

**Bahrain Duty Free Shop  
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**31 MARCH 2016**

## Bahrain Duty Free Shop Complex BSC

### CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the three month period ended 31 March 2016

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

The Board of Directors  
Bahrain Duty Free Shop Complex BSC  
Kingdom of Bahrain

10 May 2016

### **Introduction**

We have reviewed the accompanying 31 March 2016 condensed consolidated interim financial information of Bahrain Duty Free Shop Complex BSC ("the Company") and its subsidiary (together "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2016;
- the condensed consolidated statement of profit or loss for the three month period ended 31 March 2016;
- the condensed consolidated statement of comprehensive income for the three month period ended 31 March 2016;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2016;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 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 31 March 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 31 March 2016**

Bahraini dinars

	note	<b>31 March 2016 (reviewed)</b>	31 December 2015 (audited)
<b>ASSETS</b>			
Property and equipment		1,970,083	2,068,595
Investment in associate		202,678	197,178
Investment property		7,619,965	4,243,049
Available-for-sale investments	6	23,158,503	22,992,988
<b>Non-current assets</b>		<b>32,951,229</b>	29,501,810
Inventories		2,691,247	2,962,296
Trade and other receivables	7	7,063,514	6,936,688
Cash and bank balances	8	8,979,975	15,150,404
<b>Current assets</b>		<b>18,734,736</b>	25,049,388
<b>Total assets</b>		<b>51,685,965</b>	54,551,198
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		12,933,813	11,758,012
Share premium		1,952,560	1,952,560
Statutory reserve		5,891,006	5,891,006
Investments fair value reserve		6,987,845	7,428,307
Charity reserve		740,158	598,107
Retained earnings		18,125,694	21,203,072
<b>Equity attributable to owners of the company</b>		<b>46,631,076</b>	48,831,064
<b>Non-controlling interest</b>		<b>14,897</b>	14,897
<b>Total equity (page 6)</b>		<b>46,645,973</b>	48,845,961
<b>Liabilities</b>			
Employees' benefits		394,871	405,559
<b>Non-current liabilities</b>		<b>394,871</b>	405,559
Trade and other payables		3,937,742	3,057,724
Royalty payable		707,379	2,241,954
<b>Current liabilities</b>		<b>4,645,121</b>	5,299,678
<b>Total liabilities</b>		<b>5,039,992</b>	5,705,237
<b>Total equity and liabilities</b>		<b>51,685,965</b>	54,551,198

The condensed consolidated interim financial information, which consists of pages 3 to 13 was approved by the Board of Directors on 10 May 2016 and signed on its behalf by:

Farouk Yousuf Almoayyed  
Chairman

Abdulla Buhindi  
Managing Director

The accompanying notes 1 to 12 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**for the three months ended 31 March 2016**

Bahraini dinars

	note	<b>31 March 2016 (reviewed)</b>	31 March 2015 (reviewed)
Revenue		6,997,848	6,451,193
Cost of sales		(3,766,589)	(3,365,454)
<b>Gross profit</b>		<b>3,231,259</b>	3,085,739
Other income		354,657	205,934
General and administrative expenses		(1,519,753)	(1,356,697)
Royalty		(857,379)	(833,511)
Selling expenses		(109,959)	(85,586)
<b>Operating profit</b>		<b>1,098,825</b>	1,015,879
Finance income		59,798	92,772
Investment income	9	791,875	1,218,535
Impairment on investments		(151,121)	-
Share of profit equity – accounted investee		5,500	3,189
<b>Profit for the year</b>		<b>1,804,877</b>	2,330,375
<i>Profit attributable to:</i>			
Owners of the Company		1,804,877	2,337,623
Non-controlling interest		-	(7,248)
		<b>1,804,877</b>	2,330,375
<b>Basic and diluted earnings per share (in fils)</b>		<b>14.0</b>	18.1

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*Farouk Yousuf Almoayyed*  
Chairman

*Abdulla Buhindi*  
Managing Director

The accompanying notes 1 to 12 form an integral part of this condensed consolidated interim financial information

**Bahrain Duty Free Shop Complex BSC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three months ended 31 March 2016**

5

Bahraini dinars

	<b>31 March 2016 (reviewed)</b>	31 March 2015 (reviewed)
<b>Profit for the period</b>	<b>1,804,877</b>	2,330,375
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Fair value changes on available-for-sale securities	(591,533)	361,089
Transferred to profit or loss on impairment of available-for-sale securities	151,121	-
Transferred to profit or loss on sale of available-for-sale securities	(50)	-
<b>Total comprehensive income for the year</b>	<b>1,364,415</b>	2,691,464
<i>Total comprehensive income attributable to:</i>		
Owners of the Company	1,364,415	2,698,712
Non-controlling interest	-	(7,248)
	<b>1,364,415</b>	2,691,464

The condensed consolidated interim financial information consists of pages 3 to 13

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2016**

Bahraini dinars

	Equity attributable to equity holders of the parent company						Non-controlling interest	Total equity	
	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings			Total
<b>31 March 2016 (reviewed)</b>									
At 1 January 2016	11,758,012	1,952,560	5,891,006	598,107	7,428,307	21,203,072	48,831,064	14,897	<b>48,845,961</b>
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	1,804,877	1,804,877	-	<b>1,804,877</b>
<b>Other comprehensive income</b>									
<i>Items that are or may be reclassified subsequently to profit or loss</i>									
Fair value changes on available-for-sale securities	-	-	-	-	(591,533)	-	(591,533)	-	<b>(591,533)</b>
Transfer to profit or loss on impairment of available-for-sale securities	-	-	-	-	151,121	-	151,121	-	<b>151,121</b>
Transfer to profit or loss on sale of available-for-sale securities	-	-	-	-	(50)	-	(50)	-	<b>(50)</b>
<b>Total other comprehensive income</b>	-	-	-	-	<b>(440,462)</b>	-	<b>(440,462)</b>	-	<b>(440,462)</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>(440,462)</b>	<b>1,804,877</b>	<b>1,364,415</b>	-	<b>1,364,415</b>
Bonus shares issue	1,175,801	-	-	-	-	(1,175,801)	-	-	-
Final dividend for 2015	-	-	-	-	-	(3,527,403)	(3,527,403)	-	<b>(3,527,403)</b>
Charity Payments during 2016	-	-	-	(37,000)	-	-	(37,000)	-	<b>(37,000)</b>
Charity approved for 2015	-	-	-	179,051	-	(179,051)	-	-	-
<b>At 31 March 2016</b>	<b>12,933,813</b>	<b>1,952,560</b>	<b>5,891,006</b>	<b>740,158</b>	<b>6,987,845</b>	<b>18,125,694</b>	<b>46,631,076</b>	<b>14,897</b>	<b>46,645,973</b>

The condensed consolidated interim financial information consists of pages 3 to 13

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended 31 March 2016 (continued)

Bahraini dinars

	Equity attributable to equity holders of the parent company						Non-controlling interest	Total equity	
	Share capital	Share Premium	Statutory reserve	Charity Reserve	Fair value reserve	Retained earnings			Total
31 March 2015 (reviewed)									
At 1 January 2015	10,689,102	1,952,560	5,356,551	504,013	7,056,616	19,583,300	45,142,142	102,186	45,244,328
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	2,337,623	2,337,623	(7,248)	2,330,375
Other comprehensive income									
<i>Items that are or may be reclassified subsequently to profit or loss</i>									
Fair value changes on available-for-sale securities	-	-	-	-	361,089	-	361,089	-	361,089
Total other comprehensive income	-	-	-	-	361,089	-	361,089	-	361,089
Total comprehensive income for the period	-	-	-	-	361,089	2,337,623	2,698,712	(7,248)	2,691,464
Bonus shares issue	1,068,910	-	-	-	-	(1,068,910)	-	-	-
Final dividend (2014)	-	-	-	-	-	(3,206,731)	(3,206,731)	(10,000)	(3,216,731)
Charity Payments (2015)	-	-	-	(42,000)	-	-	(42,000)	-	(42,000)
Charity contributions	-	-	-	171,094	-	(171,094)	-	-	-
At 31 March 2015	11,758,012	1,952,560	5,356,551	633,107	7,417,705	17,474,188	44,592,123	84,938	44,677,061

The condensed consolidated interim financial information consists of pages 3 to 13



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the three months ended 31 March 2016

Bahraini dinars

	note	<b>Three months ended 31 March 2016 (reviewed)</b>	Three months ended 31 March 2015 (reviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from sales		6,820,847	6,376,681
Receipts from training services		-	94,739
Receipts from car promotions		199,926	313,166
Other receipts		210,399	264,618
		<b>7,231,172</b>	<b>7,049,204</b>
Payments for purchases		(3,577,878)	(3,636,827)
Payments for other operating expenses		(1,185,252)	(1,731,974)
Payments for management fees		(168,629)	(151,157)
Payments for royalty		(2,391,953)	(2,978,306)
Car promotion expenses		(99,637)	(151,262)
Directors' remuneration paid		(180,000)	(168,000)
Payment to charities		(37,000)	(42,000)
		<b>(7,640,349)</b>	<b>(8,859,526)</b>
<b>Net cash used in operating activities</b>		<b>(409,177)</b>	<b>(1,810,322)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income		16,457	28,147
Investment Income		62,256	1,009,918
Disposal of investments		-	410,163
Acquisition of property and equipment		(24,860)	(46,785)
Loan provided		-	42,715
Bank deposits		-	(406,662)
Acquisition of investment property		(2,682,666)	-
Advance for investment property		33,066	(311,071)
Acquisition of available-for-sale investments		(590,975)	(691,736)
<b>Net cash (used in) / from investing activities</b>		<b>(3,186,723)</b>	<b>34,689</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(2,574,529)	(2,226,066)
<b>Net cash used in financing activities</b>		<b>(2,574,529)</b>	<b>(2,226,066)</b>
<b>Net decrease in cash flows during the period</b>		<b>(6,170,429)</b>	<b>(4,001,699)</b>
Cash and cash equivalents at 1 January		11,150,404	8,848,749
<b>Cash and cash equivalents at 31 March</b>	8	<b>4,979,975</b>	<b>4,847,050</b>

The condensed consolidated interim financial information consists of pages 3 to 13

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2016**

Bahraini dinars

**1 REPORTING ENTITY**

Bahrain Duty Free Shops Complex BSC (the Company) is a Company domiciled in the Kingdom of Bahrain. The condensed consolidated interim financial information of the Company as at and for the three months ended 31 March 2016 comprise the Company and its subsidiary Bahrain International Retail Development Centre WLL (together "the Group"). The Company operates the Bahrain Airport duty free shops and Bahrain Seaport duty free shops.

As at the reporting date, the subsidiary Bahrain International Retail Development Centre WLL is under liquidation.

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

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS), Interim Financial Reporting, which permits the condensed consolidated interim financial information to be in summarised form. The condensed consolidated interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the audited 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 the Group's financial position and performance since the last financial statements.

**b) Use of judgements and estimates**

Preparing the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgments made by the management in applying the Group's accounting policies and key source of estimation of uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended 31 December 2015.

**c) Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2015.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in this interim financial information are the same as those applied in the Group's audited consolidated financial statements as at and for the year ended 31 December 2015.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2016**

Bahraini dinars

**4 APPROPRIATIONS**

At the Annual General Meeting of the Company held on 8 March 2016, the following appropriations were approved which have been effected during the period.

- (i) a final dividend of BD 3,527,403 for the year 2015 (2014: BD 3,206,731)
- (ii) charity contributions of BD 179,051 (2014: BD 171,094)
- (iii) Bonus Issue of BD 1,175,801 as 10% (2014: BD 1,068,910 as 10%)

Appropriations for the current year will be made at the year end.

As at reporting date, the Company is in the process of updating its memorandum and articles of association to reflect the bonus shares issue.

**5 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors, the management company and key management personnel of the Group. Transactions with related parties are at agreed commercial terms.

**a) Transactions and balances**

	<b>Transactions for the period ended</b>		<b>Balance as at</b>	
	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
	<b>(reviewed)</b>	<b>(reviewed)</b>	<b>(reviewed)</b>	<b>(audited)</b>
<b>Subsidiary</b>				
Rental income	-	1,500	-	-
Training expenses	-	(2,720)	-	-
<b>Associate</b>				
Rental expenses	<b>25,624</b>	24,756	-	-
<b>Management company</b>				
Purchases of goods	<b>1,614,374</b>	1,351,593	<b>(457,112)</b>	(497,538)
Management fees	<b>203,227</b>	194,231	<b>(10,500)</b>	(10,500)
Receivables	-	-	<b>148,275</b>	146,156
<b>Companies with common directors</b>				
Purchases of goods	<b>517,649</b>	351,501	<b>(203,070)</b>	(176,975)
Concession income	<b>30,000</b>	30,119	<b>12,253</b>	1,035
Other income	<b>3,221</b>	-	<b>(8,250)</b>	-

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2016**

Bahraini dinars

5 *Related party transactions (continued)*

**b) Key management compensation**

	<b>31 March 2016 (reviewed)</b>	31 March 2015 (reviewed)
Board remuneration for the period	<b>60,750</b>	42,000
Salaries and other short-term benefits	<b>57,892</b>	55,499
Post-employment benefits	<b>15,858</b>	9,514

**6 AVAILABLE-FOR-SALE INVESTMENTS**

	<b>31 March 2016 (reviewed)</b>	31 December 2015 (audited)
Quoted equity shares	15,921,876	15,743,840
Unquoted equity shares	5,408,211	5,408,211
Debt instruments	1,828,416	1,840,937
	<b>23,158,503</b>	22,992,988

The fair values are determined based on their market value as at 31 March 2016 and 31 December 2015. The Company's investment in certain funds and equity securities amounting to BD 5,408,211 (2015: BD 5,408,211) are carried at cost, less impairment allowances, if any, as these are not quoted and no other appropriate methods are readily available from which to derive a reliable fair value.

**7 TRADE AND OTHER RECEIVABLES**

	<b>31 March 2016 (reviewed)</b>	31 December 2015 (audited)
Trade receivables	341,107	212,676
Advances for investment property	3,220,378	3,774,210
Advance for investments	400,000	400,000
Other receivables and advances	2,941,919	2,403,129
Related party receivables (note 5)	160,528	147,191
	<b>7,063,932</b>	6,937,206
Less Impairment allowance	(418)	(518)
<b>At 31 December</b>	<b>7,063,514</b>	6,936,688

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the three months ended 31 March 2016

Bahraini dinars

**8 CASH AND BANK BALANCES**

	<b>31 March 2016 (reviewed)</b>	31 December 2015 (audited)
Bank deposits	4,812,913	9,350,866
Cash at bank	4,052,644	5,686,643
Cash in hand	114,418	112,895
Cash and bank balances in the statement of financial position	<b>8,979,975</b>	<b>15,150,404</b>
Bank deposits with original maturity more than 3 months	(4,000,000)	(4,000,000)
Cash and cash equivalents in the statement of cash flows	<b>4,979,975</b>	11,150,404

**9 INVESTMENT INCOME**

	<b>31 March 2016 (reviewed)</b>	31 March 2015 (reviewed)
Dividend income	715,949	635,325
Interest income on bonds	29,711	47,221
Rental income from investment property	46,215	46,286
Income on sale of investment property	-	489,703
	<b>791,875</b>	1,218,535

**10 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Group's financial assets and financial liabilities are measured at amortised cost except for quoted investments, which are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

The fair values of financial assets and financial liabilities approximate the carrying values as at the reporting date due to their short term nature. Fair value for unquoted available for sale investments is not available as these investments are not quoted and no other appropriate methods are readily available from which to derive a reliable fair value.

*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:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2016**

Bahraini dinars

10 *Fair value of financial instruments (continued)*

- 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.
- 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 at fair value as at the reporting date, by level in the fair value hierarchy into which the fair value measurement is categorized;

<b>31 March 2016 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	<b>15,921,876</b>	-	-	<b>15,921,876</b>
Debt instruments	<b>1,828,416</b>	-	-	<b>1,828,416</b>

<b>31 December 2015 (audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	15,743,840	-	-	15,743,840
Debt instruments	1,840,937	-	-	1,840,937

## 11 COMMITMENTS

	<b>31 March 2016 (reviewed)</b>	31 December 2015 (audited)
Uncalled face value of investments in unquoted equity	256,398	256,398
Property and equipment	160,300	-
Investment property	2,371,513	2,133,114
Guarantees	15,596	15,596
	<b>2,803,807</b>	2,405,108

## 12 SEGMENTAL INFORMATION

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segment. The Company currently primarily operates Duty free shops at Bahrain International Airport and Sea port and its revenue, expenses and results are reviewed only at a Company level and therefore no separate operating segment results and other disclosures are provided in these condensed consolidated interim financial information.