# BAHRAIN DUTY FREE SHOP COMPLEX BSC

**FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.**

**FINANCIAL STATEMENTS**
**for the year ended ended 31 December 2021**

**CONTENTS** **Page**

**BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.**

**GENERAL INFORMATION**

Bahrain Duty Free Shop Complex BSC, a joint stock company governed by Commercial Company Law, was registered under commercial registration number 23509 on 15 July 1990.

**SHARE CAPITAL**

| | |
|---|---|
| Authorised | : BD 14,227,194 (2020: BD 14,227,194) divided into 142,271,938 shares (2020: BD 142,271,938 shares) of 100 fils each |
| Issued and fully paid-up | : BD 14,227,194 (2020: BD 14,227,194) |
| **BOARD OF DIRECTORS** | : Farouk Yousuf Almoayyed (Chairman)<br>: Abdulla Buhindi (Managing Director)<br>: Jalal Mohamed Jalal<br>: Jassim Mohammed Al Shaikh<br>: Shaikh Mohamed bin Ali bin Mohamed Al Khalifa<br>: Jawad Al Hawaj<br>: Nabeel Al Zain<br>: Mohammed Al Khan<br>: Ghassan Al Sabbagh<br>: Jehad Amin<br>: Abdulrahman Jamsheer |
| **INVESTMENT COMMITTEE** | : Farouk Yousuf Almoayyed<br>: Abdulla Buhindi<br>: Nabeel Al Zain<br>: Jehad Amin |
| **AUDIT COMMITTEE** | : Mohammed Al Khan<br>: Abdulrahman Jamsheer<br>: Ghassan Al Sabbagh |
| **NOMINATION & REMUNERATION COMMITTEE** | : Farouk Yousuf Almoayyed<br>: Abdulla Buhindi<br>: Jalal Mohamed Jalal |
| **MANAGEMENT** | : Dominic Carroll General Manager |
| **BOARD SECRETARY** | : Sadeq Ismaeel |
| **OFFICES** | : Falcon Tower , Bldg No 60, Road 21701, Diplomatic Area, Manama<br>Telephone 17 723100, Fax 17 725511<br>: Bahrain International Airport, P.O. Box 1714<br>Telephone 17 321330, Fax 17 321910 |
| **AUDITOR** | : KPMG Fakhro |
| **BANKERS** | : Ahli United Bank<br>Bank of Bahrain and Kuwait<br>National Bank of Bahrain<br>Kuwait Finance House<br>Al Salaam Bank |
| **REGISTRAR** | : Bahrain Clear |
| **CUSTODIAN** | : SICO<br>P.O. Box 1331, Manama, Kingdom of Bahrain |

# Bahrain Duty Free Shop Complex BSC

## CHAIRMAN'S REPORT

On behalf of the board of directors of Bahrain Duty Free Shop, I am pleased to present the Company's annual report including the financial statements for the year end 31 December 2021. I am also pleased to report that Bahrain Duty Free achieved positive financial results earning a net income of BD 2.1million. The year 2021 was a challenging year due to the continuing effects of the Covid-19 pandemic affecting the performance of the Company.

In January 2021, the new joint venture "Bahrain Duty Free Company WLL" commenced duty free operations on the opening on the new Airport Terminal, thus ending Bahrain Duty Free Shop's direct involvement in the duty-free business after thirty years. Bahrain Duty Free Shop is a shareholder in the new company with a 55% shareholding and accrues a share in the profits of the new joint venture.

### Financial Performance

*Operating Results*

For the full year 2021, the Company reported Gross Revenues of BD806k representing a decrease of 94.8% on last year. Similarly, Gross Profits earned were BD 488k down on prior year by 91.2%. Administration & Selling expenses totaled BD848k giving a positive variance of 85.5% as compared to last year. Within this, Royalty and Salaries represent the biggest savings on expenses. Other income recorded a figure of BHD398k a decline of 60% on prior year. Operating results for the year are BD38k vs BD689k, a decline of 94.5% year on year.

The above changes in performance are due to the transfer of the "Duty Free Operations" to the new Joint Venture "Bahrain Duty Free Company" which commenced operations in 2021.

*Investment Results*

Net Investment Income from all related activities for the year was BD2.1m an increase of BD1.2m or 144.8% compared to prior year. The main driver in this growth was income from our new joint venture Bahrain Duty Free Company. Other investment income reduced in the year by BD440k. The decrease is mainly due the decrease in dividends income by BD 102K. This reduction is as a result of many companies reducing their dividend payments due the Covid-19 pandemic. The fund's portfolio also saw reductions in income by BD 117K and unrealized losses of BD 135K. These funds are expected to rebound in 2022.

Share of profits of equity-accounted investees saw increased profits in the year due to the share of profit earned from the new joint venture Company Bahrain Duty Free Company. Profits earned were BD 1.6m compared to a figure of BD217k in 2020. Impairment provisions of BD358k were taken during 2021 and down on last year's figure of BD 614K, a positive variance of BD256k.

The investment portfolio now totals BD 45.1m a growth of BD 2.6m (5.4%) compared to BD 42.8m last year. The main movements in the Portfolio for 2021 was Income from Associated Companies BD1.5m and Fair Value increases of BD1.4m.

*Overall Financial Results*
Total net profits of BD 2.1 were achieved in 2021. This represents an increase of 6.0% compared to last year. Earnings per share are 15 fils compared with 14 fils for 2020. At December year end, total Assets were BD 47.6 million while total shareholder's equity stood at BD 47.5 million.

### 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 30 fils per share.

# Bahrain Duty Free Shop Complex BSC

## Remuneration of the Board of Directors and Executive Management

The table below shows the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ended 31 December 2021

| | Fixed Remuneration | | | | | Variable Remuneration | | | | | Other | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Remuneration of the Chairman and BOD | Sitting Fees for attending Board and Committee Meetings | Salaries | Other | Total | Remuneration of the Chairman and BOD | Bonus | Incentive Plans | Other | Total | End of Service Awards | Aggregate Amount (does not include expense allowance) | Expense Allowance |
| **Independent Directors / Non-Executive** | | | | | | | | | | | | | |
| Ghassan Ebrahim Al Sabbagh | 5,000 | 11,600 | - | - | 16,600 | | | | | | - | - | - |
| Shaikh Mohammed Bin Ali Bin Mohammed Al Khalifa | 5,000 | 10,000 | - | - | 15,000 | | | | | | - | - | - |
| Jassim Mohammed Al Shaikh | 5,000 | 10,000 | - | - | 15,000 | | | | | | - | - | - |
| **Non-Executive Directors** | | | | | | | | | | | | | |
| Farouk Yousuf Almoayyed | 10,000 | 22,000 | - | - | 32,000 | | | | | | - | - | - |
| Nabeel Abdulla Al Zain | 5,000 | 11,600 | - | - | 16,600 | | | | | | - | - | - |
| Jawad Yousif Al Hawaj | 5,000 | 10,000 | - | - | 15,000 | | | | | | - | - | - |
| Mohammed A. Rahman Al Khan | 5,000 | 11,600 | - | - | 16,600 | | | | | | - | - | - |
| Jalal Mohammed Jalal | 5,000 | 10,400 | - | - | 15,400 | | | | | | - | - | - |
| Jehad Yousif Amin | 5,000 | 11,600 | - | - | 16,600 | | | | | | - | - | - |
| Abdul Rahman Mohammed Saif Jamsheer | 5,000 | 11,600 | - | - | 16,600 | | | | | | - | - | - |
| **Executive Directors** | | | | | | | | | | | | | |
| Abdulla Hassan Buhindi | 10,000 | 22,000 | - | - | 32,000 | | | | | | - | - | - |
| **Total** | **65,000** | **142,400** | **-** | **-** | **207,400** | - | - | - | - | - | - | - | - |

**Notes:**
1. All amounts in Bahraini Dinar.
2. Board Remuneration represents the proposed payments for approval at this years Annual General Meeting to be held on March 14 2022.

| Executive Management | Total Paid Salaries and Allowances | Total paid remuneration (Bonus) | Any Other cash/in kind remuneration for 2021 | Total |
|---|---|---|---|---|
| **Remuneration for executives including General Manager** | **79,160** | **20,000** | **-** | **99,160** |

**Notes: 1. All amounts are expressed in Bahraini Dinar.**

**2. Senior Executive Management is less than 6 persons.**

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 and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Prime Minister & Deputy Supreme Commander for their continuing support.

## 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.

## Looking to the future

The last two years of 2020 and 2021 were extremely difficult and as the pandemic wanes, Bahrain Duty Free Shop is poised to take on its new role as a fully-fledged Investment Company. We will continue to explore opportunities that are in line with our vision to enable us to pursue growth and success in the years ahead.

Farouk Yousuf Almoayyed
Chairman
14 February 2022

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Audit
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Kingdom of Bahrain

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CR No. 6220

# Independent auditors' report

**To the Shareholders of**

*Bahrain Duty Free Shop Complex BSC*
*P.O. Box 1714*
*Manama*
*Kingdom of Bahrain*

## Opinion

We have audited the financial statements of Bahrain Duty Free Shop Complex BSC (the "Company"), which comprise the statement of financial position as at 31 December 2021, the 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its 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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| **Valuation of unquoted equity investments** | |
|---|---|
| Refer Notes 3 e (iv), 6, and 23(e) to the financial statements | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| ▪ The Company's portfolio of unquoted equity securities make up 14% of the Company's total assets (by value); and<br>▪ The valuation of these investments involve the use of valuation techniques. The application of valuation techniques often involve the exercise of judgment by the Company and the use of assumptions and estimates | ▪ evaluated the appropriateness of the valuation techniques used by the independent external valuer appointed by the Company;<br>▪ evaluated the reasonableness of key inputs and assumptions used in the valuations, such as earnings multiples, discount factors by using our knowledge of the industries in which the investees operate and industry norms;<br>▪ compared the key underlying financial data inputs to external sources, investee company financial and management information as applicable; and<br>▪ evaluated the adequacy of the Company's disclosures relating to valuation of unquoted equity securities by reference to the requirements of the relevant accounting standards. |

| **Impairment of investment properties** | |
|---|---|
| Refer Notes 3(d), 3(h) and 4 to the financial statements | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| ▪ We focused on this area due to the uncertainty prevalent in the property market and the subjective nature of property impairment assessment. | With the assistance of our valuation specialists, we:<br>▪ evaluated the appropriateness of the valuation methodologies used by the independent property valuer appointed by the Company by comparing with observed industry practice;<br>▪ assessed consistency of valuation methodology used with prior year;<br>▪ evaluated the reasonableness of key inputs and assumptions used;<br>▪ assessed the qualification and experience of the independent property valuer; and<br>▪ evaluated the adequacy of the Company's disclosures relating to impairment assessment of investment properties by reference to the requirements of the relevant accounting standards. |

## Other Information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the 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 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 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 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 Board of Directors for the Financial Statements

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

In preparing the financial statements, the board of directors is responsible for assessing the Company 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period 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

1) As required by the Commercial Companies Law, we report that:
   a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
   b) the financial information contained in the chairman's report is consistent with the financial statements;
   c) we are not aware of any violations during the year of the 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.

2) As required by the Ministry of Industry, Commerce and Tourism in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
   a) a corporate governance officer; and
   b) Board approved written guidance and procedures for corporate governance.

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

KPMG Fakhro
Partner Registration Number 100
14 February 2022

**BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.**

**STATEMENT OF FINANCIAL POSITION**
**as at 31 December 2021**

(Bahraini dinars '000s)

| | note | **2021** | 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| Investment properties | 4 | 9,796 | 9,998 |
| Equity-accounted investees | 5 | 6,113 | 4,568 |
| Investment securities | 6 | 29,238 | 28,217 |
| **Total non-current assets** | | **45,147** | 42,783 |
| Inventories | 7 | - | 5,015 |
| Trade and other receivables | 8 | 374 | 1,266 |
| Cash and cash equivalents | 9 | 2,096 | 1,620 |
| | | 2,470 | 7,901 |
| Assets held-for-sale | | - | 95 |
| **Total current assets** | | **2,470** | 7,996 |
| **Total assets** | | **47,617** | 50,779 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 | 14,227 | 14,227 |
| Share premium | | 1,953 | 1,953 |
| Statutory reserve | | 7,114 | 7,114 |
| Charity reserve | | 659 | 666 |
| Fair value reserve | | 6,262 | 4,851 |
| Retained earnings | | 17,257 | 18,675 |
| **Total equity** | | **47,472** | 47,486 |
| **Liabilities** | | | |
| Employees' benefits | 11 | 14 | 442 |
| Trade and other payables | 12 | 132 | 1,783 |
| Royalty payable | 13 | - | 1,068 |
| **Total current liabilities** | | **146** | 3,293 |
| **Total equity and liabilities** | | **47,618** | 50,779 |

*The financial statements were approved by the Board of Directors on 14 February 2022 and signed on its behalf by:*

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Board member & Managing Director

The accompanying notes 1 to 25 are an integral part of these financial statements.

**BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.**

**STATEMENT OF PROFIT OR LOSS**
**for the year ended 31 December 2021**

(Bahraini dinars '000s)

| | note | **2021** | 2020 |
|---|---|---|---|
| Revenue | 14 | 806 | 15,533 |
| Cost of sales | | (318) | (9,974) |
| **Gross profit** | | **488** | 5,559 |
| Other income, net | 15 | 398 | 998 |
| Administrative expenses | 16 | (842) | (5,607) |
| Selling expenses | | (6) | (261) |
| **Operating profit** | | **38** | 689 |
| Interest income | | 23 | 62 |
| Income from investment securities | 17 | 649 | 1,040 |
| Income from investment properties, net | | 91 | 101 |
| Government grant | | - | 531 |
| Finance costs | | (1) | (9) |
| Impairment on financial assets, net | 18 | (355) | (30) |
| Impairment on assets held-for-sale | | (3) | (54) |
| Impairment on investment property | 4 | - | (530) |
| Share of profit of equity-accounted investees | 5 | 1,697 | 217 |
| **Profit for the year** | | **2,139** | 2,017 |
| Basic and diluted earnings per share (in fils) | 20 | **15** | 14 |

*The Company's duty-free operations has ended on closure of the current terminal at Bahrain International Airport and opening of the new airport on 28 January 2021 (refer note 1).*

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Board member & Managing Director

The accompanying notes 1 to 25 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME
**for the year ended 31 December 2021**

(Bahraini dinars '000s)

| | **2021** | 2020 |
|---|---|---|
| **Profit for the year** | **2,139** | 2,017 |
| **Other comprehensive income** | | |
| *Items that will not be reclassified to profit or loss:* | | |
| Equity investments at FVOCI - net change in fair value | 1,411 | (2,932) |
| **Total other comprehensive income** | **1,411** | (2,932) |
| **Total comprehensive income for the year** | **3,550** | (915) |

The accompanying notes 1 to 25 are an integral part of these financial statements.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**STATEMENT OF CHANGES IN EQUITY**
**for the year ended 31 December 2021**

(Bahraini dinars '000s)

| **2021** | **Share capital** | **Share Premium** | **Statutory reserve** | **Charity reserve** | **Fair value reserve** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|---|---|---|
| At 1 January 2021 | 14,227 | 1,953 | 7,114 | 666 | 4,851 | 18,675 | 47,486 |
| **Comprehensive income for the year:** | | | | | | | |
| Profit for the year | - | - | - | - | - | 2,139 | 2,139 |
| **Other comprehensive income** | | | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | | | |
| Equity investments at FVOCI - net change in fair value | - | - | - | | 1,411 | - | 1,411 |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **1,411** | **-** | **1,411** |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **1,411** | **2,139** | **3,550** |
| Final dividend declared for 2020 | - | - | - | - | - | (3,557) | (3,557) |
| Charity utilised during 2021 | - | - | - | (7) | - | - | (7) |
| **At 31 December 2021** | **14,227** | **1,953** | **7,114** | **659** | **6,262** | **17,257** | **47,472** |

The accompanying notes 1 to 25 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**
**for the year ended 31 December 2020** *(continued)* (Bahraini dinars '000s)

| 2020 | Share capital | Share Premium | Statutory reserve | Charity reserve | Fair value reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| At 1 January 2020 | 14,227 | 1,953 | 7,114 | 772 | 7,856 | 20,996 | 52,918 |
| Comprehensive income for the year: | | | | | | | |
| Profit for the year | - | - | - | - | - | 2,017 | 2,017 |
| Other comprehensive income | | | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | | | |
| Equity investments at FVOCI - net change in fair value | - | - | - | - | (2,932) | - | (2,932) |
| Transferred to retained earnings on sale of equity investments | - | - | - | - | (73) | 73 | - |
| Total other comprehensive income | - | - | - | - | (3,005) | 73 | (2,932) |
| Total comprehensive income for the year | - | - | - | - | (3,005) | 2,090 | (915) |
| Final dividend declared for 2019 | - | - | - | - | - | (4,261) | (4,261) |
| Charity utilised during 2020 | - | - | - | (256) | - | - | (256) |
| Charity contributions approved for 2019 | - | - | - | 150 | - | (150) | - |
| At 31 December 2020 | 14,227 | 1,953 | 7,114 | 666 | 4,851 | 18,675 | 47,486 |

The accompanying notes 1 to 25 are an integral part of these financial statements.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**STATEMENT OF CASH FLOWS**
**for the year ended 31 December 2021** (Bahraini dinars '000s)

| | note | **2021** | 2020 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from customers | | 805 | 15,521 |
| Other receipts | | 5,587 | 1,754 |
| | | 6,392 | 17,275 |
| Payments for purchases | | (1,114) | (11,230) |
| Payments for other operating expenses | | (910) | (3,526) |
| Payments for management fees | | (51) | (468) |
| Payments for royalty | 13 | (1,189) | (4,511) |
| Directors' remuneration paid | | (65) | (130) |
| Taxes paid | | (58) | (377) |
| Payment to charities | | (7) | (256) |
| | | (3,394) | (20,498) |
| **Net cash from / (used in) operating activities** | | **2,998** | (3,223) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | | 158 | 226 |
| Dividend income received | | 688 | 827 |
| Rental income received from investment property - net | | 249 | 487 |
| Dividends received from associate | | 151 | 214 |
| Acquisition of property and equipment, net | | - | (4) |
| Bank deposit | | - | 2,002 |
| Proceeds from redemption/partial redemption of debt securities | | 38 | 380 |
| Proceeds from sale of investment at FVTOCI | | - | 122 |
| Acquisition of investments at FVTOCI | | - | (230) |
| Proceeds from Sale of property and equipment | | 260 | - |
| Acquisition of investments at FVTPL | | (207) | - |
| Proceed received from investments at FVTPL, net | | 66 | 322 |
| Income received from investments at FVTPL | | 14 | 39 |
| Investment in joint venture | | - | (215) |
| **Net cash from investing activities** | | **1,417** | 4,170 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | | (3,939) | (4,568) |
| **Net cash used in financing activities** | | **(3,939)** | (4,568) |
| **Net increase/ (decrease) in cash and cash equivalents during the year** | | 476 | (3,621) |
| Cash and cash equivalents at 1 January | | 1,621 | 5,242 |
| **Cash and cash equivalents at 31 December *** | 9 | **2,097** | 1,621 |

* This does not include expected credit loss of BD1 (2020: BD1)

The accompanying notes 1 to 25 are an integral part of these financial statements.

## 1 REPORTING ENTITY

Bahrain Duty Free Shop Complex BSC (BDFS or 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's duty-free operations under the current concession agreement were terminated on closure of the old Bahrain International Airport and opening of new airport on 28 January 2021.The Company manages an investment portfolio within Kingdom of Bahrain and other regions.

Bahrain Duty Free Co WLL ("BDFC"), a Bahraini incorporated company, 55% owned by the Company and 45% owned by Gulf Air Group Holding BSC (c), a company incorporated in Kingdom of Bahrain owned by the Government of Bahrain, won the new concession from the Government of Bahrain to operate the duty free business in the new Bahrain international airport and commenced its operations on 28 January 2021. BDFC operates as a joint venture by virtue of a shareholders' agreement whereby both parties agreed to have joint control.

## 2 BASIS OF PREPARATION

### a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in conformity with the Commercial Companies Law.

With expiry of the current concession agreement on the opening of the new airport on 28 January 2021, the Company will no longer operates its duty-free services. These services generated an operating profit of BD 38 thousand in 2021 (2020: BD 689 thousand). The Company shall derive income from its investment related activities including its 55% share of profit of the equity accounted joint venture, BDFC.

### b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for investments at fair value though other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL), which are stated at fair value.

### c) Functional and presentation currency

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

### d) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates and judgements 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 Company 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 Company reviews the carrying amounts of inventory at each reporting date to determine whether the inventories have been impaired. The Company 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.

*2 BASIS OF PREPARATION (continued)*

*(ii) Classification of financial assets*
In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments carried at fair value through profit or loss or investments carried at fair value through other comprehensive income or investments carried at amortised cost. The classification of each investment reflects Company's business model in relation to each investment and is subject to different accounting treatments based on such classification.

*(iii) Impairment of financial assets*
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Debt securities and other financial assets measured at amortized cost are assessed for impairment using the expected credit loss model.

*(iv) Valuation of unquoted equity securities*
Fair value measurement techniques are used to value unquoted equity investments. Detailed discussions of the fair value measurement techniques are included in note 3e (iv) and note 23 (e).

*(v) Impairment of investment property*
The Company 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 using sales comparison approach and/or income capitalization method considering its current physical condition (refer notes 3 (h) and note 4).

**e) New standards, amendments and interpretations effective from 1 January 2021**
There are no new standards, amendments to the standards, which became effective as of 1 January 2021, that were relevant and had a material impact on the 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 2021 and earlier application is permitted; however; the Company has not early applied the following new or amended standards in preparing these financial statements.

The following standards are not expected to have a material impact on the Company's financial statements in the period of initial application.

**i. Classification of liabilities as current or non-current (Amendments to IAS 1).**
Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional *'right to defer'* settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. This assessment may require management to exercise interpretive judgement.

Further, *'a right to defer'* exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. This new requirement may change how companies classify rollover facilities, with some becoming non-current.

*2 BASIS OF PREPARATION (continued)*

The amendments state that settlement of a liability includes transferring a company's own equity instruments to the counterparty. When classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments – e.g. convertible debt.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

**ii. Definition of Accounting Estimates (Amendments to IAS 8)**

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

Adoption of this amendment is not expected to have significant impact on the financial statements of the Company.

**iii. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)**

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022, with early application permitted, to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

Adoption of this amendment is not expected to have significant impact on the financial statements of the Company.

**iv. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2**

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

Adoption of this amendment is not expected to have significant impact on the financial statements of the Company.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

### a) Equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associate and joint venture. Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the Company'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 the equity-accounted investee. Dividend received from the equity-accounted investee is recognised as a reduction in the carrying amount of the investment.

### b) Foreign currency translation

The 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 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 translation of equity investments designated as at FVOCI 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 Company to earn rental income or for capital appreciation or both. Investment properties are carried 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 20-40 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 recognized in profit or loss in the period in which it arises. Land is not depreciated.

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

*3 SIGNIFICANT ACCOUNTING POLICIES (continued)*

**e) Financial instruments**

*(i) Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

*(ii) Classification and subsequent measurement*

*Financial instruments*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; or FVTPL. The Company classifies its financial liabilities at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets – Business model assessment:*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit

*3 SIGNIFICANT ACCOUNTING POLICIES (continued)*

risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the

financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets – Subsequent measurement and gains and losses:*
The following accounting policies apply to the subsequent measurement of financial assets;

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

*(iii) Derecognition*
The Company 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 Company 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 Company is recognised as a separate asset or liability.

The Company 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 Company 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) 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

*3 SIGNIFICANT ACCOUNTING POLICIES (continued)*

most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company 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, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include disclosed discounted cash flows, price earning multiples and recent transaction. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

*(v) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*(vi) Impairment of financial assets*
*Credit-impaired financial assets*
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the statement of financial position*
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**f) Employees benefits**

*Short-term employee benefits*
Short-term employee benefits are expensed as the related service is provided.

*End of Service 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 Company'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, based on length of service and final remuneration. Provision for this, which is sunfunded 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.

*3 SIGNIFICANT ACCOUNTING POLICIES (continued)*

**g) Provisions**
A provision is recognised in the statement of financial position when the Company 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 of non-financial assets**
The carrying amounts of the Company's non-financial 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. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**i) Statutory reserve**
In accordance with Commercial Companies Law, 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**
The Company generates revenue primarily from the sale of goods at the duty free to its customers. Other sources of revenue include commission on consignment goods and advertisement income from suppliers.

*Revenue from sale of goods*
The Company recognises revenue when it transfers control over a good or service to a customer. Customers obtain control when the goods are delivered to them at the duty free shop. Invoices are generated at that point in time and consideration collected over the counter. Revenue is recorded net of returns and discounts.

The contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. For such contracts, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

*Commissions* on sale of goods received on consignment– if the Company acts in the capacity of an agent rather than as the principal in transaction, then revenue recognised is the net amount of commission made by the Company.

*Advertisement income* - is recognized from suppliers for advertising their products in premises operated by the Company over the period of the contracts.

**l) Finance income**
Interest income on bank deposits is recognised on effective interest rate basis. Dividend income is recognized when the right to receive the dividend is established.

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

*3 SIGNIFICANT ACCOUNTING POLICIES (continued)*

**n) Trade and other payables**
These amounts represent liabilities for goods and services provided to the Company 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.

**o) Government grant**
Government grant are recognised in profit or loss on a systematic basis over the periods in which the company recognizes expenses for which grants are intended to compensate. In the case of grants related to assets, requires setting up a grant as deferred income or deducting it from the carrying amount of the asset.

**p) Royalty**
Royalty expense is computed in line with the concession agreement as a percentage of the revenue earned and is recognized as an operating expense in the profit or loss, in the period it is incurred.

**for the year ended 31 December 2021** (Bahraini dinars '000s)

## 4 INVESTMENT PROPERTIES

| | **2021** | 2020 |
|---|---|---|
| At 1 January | 9,998 | 10,745 |
| Depreciation for the year | (202) | (217) |
| Impairment during the year | - | (530) |
| At 31 December | **9,796** | 9,998 |

Investment properties comprises freehold plots of vacant land, office property, commercial shops and residential property leased to third parties. Residential properties include furniture & fixtures with net book value of BD Nil (2020: BD 45 thousand).
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 Company's investment property once a year. The valuation technique used and the fair value hierarchy is as below:

| **Property** | **Valuation technique** | **Fair value hierarchy** |
|---|---|---|
| Freehold plots of vacant land | Sales comparison | Level 2 |
| Office building | Income capitalisation | Level 3 |
| Residential apartments | Sales comparison | Level 2 |
| Commerial shops | Sales comparison | Level 2 |

## 5 EQUITY-ACCOUNTED INVESTEES

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **BDFC** | **BIADCO** | **Total** | BDFC | BIADCO | Total |
| Opening balance 1 January | 4,341 | 227 | 4,568 | 4,177 | 173 | 4,350 |
| Additions during the year | - | - | - | 215 | - | 215 |
| Share of profits/(loss) for the year | 1,652 | 45 | 1,697 | (51) | 268 | 217 |
| Dividends received | - | (152) | (152) | - | (214) | (214) |
| **Closing balance 31 December** | **5,993** | **120** | **6,113** | 4,341 | 227 | 4,568 |

Set out below is the associate and joint venture of the Company as at 31 December 2021 which, in the opinion of the directors, are material to the Company.The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Company.The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| **Name of entity** | **Place of business/ country of incorporation** | **% of ownership interest** | | **Nature of relationship** |
|---|---|---|---|---|
| | | **2021** | **2020** | |
| Bahrain Duty Free Company WLL | Kingdom of Bahrain | 55% | 55% | Joint Venture(1) |
| Bahrain International Airport | Kingdom of Bahrain | 25% | 25% | Associate(2) |

(1) Bahrain Duty Free Company WLL is a duty free retailer which operates in the new terminal of Bahrain International Airport.
(2) Bahrain International Airport Development Company is a warehouse facility service provider which provides bonded and non-bonded warehouse facilities.

**for the year ended 31 December 2021** (Bahraini dinars '000s)

## 5 EQUITY-ACCOUNTED INVESTEES (continued)

**Summarised financial information for associate and joint venture**
The tables below provide summarised financial information for the joint venture and associate. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and joint venture and not the Company's share of those amounts.

| | BDFC | | BIADCO | |
|---|---|---|---|---|
| **Summarised financial information** | **2021** | 2020 | **2021** | 2020 |
| Current assets | | | | |
| Cash and cash equivalents | 3,913 | 2,950 | * | * |
| Other current assets | 5,574 | 192 | * | * |
| Total current assets | 9,487 | 3,142 | 285 | 786 |
| Non-current assets | 6,977 | 5,045 | 59 | 89 |
| Current liabilities | (5,568) | (295) | (63) | (167) |
| **Net assets** | **10,896** | 7,892 | **281** | 708 |
| Reconciliation to carrying amounts: | | | | |
| Opening net assets 1 January | 7,892 | 7,595 | 708 | 493 |
| Additions during the year | - | 382 | - | - |
| Other adjustments | 1 | 8 | 101 | - |
| Profit/(loss) for the year | 3,003 | (93) | 78 | 1,071 |
| Dividends paid | - | - | (606) | (856) |
| **Closing net assets** | **10,896** | 7,892 | **281** | 708 |
| **Company's share in %** | 55% | 55% | 25% | 25% |
| Company share | 5,993 | 4,341 | 70 | 177 |
| Goodwill | - | - | 50 | 50 |
| **Carrying amount** | **5,993** | 4,341 | **120** | 227 |

** Shading indicates disclosures that are not required for investments in associate*

| | BDFC | | | BIADCO | |
|---|---|---|---|---|---|
| **Summarised statement of comprehensive income** | **2021** | **#** | 2020 | **2021** | 2020 |
| Interest income | | | 62 | * | * |
| Profit from continuing operations | 3,003 | | (93) | 45 | 126 |
| Profit for the year | 3,003 | | (93) | 78 | 1,071 |
| Dividends received from associate and joint venture | - | | - | (152) | 214 |

** Shading indicates disclosures that are not required for investments in associate*

**for the year ended 31 December 2021** (Bahraini dinars '000s)

## 6 INVESMENT SECURITIES

| | **2021** | 2020 |
|---|---|---|
| Quoted equity securities at FVTOCI | 19,728 | 18,028 |
| Unquoted equity securities at FVTOCI | 6,615 | 6,907 |
| Debt securities at amortised cost (net of ECL) | 1,760 | 2,153 |
| Funds at FVTPL | 1,135 | 1,129 |
| | **29,238** | 28,217 |

## 7 INVENTORIES

| | **2021** | 2020 |
|---|---|---|
| Inventories on hand | - | 5,317 |
| Less: Impairment allowance | - | (302) |
| | **-** | 5,015 |

Movement on impairment allowance on inventories:

| | **2021** | 2020 |
|---|---|---|
| At 1 January | 302 | 89 |
| (Reversal)/charge for the year | (302) | 213 |
| **At 31 December** | **-** | 302 |

On 28 January 2021, the inventory was sold to BDFC (joint venture) at net book value.

## 8 TRADE AND OTHER RECEIVABLES

| | **2021** | 2020 |
|---|---|---|
| Related party receivables | - | 18 |
| Prepayments | 1 | 497 |
| Other income receivable | - | 179 |
| Trade receivables | 41 | 221 |
| Interest receivable | 43 | 55 |
| Rent receivable | 24 | 19 |
| Dividend receivable | 75 | - |
| Other receivables | 189 | 277 |
| | **374** | 1,266 |

for the year ended 31 December 2021 (Bahraini dinars '000s)

## 9 CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|---|---|---|
| Bank deposits | 1,508 | - |
| Bank balances | 589 | 1,557 |
| Cash in hand | - | 64 |
| Less: expected credit loss provision | (1) | (1) |
| | **2,096** | 1,620 |

## 10 SHARE CAPITAL

| | 2021 | 2020 |
|---|---|---|
| *Authorised share capital / issued and fully paid up* | | |
| 142,271,938 (2020: 142,271,938) share of 100 fils each | **14,227** | 14,227 |

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

| Name | Nationality | Number of shares '000 | Share holding % |
|---|---|---|---|
| Global Express | Bahraini | 11,514 | 8.1% |
| Rouben's Stores W.L.L. | Bahraini | 9,265 | 6.5% |
| Esterad Investment Company B.S.C | Bahraini | 7,777 | 5.5% |
| Farooq Yusuf Khalil Almoayyed | Bahraini | 6,729 | 4.7% |
| Bahrain Maritime & Mercantile Intl. Co. | Bahraini | 4,299 | 3.0% |

(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 (thousands) | Number of equity holders | % of total issued shares |
|---|---|---|---|
| Less than 1% | 35,491 | 555 | 24.9% |
| 1% up to less than 5% | 78,225 | 32 | 55.0% |
| 5% up to less than 10% | 28,556 | 3 | 20.1% |
| | **142,272** | **590** | **100%** |

None of these shareholders have more than 10% of the outstanding shares.
*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 2021 was shares 15,731,067 (2020:15,547,121 shares).

## 11 EMPLOYEE BENEFITS

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 442 | 546 |
| Charge for the year | 13 | 76 |
| Paid during the year | (441) | (180) |
| **At 31 December** | **14** | 442 |

**for the year ended 31 December 2021** (Bahraini dinars '000s)

## 12 TRADE AND OTHER PAYABLES

| | **2021** | 2020 |
|---|---|---|
| Trade payables | 6 | 1,026 |
| Unclaimed dividends | - | 381 |
| Related parties payable | - | 30 |
| Other payables | 126 | 346 |
| | **132** | 1,783 |

## 13 ROYALTY PAYABLE

As per the operating agreement with the Government of Bahrain, the Company is required to pay royalty calculated as a percentage of profit to Bahrain Airport Company BSC (c), a company owned by the Government of Bahrain. Royalty charge for the year pertains to sales from 1 January 2021 to 27 January 2021.

| | **2021** | 2020 |
|---|---|---|
| At 1 January | 1,068 | 4,410 |
| Charge for the year | 121 | 1,169 |
| Paid during the year | (1,189) | (4,511) |
| **At 31 December** | **-** | 1,068 |

## 14 REVENUE

| | **2021** | 2020 |
|---|---|---|
| Sale of goods | 787 | 15,314 |
| Commissions | 19 | 219 |
| | **806** | 15,533 |

The Company's duty-free operations has ended on closure of the old terminal at Bahrain International Airport and opening of the new airport on 28 January 2021.

## 15 OTHER INCOME

| | **2021** | 2020 |
|---|---|---|
| Advertising income | 15 | 340 |
| Beauty advisors income | 34 | 582 |
| Foreign exchange gain | - | 8 |
| Other income | 349 | 68 |
| | **398** | 998 |

for the year ended 31 December 2021 (Bahraini dinars '000s)

## 16 ADMINISTRATIVE EXPENSES

| | **2021** | 2020 |
|---|---|---|
| Royalty | 121 | 1,169 |
| Salaries and related costs | 325 | 2,919 |
| Management fees | 18 | 230 |
| Depreciation | - | 76 |
| Utilities | 32 | 444 |
| IT expenses | 5 | 155 |
| Directors remuneration | 65 | 130 |
| Other expenses | 276 | 484 |
| | **842** | 5,607 |

## 17 INCOME FROM INVESTMENT SECURITIES

| | **2021** | 2020 |
|---|---|---|
| Dividend income from quoted equity investments FVTOCI | 590 | 788 |
| Dividend income from unquoted equity investment FVTOCI | 96 | - |
| Income from fund investment FVTPL | 14 | 131 |
| Interest income on bonds | 124 | 153 |
| Realised gain on investments held at FVTPL | - | 16 |
| Unrealised loss on investments held at FVTPL | (135) | (11) |
| Investment adminstration fees | (40) | (37) |
| | **649** | 1,040 |

## 18 IMPAIRMENT LOSS ON FINANCIAL ASSETS

| | **2021** | 2020 |
|---|---|---|
| Impairment on debt securities | (355) | (30) |
| | **(355)** | (30) |

**for the year ended 31 December 2021** (Bahraini dinars '000s)

## 19 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 financial statements are as follows:

| **Description** | **Equity-accounted investees** | **Management Company** | **Shareholders / entities in which directors are interested** | **Total** |
|---|---|---|---|---|
| **As at 31 December 2021** | | | | |
| | | | | |
| **For the year ended 31 December 2021** | | | | |
| **Income** | | | | |
| Share of profit | 1,697 | - | - | 1,697 |
| Commission | - | - | 5 | 5 |
| | | | | |
| **Expenses** | | | | |
| Management fees | - | 18 | - | 18 |
| Other expenses | - | - | 97 | 97 |

| Description | Equity-accounted investees | Management Company | Shareholders / entities in which directors are interested | Total |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| **Assets** | | | | |
| Receivables | - | - | 18 | 18 |
| Additional Investment in joint venture | 215 | - | - | 215 |
| | | | | |
| **Liabilities** | | | | |
| Management fee payable | - | 30 | - | 30 |
| | | | | |
| **For the year ended 31 December 2020** | | | | |
| **Income** | | | | |
| Share of profit | 217 | - | - | 217 |
| Commission | - | - | 51 | 51 |
| | | | | |
| **Expenses** | | | | |
| Purchases | - | 3,627 | 1 | 3,628 |
| Rental expense | 124 | - | 36 | 160 |
| Management fees | - | 230 | - | 230 |
| Other expenses | - | 291 | 304 | 595 |

for the year ended 31 December 2021 (Bahraini dinars '000s)

## 19 RELATED PARTY TRANSACTIONS (continued)

### b) Key management compensation

Key management personnel of the Company 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 Company. The key management personnel compensation is as follows:

| | **2021** | 2020 |
|---|---|---|
| Board remuneration for the year | 65 | 130 |
| Board and committee sitting fees | 142 | 106 |
| Short term benefits for the year | 99 | 126 |
| Post-employment benefits for the year | 12 | 7 |
| Post-employment benefits payable | 14 | 47 |
| Management fee for the year | 18 | 230 |

## 21 APPROPRIATIONS

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

| | **2021** | 2020 |
|---|---|---|
| Final cash dividend proposed | 4,268 | 3,557 |

## 21 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company of BD 2,131 (2020: BD 2,017 ) by the weighted number of ordinary shares as at 31 December 2021.

| | **Basic & Diluted** | |
|---|---|---|
| | **2021** | 2020 |
| Profit for the year | **2,139** | 2,017 |
| Weighted average number of shares | **142,272** | 142,272 |
| Earnings per share (fils) | **15** | 14 |

## 22 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 Company primarily operated Duty free shops at Bahrain International Airport, Hidd port and Gulf Air Inflight till 27 January 2021. The revenue, expenses and results are reviewed only at a Company level and therefore no separate operating segment results and disclosures are provided in these financial statements. Post 28 January 2021, the company's operates consists of managing a portfolio of investments in Kingdom of Bahrain and other regions.

## 23 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company'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 Company's risk management policies.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management procedures and reviews the adequacy of the risk management practices in relation to the risks faced by the Company. The Company 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 Company to incur a financial loss. The Company is exposed to credit risk primarily on its cash and cash equivalents, receivables and investment in debt instruments.

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

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

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

**for the year ended 31 December 2021** (Bahraini dinars '000s)

*23 FINANCIAL RISK MANAGEMENT (continued)*

The Company establishes provision for impairment of accounts receivables when there is objective evidence that the Company 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 Company manages credit risk on its investments by ensuring that investments are made only after careful credit evaluation. The Company limits its exposure to credit risk by mainly investing in debt instruments promoted by sovereign established banks or financial institutions. The Company 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:

| | **2021** | 2020 |
|---|---|---|
| Bank balances | 2,096 | 1,557 |
| Debt securities | 1,760 | 2,153 |
| Trade and other receivables | 372 | 751 |
| Related party receivables | - | 18 |
| | **4,228** | 4,479 |

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

| | **2021** | 2020 |
|---|---|---|
| Bahrain | 4,228 | 4,099 |
| Middle East | - | 317 |
| Europe | - | 47 |
| Others | - | 6 |
| | **4,228** | 4,469 |

The ageing of receivables at the reporting date was:

| | **2021** | | 2020 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | Gross | Impairment |
| Current | 127 | - | 331 | - |
| Past due 1-90 days | 72 | - | 130 | - |
| Past due 91-180 days | 119 | - | 261 | - |
| More than 180 days | - | - | 37 | - |
| | **318** | **-** | 759 | - |

for the year ended 31 December 2021 (Bahraini dinars '000s)

*23 FINANCIAL RISK MANAGEMENT (continued)*

**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company 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 Company'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 optimizing the return on risk. The Company 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 Company's short-term bank deposits are at fixed interest rates and mature within 180 days or 90 days. The Company 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 Company 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, United Arab of Emirate Dirhams, Saudi Arabia Riyal, Qatari Riyal are pegged against the Bahraini dinar and therefore the Company is not exposed to any significant risk.

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

| | **2021** | 2020 |
|---|---|---|
| EURO | 3,456 | 3,372 |
| GBP | 9,621 | 10,231 |
| CHF | - | 25 |
| QAR | 4,202 | 3,306 |
| KWD | 417 | 637 |
| | **17,696** | 17,571 |

for the year ended 31 December 2021 (Bahraini dinars '000s)

*23 FINANCIAL RISK MANAGEMENT (continued)*

*c) Market risk (continued)*

*(ii) Currency risk (continued)*

The Company 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, United Arab of Emirate Dirhams, Saudi Arabia Riyal, Qatari Riyal, which are pegged to Bahraini dinars, is not significant.

A one percent increase in the exchange rates at the reporting date will cause a variation by BD 90 thousand (2020: BHD 80 thousand) in the profit or loss and equity. The analysis is performed on the same basis for 2020.

| | **2021** | 2020 |
|---|---|---|
| EURO | 16 | 16 |
| GBP | 65 | 53 |
| CHF | - | - |
| QAR | 4 | 3 |
| KWD | 5 | 8 |
| | **90** | **80** |

*(iii) Equity price risk*

The Company's quoted equity investments are listed on Bahrain Stock Exchange ("BSE"), Kuwait Stock Exchange ("KSE"), Kingdom of Saudi Stock exchange ("Tadawul"), Qatar Stock exchange (QE) and United Arab Emirates Stock exchange NASDAQ. A one percent increase/decrease in the equity prices at the reporting date will cause a variation of equity by BD 197 Thousand (2020: BD 180) in the equity. The analysis is performed on the same basis for 2020.

**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 Company. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Company 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 Company's approach to capital management during the year.

**for the year ended 31 December 2021** (Bahraini dinars '000s)

*23 FINANCIAL 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.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: 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**

| **2021** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Equity securities at FVTOCI | 9,282 | 10,446 | 6,615 | **26,343** |
| Funds at FVTPL | - | 1,135 | - | **1,135** |

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Equity securities at FVTOCI | 16,202 | 1,826 | 6,907 | 24,935 |
| Funds at FVTPL | - | 1,129 | - | 1,129 |

The fair value of debt securities at amortised cost with carrying value BD 1,740 is BD 1,820 (2020: 2,129). 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.

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

| **2021** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Investment property | - | 6,230 | 3,850 | **10,080** |

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investment property | - | 6,430 | 3,850 | 10,280 |

for the year ended 31 December 2021 (Bahraini dinars '000s)

*23 FINANCIAL RISK MANAGEMENT (continued)*

**Sensitivity Analysis**
Investments at fair value through other comprehensive income include investments in unquoted equity securities. The main principles, estimates and assumptions adopted to arrive at fair value include estimated future cash flows which have been provided by the management of the investee companies, have been reviewed for reasonableness by the Company and the external independent valuer.

**2021**

| **Valuation technique used** | **Key unobservable inputs** | **Fair value at 31 December 2021** | **Reasonable possible shift +/- (in any input)** | **Reasonable possible shift +/- (in any input)** |
|---|---|---|---|---|
| Discounted cash flow | Discount rate | 4,710 | +/- 0.5% | +258 -235 |
| Adjusted Net Assets Value | NAV | 1,466 | +/- 5% | +473-0 |
| Market multiples | P/E Multiple | 439 | +/- 5% | +22 -22 |

2020

| Valuation technique used | Key unobservable inputs | Fair value at 31 December 2020 | Reasonable possible shift +/- (in any input) | Reasonable possible shift +/- (in any input) |
|---|---|---|---|---|
| Discounted cash flow | Discount rate | 3,938 | +/- 0.5% | +105 -74 |
| Adjusted Net Assets Value | NAV | 2,466 | +/- 5% | +142 -142 |
| Market multiples | P/E Multiple | 503 | +/- 5% | +25 -25 |

**for the year ended 31 December 2021** (Bahraini dinars '000s)

23 FINANCIAL RISK MANAGEMENT (continued)

**f) Categorization of financial instruments**

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

| **2021** | **FVTOCI** | **FVTPL** | **Amortised cost** | **Total carrying amount** |
|---|---|---|---|---|
| Investment securities | 26,343 | 1,135 | 1,760 | 29,238 |
| Trade and other receivables | - | - | 374 | 374 |
| Cash and bank balances | - | - | 2,096 | 2,096 |
| | **26,343** | **1,135** | **4,230** | **31,708** |
| Trade and other payables | - | - | 132 | 132 |
| Royalty payable | - | - | - | - |
| | **-** | **-** | **132** | **132** |

| 2020 | FVTOCI | FVTPL | Amortised cost | Total carrying amount |
|---|---|---|---|---|
| Investment securities | 24,935 | 1,129 | 2,153 | 28,217 |
| Trade and other receivables | - | - | 1,266 | 1,266 |
| Cash and bank balances | - | - | 1,620 | 1,620 |
| | 24,935 | 1,129 | 5,039 | 31,103 |
| Trade and other payables | - | - | 1,783 | 1,783 |
| Royalty payable | - | - | 1,068 | 1,068 |
| | - | - | 2,851 | 2,851 |

## 24 CONTINGENCIES AND COMMITMENTS

| | **2021** | 2020 |
|---|---|---|
| Uncalled face value in unquoted equity investments | 1,007 | 1,164 |

## 25 COMPARATIVES

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