

**Bahrain Telecommunications
Company BSC**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

30 June 2016

Bahrain Telecommunications Company BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2016

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**FINANCIAL HIGHLIGHTS (presented for information purposes only)
for the six months ended 30 June 2016**

| Six months ended 30 June | | 2016 | 2015 | Variation % |
|---|------------|--------------|-------|------------------------|
| Gross revenue | BD million | 182.9 | 185.7 | (2%) |
| Expenses | BD million | 146.1 | 149.6 | 2% |
| Profit attributable to Batelco shareholders | BD million | 22.7 | 27.5 | (18%) |
| Return on net worth – Annualised | % | 8.5 | 9.3 | (9%) |
| Weighted average number of shares outstanding during the period | Million | 1,663 | 1,663 | - |
| Basic earnings per share for the period | Fils | 13.6 | 16.6 | (18%) |

Independent auditors' report on review of the condensed consolidated interim financial information

The Board of Directors
Bahrain Telecommunications Company BSC
Manama, Kingdom of Bahrain

4 August 2016

Introduction

We have reviewed the accompanying 30 June 2016 condensed consolidated interim financial information of Bahrain Telecommunications Company BSC (the "Company") and its subsidiaries (together "the Group"), which comprise:

- the condensed consolidated statement of financial position as at 30 June 2016;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and six-month periods ended 30 June 2016;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2016
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2016; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 30 June 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

BD'000

| | Note | 30 June 2016 (reviewed) | 31 December 2015 (audited) |
|---|------|--|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | | 261,089 | 264,283 |
| Goodwill | | 166,521 | 168,826 |
| Intangible assets | | 150,623 | 163,110 |
| Investment in associate | | 75,423 | 76,324 |
| Deferred tax assets | | 5,357 | 4,905 |
| Post- employment benefit assets | | 3,803 | 4,210 |
| Other investments | | 45,274 | 48,597 |
| Total non-current assets | | 708,090 | 730,255 |
| Current assets | | | |
| Inventories | | 4,794 | 4,607 |
| Trade and other receivables | | 103,602 | 110,158 |
| Cash and bank balances | 3 | 163,738 | 159,962 |
| Total current assets | | 272,134 | 274,727 |
| Total assets | | 980,224 | 1,004,982 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 166,320 | 166,320 |
| Statutory reserve | | 84,116 | 84,116 |
| General reserve | | 45,890 | 45,890 |
| Foreign currency translation reserve | | (14,400) | (3,580) |
| Investment fair value reserve | | (1,833) | (2,488) |
| Post-employment benefit actuarial reserve | | (4,605) | (4,605) |
| Retained earnings | | 238,670 | 242,180 |
| Total equity attributable to equity holders of the Company | | 514,158 | 527,833 |
| Non-controlling interest | | 45,811 | 45,220 |
| Total equity | | 559,969 | 573,053 |
| Non-current liabilities | | | |
| Trade and other payables | | 5,218 | 5,010 |
| Loans and borrowings | 4 | 221,277 | 222,469 |
| Deferred tax liabilities | | 16,748 | 19,195 |
| Total non-current liabilities | | 243,243 | 246,674 |
| Current liabilities | | | |
| Trade and other payables | | 167,396 | 181,743 |
| Loans and borrowings | 4 | 9,616 | 3,512 |
| Total current liabilities | | 177,012 | 185,255 |
| Total liabilities | | 420,255 | 431,929 |
| Total equity and liabilities | | 980,224 | 1,004,982 |

The condensed consolidated interim financial statements which consist of pages 3 to 14 were approved by the Board of Directors on 4 August 2016 and signed on its behalf by

Hamad Bin Abdulla Al Khalifa
Chairman

Abdul Razak Abdulla Al Qassim
Deputy Chairman

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2016

BD'000

| | Note | Six months ended 30 June | | Three months ended 30 June | |
|---|------|--------------------------|--------------------|----------------------------|--------------------|
| | | 2016 (reviewed) | 2015 (reviewed) | 2016 (reviewed) | 2015 (reviewed) |
| REVENUE | 5 | 182,919 | 185,725 | 91,991 | 92,062 |
| EXPENSES | | | | | |
| Network operating expenses | | (65,910) | (65,771) | (32,612) | (32,604) |
| Staff costs | | (27,722) | (24,490) | (14,092) | (11,181) |
| Depreciation and amortisation | | (34,452) | (33,721) | (17,425) | (16,688) |
| Other operating expenses | | (18,035) | (25,616) | (9,174) | (14,088) |
| Total expenses | | (146,119) | (149,598) | (73,303) | (74,561) |
| Results from operating activities | | 36,800 | 36,127 | 18,688 | 17,501 |
| Finance and other income | | 2,894 | 2,827 | 1,300 | 1,682 |
| Finance and other expenses | | (9,875) | (6,411) | (3,252) | (3,618) |
| Share of (loss) /profit of associate (net) | | (901) | 617 | (901) | 234 |
| Profit before taxation | | 28,918 | 33,160 | 15,835 | 15,799 |
| Income tax expense | | (1,469) | (1,979) | (632) | (753) |
| Profit for the period | | 27,449 | 31,181 | 15,203 | 15,046 |
| Other comprehensive income | | | | | |
| Items that are or may be reclassified to profit or loss: | | | | | |
| Foreign currency translation differences – foreign operations | | (10,819) | 521 | (7,000) | 5,622 |
| Investment fair value changes – available-for-sale financial assets | | 655 | (93) | 971 | 337 |
| Net fair value changes transferred to profit or loss on impairment | | - | 784 | - | - |
| | | (10,164) | 1,212 | (6,029) | 5,959 |
| Items that will never be reclassified to profit or loss: | | | | | |
| Remeasurement of defined benefit asset including related tax | | - | (3,121) | - | (3,411) |
| | | - | (3,121) | - | (3,411) |
| Other comprehensive income, net of tax | | (10,164) | (1,909) | (6,029) | 2,548 |
| Total comprehensive income for the period | | 17,285 | 29,272 | 9,174 | 17,594 |
| Profit for the period attributable to: | | | | | |
| Equity holders of the Company | | 22,677 | 27,537 | 13,082 | 13,305 |
| Non-controlling interest | | 4,772 | 3,644 | 2,121 | 1,741 |
| | | 27,449 | 31,181 | 15,203 | 15,046 |
| Total comprehensive income for the period attributable to: | | | | | |
| Equity holders of the Company | | 12,511 | 25,648 | 7,051 | 15,860 |
| Non-controlling interest | | 4,774 | 3,624 | 2,123 | 1,734 |
| | | 17,285 | 29,272 | 9,174 | 17,594 |
| Basic earnings per share (Fils) | 6 | 13.6 | 16.6 | 7.9 | 8.0 |

The condensed consolidated interim financial statements which consist of pages 3 to 14 were approved by the Board of Directors on 4 August 2016 and signed on its behalf by:

Hamad Bin Abdulla Al Khalifa
Chairman

Abdul Razak Abdulla Al Qassim
Deputy Chairman

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2016

BD'000

| | Note | Six months ended 30 June | |
|---|------|--------------------------|--------------------|
| | | 2016 (reviewed) | 2015 (reviewed) |
| OPERATING ACTIVITIES | | | |
| Results from operating activities | | 36,800 | 36,127 |
| Adjustment for: | | | |
| Depreciation and amortisation | | 34,452 | 33,721 |
| | | 71,252 | 69,848 |
| Working capital changes: | | | |
| Decrease/(increase) in trade and other receivables | | 4,123 | (10,251) |
| Increase in inventories | | (315) | (1,651) |
| Decrease in trade and other payables | | (16,832) | (806) |
| Cash generated from operating activities | | 58,228 | 57,140 |
| Taxes paid | | | |
| Payment to charities | | (2,546) | (5,026) |
| | | (303) | (689) |
| Net cash from operating activities | | 55,379 | 51,425 |
| INVESTING ACTIVITIES | | | |
| Acquisition of property, equipment and intangibles | | (22,755) | (21,216) |
| Net cash from sale / (purchase) of investments | | 9,460 | (1,370) |
| Interest and investment income received | | 1,906 | 1,429 |
| Net cash used in investing activities | | (11,389) | (21,157) |
| FINANCING ACTIVITIES | | | |
| Dividend paid | | (29,576) | (29,157) |
| Interest paid | | (5,700) | (4,470) |
| Borrowings (net) | | 4,699 | 2,330 |
| Net cash used in financing activities | | (30,577) | (31,297) |
| Increase / (decrease) in cash and cash equivalents | | 13,413 | (1,029) |
| Cash and cash equivalents at 1 January | | 103,064 | 95,732 |
| Cash and cash equivalents at 30 June | | 116,477 | 94,703 |

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The condensed consolidated interim financial statements consist of pages 3 to 14.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2016

BD'000

| 2016 | Equity attributable to equity holders of the Company | | | | | | | | Non - controlling interest | Total equity |
|--|--|----------------------|--------------------|---|-------------------------------------|---|----------------------|-----------------|----------------------------------|-----------------|
| | Share capital | Statutory reserve | General reserve | Foreign currency translation reserve | Investment fair value reserve | Post- employ- ment benefit actuarial reserve | Retained earnings | Total | | |
| At 1 January 2016 | 166,320 | 84,116 | 45,890 | (3,580) | (2,488) | (4,605) | 242,180 | 527,833 | 45,220 | 573,053 |
| Profit for the period | - | - | - | - | - | - | 22,677 | 22,677 | 4,772 | 27,449 |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation differences | - | - | - | (10,820) | - | - | (1) | (10,821) | 2 | (10,819) |
| Investment fair value changes | - | - | - | - | 655 | - | - | 655 | - | 655 |
| Total other comprehensive income | - | - | - | (10,820) | 655 | - | (1) | (10,166) | 2 | (10,164) |
| Total comprehensive income for the period | - | - | - | (10,820) | 655 | - | 22,676 | 12,511 | 4,774 | 17,285 |
| Contributions and distributions | | | | | | | | | | |
| Final dividends declared for 2015 | - | - | - | - | - | - | (24,948) | (24,948) | - | (24,948) |
| Donations declared for 2015 | - | - | - | - | - | - | (1,238) | (1,238) | - | (1,238) |
| Dividends to non-controlling interest | - | - | - | - | - | - | - | - | (4,183) | (4,183) |
| Total Contributions and distributions | - | - | - | - | - | - | (26,186) | (26,186) | (4,183) | (30,369) |
| At 30 June 2016 | 166,320 | 84,116 | 45,890 | (14,400) | (1,833) | (4,605) | 238,670 | 514,158 | 45,811 | 559,969 |

The condensed consolidated interim financial statements consist of pages 3 to 14.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2016

BD'000

| 2015 | Equity attributable to equity holders of the Company | | | | | | | Total | Non - controlling interest | Total equity |
|--|--|----------------------|--------------------|---|-------------------------------------|---|----------------------|----------|----------------------------------|-----------------|
| | Share Capital | Statutory reserve | General reserve | Foreign currency translation reserve | Investment fair value reserve | Post- employ- ment benefit actuarial reserve | Retained earnings | | | |
| At 1 January 2015 | 166,320 | 83,160 | 46,464 | 3,056 | (589) | (2,293) | 235,950 | 532,068 | 46,990 | 579,058 |
| Profit for the period | - | - | - | - | - | - | 27,537 | 27,537 | 3,644 | 31,181 |
| Other comprehensive income | | | | | | | | | | |
| Foreign currency translation differences | - | - | - | 541 | - | - | - | 541 | (20) | 521 |
| Investment fair value changes | - | - | - | - | (93) | - | - | (93) | - | (93) |
| Net fair value change transferred to profit or loss on impairment | - | - | - | - | 784 | - | - | 784 | - | 784 |
| Remeasurement of defined benefit liability including related tax | - | - | - | - | - | (3,121) | - | (3,121) | - | (3,121) |
| Total other comprehensive income | - | - | - | 541 | 691 | (3,121) | - | (1,889) | (20) | (1,909) |
| Total comprehensive income for the period | - | - | - | 541 | 691 | (3,121) | 27,537 | 25,648 | 3,624 | 29,272 |
| Contributions and distributions | | | | | | | | | | |
| Final dividends declared for 2014 | - | - | - | - | - | - | (24,948) | (24,948) | - | (24,948) |
| Donations declared for 2014 | - | - | - | - | - | - | (1,234) | (1,234) | - | (1,234) |
| Dividends to non-controlling interest | - | - | - | - | - | - | - | - | (4,422) | (4,422) |
| Total Contributions and distributions | - | - | - | - | - | - | (26,182) | (26,182) | (4,422) | (30,604) |
| At 30 June 2015 | 166,320 | 83,160 | 46,464 | 3,597 | 102 | (5,414) | 237,305 | 531,534 | 46,192 | 577,726 |

The condensed consolidated interim financial statements consist of pages 3 to 14.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2016**

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1 REPORTING ENTITY

The condensed consolidated interim financial statements as at and for the six month period ended 30 June 2016 comprise the condensed consolidated interim financial statements of Bahrain Telecommunications Company BSC ("Batelco" / "the Company") and its subsidiaries (collectively "the Group") and the Group's interests in an associate entity. . The Group is principally engaged in the provision of public telecommunications and associated products and services.

2 BASIS OF PREPARATION**(a) Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – 'Interim Financial Reporting'. These do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

(b) Accounting policies

The accounting policies and risk management framework applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated financial statements as at and for the year ended 31 December 2015, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning on or after 1 January 2016. The adoption of these new standards / amendments did not have a significant impact on the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements are not audited but have been reviewed by KPMG Fakhro. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2015 and comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the reviewed condensed consolidated interim financial statements for the six months period ended 30 June 2015.

Due to the effect of seasonal variations, the results reported in the condensed consolidated interim financial statements may not represent a proportionate share of the overall annual income.

(c) Judgements and estimates

In preparing these condensed consolidated interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2016

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3 CASH AND BANK BALANCES

Cash and bank balances include BD 47,261 (2015: BD 48,665) on account of short-term deposits with maturities exceeding three months and unclaimed dividends. These have been excluded for the purposes of condensed consolidated statement of cash flows.

4 LOANS AND BORROWINGS

Loans and borrowings consist of the following facilities:

- Long term bonds with a face value of BD 178.3 million. The bonds are listed for trading in the Irish Stock Exchange. The bonds have a tenor of 7 years, are unsecured and were priced at 325 points over 7 years US Treasuries, for a yield of 4.342% and coupon of 4.250% payable semi-annually;
- Long term loan facility with a total available amount of BD 58.5 million (of which BD 49.2 million drawn as of 30 June 2016) which has been utilised by a group company to fund the company's working capital and license fees. The facility bears an interest rate of PLR – 3.35% per annum. As at 30 June 2016, BD 7.0 million of the outstanding amount was classified under current liabilities being due within the next 12 months; and
- Vendor financing obtained by a group company with a total amount of BD 4.7 million. The facility bears an interest rate of 3% per annum. As of 30 June 2016, BD 2.6 million of the outstanding amount was classified under current liabilities being due within the next 12 months.

5 REVENUE

| | Six months ended 30 June | | Three months ended 30 June | |
|---------------------------------------|-------------------------------------|----------------------------|---------------------------------------|----------------------------|
| | 2016 (reviewed) | 2015 (reviewed) | 2016 (reviewed) | 2015 (reviewed) |
| Mobile Telecommunication Services | 95,105 | 98,842 | 46,738 | 48,584 |
| Data Communication Circuits | 33,554 | 30,171 | 17,877 | 15,139 |
| Fixed Broadband | 23,120 | 22,907 | 11,773 | 11,146 |
| Fixed Line Telecommunication Services | 13,397 | 14,424 | 6,389 | 6,973 |
| Adjacent Services | 9,219 | 10,016 | 4,881 | 5,540 |
| Wholesale Services | 8,524 | 9,365 | 4,333 | 4,680 |
| | 182,919 | 185,725 | 91,991 | 92,062 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2016

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6 EARNINGS PER SHARE

| | Six months ended 30 June | | Three months ended 30 June | |
|---|--------------------------|--------------------|----------------------------|--------------------|
| | 2016 (reviewed) | 2015 (reviewed) | 2016 (reviewed) | 2015 (reviewed) |
| Profit for the period attributable to equity holders of the Company (million) | 22,677 | 27,537 | 13,082 | 13,305 |
| Weighted average number of shares outstanding during the period (million) | 1,663 | 1,663 | 1,663 | 1,663 |
| Basic earnings per share (Fils) | 13.6 | 16.6 | 7.9 | 8.0 |

7 COMMITMENTS AND CONTINGENCIES**a) Guarantees**

- (i) The Company has furnished guarantees amounting to BD 4.0 million (2015: BD 4.9 million) to suppliers on behalf of an investee company in Kingdom of Saudi Arabia relating to the equipment supply contracts.
- (ii) As at 30 June 2016, the Group's banks have issued guarantees, amounting to BD 4.5 million (2015: BD 5.9 million) and letters of credit amounting to BD 0.4 million (2015: 14.8 million).
- (iii) The Group has furnished a comfort letter for BD 1.9 million (2015: BD 1.9 million) to Telecommunications Regulatory Commission, Jordan for providing a financial guarantee for the subsidiary companies operating in Jordan.

b) Commitments

The Group has capital commitments at 30 June 2016 amounting to BD 6.0 million (2015: BD 25.2 million).

c) Contingent liabilities

The Group was previously involved in certain matters relating to notifications from regulatory authorities and government tax departments of claims and other notices which are currently not expected to result in a contingent liability(2015: BD 5.0 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2016

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8 RELATED PARTIES**a) Transactions with related parties**

The Company qualifies as a government related entity under the definitions provided in the Revised IAS 24. The Group provides telecommunication services to various Government and semi government organisation and companies in the Kingdom of Bahrain. The Group also avails various services from Government and semi government organisation and companies in the Kingdom of Bahrain. Such transactions are in the normal course of business and are not considered to be material.

b) Transactions with key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. During the period, the Group paid the following compensation to the key management personnel.

| | Six months ended 30 June | |
|--|-------------------------------------|----------------------------|
| | 2016 (reviewed) | 2015 (reviewed) |
| Short-term employee benefits | 1,012 | 809 |
| Post-employment benefits | 251 | 192 |
| Total key management personnel compensation | 1,263 | 1,001 |
| Directors remuneration (including sitting fees) | 338 | 321 |

9 APPROPRIATIONS

The shareholders of the Company in their meeting held on 21 March 2016 approved a cash dividend of BD 24.95 million and donations of BD 1.24 million.

10 COMPARATIVES

The comparative figures for the previous period have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping does not affect the previously reported profit, comprehensive income or equity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2016

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11 FAIR VALUE

The Group's financial assets and financial liabilities are measured at amortised cost except for certain available-for-sale investments, which are carried at fair value. Fair values measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

- (i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured as at 30 June 2016, by the level in the fair value hierarchy into which the fair value measurement is categorized:

| 30 June 2016 | Fair value | | | Total fair value |
|---|------------|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Financial assets measured at fair value | | | | |
| Other investments | 43,881 | - | 567 | 44,448 |
| Financial assets not measured at fair value | | | | |
| Other investments | - | - | 826 | 826 |
| Financial liabilities measured at fair value | | | | |
| Contingent consideration (Other Payables) | - | - | 2,128 | 2,128 |
| Financial liabilities not measured at fair value | | | | |
| Loans and borrowings | 226,862 | - | - | 226,862 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2016

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12 FAIR VALUE (continued)

| | Fair value | | | Total fair value |
|--|------------|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| 31 December 2015 | | | | |
| Financial assets measured at fair value | | | | |
| Other investments | 47,204 | - | 567 | 47,771 |
| Financial assets not measured at fair value | | | | |
| Other investments | - | - | 826 | 826 |
| Financial liabilities measured at fair value | | | | |
| Contingent consideration (Other Payables) | - | - | 2,113 | 2,113 |
| Financial liabilities not measured at fair value | | | | |
| Loans and borrowings | 225,981 | - | - | 225,981 |

There were no transfers between any of the categories during the period. The Bonds have been fair valued using its quoted prices. Other loans and borrowings are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The Group has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 June 2016

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12 SEGMENT INFORMATION*Operating segments*

The Group's operations are segregated between Bahrain, Jordan, Maldives, CIIM (Guernsey, Jersey and Isle of Man) and other countries. Other countries include South Atlantic, Diego Garcia, Kuwait, Yemen and Egypt. Segment information disclosed for the six months ended 30 June 2016 is as follows:

| | For the six months ended 30 June 2016 (reviewed) | | | | | | | For the six months ended 30 June 2015 (reviewed) | | | | | | |
|-----------------------------------|--|----------------|--------------|------------|-----------------|-----------------------------|---------------|--|--------------|--------------|--------------|-----------------|-----------------------------|---------------|
| | Bahrain | Jordan | Maldives | CIIM | Other countries | Inter - segment elimination | Total | Bahrain | Jordan | Maldives | CIIM | Other countries | Inter - segment elimination | Total |
| Segment revenue and profit | | | | | | | | | | | | | | |
| Revenue (external customers) | 74,176 | 36,667 | 30,369 | 23,093 | 18,614 | - | 182,919 | 76,818 | 39,772 | 27,508 | 24,481 | 17,146 | - | 185,725 |
| Inter-segment revenues | 1,029 | 444 | - | - | 992 | (2,465) | - | 985 | 306 | - | - | 1,039 | (2,330) | - |
| Profit | 15,564 | (1,500) | 9,347 | 658 | 3,293 | 87 | 27,449 | 20,622 | 1,150 | 7,447 | 4,123 | (2,341) | 180 | 31,181 |

| | As at 30 June 2016 (reviewed) | | | | | | | As at 31 December 2015 (Audited) | | | | | | |
|---|-------------------------------|----------------|----------------|---------------|-----------------|-----------------------------|----------------|----------------------------------|----------------|----------------|----------------|-----------------|-----------------------------|------------------|
| | Bahrain | Jordan | Maldives | CIIM | Other countries | Inter - segment elimination | Total | Bahrain | Jordan | Maldives | CIIM | Other countries | Inter - segment elimination | Total |
| Segment assets & liabilities | | | | | | | | | | | | | | |
| Non-current assets | 169,799 | 269,877 | 99,911 | 67,111 | 105,890 | (4,498) | 708,090 | 165,221 | 260,270 | 104,332 | 95,503 | 125,186 | (20,257) | 730,255 |
| Current assets | 159,507 | 18,703 | 34,253 | 16,504 | 48,356 | (5,189) | 272,134 | 183,797 | 15,486 | 32,864 | 14,353 | 46,900 | (18,673) | 274,727 |
| Total assets | 329,306 | 288,580 | 134,164 | 83,615 | 154,246 | (9,687) | 980,224 | 349,018 | 275,756 | 137,196 | 109,856 | 172,086 | (38,930) | 1,004,982 |
| Current liabilities | 121,155 | 63,993 | 15,045 | 9,147 | 24,632 | (56,960) | 177,012 | 126,420 | 54,471 | 18,540 | 8,753 | 28,742 | (51,671) | 185,255 |
| Non-current liabilities | 176,981 | 48,545 | 8,068 | 6,381 | 195,535 | (192,267) | 243,243 | 176,826 | 47,558 | 8,239 | 7,600 | 6,451 | - | 246,674 |
| Total liabilities | 298,136 | 112,538 | 23,113 | 15,528 | 220,167 | (249,227) | 420,255 | 303,246 | 102,029 | 26,779 | 16,353 | 35,193 | (51,671) | 431,929 |