

Bahrain Duty Free Shop Complex BSC

Condensed interim financial information

30 September 2019

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
for the nine month period ended 30 September 2019

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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

11 November 2019

Introduction

We have reviewed the accompanying 30 September 2019 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 2019;
- the condensed statement of profit or loss for the three-month and nine-month periods ended 30 September 2019;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2019;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2019;
- the condensed statement of cash flows for the nine-month period ended 30 September 2019; 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 2019 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

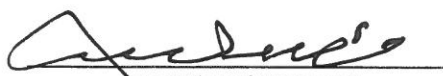
BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 September 2019

(Bahraini dinars '000)

	note	30 September 2019 (reviewed)	31 December 2018 (audited)
ASSETS			
Property and equipment		433	1,003
Investment properties	5	11,417	10,808
Equity-accounted investees	6	4,334	2,483
Investment securities	7	29,719	29,436
Other assets		1,872	1,893
Total non-current assets		47,775	45,623
Inventories		4,615	4,090
Trade and other receivables		2,395	1,813
Cash and bank balances	8	4,184	7,603
Total current assets		11,194	13,506
Total assets		58,969	59,129
EQUITY AND LIABILITIES			
Equity			
Share capital		14,227	14,227
Share premium		1,953	1,953
Statutory reserve		7,114	7,114
Charity reserve		777	738
Fair value reserve		7,661	6,936
Retained earnings		19,638	20,280
Total equity		51,370	51,248
Liabilities			
Employees' benefits		486	472
Trade and other payables		4,426	4,187
Royalty payable		2,687	3,222
Total current liabilities		7,599	7,881
Total equity and liabilities		58,969	59,129

The condensed interim financial information was approved by the Board of Directors on 11 November 2019 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 month period ended 30 September 2019

(Bahraini dinars '000)

	Nine months ended 30 September		Three months ended 30 September	
	2019 (reviewed)	2018 (reviewed)	2019 (reviewed)	2018 (reviewed)
Revenue	27,732	27,105	9,462	9,675
Cost of sales	(13,950)	(13,869)	(4,721)	(4,983)
Gross profit	13,782	13,236	4,741	4,692
Other income, net	1,243	1,347	423	436
Administrative expenses	(9,773)	(9,486)	(3,330)	(3,334)
Selling expenses	(539)	(524)	(180)	(184)
Operating profit	4,713	4,573	1,654	1,610
Interest income	57	183	16	54
Impairment reversal/ (charge)	33	(13)	(3)	-
Income from investments securities	1,345	1,733	312	336
Income from investment property, net	124	190	29	45
Share of profit from equity-accounted investees	44	24	12	8
Profit for the period	6,316	6,690	2,020	2,053
Basic and diluted earnings per share (in fils)	44.39	47.02	14.20	14.43

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 month period ended 30 September 2019

(Bahraini dinars '000)

	Nine months ended 30 September		Three months ended 30 September	
	2019 (reviewed)	2018 (reviewed)	2019 (reviewed)	2018 (reviewed)
Profit for the period	6,316	6,690	2,020	2,053
Other comprehensive income <i>Items that will not be reclassified to profit or loss:</i>				
Equity investments at FVOCI - net change in fair value	1,038	353	459	172
Total comprehensive income for the period	7,354	7,043	2,479	2,225

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 month period ended 30 September 2019

(Bahraini dinars '000)

	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total Equity
30 September 2019 (reviewed)							
At 1 January 2019	14,227	1,953	7,114	738	6,936	20,280	51,248
Comprehensive income:							
Profit for the period	-	-	-	-	-	6,316	6,316
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss:</i>							
Equity investments at FVOCI - net change in fair value	-	-	-	-	1,038	-	1,038
Transferred to retained earnings on sale of equity investments	-	-	-	-	(313)	313	-
Total other comprehensive income					725	313	1,038
Total comprehensive income for the period					725	6,629	7,354
Cash dividend declared for 2018	-	-	-	-	-	(4,267)	(4,267)
Interim dividend for 2019	-	-	-	-	-	(2,855)	(2,855)
Charity approved for 2018	-	-	-	149	-	(149)	-
Charity utilised during the period	-	-	-	(110)	-	-	(110)
At 30 September 2019	14,227	1,953	7,114	777	7,661	19,638	51,370

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 month period ended 30 September 2019 (continued)

(Bahraini dinars '000)

	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total Equity
30 September 2018 (reviewed)	14,227	1,953	7,114	739	6,173	19,746	49,952
At 1 January 2018 (as previously reported)	-	-	-	-	420	263	683
Impact on adoption of IFRS 9 as at 1 January 2018							
Restated balances as at 1 January 2018	14,227	1,953	7,114	739	6,593	20,009	50,635
Comprehensive income:							
Profit for the period	-	-	-	-	-	6,690	6,690
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss:</i>							
Equity investments at FVOCI - net change in fair value	-	-	-	-	353	-	353
Transferred to retained earnings on sale of equity investments	-	-	-	-	(56)	56	-
<i>Total other comprehensive income</i>	-	-	-	-	297	56	353
Total comprehensive income for the period	-	-	-	-	297	6,746	7,043
Cash dividend declared for 2017	-	-	-	-	-	(4,268)	(4,268)
Interim dividend for 2017	-	-	-	-	-	(2,845)	(2,845)
Charity approved for 2017	-	-	-	142	-	(142)	-
Charity utilised during the period	-	-	-	(121)	-	-	(121)
At 30 September 2018	14,227	1,953	7,114	760	6,890	19,500	50,444

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 month period ended 30 September 2019

(Bahraini dinars '000)

	30 September 2019 (reviewed)	30 September 2018 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from customers	27,511	27,690
Other receipts	1,681	1,236
	29,192	28,926
Payments for purchases	(14,490)	(14,974)
Payments for other operating expenses	(4,708)	(4,200)
Payments for management fees	(899)	(779)
Payments for royalty	(5,103)	(4,319)
Directors' remuneration paid	(130)	(100)
Payment to charities	(110)	(121)
	(25,440)	(24,493)
Net cash generated from operating activities	3,752	4,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	282	278
Dividend income received	1,177	1,573
Rental income received from investment property - net	279	372
Payment for investment in equity accounted investee	(1,808)	-
Acquisition of property and equipment, net	(32)	(85)
Acquisition of investment properties	(71)	-
Advance for investments	(1,027)	(972)
Bank deposits	2,128	4,527
Sale of investment at FVOCI	803	170
Acquisition of investments at FVOCI	-	(1,071)
Acquisition of investment at FVTPL, net	(14)	-
Net cash generated from investing activities	1,717	4,792
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6,759)	(6,042)
Net cash used in financing activities	(6,759)	(6,042)
Net (decrease)/ increase in cash and cash equivalents during the period	(1,290)	3,183
Cash and cash equivalents at 1 January	4,475	2,642
Cash and cash equivalents at 30 September (note 8) *	3,185	5,825

* This does not include expected credit loss of BD 1 thousand

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 month period ended 30 September 2019

1 REPORTING ENTITY

Bahrain Duty Free Shop Complex BSC (the "Company") is a Bahrain Joint Stock Company registered under commercial registration number 23509 on 15 July 1990 and listed on the Bahrain Bourse. The Company operates shops within Bahrain International Airport, Khalifa Port and Gulf Air Inflight under a concession agreement. This concession agreement will conclude during Q1 2020 and the duty-free operations will be discontinued.

The Company has a 55% equity interest in Bahrain Duty Free Co WLL, a joint venture by virtue of shareholders agreement. The entity will provide duty free services within the new terminal (under construction) at the Bahrain International Airport and is expected to be in operation during Q1 2020.

The Company has a 25% equity interest in Bahrain International Airport Development Company (BIADCO) (2018: 25%). (the "Associate")

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 2018. 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.

The condensed interim financial information is reviewed, not audited. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2018 and the comparatives for the condensed statements of profit or loss, comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed interim financial information for the nine month period ended 30 September 2018.

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 2018.

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 2018.

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 2018.

Adoption of IFRS 16 on 1 January 2019 did not result in any significant impact on the condensed interim financial information.

4 APPROPRIATIONS

At the Annual General Meeting of the Company held on 26 March 2019, the following appropriations were approved for 2018:

- (i) Final dividend of BD 4,267 thousands for the year 2018 (2017:BD 4,268 thousands); and
- (ii) Charity contributions of BD 149 thousands (2017: BD 142 thousands).

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 month period ended 30 September 2019

(Bahraini dinars '000)

5 INVESTMENT PROPERTIES

	30 September 2019 (reviewed)	31 December 2018 (audited)
At beginning of the period	10,808	11,703
Additions during the period	771	-
Depreciation for the period	(162)	(203)
Impairment for the period	-	(692)
At end of the period	11,417	10,808

Investment properties comprise commercial properties that are leased to third parties and vacant plots of land.

6 EQUITY-ACCOUNTED INVESTEEES

	30 September 2019 (reviewed)	31 December 2018 (audited)
Interest in joint venture	4,166	2,341
Interest in associate	168	142
	4,334	2,483

7 INVESTMENT SECURITIES

	30 September 2019 (reviewed)	31 December 2018 (audited)
Equity securities at FVTOCI	25,736	25,501
Debt securities at amortized cost	2,564	2,552
Funds at FVTPL	1,419	1,383
	29,719	29,436

The debt securities at amortised cost are presented net of expected credit loss of BD 50 thousands (2018:BD 62 thousands).

8 CASH AND BANK BALANCES

	30 September 2019 (reviewed)	31 December 2018 (audited)
Bank deposits	1,000	4,000
Bank balances	3,076	3,495
Cash in hand	109	110
Less: expected credit loss provision	(1)	(2)
Cash and bank balances in the statement of financial position	4,184	7,603
Bank deposits with original maturity more than 3 months	(1,000)	(3,128)
Cash and cash equivalents	3,184	4,475

9 ADMINISTRATIVE EXPENSES

	30 September 2019 (reviewed)	30 September 2018 (reviewed)
Royalty	4,568	4,439
Salaries and related costs	2,827	2,695
Management fees	711	693
Depreciation	595	637
Utilities	416	366
IT expenses	138	139
Directors remuneration	97	98
Other expenses	421	419
	9,773	9,486

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

- Level Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 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 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 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

30 September 2019 (reviewed)	Level 1	Level 2	Level 3	Total
Equity securities at FVTOCI	18,465	-	7,271	25,736
Funds at FVTPL	-	1,419	-	1,419
31 December 2018 (audited)	Level 1	Level 2	Level 3	Total
Equity securities at FVTOCI	18,230	-	7,271	25,501
Funds at FVTPL	-	1,383	-	1,383

The fair value of debt securities at amortised cost with carrying value BD 2,564 is BD 2,453 (2018: BD 2,435). Fair value is classified as Level 2. The carrying value of the Company's other financial assets and financial liabilities approximates their fair value due to their short-term nature.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine month period ended 30 September 2019

(Bahraini dinars '000)

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:

2019	Equity-accounted investees	Management Company	Shareholders / entities in which directors are interested	Total
As at 30 September 2019 (reviewed)				
Assets				
Receivables	-	290	10	300
Investment in joint venture during 2019	1,808	-	-	1,808
Liabilities				
Management fee payable	-	(397)	-	(397)
Trade payable	-	(431)	(73)	(504)
For the nine months ended 30 September 2019 (reviewed)				
Income				
Share of profits	44	-	-	44
Revenue	-	-	189	189
Expenses				
Purchases	-	(3,560)	(134)	(3,694)
Rental expense	(85)	-	-	(85)
Other expenses	-	(5)	(415)	(420)
Management fees	-	(806)	-	(806)

2018	Equity-accounted investees	Management Company	Shareholders / entities in which directors are interested	Total
As at 31 December 2018 (audited)				
Assets				
Receivables	-	485	23	508
Investment in joint venture during 2018	2,377	-	-	2,377
Liabilities				
Management fee payable	-	(162)	-	(162)
Trade payable	-	(429)	(117)	(546)
For the nine months ended 30 September 2018 (reviewed)				
Income				
Share of profits	24	-	-	24
Revenue	-	-	212	212
Other income	-	-	20	20
Expenses				
Purchases	-	(5,916)	(251)	(6,167)
Rental expense	(82)	-	-	(82)
Management fees	-	(787)	-	(787)

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

	30 September 2019 (reviewed)	30 September 2018 (reviewed)
Board remuneration for the period	97	100
Short term benefits for the period	91	90
Post-employment benefits for the period	5	5
Post-employment benefits payable	35	25
Management fee for the period	806	787

12 CONTINGENCIES AND COMMITMENTS

	30 September 2019 (reviewed)	31 December 2018 (audited)
Uncalled face value of investments in unquoted equity	1,275	1,942
Property and equipment	-	372
Guarantees	-	55
	1,275	2,369

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 Bahrain Airport Duty Free Shops, Bahrain Sea Port Duty Free shop and inflight services for Gulf Air and its revenue, expenses and results are reviewed only at a consolidated 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.