

ZAIN BAHRAIN B.S.C.
MANAMA
KINGDOM OF BAHRAIN

INTERIM CONDENSED
FINANCIAL INFORMATION
JUNE 30, 2015

ZAIN BAHRAIN B.S.C.
MANAMA - KINGDOM OF BAHRAIN

Commercial Registration No. 50603

Chairman Shaikh Ahmed Bin Ali Al Khalifa

Directors Mr. Asaad Ahmed Al Banwan – Vice Chairman
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 – Acting Independent Director

Chief Executive Officer Mr. Scott Gegnheimer

General Manager Mr. Mohammed Zainalabedin

Finance Director Mr. Ahmed Dief (Up to January 13, 2015)
Mr. Mudasser Muhammad Ali (from February 1, 2015)

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

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

ZAIN BAHRAIN B.S.C.
MANAMA - KINGDOM OF BAHRAIN

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REVIEW REPORT

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

Introduction

We have reviewed the accompanying interim statement of financial position of Zain Bahrain B.S.C (the "Company") as of June 30, 2015 and the related statement 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 interim condensed financial information is not prepared, in all material respect, in accordance with International Accounting Standard 34.

Manama - Kingdom of Bahrain
August 10, 2015

Deloitte & Touche
Deloitte & Touche - Middle East
Partner Registration No. – 135

ZAIN BAHRAIN B.S.C.**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2015**

		(Unaudited) June 30, 2015 BD '000	(Audited) December 31, 2014 BD '000	(Unaudited) June 30, 2014 BD '000
ASSETS				
Current assets				
Cash and banks	5	4,026	2,974	2,428
Accounts receivable and other assets	6	21,404	21,238	23,451
Inventories	7	2,069	2,128	2,767
Total current assets		27,499	26,340	28,646
Non-current assets				
Property, plant and equipment	8	68,632	69,806	65,091
Intangible assets	9	13,916	15,940	18,026
Total non-current assets		82,548	85,746	83,117
Total assets		110,047	112,086	111,763
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Accounts payable and other liabilities	10	24,289	25,669	32,204
Current portion of term loans	11	7,786	6,961	6,436
Deferred revenue		4,271	4,529	4,338
Total current liabilities		36,346	37,159	42,978
Non-current liabilities				
Non-current portion of term loans	11	13,553	14,971	18,452
Provisions		281	323	350
Total non-current liabilities		13,834	15,294	18,802
Total liabilities		50,180	52,453	61,780

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2015 (CONTINUED)**

	(Unaudited) June 30, 2015 BD '000	(Audited) December 31, 2014 BD '000	(Unaudited) June 30, 2014 BD '000
Equity			
Share capital	36,800	36,800	32,000
Share premium	3,032	3,032	100
Statutory reserve	10,074	9,867	9,675
Retained earnings	9,961	9,934	8,208
Total equity	<u>59,867</u>	<u>59,633</u>	<u>49,983</u>
Total liabilities and equity	<u>110,047</u>	<u>112,086</u>	<u>111,763</u>

The condensed interim financial information was approved and authorised for issue by the Directors on August 10, 2015 and signed on their behalf by:


Shaikh Ahmed Bin Ali Al Khalifa
Chairman


Mr. Asaad Ahmed Al Banwan
Vice Chairman

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE PERIOD ENDED JUNE 30, 2015

		<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>	<u>Six 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>2014</u> <u>BD '000</u>
	<u>Notes</u>				
Revenue	12	17,489	18,138	35,122	36,536
Cost of revenue		(2,884)	(3,938)	(5,598)	(7,435)
Gross profit		14,605	14,200	29,524	29,101
Operating and administrative expenses		(7,080)	(7,272)	(14,636)	(14,387)
Depreciation and amortisation		(5,810)	(5,202)	(11,560)	(10,833)
Provision for doubtful debts		(424)	(404)	(773)	(812)
Provision for inventories		(74)	151	(149)	(148)
Operating profit		1,217	1,473	2,406	2,921
Interest income		4	5	8	7
Other income		-	58	-	67
Other provision		-	(210)	-	(420)
Gain on currency revaluation		16	18	27	35
Finance costs		(187)	(200)	(367)	(386)
Profit for the period		1,050	1,144	2,074	2,224
Total comprehensive income for the period		1,050	1,144	2,074	2,224
Basic earnings per share	13	Fils 3	Fils 4	Fils 6	Fils 7


Shaikh Ahmed Bin Ali Al Khalifa
Chairman


Mr. Asaad Ahmed Al Banwan
Vice Chairman

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015**

	<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, 2013	32,000	100	9,453	11,486	53,039
Dividends	-	-	-	(5,280)	(5,280)
Total comprehensive income for the period	-	-	-	2,224	2,224
Transfer to statutory reserve	-	-	222	(222)	-
Balance at June 30, 2014	<u>32,000</u>	<u>100</u>	<u>9,675</u>	<u>8,208</u>	<u>49,983</u>
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>

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.**STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015**

	<u>Six month period ended June 30, 2015 BD '000</u>	<u>Six month period ended June 30, 2014 BD '000</u>
Cash flows from operating activities:		
Profit for the period	2,074	2,224
Adjustments for:		
Depreciation and amortization	11,560	10,833
Allowance for doubtful debts and slow moving inventories	922	960
Finance costs	367	386
Interest income	(8)	(7)
Gain on disposal of property, plant and equipment	-	(40)
Provision for employees' end of service indemnity	57	32
Operating profit before working capital changes	14,972	14,388
(Increase) / decrease in inventories	(90)	56
Increase in accounts receivable and other assets	(939)	(3,619)
Decrease in accounts payable and accruals	(1,440)	(2,271)
Decrease in deferred revenue	(258)	(431)
Cash generated from operating activities	12,245	8,123
Payment of employees' end of service indemnity	(99)	(12)
Net cash from operating activities	12,146	8,111
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,619)	(7,882)
Increase in intangible assets	(4,746)	(5,498)
Interest received	8	7
Proceeds from disposal of property, plant and equipment	-	3
Net cash used in investing activities	(8,357)	(13,370)
Cash flows from financing activities:		
Long term loans	(594)	4,888
Dividend paid	(1,757)	(41)
Interest paid	(386)	(316)
Net cash (used in) / from financing activities	(2,737)	4,531
Net increase / (decrease) in cash and cash equivalents	1,052	(728)
Cash and cash equivalents at beginning of the period	2,974	3,156
Cash and cash equivalents at the end of the period (Note 5)	4,026	2,428

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.**STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)**
FOR THE PERIOD ENDED JUNE 30, 2015

	<u>Six 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>2014</u> <u>BD '000</u>
Non-cash transaction:		
Purchase and disposal of property, plant and equipment in assets swap transaction	-	20,993
	=====	=====

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015**

1. INCORPORATION AND ACTIVITIES:

Zain Bahrain B.S.C. (the "Company") is a Public Joint Stock Company 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 became a Public Joint Stock Company effective December 4, 2014 and its shares were listed on the Bahrain Bourse. The Company is a subsidiary of Mobile Telecommunications Company K.S.C.P (the "Parent Company"), a Kuwaiti shareholding company listed on the Kuwait Stock Exchange.

The Company provides telecommunication services under various licenses issued by the Telecommunications Regulatory Authority ("TRA") of the Kingdom of Bahrain. The initial periods of the licenses are 15 years. The Company is also involved in the sale of handsets and accessories in the Kingdom of Bahrain. The Company launched its services on December 28, 2003.

The Company's registered office is P.O. Box 266, Manama, Kingdom of Bahrain.

2. BASIS OF PREPARATION:

The interim condensed financial information has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The interim condensed 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, 2014.

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, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES:

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

The same accounting policies, presentation and methods of computation are followed in this interim condensed financial information as were applied in the preparation of the Company's financial statements for the year ended December 31, 2014.

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, 2015 have affected the disclosures and presentations in the financial information.

ZAIN BAHRAIN B.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**
FOR THE PERIOD ENDED JUNE 30, 2015**4. JUDGEMENTS AND ESTIMATES:**

The preparation of the interim condensed 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 interim condensed 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, 2014.

5. CASH AND BANKS:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Short-term deposits	-	2,002	-
Cash at banks and on hand	4,026	972	2,428
	-----	-----	-----
Cash and cash equivalents	4,026	2,974	2,428
	=====	=====	=====

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Accounts receivable:			
Due from post paid subscribers	18,844	18,552	17,967
Allowance for doubtful debts	(7,891)	(7,118)	(6,461)
	-----	-----	-----
Due from roaming partners	10,953	11,434	11,506
Due from distributors	3,696	3,472	3,136
Due from distributors	744	569	552
Interconnect receivable from other operators	1,266	1,896	1,752
	-----	-----	-----
	16,659	17,371	16,946
	-----	-----	-----

ZAIN BAHRAIN B.S.C.NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015**6. ACCOUNTS RECEIVABLE AND OTHER ASSETS: (CONTINUED)**

	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Other assets:			
Accrued income	555	535	577
Prepaid expenses	2,072	1,483	2,785
Due from related parties (Note 15)	16	15	16
Advance paid to suppliers	698	506	2,798
Staff receivables	98	104	139
Other receivables	394	312	190
Portfolio under management	912	912	-
	-----	-----	-----
	4,745	3,867	6,505
	-----	-----	-----
	21,404	21,238	23,451
	=====	=====	=====

Due from roaming partners includes BD 2,090,751 (December 31, 2014: BD 2,087,254) due from one roaming partner which is outstanding for more than a 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>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Handsets, accessories and others	2,847	2,756	3,310
Allowance for slow moving items	(778)	(628)	(543)
	-----	-----	-----
	2,069	2,128	2,767
	=====	=====	=====

Accessories include WIMAX and Customer Premises Equipment (CPE) which are used for WIMAX communication amounting to BD 662,614 (December 31, 2014: BD 833,144).

ZAIN BAHRAIN B.S.C.NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015**8. 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>
Cost:							
Balance at December 31, 2014	2,967	77,330	29,813	3,889	17	4,046	118,062
Additions	21	184	351	-	-	3,063	3,619
Disposal	-	-	-	(3)	-	-	(3)
Transfer	-	4,085	1,385	121	-	(5,591)	-
Balance at June 30, 2015	2,988	81,599	31,549	4,007	17	1,518	121,678
Accumulated depreciation:							
Balance at December 31, 2014	693	23,499	20,629	3,418	17	-	48,256
Depreciation expense	18	3,417	1,289	66	-	-	4,790
Balance at June 30, 2015	711	26,916	21,918	3,484	17	-	53,046
Carrying amount:							
Balance at June 30, 2015	2,277	54,683	9,631	523	-	1,518	68,632
Balance at December 31, 2014	2,274	53,831	9,184	471	-	4,046	69,806

ZAIN BAHRAIN B.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**
FOR THE PERIOD ENDED JUNE 30, 2015**9. INTANGIBLE ASSETS:**

	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Cost:			
Balance at the beginning of the period / year	69,452	59,396	59,396
Additions	4,746	10,056	5,498
	-----	-----	-----
	74,198	69,452	64,894
	-----	-----	-----
Accumulated amortisation:			
Balance at the beginning of the period / year	53,512	40,230	40,230
Amortisation expense	6,770	13,282	6,638
	-----	-----	-----
Balance at the end of the period / year	60,282	53,512	46,868
	-----	-----	-----
Carrying amount at the end of the period /			
Year	<u>13,916</u>	<u>15,940</u>	<u>18,026</u>

Intangible assets consist of the following license fees:

- 9.1 Fees of BD 5,576,211 for the National Fixed Wireless Services ("NFWS") license obtained on January 8, 2007. This fee is amortised over the license period of 15 years. The net book value of the license at the end of the period amounts to BD 2,452,956 (December 31, 2014: BD 2,638,829).
- 9.2 Subscribers acquisition cost amounting to BD 67,287,411 (December 31, 2014: BD 62,540,450) comprises 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. The net book value of the subscribers acquisition cost at the period end amounts to BD 10,618,210 (December 31, 2014: BD 12,424,627).
- 9.3 Fees of BD 956,700 for the 4G Long Term Evolution ("4G LTE") license obtained on September 19, 2013. This fee is amortised over the license period of 15 years. The net book value of the license at the end of the period amounts to BD 845,085 (December 31, 2014: BD 876,975).

ZAIN BAHRAIN B.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**
FOR THE PERIOD ENDED JUNE 30, 2015**10. ACCOUNTS PAYABLE AND OTHER LIABILITIES:**

	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Due to suppliers	6,057	8,569	9,206
Accrued expenses	5,466	5,399	6,252
Interconnection payable	2,089	2,822	2,924
Due to roaming partners	2,300	1,957	1,502
Accrued employees' benefits	599	909	770
Subscriber deposits	30	31	29
Dividend payable	83	-	5,635
Due to related parties (Note 15)	7,467	5,681	5,560
Directors' remuneration	104	188	226
Accrued interest	94	113	100
	-----	-----	-----
	<u>24,289</u>	<u>25,669</u>	<u>32,204</u>

11. LONG TERM LOANS:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Long term loans	21,339	21,932	24,888
Less: current portion of long term loans	(7,786)	(6,961)	(6,436)
	-----	-----	-----
	<u>13,553</u>	<u>14,971</u>	<u>18,452</u>

The Company has obtained three term loans facilities amounting to BD 10.5 million, BD 13 million and BD 7.5 million respectively from three commercial banks in the Kingdom of Bahrain. As at the reporting date, the Company has utilised BD 29.5 million (December 31, 2014: BD 26.2 million) out of the total loan facilities available. These loans carry interest rate of three months BIBOR plus 2.25% per annum. Loans are payable in 8, 7 and 8 semi-annual instalments respectively starting after one year from the loan agreement date. During the period, the Company repaid the instalment of BD 3.9 million (December 31, 2014: BD 5.268 million).

ZAIN BAHRAIN B.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2015****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 1,336,432 (June, 2014: BD 825,557).

13. BASIC EARNINGS PER SHARE:

	<u>Three month period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>Three month period ended</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>	<u>Six 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>2014</u> <u>BD '000</u>
Profit for the period	1,050	1,144	2,074	2,224
<i>Number of shares</i>	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	368,000	320,000	368,000	320,000
	<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 earnings per share	3	4	6	7

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 INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**
FOR THE PERIOD ENDED JUNE 30, 2015**15. RELATED PARTIES:**

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

	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>	<u>Six 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>2014</u> <u>BD '000</u>
Office rent and maintenance costs	245	245	490	504
Site and outlet rent	12	12	24	24
Management fee	532	560	1,067	1,123
Royalty fee	90	90	179	179
	=====	=====	=====	=====
		(Unaudited)	(Audited)	(Unaudited)
		<u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>June 30,</u> <u>2014</u> <u>BD '000</u>
<u>Related party balances</u>				
Zain Group Holding-Bahrain S.P.C.		(7,467)	(5,681)	(5,535)
Zain – Jordan		-	-	(5)
Zain – Kingdom of Saudi Arabia		-	-	3
Sudanese Mobile Telephone Company Ltd		13	13	12
Mobile Telecommunication Company - Kuwait		-	-	(20)
Zain – South Sudan		2	1	1
Zain – Lebanon		1	1	-
		-----	-----	-----
		(7,451)	(5,666)	5,544
		=====	=====	=====

ZAIN BAHRAIN B.S.C.**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**
FOR THE PERIOD ENDED JUNE 30, 2015**15. RELATED PARTIES: (CONTINUED)**

Amounts due from / to related parties are presented in Notes 6 and 10 as follows:

	<u>(Unaudited)</u> <u>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2014</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Due from related parties (Note 6)	16	15	16
Due to related parties (Note 10)	7,467	5,681	5,560

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>June 30,</u> <u>2015</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2014</u> <u>BD '000</u>	<u>Six 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>2014</u> <u>BD '000</u>
Short term benefits	259	349	517	674
Other long term benefits	17	37	36	73
	276	386	553	747

The above compensations were in the form of salaries, allowances and accrued bonus of BD 104,047 (June 30, 2014: BD 100,266).

ZAIN BAHRAIN B.S.C.NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015**16. CONTINGENT LIABILITIES AND COMMITMENTS:****(i) Contingent liabilities:**

	(Unaudited) <u>June 30,</u> <u>2015</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2014</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Letters of guarantee	930 =====	930 =====	919 =====

(ii) Capital commitment:

Capital expenditure contracted at the reporting date but not provided for, is as follows:

	(Unaudited) <u>June 30,</u> <u>2015</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2014</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Capital expenditures	11,809 =====	14,552 =====	22,167 =====

(iii) 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>2015</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2014</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2014</u> <u>BD '000</u>
Within one year	2,435	6,957	3,286
After one year, but not more than five years.	10,762	4,022	18,452
	----- 13,197 =====	----- 10,979 =====	----- 21,738 =====

(iv) Other contingent financial commitments outstanding at the reporting date are BD 415,000 (2014: BD 305,000).