

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED INTERIM
FINANCIAL INFORMATION**

30 JUNE 2017

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
for the six month period ended 30 June 2017

CONTENTS	Page
Independent auditors' report on review of condensed interim financial information	2
Interim financial information	
Condensed statement of financial position	3
Condensed statement of profit or loss	4
Condensed statement of other comprehensive income	5
Condensed statement of changes in equity	6 - 7
Condensed statement of cash flows	8
Notes to the condensed interim financial information	9 - 14



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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

8 August 2017

Introduction

We have reviewed the accompanying 30 June 2017 condensed interim financial information of Bahrain Duty Free Shop Complex BSC ("the Company") which comprises:

- the condensed statement of financial position as at 30 June 2017;
- the condensed statement of profit or loss for the three-month and six-month periods ended 30 June 2017;
- the condensed statement of comprehensive income for the three-month and six-month periods ended 30 June 2017;
- the condensed statement of changes in equity for the six-month period ended 30 June 2017;
- the condensed statement of cash flows for the six-month period ended 30 June 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 30 June 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 30 June 2017

(Bahraini dinars)

	note	30 June 2017 (reviewed)	31 December 2016 (audited)
ASSETS			
Property and equipment		1,948,449	2,094,958
Investment in associate		150,513	178,459
Investment property	5	11,982,618	7,574,959
Available-for-sale investments	6	26,863,658	24,703,594
Other assets		-	4,764,778
Total non-current assets		40,945,238	39,316,748
Inventories		3,611,507	3,095,073
Trade and other receivables	7	1,821,751	1,792,593
Cash and bank balances	8	9,530,204	12,824,910
Total current assets		14,963,462	17,712,576
Total assets		55,908,700	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		779,368	660,453
Investments fair value reserve		7,536,163	7,270,898
Retained earnings		19,761,096	21,486,466
Total equity		50,723,287	50,771,096
Liabilities			
Employees' benefits		385,128	381,703
Total non-current liabilities		385,128	381,703
Trade and other payables		3,284,285	3,693,459
Royalty payable		1,516,000	2,183,066
Total current liabilities		4,800,285	5,876,525
Total liabilities		5,185,413	6,258,228
Total equity and liabilities		55,908,700	57,029,324

The condensed interim financial information which consists of pages 3 to 14 was approved by the Board of Directors on 8 August 2017 and signed on its behalf by:


Jawad AlHawaj
Director


Mohammed Al Khan
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 six months ended 30 June 2017**

(Bahraini dinars)

	Six months ended 30 June		Three months ended 30 June	
	2017 (reviewed)	2016 (reviewed)	2017 (reviewed)	2016 (reviewed)
Revenue	15,079,674	13,820,107	7,612,005	6,822,262
Cost of sales	(7,900,557)	(7,340,062)	(4,035,152)	(3,573,473)
Gross profit	7,179,117	6,480,045	3,576,853	3,248,789
Other income, net	1,124,649	669,332	592,908	314,676
Administrative expenses	(5,392,013)	(4,686,609)	(2,720,630)	(2,309,477)
Selling expenses	(272,743)	(256,447)	(134,711)	(146,488)
Operating profit	2,639,010	2,206,321	1,314,420	1,107,500
Interest income	61,483	107,845	34,380	48,047
Income from available-for-sale investments	922,013	1,095,108	83,437	349,448
Income from investment property, net	(14,754)	93,522	(21,589)	47,307
Impairment on available-for-sale investments	(2,585)	(151,121)	(2,585)	-
Share of profit from associate	9,555	10,711	4,860	5,211
Profit for the period	3,614,722	3,362,386	1,412,923	1,557,513
Basic and diluted earnings per share (in fils)	25.41	23.63	9.93	10.95

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 six months ended 30 June 2017**

(Bahraini dinars)

	Six months ended 30 June		Three months ended 30 June	
	2017 (reviewed)	2016 (reviewed)	2017 (reviewed)	2016 (reviewed)
Profit for the period	3,614,722	3,362,386	1,412,923	1,557,513
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	262,680	(368,778)	262,680	222,755
Transferred to profit or loss on impairment of available-for-sale investments	2,585	151,121	2,585	-
Transferred to profit or loss on sale of available- for-sale investments	-	(50)	-	-
Total comprehensive income for the period	3,879,987	3,144,679	1,678,188	1,780,268

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 six months ended 30 June 2017

(Bahraini dinars)

30 June 2017 (reviewed)

At 1 January 2017

Comprehensive income:

Profit for the period

Other comprehensive income:

Items that are or may be reclassified subsequently to profit or loss

Net fair value changes on available-for-sale investments

Transferred to profit or loss on impairment of available-for-sale equity securities

Total other comprehensive income

Total comprehensive income for the period

Bonus shares issued

Dividend declared for 2016

Charity utilised during 2017

Charity approved for 2016

At 30 June 2017

	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:	-	-	-	-	-	3,614,722	3,614,722
Profit for the period	-	-	-	-	262,680	-	262,680
Other comprehensive income:	-	-	-	-	2,585	-	2,585
<i>Items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-	265,265	-	265,265
Net fair value changes on available-for-sale investments	-	-	-	-	265,265	3,614,722	3,879,987
Transferred to profit or loss on impairment of available-for-sale equity securities	-	-	-	-	-	(1,293,381)	(1,293,381)
Total other comprehensive income	-	-	-	-	-	(3,880,145)	(3,880,145)
Total comprehensive income for the period	1,293,381	-	-	(47,651)	-	-	(47,651)
Bonus shares issued	-	-	-	166,566	-	(166,566)	-
Dividend declared for 2016	-	-	-	-	-	-	-
Charity utilised during 2017	-	-	-	-	-	-	-
Charity approved for 2016	-	-	-	-	-	-	-
At 30 June 2017	14,227,194	1,952,560	6,466,906	779,368	7,536,163	19,761,096	50,723,287

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 six months ended 30 June 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		
30 June 2016 (reviewed)	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
At 1 January 2016	-	-	-	-	-	3,362,386	3,362,386	-	3,362,386
Comprehensive income:									
Profit for the period									
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					(368,778)		(368,778)		(368,778)
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 sale of available-for-sale equity securities					(50)		(50)		(50)
<i>Total other comprehensive income</i>					(217,707)		(217,707)		(217,707)
Total comprehensive income for the period						3,362,386	3,144,679		3,144,679
Bonus shares issue	1,175,801					(1,175,801)			
Dividend declared for 2015						(3,527,403)			(3,527,403)
Charity utilised during 2016				(108,493)					(108,493)
Charity approved for 2015				179,051		(179,051)			
At 30 June 2016	12,933,813	1,952,560	5,891,006	668,665	7,210,600	19,683,203	48,339,847	14,897	48,354,744

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 CASH FLOWS
for the six months ended 30 June 2017**

(Bahraini dinars)

	30 June 2017 (reviewed)	30 June 2016 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from customers	14,354,324	13,436,360
Receipts from car promotions	368,673	343,312
Other receipts	1,446,594	622,979
	16,169,591	14,402,651
Payments for purchases	(9,601,324)	(7,072,512)
Payments for other operating expenses	(1,862,142)	(2,313,607)
Payments for management fees	(441,249)	(361,913)
Payments for royalty	(3,133,466)	(2,820,643)
Car promotion expenses	(156,944)	(157,917)
Directors' remuneration paid	(200,000)	(228,750)
Payment to charities	(47,651)	(108,493)
	(15,442,776)	(13,063,835)
Net cash from operating activities	726,815	1,338,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of advances provided	-	1,229,370
Interest received	110,613	36,101
Dividend income received	1,132,502	951,440
Rental income received from investment property	199,241	173,931
Investment property expenses paid	(237,646)	(88,593)
Dividends received from associate	37,500	37,500
Acquisition of property and equipment	(274,059)	(145,610)
Acquisition of investment property	(143,823)	(2,682,666)
Advance for investment property	-	(815,168)
Bank deposit	(1,314,003)	1,984,126
Acquisition of available-for-sale investments	(1,385,483)	(948,521)
Net cash used in investing activities	(1,875,158)	(268,090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,658,033)	(3,357,631)
Net cash used in financing activities	(3,658,033)	(3,357,631)
Net decrease in cash and cash equivalents during the period	(4,806,376)	(2,286,905)
Cash and cash equivalents at 1 January	8,435,820	11,148,904
Cash and cash equivalents at 30 June (note 8)	3,629,444	8,861,999

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

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the six months ended 30 June 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.

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.

d) The condensed interim financial information is reviewed, not audited.

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 for 2016 which have been effected during the period:

- (i) a final dividend of BD 3,880,145 for the year 2016 (2015: BD 3,527,403);
- (ii) charity contributions of BD 166,566 (2015: BD 179,051); and
- (iii) Bonus issue of BD 1,293,381 as 10% (2015: BD 1,175,801 as 10%)

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

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2017

(Bahraini dinars)

5 INVESTMENT PROPERTY

	30 June 2017 (reviewed)	31 December 2016 (audited)
At beginning of the period	7,574,959	4,243,049
Additions during the period	4,541,584	3,391,918
Depreciation	(133,925)	(60,008)
At end of the period	11,982,618	7,574,959

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

6 AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 (reviewed)	31 December 2016 (audited)
Quoted equity securities at fair value	16,447,487	16,131,073
Unquoted equity securities at cost less impairment	7,857,064	6,353,491
Quoted debt securities at fair value	2,370,607	2,219,030
Unquoted funds at fair value	188,500	-
	26,863,658	24,703,594

7 TRADE AND OTHER RECEIVABLES

	30 June 2017 (reviewed)	31 December 2016 (audited)
Trade receivables	366,638	280,857
Accruals and other receivables	973,125	1,363,680
Related party receivable (note 11)	481,988	148,274
	1,821,751	1,792,811
<i>Less: Impairment allowance</i>	-	(218)
	1,821,751	1,792,593

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2017**

(Bahraini dinars)

8 CASH AND BANK BALANCES

	30 June 2017 (reviewed)	31 December 2016 (audited)
Bank deposits	6,900,760	4,389,090
Bank balances	2,521,007	8,359,485
Cash in hand	108,437	76,335
<i>Cash and bank balances in the statement of financial position</i>	9,530,204	12,824,910
Bank deposits with original maturity more than 3 months	(5,900,760)	(4,389,090)
Cash and cash equivalents in the statement of cash flows	3,629,444	8,435,820

9 ADMINISTRATIVE EXPENSES

	30 June 2017 (reviewed)	30 June 2016 (reviewed)
Royalty	2,466,400	1,671,371
Salaries and related costs	1,546,597	1,619,128
Management fees	396,400	333,963
Depreciation	420,569	271,919
Utilities	229,798	190,871
IT expenses	73,426	83,263
Directors remuneration	50,150	109,500
Other expenses	208,673	406,594
	5,392,013	4,686,609

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:

30 June 2017 (reviewed)	Level 1	Level 2	Level 3	Total
Equity securities	16,447,487	-	-	16,447,487
Debt securities	-	2,370,607	-	2,370,607
Funds	-	188,500	-	188,500

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
Funds	-	-	-	-

Unquoted equity securities of BD 7,857,064 (2016: BD 6,353,491) are carried at cost less impairment, if any, as these are not quoted and no other appropriate methods from which to derive a reliable fair value are available. The carrying value of the Company's other financial assets and financial liabilities approximate their fair value due to their short-term nature.

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 terms.

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

2017	Associates	Management Company	Shareholders / entities in which directors are interested	Total
As at 30 June 2017 (reviewed)				
Assets				
Receivables	-	464,212	17,776	481,988
Liabilities				
Management fee payable	-	117,158	-	117,158
Trade payable	-	432,232	171,345	603,577
For the six months ended 30 June 2017 (reviewed)				
Income				
Share of profits	9,555	-	-	9,555
Commission	-	-	245,303	245,303
Dividends	37,500	-	-	37,500
Expenses				
Purchases	-	3,758,872	301,330	4,060,202
Rental expense	52,736	-	-	52,736
Management fees	-	396,400	-	396,400

2016	Associates	Management Company	Shareholders / entities in which directors are interested	Total
As at 31 December 2016 (audited)				
Assets				
Receivables	-	148,274	-	148,274
Liabilities				
Management fee payable	-	64,855	-	64,855
Trade payable	-	467,612	203,037	670,649
For the six months ended 30 June 2016 (reviewed)				
Income				
Share of profits	10,711	-	-	10,711
Commission	-	-	275,629	275,629
Dividends	37,500	-	-	37,500
Expenses				
Purchases	-	3,136,939	275,631	3,412,570
Rental expense	50,958	-	-	50,958
Management fees	-	333,963	-	333,963

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2017**

(Bahraini dinars)

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

	30 June 2017 (reviewed)	30 June 2016 (reviewed)
Board remuneration for the period	50,151	55,949
Short term benefits for the period	61,398	105,719
Post-employment benefits for the period	2,865	3,060
Post-employment benefits payable	18,526	15,875
Management fee for the period	459,400	396,963

12 CONTINGENCIES AND COMMITMENTS

	30 June 2017 (reviewed)	31 December 2016 (audited)
Uncalled face value of investments in unquoted equity	256,398	256,398
Property and equipment	162,065	270,671
Guarantees	41,782	17,675
	460,245	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.