

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED INTERIM
FINANCIAL INFORMATION**

30 SEPTEMBER 2017

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
for the nine month period ended 30 September 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



KPMG Fakhro
Audit
12th Floor, Fakhro Tower
PO Box 710, Manama
Kingdom of Bahrain

Telephone +973 17 224807
Fax +973 17 227443
Website: www.kpmg.com/bh
CR No. 6220

Independent auditors' report on review of condensed interim financial information

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

7 November 2017

Introduction

We have reviewed the accompanying 30 September 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 September 2017;
- the condensed statement of profit or loss for the three-month and nine-month periods ended 30 September 2017;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2017;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2017;
- the condensed statement of cash flows for the nine-month period ended 30 September 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 September 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 September 2017**

(Bahraini dinars)

	note	30 September 2017 (reviewed)	31 December 2016 (audited)
ASSETS			
Property and equipment		1,847,541	2,094,958
Investment in associate		155,825	178,459
Investment property	5	11,932,045	7,574,959
Available-for-sale investments	6	26,816,942	24,703,594
Other assets		439,189	4,764,778
Total non-current assets		41,191,542	39,316,748
Inventories		3,584,204	3,095,073
Trade and other receivables	7	1,753,573	1,792,593
Cash and bank balances	8	10,235,212	12,824,910
Total current assets		15,572,989	17,712,576
Total assets		56,764,531	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		743,768	660,453
Investments fair value reserve		7,138,497	7,270,898
Retained earnings		19,160,994	21,486,466
Total equity (page 6)		49,689,919	50,771,096
Liabilities			
Employees' benefits		414,874	381,703
Total non-current liabilities		414,874	381,703
Trade and other payables		4,522,098	3,693,459
Royalty payable		2,137,640	2,183,066
Total current liabilities		6,659,738	5,876,525
Total liabilities		7,074,612	6,258,228
Total equity and liabilities		56,764,531	57,029,324

The condensed interim financial information which consists of pages 3 to 14 was approved by the Board of Directors on 7 November 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 nine months ended 30 September 2017**

(Bahraini dinars)

	Nine months ended 30 September		Three months ended 30 September	
	2017 (reviewed)	2016 (reviewed)	2017 (reviewed)	2016 (reviewed)
Revenue	23,467,221	21,524,861	8,387,547	7,667,795
Cost of sales	(12,348,625)	(11,406,327)	(4,448,068)	(4,041,557)
Gross profit	11,118,596	10,118,534	3,939,479	3,626,238
Other income, net	1,702,244	1,003,042	577,595	333,711
Administrative expenses	(8,271,416)	(6,959,900)	(2,879,403)	(2,274,884)
Selling expenses	(411,668)	(342,740)	(138,925)	(84,703)
Operating profit	4,137,756	3,818,936	1,498,746	1,600,362
Interest income	98,082	131,372	36,599	23,527
Income from available-for-sale investments	1,624,818	1,542,972	702,805	483,500
Income from investment property, net	27,980	117,867	42,734	24,300
Impairment on available-for-sale investments	(43,444)	(256,507)	(40,859)	(105,386)
Share of profit from associate	14,866	16,104	5,311	5,393
Profit for the period	5,860,058	5,370,744	2,245,336	2,031,696
Basic and diluted earnings per share (in fils)	41.19	37.75	15.78	14.28

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 nine months ended 30 September 2017

(Bahraini dinars)

	Nine months ended 30 September		Three months ended 30 September	
	2017 (reviewed)	2016 (reviewed)	2017 (reviewed)	2016 (reviewed)
Profit for the period	5,860,058	5,370,744	2,245,336	2,031,696
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	(175,845)	(710,788)	(438,525)	(342,010)
Transferred to profit or loss on impairment of available-for-sale investments	43,444	256,507	40,859	105,386
Transferred to profit or loss on sale of available- for-sale investments	-	(50)	-	-
Total comprehensive income for the period	5,727,657	4,916,413	1,847,670	1,795,072

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 nine months ended 30 September 2017

(Bahraini dinars)

	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total
30 September 2017 (reviewed)							
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	-	-	-	-	-	5,860,058	5,860,058
Other comprehensive income:							
Items that are or may be reclassified subsequently to profit or loss							
Net fair value changes on available-for-sale investments	-	-	-	-	(175,845)	-	(175,845)
Transferred to profit or loss on impairment of available-for-sale equity securities	-	-	-	-	43,444	-	43,444
Total other comprehensive income					(132,401)		(132,401)
Total comprehensive income for the period					(132,401)	5,860,058	5,727,657
Bonus shares issued for 2016 (note 4)	1,293,381	-	-	-	-	(1,293,381)	-
Cash dividend declared for 2016	-	-	-	-	-	(3,880,145)	(3,880,145)
Charity approved for 2016	-	-	-	166,566	-	(166,566)	-
Interim dividend for 2017	-	-	-	-	-	(2,845,439)	(2,845,439)
Charity utilised during 2017	-	-	-	(83,251)	-	-	(83,251)
At 30 September 2017	14,227,194	1,952,560	6,466,906	743,768	7,138,497	19,160,993	49,689,918

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 nine months ended 30 September 2017 (continued)

(Bahraini dinars)

	Share capital	Equity attributable to equity holders of the parent company						Non-controlling interest	Total equity
		Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total		
30 September 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	-	-	-	-	-	5,370,744	5,370,744	-	5,370,744
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						(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)
<i>Total other comprehensive income</i>						(454,331)	(454,331)		(454,331)
Total comprehensive income for the period						(454,331)	4,916,413		4,916,413
Liquidation of subsidiary								(14,897)	(14,897)
Bonus shares issue for 2015	1,175,801					(1,175,801)			
Cash dividend declared for 2015						(3,527,403)	(3,527,403)		(3,527,403)
Interim cash dividend for 2015						(2,586,762)	(2,586,762)		(2,586,762)
Charity approved for 2015				179,051		(179,051)			
Charity utilised during 2016				(108,987)			(108,987)		(108,987)
At 30 September 2016	12,933,813	1,952,560	5,891,006	668,171	6,973,976	19,104,799	47,524,325	-	47,524,325

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 nine months ended 30 September 2017**

(Bahraini dinars)

	30 September 2017 (reviewed)	30 September 2016 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from customers	22,321,823	20,886,937
Receipts from car promotions	449,772	550,742
Other receipts	1,935,070	811,815
	24,706,665	22,249,494
Payments for purchases	(13,666,115)	(10,886,585)
Payments for other operating expenses	(2,692,259)	(3,715,465)
Payments for management fees	(630,620)	(465,230)
Payments for royalty	(3,843,903)	(3,227,638)
Car promotion expenses	(244,150)	(259,446)
Directors' remuneration paid	(200,000)	(168,000)
Payment to charities	(47,651)	(108,988)
	(21,324,698)	(18,831,352)
Net cash from operating activities	3,381,967	3,418,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of advances provided	-	1,229,370
Interest received	178,142	80,076
Dividend received	1,864,488	1,299,575
Rental income received	357,911	261,897
Investment property expenses paid	(362,946)	(144,078)
Dividends received from associate	37,500	37,500
Acquisition of property and equipment	(391,841)	(145,610)
Acquisition of investment property	-	(2,682,666)
Advance for investment property	(260,933)	(856,594)
Bank deposit	(4,130,384)	505,906
Cash paid to non-controlling interest	-	(14,897)
Purchase of available-for-sale investments	(2,062,728)	(834,053)
Net cash used in investing activities	(4,770,791)	(1,263,574)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,836,317)	(5,702,246)
Net cash used in financing activities	(2,836,317)	(5,702,246)
Net decrease in cash and cash equivalents during the period	(4,225,141)	(3,547,678)
Cash and cash equivalents at 1 January	8,435,820	11,073,917
Cash and cash equivalents at 30 September (note 8)	4,210,679	7,526,239

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 nine months ended 30 September 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, Bahrain Sea Port duty free shop and inflight services for Gulf Air.

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 nine months ended 30 September 2017**

(Bahraini dinars)

5 INVESTMENT PROPERTY

	30 September 2017 (reviewed)	31 December 2016 (audited)
At beginning of the period	7,574,959	4,243,049
Additions during the period	4,559,604	3,391,918
Depreciation	(202,518)	(60,008)
At end of the period	11,932,045	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 September 2017 (reviewed)	31 December 2016 (audited)
Quoted equity securities at fair value	16,036,703	16,131,073
Unquoted equity securities at cost less impairment	7,857,064	6,353,491
Quoted debt securities at fair value	2,734,675	2,219,030
Unquoted funds at fair value	188,500	-
	26,816,942	24,703,594

7 TRADE AND OTHER RECEIVABLES

	30 September 2017 (reviewed)	31 December 2016 (audited)
Trade receivables	270,461	280,857
Accruals and prepayments	988,747	1,363,680
Related party receivable (note 11)	494,365	148,274
	1,753,573	1,792,811
<i>Less: Impairment allowance</i>	-	(218)
	1,753,573	1,792,593

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2017

(Bahraini dinars)

8 CASH AND BANK BALANCES

	30 September 2017 (reviewed)	31 December 2016 (audited)
Bank deposits	7,031,145	4,389,090
Bank balances	3,088,935	8,359,485
Cash in hand	115,132	76,335
<i>Cash and bank balances in the statement of financial position</i>	10,235,212	12,824,910
Bank deposits with original maturity more than 3 months	(6,024,533)	(4,389,090)
Cash and cash equivalents in the statement of cash flows	4,210,679	8,435,820

9 ADMINISTRATIVE EXPENSES

	30 September 2017 (reviewed)	30 September 2016 (reviewed)
Royalty	3,798,477	2,793,598
Salaries and related costs	2,379,433	2,180,556
Management fees	609,418	532,425
Depreciation	631,072	419,724
Utilities	352,118	288,052
IT expenses	111,612	118,693
Directors remuneration	74,525	158,250
Other expenses	314,763	468,602
	8,271,416	6,959,900

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 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:

30 September 2017 (reviewed)	Level 1	Level 2	Level 3	Total
Equity securities	16,036,703	-	-	16,036,703
Debt securities	-	2,734,675	-	2,734,675
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.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 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 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 September 2017 (reviewed)				
Assets				
Receivables	-	464,212	30,153	494,365
Liabilities				
Management fee payable	-	140,805	-	140,805
Trade payable	-	658,602	145,285	803,887
For the nine months ended 30 September 2017 (reviewed)				
Income				
Share of profits	14,866	-	-	14,866
Revenue	-	-	273,734	273,734
Dividends	37,500	-	-	37,500
Expenses				
Purchases	-	6,566,724	321,137	6,887,861
Rental expense	79,254	-	-	79,254
Management fees	-	609,418	-	609,418

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	-	128,953	-	128,953
Trade payable	-	467,612	203,037	670,649
For the nine months ended 30 September 2016 (reviewed)				
Income				
Share of profits	16,104	-	-	16,104
Revenue	-	-	285,313	285,313
Dividends	37,500	-	-	37,500
Expenses				
Purchases	-	5,506,870	292,987	5,799,857
Rental expense	76,581	-	-	76,581
Management fees	-	532,425	-	532,425

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2017**

(Bahraini dinars)

11 RELATED PARTY TRANSACTIONS (continued)

b) Key management compensation

	30 September 2017 (reviewed)	30 September 2016 (reviewed)
Board remuneration for the period	74,526	55,949
Short term benefits for the period	91,798	74,219
Post-employment benefits for the period	3,181	3,060
Post-employment benefits payable	21,707	17,588
Management fee for the period	703,918	626,925

12 CONTINGENCIES AND COMMITMENTS

	30 September 2017 (reviewed)	31 December 2016 (audited)
Uncalled face value of investments in unquoted equity	2,193,209	256,398
Property and equipment	179,454	270,671
Guarantees	59,782	17,675
	2,432,445	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.