

ZAIN BAHRAIN B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
THREE-MONTH PERIOD ENDED MARCH 31, 2021

ZAIN BAHRAIN B.S.C.

<u>Commercial Registration No.</u>	50603
<u>Chairman of the Board</u>	Shaikh Ahmed Bin Ali Al Khalifa
<u>Members of the Board of Directors</u>	Sh. Rashid Bin Abdulrahman Al Khalifa – Independent Director Mr. Ali Hassan Al-Khaja – Independent Director Mr. Bader Nasser Al-Kharafi Mr. Ahmed Tahous Al-Tahous Mr. Yousif Khaled Alabdurazzaq Mr. Zaki bin Hilal Al Busaidi
<u>Corporate Secretary</u>	Mrs. Nadeya Aqeel Abdulrahman
<u>Chief Executive Officer</u>	Mr. Duncan Howard
<u>Managing Director</u>	Mr. Mohammed Zainalabedin
<u>Finance Director</u>	Mr. Mudassar Muhammad Ali
<u>Registered Office</u>	P.O. Box 266 Manama, Kingdom of Bahrain
<u>Principal Bankers</u>	National Bank of Kuwait Bank of Bahrain and Kuwait National Bank of Bahrain First Abu Dhabi Bank Ahli United Bank Ithmaar Bank Arab Bank Khaleeji Commercial Bank Al Salam Bank Kuwait Finance House Bahrain Islamic Bank Al Baraka Islamic Bank Standard Chartered Bank
<u>Auditors</u>	Deloitte & Touche - Middle East P.O. Box 421 Manama, Kingdom of Bahrain

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Chairman and Board Members
Zain Bahrain B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Zain Bahrain B.S.C. (the "Company") as at March 31, 2021 and the related condensed interim statements of profit or loss and other comprehensive income for the three month period ended March 31, 2021, condensed changes in equity and condensed cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes. 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.

Other Matter

Due to the outbreak of the novel coronavirus (COVID-19), the Central Bank of Bahrain vide its circular OG/124/2020 dated March 31, 2020 had exempted all public shareholding companies from preparation and publication of their condensed interim financial information for the three-month period ended March 31, 2020. Accordingly, we have not reviewed the comparative information for the three-month period ended March 31, 2020 presented in this condensed interim financial information and, we do not express any review conclusion on them.



DELOITTE & TOUCHE – MIDDLE EAST
Partner Registration No. 157
Manama, Kingdom of Bahrain

May 4, 2021

ZAIN BAHRAIN B.S.C.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (REVIEWED)
AS AT March 31, 2021

	Notes	March 31, 2021 (Reviewed) BD '000	December 31, 2020 (Audited) BD '000
ASSETS			
Current assets			
Cash and banks		4,864	8,569
Trade receivables and other assets	5	17,889	15,760
Contract assets		4,459	4,433
Inventories	6	1,971	1,665
Total current assets		<u>29,183</u>	<u>30,427</u>
Non-current assets			
Trade receivables and other assets	5	1,382	1,400
Contract assets		2,441	1,640
Right-of-use assets	7.1	12,526	12,253
Property and equipment	8	64,048	66,430
Intangible assets	9	13,142	13,581
Total non-current assets		<u>93,539</u>	<u>95,304</u>
Total assets		<u>122,722</u>	<u>125,731</u>
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Accounts payable and other liabilities	10	30,900	30,731
Lease liabilities	7.2	3,211	3,128
Contract liabilities		1,670	1,747
Total current liabilities		<u>35,781</u>	<u>35,606</u>
Non-current liabilities			
Accounts payable and other liabilities	10	2,448	5,051
Lease liabilities	7.2	9,282	9,220
Provision for employees' end of service benefits		383	371
Total non-current liabilities		<u>12,113</u>	<u>14,642</u>
Total liabilities		<u>47,894</u>	<u>50,248</u>
Equity			
Share capital		36,800	36,800
Treasury shares		(754)	(754)
Treasury shares reserve		(6)	(6)
Share premium		3,032	3,032
Statutory reserve		12,976	12,823
Retained earnings		22,780	23,588
Total equity		<u>74,828</u>	<u>75,483</u>
Total liabilities and equity		<u>122,722</u>	<u>125,731</u>

The condensed interim financial information was approved and authorized for issue on May 4, 2021 and signed on behalf of the Directors by:


 Shaikh Ahmed Bin Ali Al Khalifa
 Chairman


 Mr. Bader Nasser Al-Kharafi
 Director

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

	Notes	Three-month period ended March 31,	
		2021 (Reviewed) BD '000	2020 (Not Reviewed) BD '000
Revenue	11	16,508	16,465
Cost of revenue		(5,248)	(5,023)
Gross profit		11,260	11,442
Operating and administrative expenses		(5,686)	(5,876)
Depreciation of property and equipment	8	(2,407)	(2,270)
Amortization of right-of-use assets	7.1	(867)	(1,034)
Amortization of intangible assets	9	(439)	(439)
Expected credit losses on financial assets	12	(129)	(219)
Operating profit		1,732	1,604
Other income - net		26	15
(Loss) / gain on currency translation adjustment		(9)	2
Interest income		28	68
Finance costs	13	(249)	(307)
Profit for the period		1,528	1,382
Other comprehensive income		-	-
Total comprehensive income for the period		1,528	1,382
Basic and diluted earnings per share	14	Fils 4	Fils 4


 Shaikh Ahmed Bin Ali Al Khalifa
 Chairman


 Mr. Bader Nasser Al-Kharafi
 Director

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

	Share capital BD '000	Treasury shares BD '000	Treasury shares reserve BD '000	Share premium BD '000	Statutory reserve BD '000	Retained earnings BD '000	Total BD '000
Balance, December 31, 2020 (Audited)	36,800	(754)	(6)	3,032	12,823	23,588	75,483
Dividends declared	-	-	-	-	-	(2,183)	(2,183)
Total comprehensive income for the period	-	-	-	-	-	1,528	1,528
Appropriation to statutory Reserve	-	-	-	-	153	(153)	-
Balance, March 31, 2021 (Reviewed)	36,800	(754)	(6)	3,032	12,976	22,780	74,828
Balance, December 31, 2019 (Audited)	36,800	(754)	(6)	3,032	12,282	20,907	72,261
Dividends declared	-	-	-	-	-	(2,183)	(2,183)
Total comprehensive income for the period	-	-	-	-	-	1,382	1,382
Appropriation to statutory Reserve	-	-	-	-	138	(138)	-
Balance, March 31, 2020 (Not Reviewed)	36,800	(754)	(6)	3,032	12,420	19,968	71,460

The Annual General Assembly of shareholders held on March 31, 2021 approved cash dividends equivalent to 6% of the issued share capital.

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.
CONDENSED INTERIM STATEMENT OF CASH FLOWS (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

	Notes	Three-month period ended March 31,	
		2021	2020
		(Reviewed) BD '000	(Not Reviewed) BD '000
Cash flows from operating activities			
Profit for the period		1,528	1,382
Adjustments for:			
Depreciation of property and equipment	8	2,407	2,270
Amortization of right-of-use assets	7.1	867	1,034
Amortization of intangible assets	9	439	439
Expected credit losses on financial assets	12	129	219
Provision for inventory obsolescence		1	19
Finance costs	13	249	307
Gain on termination of leases		(3)	(8)
Provision for employees' end of service benefits		12	12
		5,629	5,674
Working capital changes:			
Net change in inventories		(307)	(167)
Net change in trade receivables and other assets		(2,167)	(989)
Net change in contract assets		(900)	70
Net change in accounts payable and other liabilities		2,446	(163)
Net change in contract liabilities		(77)	150
Cash generated from operating activities		4,624	4,505
Interest expense paid		(249)	(307)
<i>Net cash generated from operating activities</i>		<u>4,375</u>	<u>4,198</u>
Cash flows from investing activities			
Payment for acquisition of property and equipment		(4,269)	(22)
Payment for intangible assets		(2,768)	(2,768)
<i>Net cash used in investing activities</i>		<u>(7,037)</u>	<u>(2,790)</u>
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(992)	(1,340)
Dividends paid to shareholders		(51)	(1)
<i>Net cash used in financing activities</i>		<u>(1,043)</u>	<u>(1,341)</u>
Net (decrease) / increase in cash and cash equivalents		(3,705)	67
Cash and cash equivalents, beginning of period		8,569	10,239
Cash and cash equivalents, end of period		<u>4,864</u>	<u>10,306</u>
Non-cash transactions:			
Dividends declared not yet settled at the reporting date	10	<u>2,186</u>	<u>2,350</u>

The attached notes form part of this condensed interim financial information

ZAIN BAHRAIN B.S.C.
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

1. CORPORATE INFORMATION

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, Commerce and Tourism under Commercial Registration number 50603. Its shares are 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'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.

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 is prepared in Bahraini Dinar, which is the Company's functional and presentation currency and all values are rounded to the nearest thousands (BD'000) except where indicated otherwise.

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 ("IFRSs"). For more details, please refer to the audited financial statements for the year ended December 31, 2020.

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, 2021.

The condensed interim financial information is reviewed, not audited. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended December 31, 2020 and comparatives for the condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the management accounts for the three month period ended March 31, 2020.

Due to the outbreak of the novel coronavirus (COVID-19), the Central Bank of Bahrain had exempted all public shareholding companies from preparation and publication of their condensed interim financial information for the three-month period ended March 31, 2020. Hence, the comparative information included in the statements of profit or loss and other comprehensive income, cash flows and changes in equity were not reviewed.

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 followed in this condensed interim financial information were applied in the preparation of the Company's financial statements for the year ended December 31, 2020 except for the adoption of amended standards effective from January 01, 2021.

New and amended standards adopted by the Company

The following revised amended standards have been adopted in the condensed interim financial information.

- Amendments to Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

There has been no material impact on the condensed interim financial information of the Company upon adoption of the above amended standards.

New and amended standards not effective and not yet adopted by the Company

At the date of the condensed interim financial information, the following other standards, amendments and interpretations have not been effective and have not been early adopted by the Company:

- IFRS 17 Insurance contracts - effective from January 01, 2023
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - effective date not yet decided)
- Amendments to IAS 1 Presentation of Financial Statements - effective from January 01, 2023
- Amendments to IFRS 3 Business Combinations - effective from January 01, 2022
- Amendments to IAS 16 Property, Plant and Equipment - effective from January 01, 2022
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - effective from January 01, 2022
- Annual Improvements to IFRS Standards 2018-2020 - effective from January 01, 2022

ZAIN BAHRAIN B.S.C.
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

Director's anticipates that the application of the above amendments in future periods will have no material impact on the condensed interim financial information of the Company in the period of initial application.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these 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, 2020. The impact of Covid-19 is disclosed in note 18.

ZAIN BAHRAIN B.S.C.
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

5. TRADE RECEIVABLES AND OTHER ASSETS

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
Trade receivables:		
Due from post-paid subscribers	23,279	23,594
Due from roaming partners	1,463	1,454
Due from distributors	170	177
Interconnect receivables from other operators	1,156	1,023
	26,068	26,248
Expected credit loss	(13,150)	(13,110)
	12,918	13,138
Accrued income (unbilled services)	54	2
	12,972	13,140
Other assets:		
Due from related parties (note 16)	2	2
Sundry receivables and advance payments	3,580	2,327
Staff receivables	95	94
Expected credit loss	(209)	(193)
Prepaid expenses	2,831	1,790
	6,299	4,020
Total trade receivables and other assets	19,271	17,160
<i>Represented by:</i>		
Current portion:		
Trade receivables and other assets	16,440	15,370
Prepaid expenses	1,449	390
	17,889	15,760
Non-current portion:		
Prepaid expenses	1,382	1,400
	1,382	1,400

The movement in the expected loss allowance was as follows:

	Three-month period ended March 31, 2021		
	Collectively assessed	Individually assessed	Total
	BD '000	BD '000	BD '000
Balance, January 1, 2021 (Audited)	12,723	580	13,303
Net increase in expected credit loss (note 12)	49	7	56
Balance, March 31, 2021 (Reviewed)	12,772	587	13,359
<i>Represented by:</i>			
Expected credit loss on trade receivables			13,150
Expected credit loss on other assets			209
			13,359
	Three-month period ended March 31, 2020		
	Collectively assessed	Individually assessed	Total
	BD '000	BD '000	BD '000
Balance, January 1, 2020 (Audited)	12,002	448	12,450
Net increase in expected credit loss (note 12)	135	108	243
Balance, March 31, 2020 (Not Reviewed)	12,137	556	12,693
<i>Represented by:</i>			
Expected credit loss on trade receivables			12,514
Expected credit loss on other assets			179
			12,693

The increase in loss allowance for the three-month period ended March 31, 2021 amounted to BD 56 thousand (BD 243 thousand for the three-month period ended March 31, 2020)

ZAIN BAHRAIN B.S.C.
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

6. INVENTORIES

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
Handsets, accessories and others	3,085	2,778
Provision for obsolescence and net realizable value	(1,114)	(1,113)
	<u>1,971</u>	<u>1,665</u>

7. LEASES

The Company only operates as a lessee.

7.1 Right-of-use assets

The recognized right-of-use assets relates to the following types of assets leased by the Company. The average lease term is five years.

	Building and premises	Sites	Vehicles	Total
	BD '000	BD '000	BD '000	BD '000
Balance, December 31, 2020 (Audited)	704	11,525	24	12,253
Amortization during the period	(88)	(773)	(6)	(867)
Additions / modifications during the period	80	1,137	-	1,217
Terminations	(17)	(60)	-	(77)
Balance, March 31, 2021 (Reviewed)	<u>679</u>	<u>11,829</u>	<u>18</u>	<u>12,526</u>

The following are the amounts recognized in profit and loss for the three-month period ended March 31:

	2021 (Reviewed)	2020 (Not Reviewed)
	BD '000	BD '000
Amortization on right-of-use assets	867	1,034
Interest expense on lease liabilities (note 13)	162	181

The total cash outflow for leases amounted to BD 1,154 thousand during the three-month period ended March 31, 2021 (2020: BD1,529 thousand for the three-month period end March 31, 2020).

At the reporting date, none of the property leases in which the Company is the lessee, contain variable lease payment terms.

7.2 Lease liabilities

Below is the allocation of lease liabilities as at March 31, 2021.

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
Current lease liabilities	3,211	3,128
Non-current lease liabilities	9,282	9,220
	<u>12,493</u>	<u>12,348</u>

The maturity analysis of lease liabilities as at March 31, 2021 is as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
Not later than 1 year	3,806	3,710
Later than 1 year and not later than 5 years	7,898	7,836
Later than 5 years	2,725	2,693
	<u>14,429</u>	<u>14,239</u>
Less: unearned interest	(1,936)	(1,891)
	<u>12,493</u>	<u>12,348</u>

ZAIN BAHRAIN B.S.C.
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

8. PROPERTY 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:							
Balances at December 31, 2020 (Audited)	17,774	96,119	37,410	2,818	17	7,038	161,176
Additions	-	-	-	-	-	25	25
Transfer	-	2,458	81	-	-	(2,539)	-
Balance at March 31, 2021 (Reviewed)	17,774	98,577	37,491	2,818	17	4,524	161,201
Accumulated depreciation:							
Balances at December 31, 2020 (Audited)	773	56,590	34,558	2,808	17	-	94,746
Depreciation expense	48	1,980	377	2	-	-	2,407
Balance at March 31, 2021 (Reviewed)	821	58,570	34,935	2,810	17	-	97,153
Carrying values:							
March 31, 2021 (Reviewed)	16,953	40,007	2,556	8	-	4,524	64,048
December 31, 2020 (Audited)	17,001	39,529	2,852	10	-	7,038	66,430

The freehold land and buildings include freehold land amounting to BD 9.97 million (2020: BD 9.97 million) which is not depreciated.

ZAIN BAHRAIN B.S.C.
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

9. INTANGIBLE ASSETS

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
National Fixed Wireless Services license	315	408
Mobile frequency and spectrum license	11,953	12,279
Other	874	894
	<u>13,142</u>	<u>13,581</u>

The movement of intangible assets is as follows:

	Three-month period ended March 31, 2021
	BD '000
Balance, December 31, 2020 (Audited)	13,581
Amortization	(439)
Balance, March 31, 2021 (Reviewed)	<u>13,142</u>

During 2019, the Company renewed mobile frequency license and spectrum frequency license for 10 years and 15 years respectively and the license fees are required to be paid over five years period. Accordingly, the license fees were capitalized by discounting at incremental borrowing rate.

The amortization charge for the three-month period ended March 31, 2021 amounted to BD 439 thousand (BD 439 thousand for the three-month period ended March 31, 2020).

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
Due to suppliers	8,032	8,086
Accrued expenses	16,007	17,813
Interconnection payable	2,455	2,407
Due to roaming partners	530	516
Accrued employees' benefits	576	1,391
Due to related parties (note 16)	3,121	5,104
Value added tax payable	142	168
Accrued Directors' remuneration	280	224
Deposits	19	19
Dividends payable	2,186	54
Total accounts payable and other liabilities	<u>33,348</u>	<u>35,782</u>
<i>Represented by:</i>		
Current portion	30,900	30,731
Non-Current portion of due to suppliers	<u>2,448</u>	<u>5,051</u>
	<u>33,348</u>	<u>35,782</u>

11. REVENUE

The Company derives its revenues from telecommunications services and related services, which management considers a single reportable business segment, categorized as follows:

	Three-month period ended March 31, 2021 (Reviewed)	2020 (Not Reviewed)
	BD '000	BD '000
Airtime, data and subscription (Over time)	12,745	13,066
Trading (Point in time)	3,763	3,399
	<u>16,508</u>	<u>16,465</u>

12. **EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS**

13. FINANCE COSTS

14. EARNINGS PER SHARE

Basic and diluted earnings per share	4	4
Basic and diluted earnings per share are same since the Company has not issued any instrument that would have a diluting effect.		

The Company operates in a single business segment, telecommunications and related services, organized into three main activities: mobile operation, fixed broadband operation and trading of handsets and accessories. Management considers that these business activities are not separate operating units.

16. RELATED PARTIES

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ZAIN BAHRAIN B.S.C.
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (REVIEWED)
THREE-MONTH PERIOD ENDED MARCH 31, 2021

Balances with related parties were as follows:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
Due from related parties:		
Zain – Lebanon	1	1
Zain – Sudan	1	1
	<u>2</u>	<u>2</u>
Due to related parties:		
Zain Group Holding-Bahrain S.P.C.	3,107	5,090
Zain – Jordan	14	14
	<u>3,121</u>	<u>5,104</u>

17. COMMITMENTS

The Company had the following outstanding items:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	BD '000	BD '000
Letters of guarantee	4,767	6,839
Capital expenditures	169	84

Refer to note 7 for leases.

18. IMPACT OF COVID-19

The outbreak of the novel Coronavirus (COVID-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. The Company is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the business disruption of the COVID-19 pandemic. However, the Company did not have any operational disruption during the period.

In light of COVID-19, the Company has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed interim financial information. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the condensed interim financial information:

Impairment of non-financial assets:

The Company has performed a qualitative assessment, considering the minimal impact of COVID-19 on entities operating in the telecommunication sector, and compared the actual results for the period against the budget and industry benchmarks to conclude the impairment assessment as at 31 December 2020 remains largely unchanged.

The Company has also considered any impairment indicators arising and any significant uncertainties around its property and equipment, intangible assets and right-of-use assets especially arising from any change in lease terms and concluded there is no material impact due to COVID-19.

Expected Credit Losses ("ECL") and impairment of financial assets:

The Company has applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates. The Company continues to monitor the appropriateness of the management overlays considering evolving impact of current pandemic situation.

Commitments and contingent liabilities:

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

Going concern:

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this condensed interim financial information has been appropriately prepared on a going concern basis.

ZAIN BAHRAIN B.S.C.
SUPPLEMENTARY INFORMATION – NOT REVIEWED

SUPPLEMENTARY DISCLOSURES RELATED TO THE IMPACT OF COVID-19 (NOT REVIEWED)

Further to the CBB letter dated 14 July 2020 (ref. OG/259/2020), Zain Bahrain B.S.C. ("Company") provides the following information relating to the interim condensed financial statements as of March 31, 2021:

A. The overall impact on the financial statements

The Company's overall financial statements have not been impacted significantly due to the impact of the Covid-19 pandemic. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of the economic impact as of now. Management believes, based on their assessment, that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

B. The impact on Income Statement

Revenues	The industry has faced serious challenges in terms of roaming revenues due to heavy travel restrictions impacting significantly the inbound and out bound roaming. This revenue stream is generally cyclical in nature and has been significantly impacted due to Covid-19. However, the composition of roaming revenue in relation to the overall revenue of the Company is not significant, hence, no material impact on the interim condensed financial statements for the three-month period ended March 31, 2021.
Expenses	The Company was agile in implementing cost optimization initiatives aimed at reducing costs and minimizing the impact of top-line pressure resulting in an overall positive variance in the operating cost.
Net income	The consequential impact resulting from the above is not considered material.

C. The Impact on Balance Sheet

Assets	The management of the Company is closely monitoring the situation resulting from Covid-19 and its impact on the Company's operation, cash flows and financial position. Management believes, based on their assessment, the inherent value of property and equipment appearing in the condensed interim financial information as of March 31, 2021 has not been impaired. Furthermore, taking into account the necessary adjustments relating to ECL model, the receivables and other assets are stated at the appropriate amounts and do not require any adjustment as at March 31, 2021.
Liabilities	The Company currently does not have any borrowings.
Net equity attributable to shareholders	No material change.
Other material impact on the Balance Sheet	None other attributable to Covid-19.

D. The impact on the company's ability to continue as going concern

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2020. As a result, this condensed interim financial information has been appropriately prepared on a going concern basis.