

**Bahrain Duty Free Shop  
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**30 September 2013**

# Bahrain Duty Free Shop Complex BSC

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** **for the nine month period ended 30 September 2013**

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<b>CONTENTS</b>	Page
Independent auditors' report on review of condensed consolidated interim financial information	1
<b>Interim financial information</b>	
Condensed consolidated statement of financial position	2
Condensed consolidated statement of comprehensive income	3
Condensed consolidated statement of changes in equity	4 - 5
Condensed consolidated statement of cash flows	6
Notes to condensed consolidated the interim financial information	7 - 11

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

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

13 November 2013

### **Introduction**

We have reviewed the accompanying 30 September 2013 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 30 September 2013;
- the condensed consolidated statement of comprehensive income for the three month and nine month period ended 30 September 2013;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2013;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2013; 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 30 September 2013 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 30 September 2013**

Bahraini dinars

	Note	30 September 2013 (reviewed)	31 December 2012 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		2,909,081	2,646,931
Investment in associate		206,999	191,990
Investment property		2,537,230	2,473,091
Available-for-sale investments	8	21,330,702	18,310,625
<b>Total non-current assets</b>		<b>26,984,012</b>	<b>23,622,637</b>
<b>Current assets</b>			
Inventories		2,898,778	2,076,625
Trade receivable and other assets		2,648,657	1,750,411
Cash and cash equivalents		14,428,846	17,224,876
<b>Total current assets</b>		<b>19,976,281</b>	<b>21,051,912</b>
<b>Total assets</b>		<b>46,960,293</b>	<b>44,674,549</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4	10,689,102	9,717,365
Statutory reserve		6,279,076	6,279,076
Investments fair value reserve		5,898,069	3,681,750
Property revaluation reserve		274,126	285,535
Retained earnings		16,447,650	17,525,126
<b>Equity attributable to owners of the company</b>		<b>39,588,023</b>	<b>37,488,852</b>
<b>Non-controlling interest</b>		<b>126,115</b>	<b>113,582</b>
<b>Total equity (Pages 4 &amp; 5)</b>		<b>39,714,138</b>	<b>37,602,434</b>
<b>Non-current liabilities</b>			
Provision for employees' leaving indemnities		536,490	561,814
<b>Total non-current liabilities</b>		<b>536,490</b>	<b>561,814</b>
<b>Current liabilities</b>			
Trade payables		4,717,019	3,728,409
Royalty payable		1,942,891	2,728,149
Management fees		49,755	53,743
<b>Total current liabilities</b>		<b>6,709,665</b>	<b>6,510,301</b>
<b>Total liabilities</b>		<b>7,246,155</b>	<b>7,072,115</b>
<b>Total equity and liabilities</b>		<b>46,960,293</b>	<b>44,674,549</b>

The condensed consolidated interim financial information, which consists of pages 2 to 11 was approved by the Board of Directors on 13 November 2013 and signed on its behalf by:

Farouk Yousuf Almoayyed  
Chairman

Abdulla Buhindi  
Managing 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 nine months ended 30 September 2013

Bahraini dinars

	Nine months ended 30 September		Three months ended 30 September	
	2013 (reviewed)	2012 (reviewed)	2013 (reviewed)	2012 (reviewed)
<b>Revenue</b>	19,073,426	20,194,904	6,615,277	6,881,246
Cost of sales	(10,222,770)	(11,288,918)	(3,560,011)	(3,819,502)
<b>Gross profit</b>	<b>8,850,656</b>	<b>8,905,986</b>	<b>3,055,266</b>	<b>3,061,744</b>
Administrative expenses	(3,236,447)	(3,151,693)	(1,105,617)	(1,026,976)
Royalty	(2,086,891)	(2,243,160)	(730,107)	(772,079)
Other operating expenses	(750,505)	(866,191)	(241,891)	(284,976)
Selling expenses	(491,939)	(436,854)	(210,895)	(150,487)
Other income	2,821,316	2,911,751	777,062	1,006,669
<b>Profit for the period</b>	<b>5,106,190</b>	<b>5,119,839</b>	<b>1,543,818</b>	1,833,895
<b>Other comprehensive income</b> <i>Items that are or may be reclassified subsequently to profit or loss</i>				
Fair value changes on available-for-sale securities	2,280,205	747,080	547,009	443,279
Transferred to profit or loss on sale of available-for-sale securities	(63,886)	-	-	-
<b>Total other comprehensive income for the period</b>	<b>2,216,319</b>	747,080	<b>547,009</b>	443,279
<b>Total comprehensive income for the period</b>	<b>7,322,509</b>	5,866,919	<b>2,090,827</b>	2,277,174
<i>Profit attributable to:</i>				
Owners of the company	5,062,898	5,080,088	1,540,323	1,824,193
Non-controlling interest	43,290	39,751	3,495	9,702
<b>Profit for the period</b>	<b>5,106,190</b>	5,119,839	<b>1,543,818</b>	1,833,895
<i>Total comprehensive income attributable to:</i>				
Owners of the company	7,279,219	5,827,168	2,087,333	2,267,472
Non-controlling interest	43,290	39,751	3,494	9,702
<b>Total comprehensive income for the period</b>	<b>7,322,509</b>	5,866,919	<b>2,090,827</b>	2,277,174
<b>Basic and diluted earnings per share (in fils)</b>	<b>47.4</b>	47.5	<b>14.4</b>	17.1

The condensed consolidated interim financial information, which consists of pages 2 to 11 was approved by the Board of Directors on 13 November 2013 and signed on its behalf by:

Farouk Yousuf Almoayyed  
Chairman

Abdulla Buhindi  
Managing Director

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the nine months ended 30 September 2013

Bahraini dinars

	Equity attributable to equity holders of the parent company					Non-controlling interest	Total equity	
	Share capital	Statutory reserve	Investments fair value reserve	Property revaluation reserve	Retained earnings			Total
<b>30 September 2013 (reviewed)</b>								
At 1 January 2013	9,717,365	6,279,076	3,681,750	285,535	17,525,126	37,488,852	113,582	37,602,434
Profit for the period	-	-	-	-	5,062,898	5,062,898	43,290	5,106,188
<b>Other comprehensive income</b> <i>Items that are or may be reclassified subsequently to profit or loss</i>								
Fair value changes on available-for-sale securities	-	-	2,280,205	-	-	2,280,205	-	2,280,205
Transferred to investment income on sale of available-for-sale securities	-	-	(63,886)	-	-	(63,886)	-	(63,886)
Total other comprehensive income	-	-	2,216,319	-	-	2,216,319	-	2,216,319
<b>Total comprehensive income for the period</b>	-	-	2,216,319	-	5,062,898	7,279,217	43,290	7,322,507
Transfer of net depreciation on revalued property	-	-	-	(11,409)	11,409	-	-	-
Final dividend (2012)	-	-	-	-	(2,915,210)	(2,915,210)	(30,757)	(2,945,967)
Interim dividend (2013)	-	-	-	-	(2,137,820)	(2,137,820)	-	(2,137,820)
Bonus share issue (Note 4)	971,737	-	-	-	(971,737)	-	-	-
Charity contributions declared	-	-	-	-	(127,016)	(127,016)	-	(127,016)
<b>At 30 September 2013</b>	<b>10,689,102</b>	<b>6,279,076</b>	<b>5,898,069</b>	<b>274,126</b>	<b>16,447,650</b>	<b>39,588,023</b>	<b>126,115</b>	<b>39,714,138</b>

Note: Statutory reserve includes share premium of BD 1,952,560.

The condensed consolidated interim financial information consists of pages 3 to 11.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the nine months ended 30 September 2013 *(continued)*

Bahraini dinars

	Equity attributable to equity holders of the parent company					Non-controlling interest	Total equity	
	Share capital	Statutory reserve	Investments fair value reserve	Property revaluation reserve	Retained earnings			Total
30 September 2012 (reviewed)								
At 1 January 2012	8,833,968	5,643,997	3,201,616	326,264	17,323,912	35,329,757	153,546	35,483,303
Profit for the period	-	-	-	-	5,080,088	5,080,088	39,751	5,119,839
<i>Items that are or may be reclassified subsequently to profit or loss</i>								
Fair value changes on available-for-sale securities	-	-	747,080	-	-	747,080	-	747,080
Total other comprehensive income	-	-	747,080	-	-	747,080	-	747,080
Total comprehensive income for the period	-	-	747,080	-	5,080,088	5,827,168	39,751	5,866,919
Transfer of net depreciation on revalued property	-	-	-	(52,500)	52,500	-	-	-
Final dividend (2011)	-	-	-	-	(2,650,190)	(2,650,190)	(83,903)	(2,734,093)
Interim dividend (2012)	-	-	-	-	(1,943,473)	(1,943,473)	-	(1,943,473)
Bonus share issue	883,397	-	-	-	(883,397)	-	-	-
Charity contributions declared	-	-	-	-	(107,439)	(107,439)	-	(107,439)
At 30 September 2012	9,717,365	5,643,997	3,948,696	273,764	16,872,001	36,455,823	109,394	36,565,217

Note: Statutory reserve includes share premium of BD 1,952,560.

The condensed consolidated interim financial information consists of pages 3 to 11.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the nine months ended 30 September 2013

Bahraini dinars

	<b>Nine months ended 30 September 2013 (reviewed)</b>	Nine months ended 30 September 2012 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Cash generated from sales	18,108,168	19,293,261
Receipts from training services	498,313	444,412
Receipts from car promotions	502,550	124,700
Other receipts	879,451	906,268
	<b>19,988,482</b>	<b>20,768,641</b>
Payments for purchases	(10,404,385)	(12,388,697)
Car promotion expenses	(275,068)	(94,950)
Payments for management fees	(492,174)	(520,998)
Payments for royalty	(2,872,150)	(2,329,803)
Charity contributions paid	(60,007)	(101,500)
Payments for other operating expenses	(4,156,823)	(3,686,667)
Directors' remuneration paid	(191,204)	(150,100)
	<b>(18,451,811)</b>	<b>(19,272,715)</b>
<b>Cash flows from operating activities</b>	<b>1,536,671</b>	<b>1,495,926</b>
<b>INVESTING ACTIVITIES</b>		
Interest income	215,187	224,304
Investment income	1,684,040	1,390,789
Acquisition of property and equipment	(563,508)	(189,316)
Acquisition of investments	(1,382,000)	(4,396,648)
Acquisition of investment property	(64,139)	(2,473,091)
Disposal of investments	578,210	-
<b>Cash flows from/(used in) investing activities</b>	<b>467,790</b>	<b>(5,443,962)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(4,800,491)	(4,569,820)
<b>Cash flows used in financing activities</b>	<b>(4,800,491)</b>	<b>(4,569,820)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(2,796,030)</b>	<b>(8,517,856)</b>
Cash and cash equivalents at 1 January	17,224,876	22,287,652
<b>Cash and cash equivalents at 30 September</b>	<b>14,428,846</b>	<b>13,769,796</b>

The condensed consolidated interim financial information consists of pages 3 to 11.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 2013**

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 nine months ended 30 September 2013 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. As of 31 January 2013, the Company's operation of sale of duty free goods in Bahrain Air on board ceased as the contract period was over.

**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 2012.

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 2012 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 nine month period ended 30 September 2012.

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 November 2013.

**b) 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 2012.

**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 2012.

**d) Seasonality of operations**

Due to the effect of seasonal variations, the result reported in the condensed consolidated interim financial information may not represent a proportionate share of the overall annual result.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2013**

Bahraini dinars

**3 SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements for the year ended 31 December 2012, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning 1 January 2013. The adoption of these standards did not have a significant impact on the condensed consolidated interim financial information.

**4 SHARE CAPITAL**

At the Annual General Meeting held on 12 March 2013, the shareholders of the Company approved the issue of bonus shares of 10 % on the existing shares held by capitalising retained earnings for BD 971,737 (2012: BD 883,397), resulting in an increase in the share capital from BD 9,717,365 to BD 10,689,102 (2012: BD 8,833,968 to BD 9,717,365).

**5 APPROPRIATIONS**

At the Annual General Meeting of the Company held on 12 March 2013, the following appropriations were approved which have been accounted during the period:

- (i) a final dividend of BD 2,915,210 for the year 2012 (2011: BD 2,650,190)
- (ii) Bonus share equivalent to 10 % of existing share amounted to BD 971,737 (2011: BD 883,397)
- (iii) charity contributions of BD 127,016 (2011: 107,439)

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

**6 INTERIM DIVIDENDS**

At the Board meeting of the Company held on 13th August 2013. Interim dividends were approved of BD 2,137,820 (2011: BD 1,943,173).

**7 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party 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 and key management personnel of the Group. Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company.

**a) Related party transactions with entities in which Directors exercise control or significant influence**

	<b>30 September 2013 (reviewed)</b>	<b>30 September 2012 (reviewed)</b>
Concessionaire fees	185,018	195,151
Management fees	94,500	94,500
Other operating income	61,252	47,667
Purchases	5,358,511	3,600,595

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2013**

Bahraini dinars

6 *RELATED PARTY TRANSACTIONS (continued)*

**b) Related party balances with entities in which Directors exercise control or significant influence**

	<b>30 September 2013 (reviewed)</b>	30 September 2012 (reviewed)
Trade receivables	96,056	84,892
Trade payables	828,142	654,435

**c) Key management compensation**

	<b>30 September 2013 (reviewed)</b>	30 September 2012 (reviewed)
Board remuneration	154,797	95,000
Salaries and other short-term benefits	226,970	195,857
Post employment benefits	7,504	6,577

**8 AVAILABLE-FOR-SALE INVESTMENTS**

	<b>30 September 2013 (reviewed)</b>	31 December 2012 (audited)
Quoted equity shares	12,539,635	9,694,115
Unquoted equity shares	5,726,514	5,726,514
Debt instruments	3,064,553	2,513,996
Structured notes	-	376,000
	<b>21,330,702</b>	18,310,625

The fair values are determined based on their market value as at 30 September 2013 and 31 December 2012. The Company's investment in certain funds and equity securities amounting to BD 5,726,514 (2012: BD 5,726,514) 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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2013**

Bahraini dinars

**9 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. 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:

<b>30 September 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale investments – carried at fair value	<b>15,604,188</b>	-	-	<b>15,604,188</b>
<b>31 December 2012</b>				
Available-for-sale investments – carried at fair value	12,208,111	-	376,000	12,584,111

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2013**

Bahraini dinars

**10 COMMITMENTS**

	<b>30 September 2013 (reviewed)</b>	31 December 2012 (audited)
Property and equipment	122,794	1,112
Uncalled face value of investments in unquoted equity	1,021,708	284,376
	<b>1,144,502</b>	<b>285,488</b>

**11 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 ports 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.

**12 COMPARATIVES**

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