

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 SEPTEMBER 2015

Bahrain Duty Free Shop Complex BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine month period ended 30 SEPTEMBER 2015

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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 November 2015

Introduction

We have reviewed the accompanying 30 September 2015 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 2015;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2015;
- the condensed consolidated statement of other comprehensive income for the three-month and nine-month period ended 30 September 2015;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2015;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2015; 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 2015 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 September 2015

Bahraini dinars

	note	30 September 2015 (reviewed)	31 December 2014 (audited)
ASSETS			
Property and equipment		2,176,613	2,390,971
Investment in associate		194,403	223,033
Investment property		4,250,452	5,579,102
Available-for-sale investments	9	24,094,544	23,074,154
Non-current assets		30,716,012	31,267,260
Inventories		3,129,777	2,701,289
Receivables and other assets	10	8,358,993	6,967,920
Cash and bank balances	11	11,746,981	11,952,331
Current assets		23,235,751	21,621,540
Total assets		53,951,763	52,888,800
EQUITY AND LIABILITIES			
Equity			
Share capital		11,758,012	10,689,102
Share premium		1,952,560	1,952,560
Statutory reserve		5,356,551	5,356,551
Investments fair value reserve		7,164,303	7,056,616
Retained earnings		19,911,675	19,583,300
Equity attributable to owners of the company		46,143,101	44,638,129
Non-controlling interest		14,381	102,186
Total equity		46,157,482	44,740,315
Liabilities			
Employees' benefits		403,300	632,524
Non-current liabilities		403,300	632,524
Payables and other liabilities		5,599,702	4,585,655
Royalty payable		1,791,279	2,930,306
Current liabilities		7,390,981	7,515,961
Total liabilities		7,794,281	8,148,485
Total equity and liabilities		53,951,763	52,888,800

The condensed consolidated interim financial information, which consists of pages 3 to 13 was approved by the Board of Directors on 10 November 2015 and signed on its behalf by:

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Managing Director

The accompanying notes 1 to 15 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the nine months ended 30 September 2015

Bahraini dinars

	note	Nine months ended 30 September		Three months ended 30 September	
		2015 (reviewed)	2014 (reviewed)	2015 (reviewed)	2014 (reviewed)
Revenue		21,593,677	20,707,689	7,598,174	6,921,056
Cost of sales		(11,590,655)	(11,291,768)	(4,130,867)	(3,768,141)
Gross profit		10,003,022	9,415,921	3,467,307	3,152,915
Administrative expenses		(3,436,948)	(3,392,685)	(1,203,796)	(1,133,773)
Royalty		(2,822,765)	(2,384,267)	(991,792)	(789,924)
Other operating expenses		(666,951)	(702,675)	(207,952)	(276,582)
Selling expenses		(407,091)	(487,133)	(166,899)	(131,908)
Other income		1,506,540	997,232	451,488	364,738
Operating profit		4,175,807	3,446,393	1,348,356	1,185,466
Finance income		146,352	97,555	53,236	(30,990)
Investment income	12	2,777,878	2,181,491	499,848	1,077,120
Share of profit from associate		8,870	10,570	2,681	2,720
		7,108,907	5,736,009	1,904,121	2,234,316
<i>Profit attributable to:</i>					
Owners of the company		7,126,712	5,731,553	1,916,517	2,240,152
Non-controlling interest		(17,805)	4,456	(12,396)	(5,836)
		7,108,907	5,736,009	1,904,121	2,234,316
Basic and diluted earnings per share (in fils)		60.6	48.7	16.3	19.1

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Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Managing Director

The accompanying notes 1 to 15 form an integral part of this condensed consolidated interim financial information

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the nine months ended 30 September 2015

Bahraini dinars

	Nine months ended 30 September		Three months ended 30 September	
	2015 (reviewed)	2014 (reviewed)	2015 (reviewed)	2014 (reviewed)
Profit for the period	7,108,907	5,736,009	1,904,121	2,234,316
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	108,454	960,715	(365,790)	580,504
Transferred to profit or loss on sale of available- for- sale securities	(767)	(82,365)	-	-
Total comprehensive income for the year	7,216,594	6,614,359	1,538,331	2,814,820
<i>Total comprehensive income attributable to:</i>				
Owners of the company	7,234,399	6,609,903	1,550,727	2,820,656
Non-controlling interest	(17,805)	4,456	(12,396)	(586)
	7,216,594	6,614,359	1,538,331	2,814,820

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2015

Bahraini dinars

	Equity attributable to equity holders of the parent company					Non-controlling interest	Total equity	
	Share capital	Share Premium	Statutory reserve	Fair value reserve	Retained earnings			Total
30 September 2015 (reviewed)								
At 1 January 2015	10,689,102	1,952,560	5,356,551	7,056,616	19,583,300	44,638,129	102,186	44,740,315
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>								
Fair value changes on available-for-sale securities	-	-	-	108,454	-	108,454	-	108,454
Transferred to investment income on sale of available-for-sale securities	-	-	-	(767)	-	(767)	-	(767)
Total other comprehensive income	-	-	-	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)	-	-	-
Final dividend (2014)	-	-	-	-	(3,206,731)	(3,206,731)	(10,000)	(3,216,731)
Interim Dividend (2015)	-	-	-	-	(2,351,602)	(2,351,602)	-	(2,351,602)
Dividend (2015)	-	-	-	-	-	-	(60,000)	(60,000)
Charity contributions	-	-	-	-	(171,094)	(171,094)	-	(171,094)
At 30 September 2015	11,758,012	1,952,560	5,356,551	7,164,303	19,911,675	46,143,101	14,381	46,157,482

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2015 (continued)

Bahraini dinars

	Equity attributable to equity holders of the parent company						Non-controlling interest	Total equity	
	Share capital	Share Premium	Statutory reserve	Fair value reserve	Property revaluation reserve	Retained earnings			Total
30 September 2014 (reviewed)									
At 1 January 2014	10,689,102	1,952,560	4,967,204	6,462,726	270,952	17,154,120	41,496,664	123,828	41,620,492
Profit for the period	-	-	-	-	-	5,731,553	5,731,553	4,456	5,736,009
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	-	-	-	960,715	-	-	960,715	-	960,715
Transferred to investment income on sale of available-for-sale securities	-	-	-	(82,365)	-	-	(82,365)	-	(82,365)
Total other comprehensive income	-	-	-	878,350	-	-	878,350	-	878,350
Total comprehensive income for the period	-	-	-	878,350	-	5,731,553	6,609,903	4,456	6,614,359
Transfer of net depreciation on revalued property	-	-	-	-	(10,935)	10,935	-	-	-
Final dividend (2013)	-	-	-	-	-	(3,741,186)	(3,741,186)	(24,602)	(3,765,788)
Interim dividend(2014)	-	-	-	-	-	(2,137,820)	(2,137,820)	-	(2,137,820)
Charity contributions declared	-	-	-	-	-	(128,138)	(128,138)	-	(128,138)
At 30 September 2014	10,689,102	1,952,560	4,967,204	7,341,076	260,017	16,889,464	42,099,423	103,682	42,203,105

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2015

Bahraini dinars

	note	Nine months ended 30 September 2015 (reviewed)	Nine months ended 30 September 2014 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from sales		20,848,338	20,124,593
Receipts from training services		193,804	460,410
Receipts from car promotions		599,425	327,128
Other receipts		1,160,885	929,981
		22,802,452	21,842,112
Payments for purchases		(10,897,832)	(12,334,191)
Payments for other operating expenses		(3,899,307)	(3,346,510)
Payments for management fees		(527,128)	(521,727)
Payments for royalty		(3,961,792)	(2,642,993)
Car promotion expenses		(314,744)	(256,380)
Directors' remuneration paid		(168,000)	(168,000)
Payment to charities		(47,000)	(34,500)
		(19,815,803)	(19,304,301)
Net cash flows from operating activities		2,986,649	2,537,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		137,937	100,701
Investment income		2,845,281	2,346,261
Proceeds from disposal of investments		1,306,442	970,095
Acquisition of property and equipment		(149,962)	(281,182)
Loans provided		-	(2,010,643)
Bank deposits		(1,903,960)	-
Advance for investment property		(959,066)	(4,292,401)
Acquisition of available-for-sale investments		(890,495)	(886,948)
Net cash flows from / (used in) investing activities		386,177	(4,054,118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,482,136)	(5,851,154)
Cash flows used in financing activities		(5,482,136)	(5,851,154)
Net decrease in cash flows during the period		(2,109,310)	(7,367,461)
Cash and cash equivalents at 1 January		8,848,749	15,830,721
Cash and cash equivalents at 30 September	11	6,739,439	8,463,260

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2015**

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 nine months ended 30 September 2015 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.

In the Board meeting of the subsidiary Bahrain International Retail Development Centre WLL held on 27 April 2015, the directors decided to cease the subsidiary operations by end of July 2015.

2 BASIS OF PREPARATION

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 annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

- 3** The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2014 and the comparatives for the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed consolidated interim financial information for the nine month period ended 30 September 2014.

4 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 2014.

5 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 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2015

Bahraini dinars

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in this interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

7 APPROPRIATIONS

At the Annual General Meeting of the Company held on 09 March 2015, the following appropriations were approved which have been accounted during the period.

- (i) a final dividend of BD 3,206,731 for the year 2014 (2013: BD 3,741,186)
- (ii) charity contributions of BD 171,094 (2013: 128,138)
- (iii) Bonus Issue of BD 1,068,910 as 10% (2013: Nil)

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

8 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

	Transactions for the period ended		Balance as at	
	30 Sep 2015	30 Sep 2014	30 Sep 2015	31 December 2014
	(reviewed)	(reviewed)	(reviewed)	(audited)
Subsidiary				
Rental income	-	23,250	-	-
Dividend income	280,000	98,408	-	-
Training expenses	(36,490)	(64,017)	-	-
Associate				
Rental expenses	74,267	74,267	-	-
Dividend received	37,500	-	-	-
Others				
Purchases of goods	5,405,412	5,949,156	(756,347)	(753,251)
Concessionary fees	90,119	184,769	(62,840)	(147,726)
Management fees	637,709	516,859	(752,041)	(280,160)
Other income	14,083	14,449	(4,694)	-
Recharge receivable	-	-	113,105	53,050

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2015

Bahraini dinars

b) Key management compensation

	30 September 2015 (reviewed)	30 September 2014 (reviewed)
Board remuneration for the period	126,000	126,000
Salaries and other short-term benefits	231,528	228,435
Post-employment benefits	16,921	9,328

9 AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2015 (reviewed)	31 December 2014 (audited)
Quoted equity shares	15,441,413	14,444,491
Unquoted equity shares	5,408,211	5,407,382
Debt instruments	3,244,920	3,222,281
	24,094,544	23,074,154

The fair values are determined based on their market value as at 30 September 2015 and 31 December 2014. The Company's investment in certain funds and equity securities amounting to BD 5,408,211 (2014: BD 5,407,382) 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.

10 RECEIVABLES AND OTHER ASSETS

	30 September 2015 (reviewed)	31 December 2014 (audited)
Trade receivables	196,220	474,942
Advance for investments and investment property	4,860,038	2,500,000
Other receivables and advances	3,194,937	3,971,831
Related party receivables	113,105	53,050
	8,364,300	6,999,823
Less Impairment allowance on trade receivables	(5,307)	(31,903)
At 30 September	8,358,993	6,967,920

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2015

Bahraini dinars

11 CASH AND BANK BALANCES

	30 September 2015 (reviewed)	31 December 2014 (audited)
Bank deposits	7,126,973	9,746,650
Cash at bank	4,505,549	2,088,708
Cash in hand	114,459	116,973
Cash and bank balances in the statement of financial position	11,746,981	11,952,331
Bank deposits with original maturity more than 3 months	(5,007,542)	(3,103,582)
Cash and cash equivalents in the statement of cash flows	6,739,439	8,848,749

12 INVESTMENT INCOME

	30 September 2015 (reviewed)	30 September 2014 (reviewed)
Income from available-for-sale investments	1,458,456	1,587,104
Rental income from investment property	129,996	70,707
Income on sale of investment property	1,189,426	523,680
	2,777,878	2,181,491

13 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.

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:

- 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2015

Bahraini dinars

The table below analyses financial instruments, measured at fair value as at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized:

30 September 2015 (reviewed)	Level 1	Level 2	Level 3	Fair value	Carrying value
Available-for-sale investments	18,686,333	-	-	18,686,333	18,686,333

31 December 2014 (audited)	Level 1	Level 2	Level 3	Fair value	Carrying value
Available-for-sale investments	17,666,772	-	-	17,666,772	17,666,772

The fair values of the 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.

14 COMMITMENTS

	30 September 2015 (reviewed)	31 December 2014 (audited)
Uncalled face value of investments in unquoted equity	256,398	256,398
Property and equipment	19,981	117,068
Investment property	1,173,963	2,660,928
Performance bonds	-	196,690
Guarantees	15,596	15,596
	1,465,938	3,246,680

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.