

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

31 MARCH 2015

Bahrain Duty Free Shop Complex BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three month period ended 31 March 2015**

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Independent auditors' report on review of condensed consolidated interim financial information

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

12 May 2015

Introduction

We have reviewed the accompanying 31 March 2015 condensed consolidated interim financial information of Bahrain Duty Free Shop Complex BSC ("the Company") and its subsidiary (together "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2015;
- the condensed consolidated statement of profit or loss for the three month period ended 31 March 2015;
- the condensed consolidated statement of comprehensive income for the three month period ended 31 March 2015;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2015;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2015; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2015 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

Bahraini dinars

	Note	31 March 2015 (reviewed)	31 December 2014 (audited)
ASSETS			
Property and equipment		2,324,123	2,390,971
Investment in associate		226,222	223,033
Investment property		5,472,607	5,579,102
Available-for-sale investments	6	24,134,382	23,074,154
Non-current assets		32,157,334	31,267,260
Inventories		2,417,952	2,701,289
Receivables and other assets	7	7,821,602	6,967,920
Cash and bank balances	8	8,357,293	11,952,331
Current assets		18,596,847	21,621,540
Total assets		50,754,181	52,888,800
EQUITY AND LIABILITIES			
Equity			
Share capital		11,758,012	10,689,102
Share Premium		1,952,560	1,952,560
Statutory reserve		5,356,551	5,356,551
Investments fair value reserve		7,417,705	7,056,616
Retained earnings		17,474,188	19,583,300
Equity attributable to owners of the company		43,959,016	44,638,129
Non-controlling interest		84,938	102,186
Total equity		44,043,954	44,740,315
Liabilities			
Employees' benefits		534,993	632,524
Non-current liabilities		534,993	632,524
Payables and other liabilities		5,389,723	4,585,655
Royalty payable		785,511	2,930,306
Current liabilities		6,175,234	7,515,961
Total liabilities		6,710,227	8,148,485
Total equity and liabilities		50,754,181	52,888,800

The condensed consolidated interim financial information, which consists of pages 3 to 13 was approved by the Board of Directors on 12 May 2015 and signed on its behalf by:

Abdulla Buhindi
Managing Director

Jawad Al Hawaj
Director

The accompanying notes 1 to 11 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the three months ended 31 March 2015

Bahraini dinars

	Note	31 March 2015 (reviewed)	31 March 2014 (reviewed)
Revenue		6,591,241	6,411,673
Cost of sales		(3,505,502)	(3,457,638)
Gross profit		3,085,739	2,954,035
Other income		269,796	280,591
Administrative expenses		(1,111,333)	(1,133,051)
Royalty		(833,511)	(701,881)
Other operating expenses		(245,364)	(198,744)
Selling expenses		(85,586)	(168,793)
Operating profit		1,079,741	1,032,157
Finance income		28,910	62,034
Investment income	9	1,218,535	714,731
Share of profit equity - accounted investee		3,189	4,044
Profit for the year		2,330,375	1,812,966
<i>Profit attributable to:</i>			
Owners of the Company		2,337,623	1,803,828
Non-controlling interest		(7,248)	9,138
		2,330,375	1,812,966
Basic and diluted earnings per share (in fils)		19.9	15.3

The condensed consolidated interim financial information, which consists of pages 3 to 13 was approved by the Board of Directors on 12 May 2015 and signed on its behalf by:

Abdulla Buhindi
Managing Director

Jawad Al Hawaj
Director

The accompanying notes 1 to 11 form an integral part of this condensed consolidated interim financial information

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2015

Bahraini dinars

	31 March 2015 (reviewed)	31 March 2014 (reviewed)
Profit for the period	2,330,375	1,812,966
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Fair value changes on available-for-sale securities	361,089	631,193
Transferred to profit or loss on sale of available- for- sale securities	-	(82,365)
Total comprehensive income for the year	2,691,464	2,361,794
<i>Total comprehensive income attributable to:</i>		
Owners of the company	2,698,712	2,352,656
Non-controlling interest	(7,248)	9,138
	2,691,464	2,361,794

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2015

Bahraini dinars

	Equity attributable to equity holders of the parent company					Non-controlling interest	Total equity	
	Share capital	Share Premium	Statutory reserve	Fair value reserve	Retained earnings			Total
31 March 2015 (reviewed)								
At 1 January 2015	10,689,102	1,952,560	5,356,551	7,056,616	19,583,300	44,638,129	102,186	44,740,315
Profit for the period	-	-	-	-	2,337,623	2,337,623	(7,248)	2,330,375
Other comprehensive income								
<i>Items that are or may be reclassified subsequently to profit or loss</i>								
Fair value changes on available-for-sale securities	-	-	-	361,089	-	361,089	-	361,089
Transferred to investment income on sale of available-for-sale securities	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	361,089	-	361,089	-	361,098
Total comprehensive income for the period	-	-	-	361,089	2,337,623	2,698,712	(7,248)	2,691,464
Bonus Shares Issue	1,068,910	-	-	-	(1,068,910)	-	-	-
Final dividend (2014)	-	-	-	-	(3,206,731)	(3,206,731)	(10,000)	(3,216,731)
Charity contributions	-	-	-	-	(171,094)	(171,094)	-	(171,094)
At 31 March 2015	11,758,012	1,952,560	5,356,551	7,417,705	17,474,188	43,959,016	84,938	44,043,954

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2015 (continued)

Bahraini dinars

	Equity attributable to equity holders of the parent company						Non-controlling interest	Total equity	
	Share capital	Share Premium	Statutory reserve	Fair value reserve	Property revaluation reserve	Retained earnings			Total
31 March 2014 (reviewed)									
At 1 January 2014	10,689,102	1,952,560	4,967,204	6,462,726	270,952	17,154,120	41,496,664	123,828	41,620,492
Profit for the period	-	-	-	-	-	1,803,828	1,803,828	9,138	1,812,966
Other comprehensive income									
<i>Items that are or may be reclassified subsequently to profit or loss</i>									
Fair value changes on available-for-sale securities	-	-	-	631,193	-	-	631,193	-	631,193
Transferred to investment income on sale of available-for-sale securities	-	-	-	(82,365)	-	-	(82,365)	-	(82,365)
Total other comprehensive income	-	-	-	548,828	-	-	548,828	-	548,828
Total comprehensive income for the period	-	-	-	548,828	-	1,803,828	2,352,656	9,138	2,361,794
Transfer of net depreciation on revalued property	-	-	-	-	(3,645)	3,645	-	-	-
Final dividend (2013)	-	-	-	-	-	(3,741,186)	(3,741,186)	-	(3,741,186)
Charity contributions declared	-	-	-	-	-	(128,138)	(128,138)	-	(128,138)
At 31 March 2014	10,689,102	1,952,560	4,967,204	7,011,554	267,307	15,092,269	39,979,996	132,966	40,112,962

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2015

Bahraini dinars

Note	Three months ended 31 March 2015 (reviewed)	Three months ended 31 March 2014 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from sales	6,376,681	6,151,726
Receipts from training services	94,739	175,887
Receipts from car promotions	313,166	210,998
Other receipts	264,618	272,309
	7,049,204	6,810,920
Payments for purchases	(3,636,827)	(3,542,675)
Payments for other operating expenses	(1,731,974)	(1,256,125)
Payments for management fees	(151,157)	(233,573)
Payments for royalty	(2,978,306)	(48,000)
Car promotion expenses	(151,262)	(149,488)
Directors' remuneration paid	(168,000)	(168,000)
	(8,817,526)	(5,397,861)
Net cash flows (used in)/ from operating activities	(1,768,322)	1,413,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	28,147	25,533
Investment income	1,009,918	543,095
Disposal of investments	410,163	321,500
Acquisition of property and equipment	(46,785)	(85,383)
Loan and advances provided	42,715	(1,939,336)
Bank Deposits	(406,662)	-
Advance for investment property	(311,071)	(4,200,000)
Acquisition of available-for-sale investments	(691,736)	(643,439)
Net cash flows from/ (used in) investing activities	34,689	(5,978,030)
FINANCING ACTIVITIES		
Payment to charities	(42,000)	(20,000)
Dividends paid	(2,226,066)	(2,558,439)
Cash flows used in financing activities	(2,268,066)	(2,578,439)
Net decrease in cash flows during the period	(4,001,699)	(7,143,410)
Cash and cash equivalents at 1 January	8,848,749	9,261,436
Cash and cash equivalents at 31 March	4,847,050	2,118,026

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2015**

Bahraini dinars

1 REPORTING ENTITY

Bahrain Duty Free Shops Complex BSC (the Company) is a Company domiciled in the Kingdom of Bahrain. The condensed consolidated interim financial information of the Company as at and for the three months ended 31 March 2015 comprise the Company and its subsidiary Bahrain International Retail Development Centre WLL (together "the Group"). The Company operates the Bahrain Airport duty free shops and Bahrain Seaport duty free shops.

2 BASIS OF PREPARATION**a) Statement of compliance**

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS), Interim Financial Reporting, which permits the condensed consolidated interim financial information to be in summarised form. The condensed consolidated interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

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

b) Use of judgements and estimates

Preparing the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgments made by the management in applying the Group's accounting policies and key source of estimation of uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended 31 December 2014.

c) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2015

Bahraini dinars

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 APPROPRIATIONS

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

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

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

As at reporting date, the Company is in the process of updating its memorandum and articles of association to reflect the bonus shares issue.

5 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors, the management company and key management personnel of the Group. Transactions with related parties are at agreed commercial terms.

a) Transactions and balances

	Transactions for the period ended		Balance as at	
	31 March 2015 (reviewed)	31 March 2014 (reviewed)	31 March 2015 (reviewed)	31 December 2014 (audited)
Subsidiary				
Rental Income	1,500	12,750	-	-
Training expenses	(2,720)	(15,500)	-	-
Associate				
Rental expenses	24,756	23,918	-	-
Others				
Purchases of goods	1,691,521	1,791,300	(608,812)	(900,977)
Concessionary fees	30,119	59,961	73,712	68,806
Management fees	194,231	176,505	(376,070)	(280,160)
Other income	-	5,845	-	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2015

Bahraini dinars

b) Key management compensation

	31 March 2015 (reviewed)	31 March 2014 (reviewed)
Board remuneration for the period	42,000	42,000
Salaries and other short-term benefits	55,499	55,744
Post-employment benefits for the period	(3,107)	2,746
Post-employment benefits payable	12,621	6,851

6 AVAILABLE-FOR-SALE INVESTMENTS

	31 March 2015 (reviewed)	31 December 2014 (audited)
Quoted equity shares	15,005,407	14,444,491
Unquoted equity shares	5,408,211	5,407,382
Debt instruments	3,720,764	3,222,281
	24,134,382	23,074,154

The fair values are determined based on their market value as at 31 March 2015 and 31 December 2014. The Company's investment in certain funds and equity securities amounting to BD 5,408,211 (2014: BD 5,407,382) are carried at cost, less impairment allowances, if any, as these are not quoted and no other appropriate methods are readily available from which to derive a reliable fair value.

7 RECEIVABLES AND OTHER ASSETS

	31 March 2015 (reviewed)	31 December 2014 (audited)
Trade receivables	507,161	474,942
Advance for investments and investment property	3,550,000	2,500,000
Other receivables and advances	3,725,972	3,971,831
Related party receivables (note 5)	73,712	53,050
	7,856,845	6,999,823
Less Impairment allowance	(35,243)	(31,903)
At 31 December	7,821,602	6,967,920

Movement in impairment allowance for trade receivables:

	31 March 2015 (reviewed)	31 December 2014 (audited)
At 1 January	31,903	67,156
Provision during the year	3,340	(35,253)
At 31 December	35,243	31,903

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2015

Bahraini dinars

8 CASH AND BANK BALANCES

	31 March 2015 (reviewed)	31 December 2014 (audited)
Bank deposits	6,762,864	9,746,650
Cash at bank	1,480,053	2,088,708
Cash in hand	114,376	116,973
Cash and bank balances in the statement of financial position	8,357,293	11,952,331
Bank deposits with original maturity more than 3 months	(3,510,243)	(3,103,582)
Cash and cash equivalents in the statement of cash flows	4,847,050	8,848,749

9 INVESTMENT INCOME

	31 MARCH 2015 (reviewed)	31 MARCH 2014 (reviewed)
Income from available-for-sale investments	682,546	714,731
Rental income from investment property	46,286	-
Income on sale of investment property	489,703	-
	1,218,535	714,731

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial assets and financial liabilities are measured at amortised cost except for quoted investments, which are carried at fair value. 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 fair values of financial assets and financial liabilities approximate the carrying values as at the reporting date due to their short term nature. Fair value for unquoted available for sale investments is not available as these investments are not quoted and no other appropriate methods are readily available from which to derive a reliable fair value.

Fair value hierarchy

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; quoted prices for identical or similar instruments in markets that are considered

less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

31 March 2015 (reviewed)	Level 1	Level 2	Level 3	Fair value	Carrying value
Available-for-sale investments	18,726,171	-	-	18,726,171	18,726,171

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

11 COMMITMENTS

Uncalled face value of investments in unquoted equity
 Property and Equipment
 Investment Property
 Performance Bonds
 Guarantees

31 March 2015 (reviewed)	31 December 2014 (audited)
256,398	256,398
14,990	117,068
1,378,929	2,660,928
168,690	196,690
15,596	15,596
1,834,603	3,246,680

12 SEGMENTAL INFORMATION

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segment. The Company currently primarily operates Duty free shops at Bahrain International Airport and Sea port and its revenue, expenses and results are reviewed only at a Company level and therefore no separate operating segment results and other disclosures are provided in these condensed consolidated interim financial information.