(1,242)	(1,182)	(1,183)
	-----	-----	-----
	3,773	3,390	2,579
	=====	=====	=====

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**7. PROPERTY, PLANT AND EQUIPMENT:**

	<u>Freehold Land and Building BD '000</u>	<u>Network Equipment BD '000</u>	<u>Office Equipment BD '000</u>	<u>Furniture and Fixtures BD '000</u>	<u>Vehicles BD '000</u>	<u>Capital Work-in Progress BD '000</u>	<u>Total BD '000</u>
<b>Cost:</b>							
Balance at January 1, 2017	3,014	82,979	39,074	4,013	17	13,115	142,212
Additions	-	-	-	-	-	2,229	2,229
Transfer	12	9,795	1,468	18	-	(11,293)	-
Disposal	(1)	(9,806)	(4,877)	-	-	-	(14,684)
Adjustment	-	-	-	-	-	(695)	(695)
Balance at September 30, 2017	3,025	82,968	35,665	4,031	17	3,356	129,062
<b>Accumulated depreciation:</b>							
Balance at January 1, 2017	765	33,249	29,830	3,695	17	-	67,556
Depreciation expense	33	5,173	1,904	89	-	-	7,199
Relating to disposal	-	(5,630)	(3,864)	-	-	-	(9,494)
Balance at September 30, 2017	798	32,792	27,870	3,784	17	-	65,261
<b>Carrying values:</b>							
Balance at September 30, 2017	2,227	50,176	7,795	247	-	3,356	63,801
Balance at December 31, 2016	2,249	49,730	9,244	318	-	13,115	74,656

**ZAIN BAHRAIN B.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017****8. INTANGIBLE ASSETS:**

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
National Fixed Wireless Services license (Note 8.1)	1,617	1,895	1,988
4G Long Term Evolution license (Note 8.2)	702	749	765
Other intangible assets (Note 8.3)	1,167	1,230	1,251
	-----	-----	-----
	3,486	3,874	4,004
Subscribers acquisition cost (Note 8.4)	3,820	9,577	8,461
	-----	-----	-----
	<u>7,306</u>	<u>13,451</u>	<u>12,465</u>
	=====	=====	=====

The movement of intangible assets is as follows:

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Balance beginning of year	13,451	12,835	12,835
Addition - Subscribers acquisition cost	412	10,009	6,400
- Other intangible asset	-	1,258	1,258
Amortisation charge	(6,557)	(10,651)	(8,028)
	-----	-----	-----
Balance end of period / year	<u>7,306</u>	<u>13,451</u>	<u>12,465</u>
	=====	=====	=====

- 8.1 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.
- 8.2 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.
- 8.3 Other intangible assets are amortised over the contracted period.
- 8.4 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 SEPTEMBER 30, 2017****9. ACCOUNTS PAYABLE AND OTHER LIABILITIES:**

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Due to suppliers	2,826	11,339	4,063
Accrued expenses	15,230	14,312	18,074
Interconnection payable	1,940	1,379	990
Due to roaming partners, net	1,890	2,237	2,460
Accrued employees' benefits	823	887	1,105
Subscriber deposits	33	40	42
Dividend payable	95	43	63
Due to related parties (Note 14)	8,081	8,682	8,757
Accrued Directors' remuneration	125	218	150
Accrued interest payable	29	85	69
	----- 31,072 =====	----- 39,222 =====	----- 35,773 =====

**10. TERM LOANS:**

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Term loans from banks:			
Current portion	4,830	7,786	7,786
Non-current portion	-	1,875	4,830
	----- 4,830 =====	----- 9,661 =====	----- 12,616 =====



**ZAIN BAHRAIN B.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017****10. TERM LOANS: (CONTINUED)**

In 2013, the Company obtained 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, 2017 amounted to BD 29.5 million (December 31, 2016: 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 4.831 million (December 31, 2016: BD 7.786 million).

**11. REVENUE:**

This caption includes revenue from airtime, data, subscription, handsets sale, accessories and SIM card starter pack sales, net of roaming expense. Revenue recognised from sale of handsets, accessories and other items amounted to BD 9.446 million (September 30, 2016: BD 1.335 million).

**12. BASIC EARNINGS PER SHARE:**

	<u>Three month</u> <u>period ended</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>Three 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>2017</u> <u>BD '000</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Profit for the period	1,348	1,204	2,799	3,047
<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	4	3	8	8

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

**13. 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, 2017****14. 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>2017</u> <u>BD '000</u>	<u>Three 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>2017</u> <u>BD '000</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Office rent and maintenance costs	245	245	735	735
Site and outlet rent	4	12	29	37
Management fee	539	523	1,672	1,492
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Balances with related parties are as follows:

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
<u>Due from related parties balances (Note 5)</u>			
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 (Note 11)</u>			
Zain Group Holding-Bahrain S.P.C.	8,065	8,679	8,755
Zain – Jordan	16	3	2
	<u>-----</u>	<u>-----</u>	<u>-----</u>
	8,081	8,682	8,757
	<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, 2017****14. 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>2017</u> <u>BD '000</u>	<u>Three 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>2017</u> <u>BD '000</u>	<u>Nine month</u> <u>period ended</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Short term benefits	322	303	884	851
Other long term benefits	26	25	75	75
	-----	-----	-----	-----
	348	328	959	926
	=====	=====	=====	=====

The above compensations were in the form of salaries, allowances and accrued bonus.

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

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Letters of guarantee	537	716	1,847
	=====	=====	=====

**(ii) Capital commitments:**

Capital commitments outstanding at the reporting dates are as follows:

	<u>(Unaudited)</u> <u>September 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2016</u> <u>BD '000</u>
Capital expenditures	3,653	7,641	11,578
	=====	=====	=====

**ZAIN BAHRAIN B.S.C.****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017****15. 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, 2017 BD '000	(Audited) December 31, 2016 BD '000	(Unaudited) September 30, 2016 BD '000
Within one year	3,606	4,172	3,590
Later than one year, but not more than five years	11,223	7,784	7,904
Later than five years	4,501	2,935	3,147
	<u>19,330</u>	<u>14,891</u>	<u>14,641</u>

(iv) Other commitments outstanding at the reporting date amounted to BD 723,000 and BD 646,000 (December 31, 2016: BD 728,000).