

ZAIN BHRAIN B.S.C.

**CONDENSED INTERIM
FINANCIAL INFORMATION
MARCH 31, 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 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

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 March 31, 2016 and the related interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-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
April 21, 2016

Deloitte & Touche - Middle East
Partner Registration No. – 184

ZAIN BAHRAIN B.S.C.INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

		(Unaudited) March 31, 2016 BD '000	(Audited) December 31, 2015 BD '000	(Unaudited) March 31, 2015 BD '000
ASSETS				
Current assets				
Cash and bank balances	5	7,398	7,822	2,348
Accounts receivable and other assets	6	22,225	21,564	21,316
Inventories	7	3,188	2,505	2,504
Total current assets		32,811	31,891	26,168
Non-current assets				
Property and equipment	8	70,337	72,720	69,674
Intangible assets	9	11,723	12,835	14,941
Total non-current assets		82,060	85,555	84,615
Total assets		114,871	117,446	110,783
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Accounts payable and other liabilities	10	31,833	32,606	23,094
Current portion of term loans	11	7,786	7,786	7,786
Deferred revenue		4,176	4,168	4,303
Total current liabilities		43,795	44,560	35,183
Non-current liabilities				
Non-current portion of term loans	11	8,723	9,661	16,509
Provision for employees' end-of-service Benefits		336	285	274
Total non-current liabilities		9,059	9,946	16,783
Total liabilities		52,854	54,506	51,966


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


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ZAIN BAHRAIN B.S.C.

**INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016 (CONTINUED)**

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</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	10,474	10,382	9,969
Retained earnings	11,711	12,726	9,016
Total equity	<u>62,017</u>	<u>62,940</u>	<u>58,817</u>
Total liabilities and equity	<u>114,871</u>	<u>117,446</u>	<u>110,783</u>

The condensed interim financial information was approved and authorised for issue on April 21, 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 MARCH 31, 2016

	Notes	<u>Three month</u>	<u>Three month</u>
		<u>period ended</u>	<u>period ended</u>
		<u>March 31,</u>	<u>March 31,</u>
		<u>2016</u>	<u>2015</u>
		<u>BD '000</u>	<u>BD '000</u>
Revenue	12	16,085	17,633
Cost of revenue		(2,329)	(2,714)
Gross profit		13,756	14,919
Operating and administrative expenses		(7,234)	(7,556)
Depreciation and amortization		(5,170)	(5,750)
Provision for impairment of receivables and other assets		(287)	(349)
Provision for inventories		(77)	(75)
Operating profit		988	1,189
Interest income		28	4
Other income		64	-
Gain on currency revaluation		6	11
Finance costs		(169)	(180)
Profit for the period		917	1,024
Other comprehensive income for the period		-	-
Total comprehensive income for the period		917	1,024
Basic earnings per share	13	Fils 2	Fils 3


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 MARCH 31, 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	-	-	-	1,024	1,024
Transfer to statutory reserve	-	-	102	(102)	-
Balance at March 31, 2015	<u>36,800</u>	<u>3,032</u>	<u>9,969</u>	<u>9,016</u>	<u>58,817</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	-	-	-	917	917
Transfer to statutory reserve	-	-	92	(92)	-
Balance at March 31, 2016	<u>36,800</u>	<u>3,032</u>	<u>10,474</u>	<u>11,711</u>	<u>62,017</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 subject to the approval of the Central Bank of Bahrain ("CBB").

ZAIN BAHRAIN B.S.C.INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2016

	<u>Three-month</u> <u>period ended</u> <u>March 31,</u> <u>2016</u> <u>BD '000</u>	<u>Three-month</u> <u>period ended</u> <u>March 31,</u> <u>2015</u> <u>BD '000</u>
Cash flows from operating activities:		
Profit for the period	917	1,024
Adjustments for:		
Depreciation and amortization	5,170	5,750
Provision for impairment of receivables and other assets and provision for slow moving inventories	364	424
Finance costs	169	180
Interest income	(28)	(4)
Provision for employees' end of service indemnity	74	43
	-----	-----
Operating profit before working capital changes	6,666	7,417
Increase in inventories	(760)	(451)
Increase in accounts receivable and other assets	(948)	(427)
Decrease in accounts payable and other liabilities	(2,566)	(2,789)
Increase / (decrease) in deferred revenue	8	(226)
	-----	-----
Cash generated from operating activities	2,400	3,524
Payment of employees' end of service indemnity	(23)	(92)
	-----	-----
Net cash from operating activities	2,377	3,432
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	-	(2,255)
Increase in intangible assets	(1,675)	(2,364)
Interest received	28	4
	-----	-----
Net cash used in investing activities	(1,647)	(4,615)
	-----	-----
Cash flows from financing activities:		
Term loans	(938)	2,363
Dividend paid	-	(1,619)
Interest paid	(216)	(187)
	-----	-----
Net cash (used in) / from financing activities	(1,154)	557
	-----	-----

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 MARCH 31, 2016 (CONTINUED)

	<u>Three-month</u> <u>period ended</u> <u>March 31,</u> <u>2016</u> <u>BD '000</u>	<u>Three-month</u> <u>period ended</u> <u>March 31,</u> <u>2015</u> <u>BD '000</u>
Net decrease in cash and cash equivalents	(424)	(626)
Cash and cash equivalents beginning of period	7,822	2,974
	-----	-----
Cash and cash equivalents end of period (Note 5)	<u>7,398</u>	<u>2,348</u>
Non-cash transaction:		
Dividends declared not yet settled at the reporting date	<u>1,840</u>	<u>-</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 MARCH 31, 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 MARCH 31, 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:

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
Cash and current accounts with banks	7,398	7,822	2,348
Cash and cash equivalents	7,398	7,822	2,348

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS (NET):

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
Accounts receivable:			
Due from post paid subscribers	19,751	19,898	18,598
Due from roaming partners (Note 6.1)	3,767	3,846	3,613
Allowance for impairment	(8,759)	(8,472)	(7,467)
	14,759	15,272	14,744
Instalment sales receivable	605	536	176
Due from distributors	599	674	731
Interconnect receivable from other operators	2,133	1,717	979
Accrued income	315	481	553
	18,411	18,680	17,183

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2016**6. ACCOUNTS RECEIVABLE AND OTHER ASSETS (NET): (CONTINUED)**

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
Other assets:			
Prepaid expenses	2,203	1,480	2,519
Due from related parties (Note 15)	15	15	15
Sundry receivables and other assets	739	529	579
Staff receivables	67	70	108
Portfolio under management	912	912	912
Allowance for impairment	(122)	(122)	-
	----- 3,814	----- 2,884	----- 4,133
	----- 22,225	----- 21,564	----- 21,316
	=====	=====	=====

- 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 March 31, 2016 and December 31, 2015 relates to one roaming partner and has been outstanding for approximately 3 years.

An allowance for impairment in the amount of BD 265,390 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>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
Handsets, accessories and others	4,217	3,457	3,207
Allowance for slow moving items	(1,029)	(952)	(703)
	----- 3,188	----- 2,505	----- 2,504
	=====	=====	=====

Accessories include WIMAX and Customer Premises Equipment (CPE) which are used for WIMAX communication amounting to BD 729,570 (2015: BD 835,991).

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2016**8. PROPERTY, PLANT 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
Reclassification	-	(4,822)	4,822	-	-	(1,387)	-
Transfer	-	862	525	-	-	-	-
Balance at March 31, 2016	2,988	78,830	37,359	4,009	17	7,294	130,497
Accumulated depreciation:							
Balance at December 31, 2015	728	30,336	23,138	3,558	17	-	57,777
Relating to reclassification	-	(3,162)	3,162	-	-	-	-
Depreciation expense	9	1,637	702	35	-	-	2,383
Balance at March 31, 2016	737	28,811	27,002	3,593	17	-	60,160
Carrying amount:							
Balance at March 31, 2016	2,251	50,019	10,357	416	-	7,294	70,337
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 MARCH 31, 20169. INTANGIBLE ASSETS:

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
National Fixed Wireless Services license	2,174	2,267	2,546
4G Long Term Evolution license	797	814	861
	-----	-----	-----
	2,971	3,081	3,406
Subscribers acquisition cost	8,752	9,754	11,535
	-----	-----	-----
	<u>11,723</u>	<u>12,835</u>	<u>14,941</u>
	=====	=====	=====

The movement of intangible assets is as follows:

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
Balance beginning of year	12,835	15,940	15,940
Addition - Subscribers acquisition cost	1,675	9,852	2,364
Amortisation charge	(2,787)	(12,957)	(3,363)
	-----	-----	-----
Balance end of year	<u>11,723</u>	<u>12,835</u>	<u>14,941</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 MARCH 31, 201610. ACCOUNTS PAYABLE AND ACCRUALS:

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
Due to suppliers	3,221	8,845	7,553
Accrued expenses	13,491	9,695	4,585
Interconnection payable	1,148	1,588	1,437
Due to roaming partners	2,346	2,241	2,205
Accrued employees' benefits	773	1,227	422
Subscriber deposits	37	31	30
Dividend payable	1,877	37	221
Due to related parties (Note 15)	8,507	8,502	6,484
Accrued Directors' remuneration	347	307	51
Accrued interest	86	133	106
	-----	-----	-----
	31,833	32,606	23,094
	=====	=====	=====

11. TERM LOANS:

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</u> <u>2015</u> <u>BD '000</u>
Term loans from banks:			
Current portion	7,786	7,786	7,786
Non-current portion	8,723	9,661	16,509
	-----	-----	-----
	16,509	17,447	24,295
	=====	=====	=====

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 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 March 31, 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 year amounted to BD 0.938 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 0.421 million (March 31, 2015: BD 0.749 million).

13. BASIC EARNINGS PER SHARE:

	<u>Three month period ended March 31, 2016 BD '000</u>	<u>Three month period ended March 31, 2015 BD '000</u>
Profit for the period	917	1,024
<i>Number of shares</i>	'000	'000
Weighted average number of shares in issue	368,000	368,000
	<u>Fils per share</u>	<u>Fils per share</u>
Basic and diluted earnings per share	2	3

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 MARCH 31, 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>March 31,</u> <u>2016</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>March 31,</u> <u>2015</u> <u>BD '000</u>
Office rent and maintenance costs	245	245
Site and outlet rent	12	12
Management fee	488	535
Royalty fee	-	89
	<u>=====</u>	<u>=====</u>

Balances with related parties are as follows:

	<u>(Unaudited)</u> <u>March 31,</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>March 31,</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	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 10)</u>			
Zain Group Holding-Bahrain S.P.C.	8,505	8,500	6,484
Zain – Jordan	2	2	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>
	8,507	8,502	6,484
	<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 MARCH 31, 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</u> <u>period ended</u> <u>March 31,</u> <u>2016</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>March 31,</u> <u>2015</u> <u>BD '000</u>
Short term benefits	273	309
Other long term benefits	25	19
	-----	-----
	298	328
	=====	=====

The above compensations were in the form of salaries, allowances and accrued bonus of BD 40,141 (March 31, 2015: BD 50,710).

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

	(Unaudited) <u>March 31,</u> <u>2016</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2015</u> <u>BD '000</u>	(Unaudited) <u>March 31,</u> <u>2015</u> <u>BD '000</u>
Letters of guarantee	712	743	754
	=====	=====	=====

(ii) Capital commitments:

Capital commitments outstanding at the reporting dates are as follows:

	(Unaudited) <u>March 31,</u> <u>2016</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2015</u> <u>BD '000</u>	(Unaudited) <u>March 31,</u> <u>2015</u> <u>BD '000</u>
Capital expenditures	10,933	11,370	12,401
	=====	=====	=====

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 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) March 31, 2016 BD '000	(Audited) December 31, 2015 BD '000	(Unaudited) March 31, 2015 BD '000
Within one year	4,186	2,209	7,734
Later than one year, but not more than five years	7,384	8,720	4,018
Later than five years	-	2,443	-
	<u>11,570</u>	<u>13,372</u>	<u>11,752</u>

(iv) Other contingent financial commitments outstanding at the reporting date are BD 635,000 (December 31, 2015: BD 512,000).