

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 SEPTEMBER 2016

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

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

7 November 2016

Introduction

We have reviewed the accompanying 30 September 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 30 September 2016;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2016;
- the condensed consolidated statement of other comprehensive income for the three-month and nine-month period ended 30 September 2016;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2016;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 September 2016 condensed consolidated 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 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2016

(Bahraini dinars)

		30 September 2016	31 December 2015
		(reviewed)	(audited)
ASSETS			
Property and equipment	note	2,015,120	2,068,595
Investment in associate		175,782	197,178
Investment property	5	7,589,961	4,243,049
Available-for-sale investments	6	23,417,715	22,992,988
Total non-current assets		33,198,578	29,501,810
Inventories		2,844,391	2,962,296
Trade and other receivables	7	6,289,825	6,936,688
Cash and bank balances	8	11,020,333	15,150,404
Total current assets		20,154,549	25,049,388
Total assets		53,353,127	54,551,198
EQUITY AND LIABILITIES			
Equity			
Share capital		12,933,813	11,758,012
Share premium		1,952,560	1,952,560
Statutory reserve		5,891,006	5,891,006
Charity reserve		668,171	598,107
Investments fair value reserve		6,973,976	7,428,307
Retained earnings		19,104,798	21,203,072
Equity attributable to owners of the Company		47,524,324	48,831,064
Non-controlling interest		-	14,897
Total equity		47,524,324	48,845,961
Liabilities			
Employees' benefits		373,015	405,559
Total non-current liabilities		373,015	405,559
Trade and other payables		3,647,876	3,057,724
Royalty payable		1,807,912	2,241,954
Total current liabilities		5,455,788	5,299,678
Total liabilities		5,828,803	5,705,237
Total equity and liabilities		53,353,127	54,551,198

The condensed consolidated interim financial information, which consists of pages 3 to 14 was approved by the Board of Directors on 7 November 2016 and signed on its behalf by:

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Managing Director

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the nine months ended 30 September 2016

(Bahraini dinars)

	Nine months ended 30 September		Three months ended 30 September	
	2016 (reviewed)	2015 (reviewed)	2016 (reviewed)	2015 (reviewed)
Revenue	21,524,861	20,960,522	7,667,795	7,374,210
Cost of sales	(11,406,327)	(10,957,518)	(4,041,557)	(3,906,903)
Gross profit	10,118,534	10,003,004	3,626,238	3,467,307
Other income, net	1,003,042	1,398,603	333,711	302,894
Administrative expenses	(4,167,893)	(4,103,899)	(1,152,658)	(1,411,766)
Royalty	(2,793,597)	(2,822,765)	(1,122,226)	(991,792)
Selling expenses	(341,150)	(407,091)	(84,703)	(166,899)
Operating profit	3,818,936	4,067,852	1,600,362	1,199,744
Interest income	131,372	254,307	23,527	84,107
Income from available-for-sale investments	1,542,972	1,458,455	483,500	577,130
Income from investment property	117,867	1,319,423	24,300	40,459
Impairment on available-for-sale investments	(256,507)	-	(105,386)	-
Share of profit from associate	16,104	8,870	5,393	2,681
Profit for the period	5,370,744	7,108,907	2,031,696	1,904,121
<i>Profit attributable to:</i>				
Owners of the Company	5,370,744	7,126,712	2,031,696	1,916,517
Non-controlling interest	-	(17,805)	-	(12,396)
	5,370,744	7,108,907	2,031,696	1,904,121
Basic and diluted earnings per share (in fils)	41.52	55.10	15.71	14.82

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2016

(Bahraini dinars)

	Nine months ended 30 September		Three months ended 30 September	
	2016 (reviewed)	2015 (reviewed)	2016 (reviewed)	2015 (reviewed)
Profit for the period	5,370,744	7,108,907	2,031,696	1,904,121
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 equity securities	(710,788)	108,454	(342,010)	(365,790)
Transferred to profit or loss on impairment of available- for- sale equity securities	256,507	-	105,386	-
Transferred to profit or loss on sale of available- for- sale equity securities	(50)	(767)	-	-
Total comprehensive income for the period	4,916,413	7,216,594	1,795,072	1,538,331
<i>Total comprehensive income attributable to:</i>				
Owners of the Company	4,916,413	7,234,399	1,795,072	1,550,727
Non-controlling interest	-	(17,805)	-	(12,396)
	4,916,413	7,216,594	1,795,072	1,538,331

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2016

(Bahraini dinars)

30 September 2016 (reviewed)	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
At 1 January 2016	11,758,012	1,952,560	5,891,006	598,107	7,428,307	21,203,071	48,831,063	14,897	48,845,960
Comprehensive income									
Profit for the period	-	-	-	-	-	5,370,744	5,370,744	-	5,370,744
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	-	-	-	-	(710,788)	-	(710,788)	-	(710,788)
Transferred to profit or loss on impairment of available-for-sale equity securities	-	-	-	-	256,507	-	256,507	-	256,507
Transferred to profit or loss on sale of available-for-sale equity securities	-	-	-	-	(50)	-	(50)	-	(50)
Total other comprehensive income	-	-	-	-	(454,331)	-	(454,331)	-	(454,331)
Total comprehensive income for the period	-	-	-	-	(454,331)	5,370,744	4,916,413	-	4,916,413
Liquidation of subsidiary	-	-	-	-	-	-	-	(14,897)	(14,897)
Bonus shares issued	1,175,801	-	-	-	-	(1,175,801)	-	-	-
Dividend declared for 2015	-	-	-	-	-	(3,527,403)	(3,527,403)	-	(3,527,403)
Interim dividend for 2016	-	-	-	-	-	(2,586,762)	(2,586,762)	-	(2,586,762)
Charity utilised during 2016	-	-	-	(108,987)	-	-	(108,987)	-	(108,987)
Charity contributions approved for 2016	-	-	-	179,051	-	(179,051)	-	-	-
At 30 September 2016	12,933,813	1,952,560	5,891,006	668,171	6,973,976	19,104,798	47,524,324	-	47,524,324

The accompanying notes 1 to 16 form an integral part of this condensed consolidated interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 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
30 September 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
Comprehensive income									
Profit for the period	-	-	-	-	-	7,126,712	7,126,712	(17,805)	7,108,907
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	-	-	-	-	108,454	-	108,454	-	108,454
Transferred to profit or loss on impairment of available- for-sale equity securities	-	-	-	-	-	-	-	-	-
Transferred to profit or loss on on sale of available- for-sale equity securities	-	-	-	-	(767)	-	(767)	-	(767)
<i>Total other comprehensive income</i>	-	-	-	-	107,687	-	107,687	-	107,687
Total comprehensive income for the period	-	-	-	-	107,687	7,126,712	7,234,399	(17,805)	7,216,594
Bonus shares issue	1,068,910	-	-	-	-	(1,068,910)	-	-	-
Dividend declared for 2014	-	-	-	-	-	(3,206,731)	(3,206,731)	(10,000)	(3,216,731)
Interim dividend for 2015	-	-	-	-	-	(2,351,602)	(2,351,602)	-	(2,351,602)
Dividend for 2015	-	-	-	-	-	-	-	(60,000)	(60,000)
Charity utilised during 2015	-	-	-	(47,000)	-	-	(47,000)	-	(47,000)
Charity contributions approved	-	-	-	171,094	-	(171,094)	-	-	-
At 30 September 2015	11,758,012	1,952,560	5,356,551	628,107	7,164,303	19,911,675	46,771,208	14,381	46,785,589

The accompanying notes 1 to 16 form an integral part of this condensed consolidated interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2016

(Bahraini dinars)

	Nine months ended 30 September 2016 (reviewed)	Nine months ended 30 September 2015 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from sales	20,886,937	20,848,338
Receipts from training services	-	193,804
Receipts from car promotions	550,742	599,425
Other receipts	811,815	1,160,885
	22,249,494	22,802,452
Payments for purchases	(10,886,585)	(10,897,832)
Payments for other operating expenses	(3,605,965)	(3,899,307)
Payments for management fees	(465,230)	(527,128)
Payments for royalty	(3,227,638)	(3,961,792)
Car promotion expenses	(259,446)	(314,744)
Directors' remuneration paid	(277,500)	(168,000)
Payment to charities	(108,988)	(47,000)
	(18,831,352)	(19,815,803)
Net cash from operating activities	3,418,142	2,986,649
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of advances provided	1,229,370	-
Interest received	80,076	137,937
Dividend and investment income received	1,417,394	2,845,281
Dividends received from associate	37,500	-
Proceeds from disposal of investments	-	1,306,442
Acquisition of property and equipment	(145,610)	(149,962)
Acquisition of investment property	(2,682,666)	-
Bank deposits	505,906	(1,903,960)
Advance for investment property	(856,594)	(959,066)
Cash paid to non-controlling interest	(14,897)	-
Acquisition of available-for-sale investments	(834,053)	(890,495)
Net cash (used in) / from investing activities	(1,263,574)	386,177
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(5,702,246)	(5,482,136)
Net cash used in financing activities	(5,702,246)	(5,482,136)
Net decrease in cash and cash equivalents during the period	(3,547,678)	(2,109,310)
Cash and cash equivalents at 1 January	11,073,917	8,848,749
Cash and cash equivalents at 30 September (note 8)	7,526,239	6,739,439

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2016

1 REPORTING ENTITY

Bahrain Duty Free Shops Complex BSC (the "Company") is a Company incorporated in the Kingdom of Bahrain. The Company operates the Bahrain Airport duty free shops and Bahrain Seaport duty free shops.

The condensed consolidated interim financial information as at and for nine months ended 30 September 2016 comprise results of the Company and its subsidiary, Bahrain International Retail Development Centre WLL (together "the Group").

As at the reporting date, the subsidiary, Bahrain International Retail Development Centre WLL has been liquidated.

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 Company 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 Company's financial position and performance since the last consolidated 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 Company'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 Company'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 the condensed consolidated 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.

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); and
- (iii) Bonus issue of BD 1,175,801 as 10% (2014: BD 1,068,910 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 CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2016

(Bahraini dinars)

5 INVESTMENT PROPERTY

	30 September 2016 (reviewed)	31 December 2015 (audited)
At beginning of the period	4,243,049	5,579,102
Additions during the period	3,391,918	-
Disposals during the period	-	(1,306,442)
Depreciation	(45,006)	(29,611)
At end of the period	7,589,961	4,243,049

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

6 AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2016 (reviewed)	31 December 2015 (audited)
Quoted equity securities at fair value	15,826,128	15,743,840
Unquoted equity securities at cost less impairment **	5,353,491	5,408,211
Quoted debt securities at fair value	2,238,096	1,840,937
	23,417,715	22,992,988

* Fair value is determined based on market price at 30 September 2016.

** These 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

	30 September 2016 (reviewed)	31 December 2015 (audited)
Trade receivables	148,310	212,676
Advance for investment property	4,298,580	3,774,210
Advance for investments	400,000	400,000
Other receivables and advances	1,318,045	2,403,129
Related party receivable (note 12)	125,308	147,191
	6,290,243	6,937,206
Less: Impairment allowance	(418)	(518)
	6,289,825	6,936,688

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2016

(Bahraini dinars)

8 CASH AND BANK BALANCES

	30 September 2016 (reviewed)	31 December 2015 (audited)
Bank deposits	5,523,410	9,350,866
Bank balances	5,415,731	5,686,643
Cash in hand	81,192	112,895
<i>Cash and bank balances in the consolidated statement of financial position</i>	11,020,333	15,150,404
Bank deposits with original maturity more than 3 months	(3,494,094)	(4,000,000)
Cash and cash equivalents in the consolidated statement of cash flows	7,526,239	11,150,404

9 INCOME FROM AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2016 (reviewed)	30 September 2015 (reviewed)
Dividend income	1,445,573	1,335,493
Interest on bonds	97,399	122,962
	1,542,972	1,458,455

10 INCOME FROM INVESTMENT PROPERTY

	30 September 2016 (reviewed)	30 September 2015 (reviewed)
Rental income, net	117,817	129,997
Gain on sale of investment property	50	1,189,426
	117,867	1,319,423

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2016

(Bahraini dinars)

11 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 September 2016 (reviewed)	Level 1	Level 2	Level 3	Total
Equity securities	15,826,128	-	-	15,826,128
Debt instruments	-	2,238,096	-	2,238,096

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

The carrying value of other financial assets and financial liabilities approximate fair value due to their short-term nature.

12 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 Company. Transactions with related parties are at agreed commercial terms.

a) Transactions and balances

	Transactions for the period ended		Balance as at	
	30 September 2016 (reviewed)	30 September 2015 (reviewed)	30 September 2016 (reviewed)	31 December 2015 (audited)
Subsidiary				
Dividend income	59,590	280,000	-	-
Training expenses	-	(36,490)	-	-
Associate				
Rental expenses	76,781	74,267	(8,541)	(8,541)
Share of profit	16,104	8,870	-	-
Dividend	(37,500)	(37,500)	-	-
Management company				
Purchase of goods	3,558,675	3,189,193	(670,765)	(621,893)
Management fees	532,425	543,209	(128,594)	(578,718)
Other fees	94,500	94,500	-	(10,500)
Receivable	125,308	-	125,308	147,191
Others				
Purchase of goods	2,506,957	2,216,219	(31,527)	(176,975)
Concessionary fees	90,000	90,119	-	1,035
Other income	11,971	14,083	-	38,992

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the nine months ended 30 September 2016

(Bahraini dinars)

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

	30 September 2016 (reviewed)	30 September 2015 (reviewed)
Board remuneration for the period	158,250	126,000
Salaries and other short-term benefits	147,560	137,028
Post-employment benefits	17,588	16,921

14 COMMITMENTS

	30 September 2016 (reviewed)	31 December 2015 (reviewed)
Uncalled face value of investments in unquoted equity	256,398	256,398
Property and equipment	941,379	-
Investment property	1,073,000	2,133,114
Guarantees	15,596	15,596
	2,286,373	2,405,108

15 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.

16 SEASONALITY

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