

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED INTERIM FINANCIAL
INFORMATION**

31 MARCH 2017

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
for the three month period ended 31 March 2017

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Independent auditors' report on review of condensed interim financial information

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

9 May 2017

Introduction

We have reviewed the accompanying 31 March 2017 condensed interim financial information of Bahrain Duty Free Shop Complex BSC ("the Company") which comprises:

- the condensed statement of financial position as at 31 March 2017;
- the condensed statement of profit or loss for the three months period ended 31 March 2017;
- the condensed statement of comprehensive income for the three months period ended 31 March 2017;
- the condensed statement of changes in equity for the three months period ended 31 March 2017;
- the condensed statement of cash flows for the three months period ended 31 March 2017; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 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 2017 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

(Bahraini dinars)

	note	31 March 2017 (reviewed)	31 December 2016 (audited)
ASSETS			
Property and equipment		2,119,643	2,094,958
Investment in associate		183,154	178,459
Investment property	5	12,026,468	7,574,959
Available-for-sale investments	6	25,307,419	24,703,594
Other assets		-	4,764,778
Total non-current assets		39,636,684	39,316,748
Inventories		3,120,417	3,095,073
Trade and other receivables	7	1,983,804	1,792,593
Cash and bank balances	8	14,893,376	12,824,910
Total current assets		19,997,597	17,712,576
Total assets		59,634,281	57,029,324
EQUITY AND LIABILITIES			
Equity			
Share capital		14,227,194	12,933,813
Share premium		1,952,560	1,952,560
Statutory reserve		6,466,906	6,466,906
Charity reserve		784,618	660,453
Investments fair value reserve		7,165,838	7,270,898
Retained earnings		18,348,174	21,486,466
Total equity		48,945,290	50,771,096
Liabilities			
Employees' benefits		377,109	381,703
Total non-current liabilities		377,109	381,703
Trade and other payables		7,155,519	3,693,459
Royalty payable		3,156,363	2,183,066
Total current liabilities		10,311,882	5,876,525
Total liabilities		10,688,991	6,258,228
Total equity and liabilities		59,634,281	57,029,324

The condensed interim financial information which consists of pages 3 to 14 was approved by the Board of Directors on 9 May 2017 and signed on its behalf by:

Farouk Yousuf Almoayyed
 Chairman

Abdulla Buhindi
 Managing Director

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**CONDENSED STATEMENT OF PROFIT OR LOSS
for the three months ended 31 March 2017**

(Bahraini dinars)

		2017 (reviewed)	2016 (reviewed)
	note		
Revenue		7,467,669	6,997,848
Cost of sales		(3,865,405)	(3,768,703)
Gross profit		3,602,264	3,229,145
Other income, net		531,741	354,657
Administrative expenses	9	(2,671,383)	(2,377,132)
Selling expenses		(138,032)	(107,845)
Operating profit		1,324,590	1,098,825
Interest income		27,103	59,798
Income from available-for-sale investments		838,576	745,610
Income from investment property, net		6,835	46,265
Impairment on available-for-sale investments		-	(151,121)
Share of profit from associate		4,695	5,500
Profit for the period		2,201,799	1,804,877
Basic and diluted earnings per share (in fils)		15.48	12.69

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2017**

(Bahraini dinars)

	2017 (reviewed)	2016 (reviewed)
Profit for the period	2,201,799	1,804,877
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Net fair value changes on available-for-sale investments	(105,060)	(591,533)
Transferred to profit or loss on impairment of available-for-sale investments	-	151,121
Transferred to profit or loss on sale of available-for-sale investments	-	(50)
Total comprehensive income for the period	2,096,739	1,364,415

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2017

(Bahraini dinars)

31 March 2017 (reviewed)	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total
At 1 January 2017	12,933,813	1,952,560	6,466,906	660,453	7,270,898	21,486,466	50,771,096
Comprehensive income							
Profit for the period	-	-	-	-	-	2,201,799	2,201,799
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Net fair value changes on available-for-sale securities	-	-	-	-	(105,060)	-	(105,060)
Total other comprehensive income	-	-	-	-	(105,060)	-	(105,060)
Total comprehensive income for the period	-	-	-	-	(105,060)	2,201,799	2,096,739
Bonus shares issued	1,293,381	-	-	-	-	(1,293,381)	-
Dividend declared for 2016	-	-	-	-	-	(3,880,144)	(3,880,144)
Charity utilised during 2017	-	-	-	(42,401)	-	-	(42,401)
Charity contributions approved	-	-	-	166,566	-	(166,566)	-
							-
At 31 March 2017	14,227,194	1,952,560	6,466,906	784,618	7,165,838	18,348,174	48,945,290

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2017 (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 2016 (reviewed)									
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	48,845,961
Comprehensive income									
Profit for the period	-	-	-	-	-	1,804,877	1,804,877	-	1,804,877
Other comprehensive income									
<i>Items that are or may be reclassified subsequently to profit or loss</i>									
Net fair value changes on available-for-sale securities	-	-	-	-	(591,533)	-	(591,533)	-	(591,533)
Transferred to profit or loss on impairment of available-for-sale equity securities	-	-	-	-	151,121	-	151,121	-	151,121
Transferred to profit or loss on on sale of available-for-sale equity securities	-	-	-	-	(50)	-	(50)	-	(50)
<i>Total other comprehensive income</i>	-	-	-	-	(440,462)	-	(440,462)	-	(440,462)
Total comprehensive income for the period	-	-	-	-	(440,462)	1,804,877	1,364,415	-	1,364,415
Bonus shares issue	1,175,801	-	-	-	-	(1,175,801)	-	-	-
Dividend declared for 2015	-	-	-	-	-	(3,527,403)	(3,527,403)	-	(3,527,403)
Charity utilised during 2016	-	-	-	(37,000)	-	-	(37,000)	-	(37,000)
Charity contributions approved	-	-	-	179,051	-	(179,051)	-	-	-
At 31 March 2016	12,933,813	1,952,560	5,891,006	740,158	6,987,845	18,125,694	46,631,076	14,897	46,645,973

The accompanying notes 1 to 14 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS
for year ended 31 March 2017

(Bahraini dinars)

	31 March 2017 (reviewed)	31 March 2016 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from customers	7,005,232	6,820,847
Receipts from car promotions	185,012	199,926
Other receipts	534,245	210,399
	7,724,489	7,231,172
Payments for purchases	(4,569,250)	(3,577,878)
Payments for other operating expenses	(542,803)	(1,185,252)
Payments for management fees	(229,110)	(168,629)
Payments for royalty	(250,000)	(2,391,953)
Car promotion expenses	(78,486)	(99,637)
Directors' remuneration paid	(388,800)	(180,000)
Payment to charities	(42,401)	(37,000)
	(6,100,850)	(7,640,349)
Net cash from / (used in) operating activities	1,623,639	(409,177)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	48,581	16,457
Dividend income received	719,578	16,041
Rental income received from investment property - net	6,835	46,215
Acquisition of property and equipment	(218,857)	(24,860)
Acquisition of investment property	-	(2,682,666)
Advance for investment property	(162,490)	33,066
Bank deposit	(3,240,866)	(4,283,753)
Acquisition of available-for-sale investments	(313,580)	(590,976)
Net cash used in from investing activities	(2,972,299)	(7,470,476)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(18,138)	(2,574,529)
Net cash used in financing activities	(18,138)	(2,574,529)
Net decrease in cash and cash equivalents during the period	(1,366,798)	(10,454,182)
Cash and cash equivalents at 1 January	8,435,820	15,434,157
Cash and cash equivalents at 31 March (note 8)	7,069,022	4,979,975

The condensed interim financial information consists of pages 3 to 14.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the three months ended 31 March 2017

1 REPORTING ENTITY

Bahrain Duty Free Shops Complex BSC (the "Company") is a Bahraini registered Joint Stock company registered under commercial registration number 23509 on 15 July 1990 and listed on Bahrain Bourse. The Company operates the Bahrain Airport duty free shops and Bahrain Sea Port duty free shop.

The condensed interim financial information as at and for three months ended 31 March 2017 comprise results of the Company.

2 BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS), Interim Financial Reporting, which permits the condensed interim financial information to be in summarised form. The condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

b) Use of judgements and estimates

Preparing the condensed 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 interim financial information, significant judgments made by the management in applying the Company's accounting policies and key source of estimation of uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2016.

c) Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the condensed interim financial information are the same as those applied in the Company's audited financial statements as at and for the year ended 31 December 2016.

4 APPROPRIATIONS

At the Annual General Meeting of the Company held on 27 March 2017, the following appropriations were approved which have been effected during the period:

- (i) a final dividend of BD 3,880,144 for the year 2016 (2016: BD 3,527,403);
- (ii) charity contributions of BD 166,566 (2016: BD 179,051); and
- (iii) Bonus issue of BD 1,293,381 as 10% (2016: BD 1,175,801 as 10%)

Appropriations for the current year, if any, will be made at the year end.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017**

(Bahraini dinars)

5 INVESTMENT PROPERTY

	31 March 2017 (reviewed)	31 December 2016 (audited)
At beginning of the period	7,574,959	4,243,049
Additions during the period	4,505,430	3,391,918
Depreciation	(53,921)	(60,008)
At end of the period	12,026,468	7,574,959

Investment property as at the reporting date comprises of a commercial properties that are leased to third parties and vacant plots of land.

6 AVAILABLE-FOR-SALE INVESTMENTS

	31 March 2017 (reviewed)	31 December 2016 (audited)
Quoted equity securities at fair value	16,035,904	16,131,073
Unquoted equity securities at cost less impairment	6,857,064	6,353,491
Quoted debt securities at fair value	2,414,450	2,219,030
	25,307,419	24,703,594

7 TRADE AND OTHER RECEIVABLES

	31 March 2017 (reviewed)	31 December 2016 (audited)
Trade receivables	290,388	280,857
Other receivables and advances	1,463,811	1,237,291
Related party receivable (note 11)	229,823	274,663
	1,984,021	1,792,811
<i>Less: Impairment allowance</i>	<i>(218)</i>	<i>(218)</i>
	1,983,804	1,792,593

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

(Bahraini dinars)

8 CASH AND BANK BALANCES

	31 March 2017 (reviewed)	31 December 2016 (audited)
Bank deposits	9,824,356	4,389,090
Bank balances	4,960,644	8,359,485
Cash in hand	108,376	76,335
<i>Cash and bank balances in the statement of financial position</i>	14,893,376	12,824,910
Bank deposits with original maturity more than 3 months	(7,824,354)	(4,389,090)
Cash and cash equivalents in the statement of cash flows	7,069,022	8,435,820

9 ADMINISTRATIVE EXPENSES

	31 March 2017 (reviewed)	31 March 2016 (reviewed)
Royalty	1,223,296	981,778
Salaries and related costs	786,765	821,095
Management fees	196,655	171,727
Depreciation	194,171	123,371
Utilities	113,256	87,746
IT expenses	36,297	39,097
Directors remuneration	25,075	60,750
Other expenses	95,868	91,567
	2,671,383	2,377,132

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

(Bahraini dinars)

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Fair value hierarchy

The Company 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.
- 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:

31 March 2017 (reviewed)	Level 1	Level 2	Level 3	Total
Equity securities	16,035,904	-	-	16,035,904
Debt securities	-	2,414,450	-	2,414,450

31 December 2016 (audited)	Level 1	Level 2	Level 3	Total
Equity securities	16,131,073	-	-	16,131,073
Debt securities	-	2,219,030	-	2,219,030

Unquoted equity securities of BD 6,857,064 (2016: BD 6,353,491) are carried at cost less impairment, if any, as these are not quoted and no other appropriate methods are available from which to derive a reliable fair value. The carrying value of the Company's other financial assets and financial liabilities approximate their fair value due to their short-term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 31 March 2017

(Bahraini dinars)

11 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 Company exercises significant influence, major shareholders, directors, the management company and key management personnel of the Company. Transactions with related parties are at agreed commercial terms.

The significant related party balances and transactions (excluding compensation to key management personnel) included in these financial statements are as follows:

2017	Associates	Management Company	Shareholders / entities in which directors are interested	Total
As at 31 March 2017 (reviewed)				
Assets				
Receivables	-	229,823	-	229,823
Liabilities				
Management fee payable	-	129,552	-	129,552
Trade payable	-	435,643	157,129	592,771
For the three months ended 31 March 2017 (reviewed)				
Income				
Share of profits	4,695	-	-	4,695
Commission	-	-	118,976	118,976
Other income	-	88,563	-	88,563
Expenses				
Purchases	-	1,744,299	555,640	2,299,938
Rental expense	26,219	-	-	26,219
Management fees	-	196,655	-	196,655

2016	Associates	Management Company	Shareholders / entities in which directors are interested	Total
As at 31 December (audited)				
Assets				
Receivables	-	274,663	5,500	280,163
Liabilities				
Management fee payable	-	172,507	-	172,507
Trade payable	-	830,071	-	830,071
For the three months ended 31 March 2016 (reviewed)				
Income				
Share of profits	5,500	-	-	5,500
Commission	-	-	136,938	136,938
Expenses				
Purchases	-	1,618,584	428,056	2,046,639
Rental expense	25,334	-	-	25,334
Management fees	-	171,727	-	171,727

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

(Bahraini dinars)

11 RELATED PARTY TRANSACTIONS (continued)**b) Key management compensation**

	31 March (reviewed)	31 March (reviewed)
Board remuneration for the period	25,075	60,750
Short term benefits for the period	60,034	57,892
Post-employment benefits for the period	1,334	1,286
Post-employment benefits payable	16,995	15,858
Management fee for the period	228,155	203,227

12 CONTINGENCIES AND COMMITMENTS

	31 March 2017 (reviewed)	31 December 2016 (audited)
Uncalled face value of investments in unquoted equity	1,633,398	256,398
Property and equipment	238,858	270,671
Guarantees	45,857	17,675
	1,918,113	544,744

13 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 interim financial information.

14 SEASONALITY

Dividend income mainly comes in the first quarter of the year. No other significant income is of a seasonal nature.