BAHRAIN DUTY FREE SHOP COMPLEX BSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended ended 31 December 2016

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BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

GENERAL INFORMATION

Bahrain Duty Free Shop Complex BSC, a joint stock company governed by the Bahrain Commercial Company Law 2001, was registered under commercial registration number 23509 on 15 July 1990. The company is a 80% shareholder in Bahrain International Retail Development Centre WLL, which was established in July 2000 and a 25% shareholding in Bahrain International Airport Development Co. W.L.L.

SHARE CAPITAL

Authorised	: BD 12,933,813 (2015: BD 11,758,012) divided into 129,338,125 shares (2015: BD 117,580,114 shares) of 100 fils each	
Issued and fully paid-up	BD 12,933,813 (2015: BD 11,758,012)	
BOARD OF DIRECTORS	: Farouk Yousuf Almoayyed (Chairman) : Abdulla Buhindi (Managing Director) : Jalal Mohamed Jalal : Jassim Mohammed Al Shaikh : Shaikh Mohamed bin Ali bin Mohamed Al Khalifa : Jawad Al Hawaj : Nabeel Al Zain : Mohammed Al Khan : Ghassan Al Sabbagh : Jehad Amin : Abdulrahman Jamsheer	
INVESTMENT COMMITTEE	: Farouk Yousuf Almoayyed : Abdulla Buhindi : Nabeel Al Zain : Jehad Amin	
AUDIT COMMITTEE	: Jawad Al Hawaj : Mohammed Al Khan : Ghassan Al Sabbagh	
NOMINATION & REMUNERATION COMMITTEE	: Farouk Yousuf Almoayyed : Abdulla Buhindi : Jalal Mohamed Jalal	
MANAGING AGENT	: Aer Rianta International (Middle East) WLL	
MANAGEMENT	: Bassam Alwardi : Dominic Carroll : Domnick O'Reilly : Shane O'Sullivan	General Manager Head of Finance Head of Operations Head of Purchasing
BOARD SECRETARY	: Abdul Wahid Noor	
OFFICES	: Al Barsh'aa Bldg, Bldg No145, Road 2403, Muharraq 224 Telephone 17 723100, Fax 17 725511 : Bahrain International Airport, P.O. Box 1714 Telephone 17 321330, Fax 17 321910	

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

GENERAL INFORMATION

AUDITORS	: KPMG Fakhro
BANKERS	: Ahli United Bank Bank of Bahrain and Kuwait National Bank of Bahrain Kuwait Finance House National Bank of Kuwait - Bahrain Al Salaam Bank
REGISTRARS	: Karvy Computershare WLL P.O. Box 514, Manama, Kingdom of Bahrain
CUSTODIANS	: SICO P.O. Box 1331, Manama, Kingdom of Bahrain : Cluttons P.O. Box 5856, Seef District, Kingdom of Bahrain

CHAIRMAN'S REPORT

On behalf of the board of directors of Bahrain Duty Free, I am pleased to present the Company's annual report and financial statements for the year end December 31 2016.

I am also pleased to report that Bahrain Duty Free achieved resilient financial results marked by yet another strong performance where our net income reached BD 8.3 million. Earnings were boosted by strong performance coming from our Investment Portfolio.

Financial Performance

For the full year 2016, the Group reported Gross Revenues of BD 28.9 million representing a growth of 2.6% despite major refurbishment to our shops in the second half of the year. Gross Profits climbed to BD 13.6 million giving an increase of 1.8% compared to the previous year. Administration expenses increased by 1.7% during the year, while selling expenses climbed 11.1% due to increased costs of packaging materials. Operating profits in 2016 recorded a figure of BD 4.8 million which is below the previous year by 7.5%.

Our investment portfolio consisting of Equities and Properties now totals BD 32.3 million growing by 18.5% during the year. This growth coming mainly from new acquisitions. The portfolio remains strong and well balanced. Income from all Investment related activities for the year was BD 3.5 million down 5.8% following an impairment charge taken of BD 268 thousand. Net Profits of BD 8.3 million remain strong and basic earnings per share is 64fils compared with 69 fils for 2015.

At December year end, total shareholder's equity stood at BD 50.8 million an increase of 4.0% compared to prior year, reflecting the ever increasing performance and strength of our financial position.

Operation Highlights

The refurbishment project in the departures area commenced in July and at the end of the year the vast majority of works have been completed. As part of the project a number of brands and initiatives were launched, including the award winning Candy Cloud concept along with the introduction of a premium watch boutique with additional brands such as Omega, Hublot and Tudor. Within the Perfumery & Cosmetics area, new brands such as Mac and Jo Malone were launched in addition to the introduction of many private collection ranges with top fragrance houses. The food and confectionery layout and design has been enhanced to allow for additional premium lines to be launched. Work in our jeweller, fashion watches and electronics area is set for completion in early 2017, and will see us better positioned to continue offering a simply better world beating level of service to our customers. A number of high profile promotions were activated during the year, which added to the customer experience, also aided in growing average transaction value for the stores. Our Shop & Collect service continues to grow, with over 11,600 passengers using the service during the year. We have received very positive feedback on this service from our customers and have improved it based on this feedback. Also, the automation of stock transfers improved efficiencies in the shop and improved our key "On Shelf Availability" percentage during the year. The creation and sending of purchase orders to suppliers was automated during the year and eliminated paper. The Company also moved to online banking which cut down on manual cheque processing thereby reducing administration and processing time. In addition, a new data centre hub was added in the Airport to support the growth in electronic devices supporting our sales.

Proposed Appropriations
Based on the financial results, the Board of Directors has recommended for the approval of Shareholders at the upcoming Annual General Meeting, a full year cash dividend of 50 fils per share of which 20 fils per share was already paid during the year. The Board has also recommended the following additional appropriations:-

Bonus Share Issue of 10%
Proposed Charity Contribution 2%

On behalf of my colleagues on the Board, may I extend my sincere gratitude and appreciation to His Majesty King Hamad bin Isa Al Khalifa, His Royal Highness Prince Khalifa bin Salman Al Khalifa the Prime Minister, His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince & Deputy Supreme Commander for their continuing support.

The Board also extends it appreciation and gratitude for the continuing support of His Highness Shaikh Ali bin Khalifa Al Khalifa, Deputy Prime Minister and His Excellency Kamal bin Ahmed Mohammed Minister of Transportation and Telecommunications.

Thank you to our Shareholders, Stakeholders, Teams and Customers
To our shareholders' I thank you for the continued confidence placed in the Board. I also extend my gratitude to the staff and management of Bahrain Duty Free for their loyalty and support. My sincere thanks also to Bahrain Airport Company and Civil Aviation Authority for their guidance, support and assistance at the airport. I thank also the other concerned bodies whose objectives are to promote and market Bahrain International Airport. A final thank you to all our customers for their continued patronage and for choosing to shop at Bahrain Duty Free.

Looking to the Future
The Company made a significant capital investment in 2016 to upgrade and refurbish all shops in the departures area which now looks fantastic. Many new brands were introduced to give our customers a greater and memorable shopping experience with a wider choice. This will position the business on a stronger foundation for sustainable growth and profitability in the years ahead. The continuing focus by all our people on improving the way we serve our customers coupled with strong financial discipline will enable us to pursue that growth and meet our long term objectives.

Farouk Yousuf Almoayyed
Chairman

20 February 2017

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Bahrain Duty Free Shop Complex BSC
Kingdom of Bahrain

Report on the audit of the consolidated financial statements

Opinion
We have audited the accompanying consolidated financial statements of Bahrain Duty Free Shop Complex BSC (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Available-for-sale investments (AFS) – (refer note 7)

Description	***How the matter was addressed in our audit***
A- Carrying amount of quoted equity investments at fair value We focused on this area because: ▪ The Group's AFS portfolio of quoted equity make up 28 % of the Company's total assets (by value); and ▪ The Group makes subjective judgments over both timing of recognition of impairment and the estimation of the size of any such impairment.	Our procedures included: ▪ Testing the valuation of the quoted equity investments by agreeing the prices used in the valuation to externally quoted prices; ▪ Evaluating whether management has identified all investments where fair value is below cost; ▪ Evaluating whether Group's application of the significant or prolong test is consistent with the relevant accounting standard; and ▪ Evaluating whether the Group applied the criteria to determine whether a decline in fair value below cost is significant or prolong.

B- Carrying amount of unquoted equity investments at cost

We focused on this area because:	Our procedures included:
▪ The Group's AFS portfolio of unquoted equity securities make up 11 % of the Company's total assets (by value); and ▪ The Group makes subjective judgments over both timing of recognition of impairment and the estimation of the size of any such impairment.	▪ Challenging the appropriateness of the Group's impairment assessment methodology; ▪ Comparing the carrying value with the net asset value of the investee; and ▪ Assessing the financial performance of the investee.

Carrying amount of investment property – (refer note 5)

Description	***How the matter was addressed in our audit***
▪ We focused on this area because investment property represents 13% of the Company's total assets (by value); uncertainty prevalent in the property market and the subjective nature of property impairment assessment. ▪ Recoverable amount is determined by an independent property valuer appointed by the Group using income capitalization and sales comparison approaches.	Our procedures included: ▪ Evaluating the appropriateness of the valuation methodology used by the independent property valuer by comparing to observed industry practice; ▪ Challenging the assumptions used by the independent valuer by comparing to industry practice; and ▪ Assessing the qualification and experience of the independent property valuer.

Other information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Chairman's report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors for the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended 31 December 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
b) the financial information contained in the chairman's report is consistent with the consolidated financial statements;
c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

The engagement partner on the audit resulting in this independent auditors' report is Jalil AlAali.

KPMG

KPMG Fakhro
Partner registration number 100
20 February 2017

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

(Bahraini dinars)

	note	2016	2015
ASSETS			
Property and equipment	4	2,094,958	2,068,596
Investment property	5	7,574,959	4,243,049
Investment in associate	6	178,459	197,178
Available-for-sale investments	7	24,703,594	22,992,988
Other assets	8	4,764,778	4,174,238
Total non-current assets		**39,316,748**	33,676,049
Inventories	9	3,095,073	2,962,296
Trade and other receivables	10	1,792,593	2,762,449
Cash and bank balances	11	12,824,910	15,150,404
Total current assets		**17,712,576**	20,875,149
Total assets		**57,029,324**	54,551,198
EQUITY AND LIABILITIES			
Equity			
Share capital	12	12,933,813	11,758,012
Share premium		1,952,560	1,952,560
Statutory reserve		6,466,906	5,891,006
Charity reserve		660,453	598,107
Investments fair value reserve		7,270,898	7,428,307
Retained earnings		21,486,466	21,203,072
Equity attributable to owners of the Company		**50,771,096**	48,831,064
Non-controlling interest		-	14,897
Total equity		**50,771,096**	48,845,961
Liabilities			
Employees' benefits	13	381,703	405,559
Total non-current liabilities		**381,703**	405,559
Trade and other payables	14	3,693,459	3,057,724
Royalty payable	15	2,183,066	2,241,954
Total current liabilities		**5,876,525**	5,299,678
Total liabilities		**6,258,228**	5,705,237
Total equity and liabilities		**57,029,324**	54,551,198

The consolidated financial statements, which consists of pages 9 to 39 were approved by the Board of Directors on 20 February 2017 and signed on its behalf by:

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Managing Director

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for year ended 31 December 2016 (Bahraini dinars)

	note	2016	2015
Revenue	16	28,859,618	28,123,909
Cost of sales of goods		(15,206,985)	(14,707,644)
Gross profit		**13,652,633**	**13,416,265**
Other income, net	17	1,178,884	1,593,983
Administrative expenses	18	(9,504,731)	(9,348,782)
Selling expenses		(542,954)	(488,575)
Operating profit		**4,783,832**	5,172,891
Interest income		158,892	369,665
Income from available-for-sale investments	19	3,475,548	2,008,528
Income from investment property, net	20	158,809	1,372,545
Impairment on available-for-sale investments		(267,550)	-
Share of profit from associate	6	18,781	11,646
Profit for the year		**8,328,312**	8,935,275
Profit attributable to:			
Owners of the Company		8,328,312	8,952,564
Non-controlling interest		-	(17,289)
		8,328,312	8,935,275
Basic and diluted earnings per share (in fils)	23	**64**	69

The consolidated financial statements, which consists of pages 9 to 39 were approved by the Board of Directors on 20 February 2017 and signed on its behalf by:

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Managing Director

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for year ended 31 December 2016 (Bahraini dinars)

	2016	2015
Profit for the year	8,328,312	8,935,275
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Net fair value changes on available-for-sale equity securities	(424,959)	372,458
Transferred to profit or loss on impairment of available- for-sale equity securities	267,550	-
Transferred to profit or loss on sale of available- for-sale equity securities	-	(767)
Total other comprehensive income	**(157,409)**	371,691
Total comprehensive income for the year	**8,170,903**	9,306,966

Total comprehensive income attributable to:		
Owners of the Company	8,170,903	9,324,255
Non-controlling interest	-	(17,289)
	8,170,903	9,306,966

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for year ended 31 December 2016

(Bahraini dinars)

2016	Equity attributable to equity holders of the parent company							NCI	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	21,203,072	48,831,064	14,897	**48,845,961**
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	8,328,312	8,328,312	-	**8,328,312**
Other comprehensive income									
Items that are or may be reclassified subsequently to profit or loss									
Net fair value changes on available-for-sale securities	-	-	-	-	(424,959)	-	(424,959)	-	**(424,959)**
Transferred to profit or loss on impairment of available-for-sale equity securities	-	-	-	-	267,550	-	267,550	-	**267,550**
Total other comprehensive income	**-**	**-**	**-**	**-**	***(157,409)***	**-**	***(157,409)***	**-**	***(157,409)***
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(157,409)**	**8,328,312**	**8,170,903**	**-**	**8,170,903**
Liquidation of subsidiary	-	-	-	-	-	-	-	(14,897)	**(14,897)**
Bonus shares issued	1,175,801	-	-	-	-	(1,175,801)	-	-	**-**
Transfer to statutory reserve	-	-	575,900	-	-	(575,900)	-		**-**
Final dividend declared for 2015	-	-	-	-	-	(3,527,404)	(3,527,404)	-	**(3,527,404)**
Interim dividend paid for 2016	-	-	-	-	-	(2,586,762)	(2,586,762)	-	**(2,586,762)**
Charity utilised during 2016	-	-	-	(116,705)	-	-	(116,705)	-	**(116,705)**
Charity contributions approved for 2016	-	-	-	179,051	-	(179,051)	-	-	**-**
At 31 December 2016	**12,933,813**	**1,952,560**	**6,466,906**	**660,453**	**7,270,898**	**21,486,466**	**50,771,096**	**-**	**50,771,096**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016 *(continued)*

(Bahraini dinars)

2015	Equity attributable to equity holders of the parent company							NCI	Total equity
	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total		
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 for the year									
Profit for the year	-	-	-	-	-	8,952,564	8,952,564	(17,289)	8,935,275
Other comprehensive income									
Items that are or may be reclassified subsequently to profit or loss									
Net fair value changes on available-for-sale securities	-	-	-	-	372,458	-	372,458	-	372,458
Transferred to profit or loss on sale of available- for-sale equity securities	-	-	-	-	(767)	-	(767)	-	(767)
Total other comprehensive income	-	-	-	-	371,691	-	371,691	-	371,691
Total comprehensive income for the year (page 9)	-	-	-	-	371,691	8,952,564	9,324,255	(17,289)	9,306,966
Bonus shares issued	1,068,910	-	-	-	-	(1,068,910)	-	-	-
Transfer to statutory reserve	-	-	534,455	-	-	(534,455)	-	-	-
Final dividend declared for 2014	-	-	-	-	-	(3,206,731)	(3,206,731)	(10,000)	(3,216,731)
Interim dividend paid for 2015	-	-	-	-	-	(2,351,602)	(2,351,602)	-	(2,351,602)
Charity utilised during 2015	-	-	-	(77,000)	-	-	(77,000)	-	(77,000)
Dividend for subsidiary for 2015	-	-	-	-	-	-	-	(60,000)	(60,000)
Charity contributions approved for 2015	-	-	-	171,094	-	(171,094)	-	-	-
At 31 December 2015	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

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS
for year ended 31 December 2016 (Bahraini dinars)

	Note	**2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from customers		27,004,831	28,094,152
Receipts from training services		-	197,674
Receipts from car promotions		737,093	777,057
Other receipts		2,234,683	2,113,429
		29,976,607	31,182,312
Payments for purchases		(16,677,028)	(16,292,928)
Payments for other operating expenses		(3,198,928)	(5,065,350)
Payments for management fees		(594,183)	(707,610)
Payments for royalty	15	(3,688,756)	(4,441,688)
Car promotion expenses		(321,696)	(401,398)
Directors' remuneration paid		(185,800)	(168,000)
Payment to charities		(116,705)	(77,000)
		(24,783,096)	(27,153,974)
Net cash from operating activities		**5,193,511**	4,028,338
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of advances provided		1,229,370	-
Interest received		307,443	271,279
Dividend income received		2,942,494	3,177,334
Rental income received from investment property - net		158,759	218,767
Dividends received from associate		37,500	37,500
Proceeds from disposal of investment property		-	2,495,868
Acquisition of property and equipment	4	(593,896)	(156,150)
Acquisition of investment property		(4,502,711)	(650,266)
Bank deposit		(517,656)	(896,418)
Cash paid to non-controlling interest		(14,897)	-
Acquisition of available-for-sale investments		(1,116,044)	(482,468)
Net cash (used in) / from investing activities		**(2,069,638)**	4,015,446
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,761,970)	(5,818,616)
Net cash used in financing activities		**(5,761,970)**	(5,818,616)
Net (decrease) / increase in cash and cash equivalents during the year		(2,638,097)	2,225,168
Cash and cash equivalents at 1 January		11,073,917	8,848,749
Cash and cash equivalents at 31 December	11	**8,435,820**	11,073,917

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

1 REPORTING ENTITY

Bahrain Duty Free Shop Complex BSC (the “Company”) is a Bahrain 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.

The consolidated financial statement for the year ended 31 December 2016 comprise of the results of the Company and its subsidiary (together referred to as the "Group").

The Company owns 80% of the shares of Bahrain International Retail Development Centre WLL (the “Subsidiary”). During 2016, the subsidiary was liquidated.

The Group owns 25% interest in Bahrain International Airport Development Company (BIADCO) (2015: 25%) (“Associate”).

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in conformity with Bahrain Commercial Companies Law, 2001.

b) Basis of measaurement

The consolidated financial statements have been prepared under the historical cost convention except for available-for-sale investments which are stated at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Bahraini Dinar, which is the Group’s functional currency. Unless otherwise stated, all financial information presented has been rounded off to the nearest Dinar.

d) Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or in the period of the revision and any future period, if the revision affects both current and future periods.

(i) Impairment of inventories
The Group reviews the carrying amounts of inventory at each reporting date to determine whether the inventories have been impaired. The Group identifies the inventories which have been impaired based on the age of the inventory and their estimate of the future demand for the inventory. If any impairment indication exists, the inventories recoverable amount is estimated based on past experience relating to disposal of such inventory.

(ii) Impairment of receivables
The Group reviews the carrying amounts of receivables at each reporting date to determine whether the receivables have been impaired. The Group identifies the receivables which have been impaired based on the financial condition of the counterparty and estimated future cash flows. If any impairment exists, the recoverable amount of the impaired receivable is estimated based on the future cash flows estimated.

2 BASIS OF PREPARATION (continued)

d) Use of estimates and judgements (continued)

(iii) Impairment of available for sale investments
In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. The Group considers that a 30% decline in the value of investments as compared to its cost as a significant reduction and that a period of nine months as prolonged.

(iv) Impairment of investment property
The Group conducts impairment assessment of investment property on an annual basis using external independent property valuers to value the property. The fair value is determined based on the market value of the property by sales comparison approach and/or income capitalization method to assess the market value considering its current physical condition.

(v) Useful life and residual value of investment property, property and equipment
The Group reviews the useful life and residual value of the property and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on similar assets of the industry, and future economic benefit expectations of the management.

e) New standards, amendments and interpretations effective from 1 January 2016

The following standards, amendments and interpretations, which become effective from 1 January 2016, and are relevant to the Group:

I. Annual Improvements to IFRSs 2012–2014 Cycle

The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The adoption of this amendment had no significant impact on the consolidated financial statements.

II. Disclosure Initiative (Amendments to IAS 1).

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The adoption of this amendment had no significant impact on the consolidated financial statements.

f) New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however; the Group has not early applied the following new or amended standards in preparing these consolidated financial statements.

i. Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

2 BASIS OF PREPARATION (continued)

ii. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is currently performing an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements.

The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its consolidated financial statements.

The Group is not expecting significant impact on its financial statements from adoption of this standard.

iii. IFRS 9 Financial Instruments

IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

g) Early adoption

The Group did not early adopt new or amended standards in 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

a) Basis of consolidation

(i) Subsidiaries
Subsidiaries' are entities over which the Group has control. The Group controls an entity if it is exposed to, or has rights to, all variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control commences until the date that control ceases.

(ii) Non-controlling interests
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

(iii) Changes in ownership interests
Changes in the Group's interest in a subsidiary that do not result in a loss of Group control are treated as transactions with equity owners. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Associates
Associates are all entities over which the Group has significant influence, but not control or joint control. This is generally the case when the Group holds between 20% to 50% of the voting rights. Investment in associates are accounted for using the equity method. The investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profit or loss and other comprehensive income of associates. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate. Dividend received from associates is recognised as a reduction in the carrying amount of the investment.

(v) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transaction with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are also eliminated in the same way as unrealised gains unless the transaction provided evidence of impairment.

b) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currency at exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the re-translation of available-for-sale equity investments which are recognised in other comprehensive income.

c) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. The cost of inventory is based on the weighted average basis. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

d) Investment property

Investment properties are those which are held by the Group to earn rental income or for capital appreciation or both. Investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on cost by the straight-line method at annual rates which are intended to write off the cost of the investment property over their estimated useful lives of 20-30 years. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from the disposal and the carrying amount of the property) is recognised in profit or loss in the period in which it arises.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Property and equipment

(i) Owned assets

Items of property and equipment held for use in the provision of service or for administrative purposes on a continuing basis and not intended for sale in the ordinary course of business are carried at cost less accumulated depreciation and impairment losses, if any.

(ii) Subsequent expenditure

Subsequent costs are included in the assets carrying amount or are recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is calculated on cost by the straight-line method at annual rates which are intended to write off the cost of the items of property and equipment over the following estimated useful lives:

Categories	**Estimated used life in years**
Freehold buildings	25
Leasehold buildings	25
Leasehold improvement	10
Furniture and fixtures	5
Computer, other equipment and vehicles	5

The assets residual values and useful lives are reviewed and revised if appropriate at each reporting date. All depreciation is charged to the profit or loss. When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed and any resultant gain or loss is taken to the profit or loss.

The estimated useful working lives of the assets are periodically reviewed by the management.

e) Financial instruments

(i) Classification

Financial assets
The Group classifies its financial assets into one of the following categories;
- Loans and receivables; and
- Available-for-sale investments

Available-for-sale investments are non-derivative financial assets, that are designated as available-for-sale or are not classified into any of the other categories of IAS 39 and management intends to hold them for the medium to long-term period.

Financial liabilities
The Group classifies it's financial liabilities into "others at amortised cost".

(ii) Recognition

The Group initially recognises loans and receivables on the date on which they originate. All other financial assets and financial liabilities are initially recognized on the trade date, the date on which the Group becomes party to the contractual provisions of the instrument.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and financials liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Group has the legal right to offset the amounts and intends either to settle them on a net basis or to realise the assets and settle the liability simultaneously.

(iv) Measurement
A non-derivative financial asset is recognized initially at fair value, plus, for an item not at fair value through profit and loss, transaction costs that one directly attributable to its acquisition. Available-for-sale financial assets are subsequently carried at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income.

A non-derivative financial liability is recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, the liabilities are measured at amortised cost using the effective interest method.

(v) Fair value measurement
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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market and no other appropriate methods from which to derive fair value, investments are carried at cost less impairment allowance.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(vi) Amortised cost measurement
The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Employee benefits

Pension rights (and other social benefits) for Bahraini employees are covered by the General Organisation for Social Insurance scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme under IAS 19 – Employee Benefits, is recognised as an expense in the profit or loss.

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector 2012, based on length of service and final remuneration. Provision for this, which is unfunded and which represents a defined benefit plan under IAS 19 – Employee Benefits, has been made by calculating the notional liability had all employees left at the reporting date. The charge for the year is recognised as an expense in the profit or loss.

g) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

h) Impairment

(i) Non-financial assets
The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in the profit or loss.

(ii) Financial assets

Assets classified as available-for-sale
If there is an objective evidence of impairment for available-for-sale financial assets, the cumulative loss recognized is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in profit and loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Where fair values are not readily available and the investments are carried at cost, the recoverable amount of such investment is estimated to test for impairment. In making this judgment, the Group evaluates among other factors, evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Financial assets carried at amortised cost
Impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit and loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Statutory reserve

In accordance with Bahrain Commercial Companies Law 2001, the Company is required to appropriate 10 percent of the net profit to a statutory reserve, which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50% of the share capital.

j) Dividends

Dividends are recognised as a liability in the period in which they are declared.

k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met to each of the Group activities as described below:

(i) Sale of goods – revenue from sale of goods is recognised when the buyer takes custody of the goods.

(ii) Commissions – if the Group acts in the capacity of an agent rather than as the principal in transaction, then the revenue recognised is the net amount of commission made by the Group.

(iii) Advertisement income is income received from suppliers for advertising their products in the premises operated by the Group and is recognised over the period of the contracts.

(iv) Interest income on bank deposits is recognised on time-proportioned basis.

(v) Dividend income is recognized when the right to receive the dividend is established.

(vi) Rental income from investment property is recognised as income on a straight line basis over the term of the lease.

l) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost.

4 PROPERTY AND EQUIPMENT

	Leasehold buildings	Leasehold improvements	Furnitures and Fixtures	Computer, other equipment & vehicles	Capital work in progress	Total
Cost						
1 January 2016	1,515,759	1,917,129	270,879	967,048	14,201	4,685,016
Additions	-		867	36,360	571,256	608,483
Disposals / write-off	-	-	(7,381)	(20,601)	(14,202)	(42,184)
31 December 2016	**1,515,759**	**1,917,129**	**264,365**	**982,807**	**571,255**	**5,251,315**
Depreciation						
1 January 2016	(851,910)	(996,106)	(209,917)	(558,487)	-	(2,616,420)
Charge for the year	(152,187)	(229,489)	(24,287)	(161,570)	-	(567,533)
Disposals / write-off	-	-	6,995	20,601	-	27,596
31 December 2016	**(1,004,097)**	**(1,225,595)**	**(227,209)**	**(699,456)**	**-**	**(3,156,357)**
Net book value at 31 December 2016	**511,662**	**691,534**	**37,156**	**283,351**	**571,255**	**2,094,958**

Change in estimates

Owing to the expansion of the Bahrain International Airport, the Group expects that the useful life of the leasehold improvements in the current airport is expected to be shortened. As a result, the expected useful life of the leasehold improvements has decreased. The effect of these changes on actual and expected depreciation expense is as follows;

	2016	2017	2018	2019
Increase in depreciation expense	127,787	153,344	153,344	153,344

(Bahraini dinars)

4 PROPERTY AND EQUIPMENT (continued)

	Leashold buildings	Leashold improvements	Furnitures and Fixtures	Computer, other equipment & vehicles	Capital work in progress	Total
Cost						
1 January 2015	1,515,759	2,432,741	1,061,297	1,459,226	31,459	6,500,482
Additions	-	10,110	10,003	136,037	-	156,150
Transfers	-	1,062	-	13,556	(14,618)	-
Disposals / write-off	-	(526,784)	(800,421)	(641,771)	(2,640)	(1,971,616)
31 December 2015	1,515,759	1,917,129	270,879	967,048	14,201	4,685,016
Depreciation						-
1 January 2015	(791,560)	(1,314,448)	(975,166)	(1,028,337)	-	(4,109,511)
Charge for the year	(60,350)	(195,336)	(34,077)	(161,693)	-	(451,456)
Disposals / write-off		513,678	799,326	631,543		1,944,547
31 December 2015	(851,910)	(996,106)	(209,917)	(558,487)	-	(2,616,420)
Net book value at 31 December 2015	663,849	921,023	60,962	408,561	14,201	2,068,596

Properties used by the Group

Property	Address	Area	Existing use	Tenure	Average age of property	Present carrying value
Shop building	Bahrain Airport	3,300 sq. mtr.	Business	25 years renewable lease agreement	25 years	511,662

5 INVESTMENT PROPERTY

	2016	2015
At 1 January	4,243,049	5,579,102
Additions during the year	3,391,918	-
Disposals during the year	-	(1,306,442)
Depreciation	(60,008)	(29,611)
At 31 December	**7,574,959**	4,243,049

Investment property comprises freehold plots of vacant land and a commercial property leased to third parties.

The fair value of investment property was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Group's investment property once a year.

The fair value of land was determined using sales comparison approach. The key inputs under this approach are the price per square meter from current year sales of comparable plots of land. Accordingly, the fair value has been categorised as level 2 in the fair value hierarchy.

The fair value of the commercial property was determined using the average of sales comparison approach and income capitalisation approach. The fair value has been categorised as level 3 in the fair value hierarchy.

6 INVESTMENT IN ASSOCIATE

	2016	2015
As at 1 January	197,178	223,033
Dividend received	(37,500)	(37,501)
Share of profit for the year	18,781	11,646
At 31 December	**178,459**	197,178

6 INVESTMENT IN ASSOCIATE (continued)

Details of the associate at the end of the reporting period are as follows:

Name of the entity	Place of business/country of incorporation	Portion of ownership	Principal activities	Nature of Relationship
Bahrain International Airport Development Company (BIADCO)	Bahrain	25%	Providing warehouse facilities at the airport	The Group rents warehouse space from BIADCO

The following table summarizes the financial position of BIADCO as included in its own financial statetments (management accounts) unadjusted for the Group's share:

	2016	2015
Current assets	187,945	249,928
Non-current assets	480,726	554,409
Current liabilities	(153,308)	(214,099)
Net assets	**515,363**	**590,238**
Group's share of net assets (25%)	128,840	147,559
Goodwill	49,619	49,619
Carrying amount of interest in associate	**178,459**	**197,178**
Revenue	345,356	335,470
Total comprehensive income	75,126	46,584
Group's share of total comprehensive income (25%)	**18,782**	**11,646**

7 AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
Quoted equity securities at fair value	16,131,073	15,743,840
Unquoted equity securities at cost less impairment	6,353,491	5,408,211
Quoted debt securities at fair value	2,219,030	1,840,937
	24,703,594	22,992,988

The fair values are determined based on market price as at 31 December 2016.

The Group's investment in unquoted equity shares amounting to BD 6,353,491 (2015: BD 5,408,211) 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. For unquoted equity investments, the exit strategy is via a trade sale or initial public offering.

8 OTHER ASSETS

	2016	2015
Advance for investment property	4,364,778	3,774,238
Advance for unquoted equity investment	400,000	400,000
	4,764,778	4,174,238

9 INVENTORIES

	2016	2015
Inventories on hand	3,141,449	3,001,792
Less: Impairment allowance	(46,376)	(39,496)
	3,095,073	2,962,296

Movement on impairment allowance on inventories:

	2016	2015
At 1 January	39,496	167,347
Charge / (reversal) during the year	6,880	(127,851)
At 31 December	**46,376**	39,496

10 TRADE AND OTHER RECEIVABLES

	2016	2015
Trade receivables	280,857	212,676
Other receivables and advances	1,237,291	2,403,100
Related party receivable (note 21)	274,663	147,191
	1,792,811	2,762,967
Less: Impairment allowance	(218)	(518)
	1,792,593	2,762,449

11 CASH AND BANK BALANCES

	2016	2015
Bank deposits	4,389,090	9,350,866
Bank balances	8,359,485	5,686,643
Cash in hand	76,335	112,895
Cash and bank balances in the consolidated statement of financial position	**12,824,910**	15,150,404
Bank deposits with original maturity more than 3 months	(4,389,090)	(4,000,000)
Cash and cash equivalents in the consolidated statement of cash flows	**8,435,820**	11,150,404

12 SHARE CAPITAL

	2016	2015
Authorised share capital / issued and fully paid up		
129,338,125 (2015: 117,580,114) share of 100 fils each	**12,933,813**	11,758,012

(i) Names and nationalities of the major equity holders and the number of equity shares held:

Name	Nationality	Number of shares	Share holding %
Esterad Investment Co. BSC	Bahraini	11,846,146	9.2
Global Express	Bahraini	10,467,685	8.1
Rouben Stores	Bahraini	8,422,283	6.5
Yousif Abdulla Amin	Bahraini	7,394,435	5.7
Farouk Yousuf Almoayyed	Bahraini	6,025,933	4.7

(ii) The Company has only one class of equity shares and the holders of these shares have equal voting rights.

(iii) The following is a distribution schedule of equity shares setting out the number of holders:

Categories*	Number of shares	Number of equity holders	% of total issued shares
Less than 1%	34,102,554	566	26.37
1% up to less than 5%	64,499,457	26	49.87
5% up to less than 10%	30,736,114	3	23.76
	129,338,125	**595**	**100.00**

*Expressed as a percentage of total issued and fully paid shares of the Company.

(iv) Total number of shares owned by the directors of the Company as at 31 December 2016 was 25,029,425 shares (2015: 23,278,425 shares).

13 EMPLOYEE BENEFITS

	2016	2015
At 1 January	405,559	632,524
Charge / (reversal) for the year	77,907	(50,833)
Paid during the year	(101,763)	(176,132)
At 31 December	**381,703**	405,559

14 TRADE AND OTHER PAYABLES

	2016	2015
Trade payables	1,265,605	1,412,377
Related parties payable (note 21)	830,071	685,013
Unclaimed dividends	593,268	420,124
Other payables	1,004,515	540,210
	3,693,459	3,057,724

15 ROYALTY

As per the operating agreement with the Government of Bahrain, the Company is required to pay royalty calculated as a percentage of profit to the Bahrain International Airport Company BSC (c), a company owned by the Government of Bahrain.

	2016	2015
At 1 January	2,241,954	2,930,306
Charge for the year	3,629,869	3,753,336
Paid during the year	(3,688,757)	(4,441,688)
At 31 December	**2,183,066**	2,241,954

16 REVENUE

	2016	2015
Sales of goods	28,004,974	27,248,589
Commissions	854,644	875,320
	28,859,618	28,123,909

17 OTHER INCOME

	2016	2015
Advertising income	522,912	411,524
Beauty advisors income	478,767	419,080
Foreign exchange (loss) / gain	(359,053)	9,026
Others	536,258	754,353
	1,178,884	1,593,983

18 ADMINISTRATIVE EXPENSES

	2016	2015
Salaries and related costs	3,476,609	3,353,555
Royalty	3,629,869	3,753,336
Management fees	694,433	724,620
Depreciation	567,532	451,457
IT expenses	161,328	160,244
Directors remuneration	212,200	173,600
Utilities	398,760	358,960
Other expenses	364,000	373,010
	9,504,731	9,348,782

Management fee relates to amounts payable to AerRianta International Middle East W.L.L. for the management and operational support services based on a management agreement which expires on 31 December 2017.

19 INCOME FROM AVAILABLE-FOR-SALE-INVESTMENTS

	2016	2015
Dividend income from equity securities	3,342,124	1,851,728
Interest income on bonds	133,424	156,800
	3,475,548	2,008,528

20 NET INCOME FROM INVESTMENT PROPERTY

	2016	2015
Net rental income from investment property	158,809	183,119
Gain on sale of investment property	-	1,189,426
	158,809	1,372,545

21 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.

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

2016	**Associates**	**Management Company**	**Shareholders / entities in which directors are interested**	**Subsidiary**	**Total**
Assets					
Receivables	-	274,663	5,500	-	280,163
Liabilities					
Management fee payable	-	172,507	-	-	172,507
Trade payable	-	830,071	-	-	830,071
Income					
Share of profits	18,782	-	-	-	18,782
Commission	-	-	242,754	-	242,754
Other income	-	-	18,385	-	18,385
Dividends	37,500	-	-	-	37,500
Expenses					
Purchases	-	7,184,636	-	-	7,184,636
Rental expense	102,205	-	-	-	102,205
Management fees	-	694,433	-	-	694,433
Other payables	-	126,000	-	-	126,000

2015	Associates	Management Company	Shareholders / entities in which directors are interested	Subsidiary	Total
Assets					
Receivables	-	147,191	-	-	147,191
Liabilities					
Management fee payable	-	72,258	-	-	72,258
Trade payable	-	685,013	-	-	685,013
Income					
Share of profits	11,646	-	-	-	11,646
Commission	-	-	250,002	-	250,002
Other income	-	-	19,332	-	19,332
Dividends	37,501	-	-	280,000	317,501
Expenses					
Purchases	-	7,002,483	-	-	7,002,483
Rental expense	99,022	-	-	-	99,022
Management fees	-	724,620	-	-	724,620
Other payables	-	126,000	-	-	126,000
Training expense	-	-	-	36,490	36,490

21 RELATED PARTY TRANSACTIONS (continued)

b) Key management compensation

Key management personnel of the Group comprise of the Board of Directors, management company and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel compensation is as follows:

	2016	2015
Board remuneration	**212,200**	173,600
Short-term benefits	**349,024**	348,568
Post-employment benefits for the year	**8,456**	5,336
Post-employment benefits payable	**19,461**	19,083
Management fee for the year	**694,433**	724,620

22 APPROPRIATIONS

The Board of Directors have proposed the following appropriations for the year 2016:

	2016	2015
Interim dividends - 20 fils per share	2,586,762	2,351,602
Final cash dividend proposed - 30 fils per share	-	3,527,404
Bonus share issue (2015: 10%)	-	1,175,801
Charity contribution	-	179,051

23 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company of BD 8,328,312 (2015: BD 8,952,564) by the number of ordinary shares in issue in 2016.

	Basic & Diluted	
	2016	2015
Profit for the year	**8,328,312**	8,952,564
Weighted average number of shares	**129,338,125**	129,338,125
Earnings per share (fils)	**64**	69

24 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 segments. The Group primarily operates Duty free shops at Bahrain International Airport and Sea port. The revenue, expenses and results are reviewed only at a Group level and therefore no separate operating segment results and other disclosures are provided in these consolidated financial statements.

25 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an executive management committee, which assist the Board of Directors in effectively discharging their responsibilities for developing and monitoring the Group's risk management policies.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management procedures and reviews the adequacy of the risk management practices in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit risk

Credit risk is the risk that a customer or a counter party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group is exposed to credit risk primarily on its cash and cash equivalents, receivables and investment in debt instruments and structured notes.

The Group's credit risk on cash and cash equivalents is limited as these are placed with banks in Bahrain having investment grade credit ratings.

The Group manages its credit risk on accounts receivables by restricting its credit sales only through major credit cards and ensuring that the sales to related parties are as per the internal policies established for transactions with the related parties. Since the Group is involved in 'over-the-counter' retail sales there is no significant geographical or customer type concentration of credit risk involved in accounts receivable balances.

The Group perceives that the receivable balances are of good credit quality as these are primarily receivable from:

- vendors where the Group has net payable balances
- well established credit card companies
- related parties with good financial position

25 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

The Group establishes provision for impairment of accounts receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

The Group manages credit risk on its investments by ensuring that investments are made only after careful credit evaluation. The Group limits its exposure to credit risk by mainly investing in debt instruments promoted by established banks or financial institutions. The Group has an investment committee comprising of four board members, which is responsible for all investment related decisions. Before investing in any new securities the proposal is first placed with the investment committee for its approval. The Investment committee approves the proposal after considering all merits and demerits of the proposal.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
Bank balances	12,824,910	15,029,509
Available-for-sale-investments	2,219,030	1,840,937
Trade and other receivables	1,517,930	2,306,035
Related party receivables	274,663	147,191
	16,836,533	19,323,672

The maximum exposure to credit risk at the reporting date based on geographical concentration was:

	2016	2015
Bahrain	10,660,387	17,005,548
Middle East	395,174	192,272
Others	5,780,972	2,125,852
	16,836,533	19,323,672

The ageing of trade and related party receivables at the reporting date was:

	2016		2015	
	Gross	**Impairment**	Gross	Impairment
Not past due	**307,190**	**-**	210,475	-
Past due 0-90 days	**184,593**	**-**	148,417	-
Past due 91-180 days	**60,576**	**-**	457	-
More than 180 days	**218**	**218**	518	518
	552,577	**218**	359,867	518

25 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group ensures that a significant amount of the funds are invested in cash and cash equivalents, which are readily available to meet liquidity requirements.

All financial liabilities are non-interest bearing and are payable within six months.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's short-term bank deposits are at fixed interest rates and mature within 180 days. The Group is not subject to significant interest rate risk sensitivity.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has exposure to currency risk on its purchases invoiced in foreign currency, on credit card sales in foreign currency and on its certain investment in foreign currency. Predominantly, the purchase of products is from local suppliers. The majority of the foreign currency purchases are in US dollars and Euros. The US dollar is pegged against the Bahraini dinar and therefore the Group is not exposed to any significant risk.

The Group's net exposure to significant currency risk in the functional currency at the reporting date was:

	2016	2015
USD	4,608,268	1,052,396
EURO	1,323,541	(48,428)
GBP	6,636,048	4,796,971
	12,567,857	5,800,939

25 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

c) Market risk (continued)

(ii) Currency risk (continued)

The Group does not perceive that fluctuations in foreign exchange rates will have any significant impact on the income or equity because the exposure to currencies other than US dollar, which is pegged to Bahraini dinars, is not significant. GBP includes investment of BD 3,591,600 (2015: BD 3,591,600) carried at cost and therefore, the impact if any, would be only on sale of the investment.

A one percent increase in the GBP exchange rate at the reporting date will cause a variation by BD 13,500 (2015: 6,973) in the profit or loss and equity. The analysis is performed on the same basis for 2015.

A one percent increase in the EURO exchange rate at the reporting date will cause a variation by BD 5,233 (2015: BD 200) in the profit or loss and equity. The analysis is performed on the same basis for 2015.

(iii) Equity price risk

The Group's quoted equity investments are listed on Bahrain Stock Exchange ("BSE"), Kuwait Stock Exchange ("KSE"), Kingdom of Saudi Stock exchange ("Tadawul") and Qatar Stock exchange (QE). A one percent increase in the equity prices at the reporting date will cause a variation of equity by BD 31,124 (2015: BD 73,695) in the equity. The analysis is performed on the same basis for 2015.

d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity and the level of dividends to shareholders. The Board seeks to maintain a balance between the higher returns and growth that might be possible by a sound capital position. There were no significant changes in the Group's approach to capital management during the year.

25 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

e) Fair value

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.

No fair value disclosures are provided for equity investment securities of BD 6,354 thousands (2015: BD 5,408 thousands) that are measured at cost because their fair value cannot be reliably measured.

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: Inputs other than quoted prices included within Level 1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which 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 for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(i) Financial instruments measured at fair value

2016	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Equity securities	16,131,073	-	-	**16,131,073**
Debt instruments	-	2,219,030	-	**2,219,030**

2015	Level 1	Level 2	Level 3	Fair value
Equity securities	15,743,840	-	-	15,743,840
Debt instruments	-	1,840,937	-	1,840,937

(ii) Assets not measured at fair value where fair value is disclosed

2016	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Investment property	-	3,171,545	4,922,773	**8,094,318**

2015	Level 1	Level 2	Level 3	Fair value
Investment property	-	-	4,286,362	4,286,362

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

25 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

f) Categorization of financial instruments

The classification of financial assets and liabilities by accounting categorization is as follows:

2016	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities**	**Total carrying amount**
Available-for-sale-investments	-	24,703,594	-	24,703,594
Trade and other receivables	1,792,593	-	-	1,792,593
Other assets	4,764,778	-	-	4,764,778
Cash and bank balances	12,824,910	-	-	12,824,910
	19,382,281	**24,703,594**	**-**	**44,085,875**
Trade and other payables	-	-	3,693,459	3,693,459
Royalty payable	-	-	2,183,066	2,183,066
	-	**-**	**5,876,525**	**5,876,525**

2015	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount
Available-for-sale-investments	-	22,992,988	-	22,992,988
Trade and other receivables	2,762,449	-	-	2,762,449
Other assets	4,174,238	-	-	4,174,238
Cash and bank balances	15,150,404	-	-	15,150,404
	22,087,091	22,992,988	-	45,080,079
Trade and other payables	-	-	3,057,724	3,057,724
Royalty payable	-	-	2,241,954	2,241,954
	-	-	5,299,678	5,299,678

26 CONTINGENCIES AND COMMITMENTS

	2016	2015
Uncalled face value in unquoted equity investments	256,398	256,398
Investment property	-	2,113,114
Property and equipment	270,671	-
Guarantees	17,675	15,596
	544,744	2,385,108

27 COMPARATIVES

The comparative figures have been regrouped, where necessary, in order to conform to the current year's presentation. Such regrouping does not affect the previously reported profit and total comprehensive income for the year or total equity.