

ZAIN BAHRAIN B.S.C.

**CONDENSED INTERIM
FINANCIAL INFORMATION
JUNE 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.

CONTENTS

	<u>Page</u>
Review Report	1
Financial Statements:	
Interim Statement of Financial Position (Unaudited)	2 & 3
Interim Statement Profit or Loss and Other Comprehensive Income (Unaudited)	4
Interim Statement of Changes in Equity (Unaudited)	5
Interim Statement of Cash Flows (Unaudited)	6 & 7
Notes to the Condensed Interim Financial Information (Unaudited)	8 to 17



Deloitte & Touche - Middle East
Zamil Tower
Government Avenue
Manama, P.O. Box 421
Kingdom of Bahrain
Tel: +973 1 721 4490
Fax: +973 1 721 4550
www.deloitte.com
C.R. 18670

REVIEW REPORT

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

Introduction

We have reviewed the accompanying interim statement of financial position of Zain Bahrain B.S.C. (the "Company") as at June 30, 2017 and the related interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respect, in accordance with International Accounting Standard 34.

DELOITTE & TOUCHE - MIDDLE EAST
Partner Registration No. 184

Manama, Kingdom of Bahrain
July 26, 2017

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

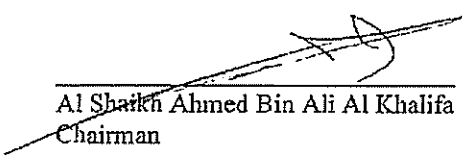
		<u>(Unaudited)</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>(Audited)</u> <u>December 31,</u> <u>2016</u> <u>BD '000</u>	<u>(Unaudited)</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>
ASSETS	Notes			
Current assets				
Cash and bank balances		1,609	5,364	6,278
Accounts receivable and other assets	5	26,017	21,218	22,543
Inventories	6	4,744	3,390	3,420
Total current assets		<u>32,370</u>	<u>29,972</u>	<u>32,241</u>
Non-current assets				
Property and equipment	7	65,087	74,656	72,512
Intangible assets	8	9,024	13,451	11,060
Total non-current assets		<u>74,111</u>	<u>88,107</u>	<u>83,572</u>
Total assets		<u><u>106,481</u></u>	<u><u>118,079</u></u>	<u><u>115,813</u></u>
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Accounts payable and other liabilities	9	33,455	39,222	34,928
Current portion of term loans	10	4,830	7,786	7,786
Deferred revenue		1,983	3,542	4,064
Total current liabilities		<u>40,268</u>	<u>50,550</u>	<u>46,778</u>
Non-current liabilities				
Non-current portion of term loans	10	938	1,875	5,768
Provision for employees' end-of-service benefits		310	300	324
Total non-current liabilities		<u>1,248</u>	<u>2,175</u>	<u>6,092</u>
Total liabilities		<u><u>41,516</u></u>	<u><u>52,725</u></u>	<u><u>52,870</u></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 JUNE 30, 2017 (CONTINUED)

	(Unaudited) June 30, 2017 BD '000	(Audited) December 31, 2016 BD '000	(Unaudited) June 30, 2016 BD '000
Equity			
Share capital	36,800	36,800	36,800
Share premium	3,032	3,032	3,032
Statutory reserve	10,952	10,807	10,566
Retained earnings	14,181	14,715	12,545
Total equity	<u>64,965</u>	<u>65,354</u>	<u>62,943</u>
Total liabilities and equity	<u>106,481</u>	<u>118,079</u>	<u>115,813</u>

The condensed interim financial information was approved and authorised for issue on July 26, 2017 and signed on behalf of the Directors by:


Al Shaikh Ahmed Bin Ali Al Khalifa
Chairman



Mr. Bader Nasser Al-Kharafi
Director

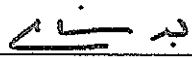
The attached notes 1 to 15 form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.

**INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2017**

	Notes	<u>Three month</u>	<u>Three month</u>	<u>Six month</u>	<u>Six month</u>
		<u>period ended</u>	<u>period ended</u>	<u>period ended</u>	<u>period ended</u>
		<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>
Revenues	11	18,721	15,785	37,031	31,870
Cost of revenues		(5,403)	(2,437)	(10,486)	(4,766)
Gross profit		13,318	13,348	26,545	27,104
Operating and administrative expenses		(7,438)	(6,955)	(14,832)	(14,189)
Depreciation and amortisation		(4,577)	(5,063)	(9,604)	(10,233)
Provision for impairment of receivables and other assets		(227)	(254)	(380)	(541)
Provision for inventories		(69)	(77)	(146)	(154)
Operating profit		1,007	999	1,583	1,987
Interest income		5	14	16	42
Other income		36	46	75	110
Foreign exchange (loss) / gain		(24)	11	(43)	17
Finance costs		(76)	(144)	(180)	(313)
Profit for the period		948	926	1,451	1,843
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		948	926	1,451	1,843
Basic earnings per share	12	Fils 3	Fils 3	Fils 4	Fils 5


Al Shaidh 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 CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 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	-	-	-	1,843	1,843
Transfer to statutory reserve	-	-	184	(184)	-
Balance at June 30, 2016	<u>36,800</u>	<u>3,032</u>	<u>10,566</u>	<u>12,545</u>	<u>62,943</u>
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	-	-	-	1,451	1,451
Transfer to statutory reserve	-	-	145	(145)	-
Balance at June 30, 2017	<u>36,800</u>	<u>3,032</u>	<u>10,952</u>	<u>14,181</u>	<u>64,965</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 JUNE 30, 2017

	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Cash flows from operating activities:		
Profit for the period	1,451	1,843
Adjustments for:		
Depreciation and amortization	9,604	10,233
Provision for impairment of receivables and inventories	526	695
Interest expense	180	313
Interest income	(16)	(42)
Provision for employees' end of service benefits	28	65
	-----	-----
Operating profit before working capital changes	11,773	13,107
Increase in inventories	(1,500)	(1,069)
Increase in accounts receivable and other assets	(5,179)	(1,520)
Increase in accounts payable and other liabilities	99	2,310
Decrease in deferred revenue	(1,559)	(104)
	-----	-----
Cash generated from operating activities	3,634	12,724
Payment of employees' end of service benefits	(18)	(26)
	-----	-----
Net generated from operating activities	3,616	12,698
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	(1,100)	(4,590)
Increase in intangible assets	(393)	(3,660)
Interest received	16	42
	-----	-----
Net cash used in investing activities	(1,477)	(8,208)
	-----	-----
Cash flows from financing activities:		
Payment of term loans	(3,893)	(3,893)
Dividends paid	(1,763)	(1,810)
Interest paid	(238)	(331)
	-----	-----
Net cash used in financing activities	(5,894)	(6,034)
	-----	-----

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 JUNE 30, 2017 (CONTINUED)

	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Six-month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Net decrease in cash and cash equivalents	(3,755)	(1,544)
Cash and cash equivalents beginning of period	5,364	7,822
Cash and cash equivalents end of period	<u>1,609</u>	<u>6,278</u>
Non-cash transactions:		
Dividends declared not yet settled at the reporting date	<u>120</u>	<u>-</u>
Disposal and adjustment of property and equipment against settlement of payables	<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 JUNE 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 JUNE 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>June 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>June 30,</u> <u>2016</u> <u>BD '000</u>
Accounts receivable:			
Due from post paid subscribers	20,023	21,319	20,170
Due from roaming partners	2,381	2,353	3,693
Allowance for impairment	(9,848)	(9,468)	(9,013)
	-----	-----	-----
Instalment sales receivable	12,556	14,204	14,850
Due from distributors	5,111	677	717
Interconnect receivable from other operators	536	397	486
Accrued income	2,941	2,441	2,263
	-	178	248
	-----	-----	-----
	21,144	17,897	18,564
	-----	-----	-----

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 20175. ACCOUNTS RECEIVABLE AND OTHER ASSETS (NET): (CONTINUED)

	<u>(Unaudited)</u> <u>June 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>June 30,</u> <u>2016</u> <u>BD '000</u>
Other assets:			
Prepaid expenses	3,071	806	1,953
Due from related parties (Note 14)	15	15	15
Sundry receivables and other assets	918	1,631	1,148
Staff receivables	79	79	73
Portfolio under management	912	912	912
Allowance for impairment	(122)	(122)	(122)
	-----	-----	-----
	4,873	3,321	3,979
	-----	-----	-----
	<u>26,017</u>	<u>21,218</u>	<u>22,543</u>

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>June 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>June 30,</u> <u>2016</u> <u>BD '000</u>
Handsets, accessories and others	6,072	4,572	4,526
Allowance for slow moving and obsolete items	(1,328)	(1,182)	(1,106)
	-----	-----	-----
	4,744	3,390	3,420
	-----	-----	-----

ZAIN BAHRAIN B.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2017**

7. PROPERTY, PLANT AND EQUIPMENT:

	Freehold Land and Building BD '000	Network Equipment BD '000	Office Equipment BD '000	Furniture and Fixtures BD '000	Vehicles BD '000	Capital Work-in Progress BD '000	Total BD '000
Cost:							
Balance at January 1, 2017	3,014	82,979	39,074	4,013	17	13,115	142,212
Additions	-	-	-	-	-	1,100	1,100
Transfer	12	8,931	967	11	-	(9,921)	-
Disposal	(1)	(9,806)	(4,877)	-	-	-	(14,684)
Adjustment	-	-	-	-	-	(695)	(695)
Balance at June 30, 2017	3,025	82,104	35,164	4,024	17	3,599	127,933
Accumulated depreciation:							
Balance at January 1, 2017	765	33,249	29,830	3,695	17	-	67,556
Depreciation expense Relating to disposal	21	3,435	1,267	61	-	-	4,784
	-	(5,630)	(3,864)	-	-	-	(9,494)
Balance at June 30, 2017	786	31,054	27,233	3,756	17	-	62,846
Carrying values:							
Balance at June 30, 2017	2,239	51,050	7,931	268	-	3,599	65,087
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 JUNE 30, 20178. INTANGIBLE ASSETS:

	<u>(Unaudited)</u> <u>June 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>June 30,</u> <u>2016</u> <u>BD '000</u>
National Fixed Wireless Services license (Note 8.1)	1,709	1,895	2,081
4G Long Term Evolution license (Note 8.2)	718	749	782
Other intangible assets (Note 8.3)	1,188	1,230	-
	-----	-----	-----
	3,615	3,874	2,863
Subscribers acquisition cost (Note 8.4)	5,409	9,577	8,197
	-----	-----	-----
	<u>9,024</u>	<u>13,451</u>	<u>11,060</u>

The movement of intangible assets is as follows:

	<u>(Unaudited)</u> <u>June 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>June 30,</u> <u>2016</u> <u>BD '000</u>
Balance beginning of year	13,451	12,835	12,835
Addition - Subscribers acquisition cost	393	10,009	3,660
- Other intangible asset	-	1,258	-
Amortisation charge	(4,820)	(10,651)	(5,435)
	-----	-----	-----
Balance end of year	<u>9,024</u>	<u>13,451</u>	<u>11,060</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 JUNE 30, 2017**9. ACCOUNTS PAYABLE AND OTHER LIABILITIES:**

	<u>(Unaudited)</u> <u>June 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>June 30,</u> <u>2016</u> <u>BD '000</u>
Due to suppliers	4,305	11,339	4,579
Accrued expenses	14,462	14,312	15,982
Interconnection payable	2,359	1,379	1,409
Due to roaming partners, net	1,837	2,237	2,397
Accrued employees' benefits	634	887	1,016
Subscriber deposits	34	40	45
Dividend payable	120	43	67
Due to related parties (Note 14)	9,515	8,682	9,237
Accrued Directors' remuneration	162	218	81
Accrued interest payable	27	85	115
	<u>33,455</u>	<u>39,222</u>	<u>34,928</u>

10. TERM LOANS:

	<u>(Unaudited)</u> <u>June 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>June 30,</u> <u>2016</u> <u>BD '000</u>
Term loans from banks:			
Current portion	4,830	7,786	7,786
Non-current portion	938	1,875	5,768
	<u>5,768</u>	<u>9,661</u>	<u>13,554</u>

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 201710. 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 June 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 3.9 million (December 31, 2016: BD 7.786 million).

11. REVENUE:

This caption represents revenue from airtime, data, subscription, handsets, accessories and SIM card starter pack sales, net of roaming expense. Revenue recognised from sale of handsets, accessories and other items amounted to BD 6.606 million (June 30, 2016: BD 0.894 million).

12. BASIC EARNINGS PER SHARE:

	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Three month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six month</u> <u>period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Six month</u> <u>period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Profit for the period	948	926	1,451	1,843
<i>Number of shares</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of shares in issue	368,000	368,000	368,000	368,000
	<u>Fils</u> <u>per share</u>	<u>Fils</u> <u>per share</u>	<u>Fils</u> <u>per share</u>	<u>Fils</u> <u>per share</u>
Basic and diluted earnings per share	3	3	4	5

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 JUNE 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 period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Three month period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six month period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Six month period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Office rent and maintenance costs	245	245	490	490
Site and outlet rent	12	13	25	25
Management fee	572	481	1,133	969
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Balances with related parties are as follows:

	(Unaudited) <u>June 30,</u> <u>2017</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2016</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2016</u> <u>BD '000</u>
<u>Due from related parties balances</u> (Note 5)			
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 11)			
Zain Group Holding-Bahrain S.P.C.	9,498	8,679	9,235
Zain – Jordan	17	3	2
	<u> </u>	<u> </u>	<u> </u>
	9,515	8,682	9,237
	<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 JUNE 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 period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Three month period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>	<u>Six month period ended</u> <u>June 30,</u> <u>2017</u> <u>BD '000</u>	<u>Six month period ended</u> <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Short term benefits	302	275	562	548
Other long term benefits	27	25	49	50
	----- 329 =====	----- 300 =====	----- 611 =====	----- 598 =====

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

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

	(Unaudited) <u>June 30,</u> <u>2017</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2016</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Letters of guarantee	540 =====	716 =====	714 =====
Letters of credit	1,132 =====	- =====	- =====

(ii) Capital commitments:

Capital commitments outstanding at the reporting dates are as follows:

	(Unaudited) <u>June 30,</u> <u>2017</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2016</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Capital expenditures	4,532 =====	7,641 =====	9,234 =====

ZAIN BAHRAIN B.S.C.NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 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) <u>June 30,</u> <u>2017</u> <u>BD '000</u>	(Audited) <u>December 31,</u> <u>2016</u> <u>BD '000</u>	(Unaudited) <u>June 30,</u> <u>2016</u> <u>BD '000</u>
Within one year	3,609	4,172	4,344
Later than one year, but not more than five years	9,169	7,784	8,946
Later than five years	2,500	2,935	1,713
	<u>15,278</u>	<u>14,891</u>	<u>15,003</u>

(iv) Other commitments outstanding at the reporting date amounted to BD 722,000 and BD 646,000 (December 31, 2016: BD 728,000).