

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 June 2014

Bahrain Duty Free Shop Complex BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the six month period ended 30 June 2014

CONTENTS	Page
Independent auditors' report on review of condensed consolidated interim financial information	1
Interim financial information	
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other 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

11 August 2014

Introduction

We have reviewed the accompanying 30 June 2014 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 June 2014;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three - month and six- month period ended 30 June 2014;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2014;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2014; 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 June 2014 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 June 2014

Bahraini dinars

	Note	30 June 2014	31 December 2013
ASSETS			
Non-current assets			
Property and equipment		2,802,573	2,845,660
Investment in associate		218,173	210,322
Investment property		6,829,630	2,537,230
Available-for-sale investments	6	22,805,126	22,246,931
Total non-current assets		32,655,502	27,840,143
Current assets			
Inventories		2,934,052	2,476,104
Receivables and other assets	7	4,914,321	3,128,824
Cash and cash equivalents		7,619,174	15,830,721
Total current assets		15,467,547	21,435,649
Total assets		48,123,049	49,275,792
EQUITY AND LIABILITIES			
Equity			
Share capital		10,689,102	10,689,102
Statutory reserve		6,919,764	6,919,764
Investments fair value reserve		6,760,572	6,462,726
Property revaluation reserve		263,662	270,952
Retained earnings		16,783,487	17,154,120
Equity attributable to owners of the company		41,416,587	41,496,664
Non-controlling interest		109,518	123,828
Total equity (pages 7 and 8)		41,526,105	41,620,492
Liabilities			
Non-current liabilities			
Provision for employees' leaving indemnities		626,602	559,866
Total non-current liabilities		626,602	559,866
Current liabilities			
Payables and other liabilities		4,417,567	4,500,947
Royalty payable		1,498,343	2,498,993
Management fees		54,432	95,494
Total current liabilities		5,970,342	7,095,434
Total liabilities		6,596,944	7,655,300
Total equity and liabilities		48,123,049	49,275,792

The condensed consolidated interim financial information, which consists of pages 2 to 11 was approved by the Board of Directors on 11 August 2014 and signed on its behalf by:

Director

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 AND OTHER
COMPREHENSIVE INCOME**

for the six months ended 30 June 2014

Bahraini dinars

	Six months ended 30 June		Three months ended 30 June	
	2014 (reviewed)	2013 (reviewed)	2014 (reviewed)	2013 (reviewed)
Revenue	13,786,633	12,458,149	7,374,960	6,578,762
Cost of sales	(7,523,627)	(6,662,759)	(4,065,989)	(3,537,659)
Gross profit	6,263,006	5,795,390	3,308,971	3,041,103
Administrative expenses	(2,258,912)	(2,130,831)	(1,125,861)	(1,069,128)
Royalty	(1,594,343)	(1,356,784)	(892,462)	(707,474)
Other operating expenses	(426,093)	(508,614)	(227,349)	(240,537)
Selling expenses	(355,225)	(281,044)	(186,432)	(149,381)
Other income	1,873,260	2,044,251	811,860	1,059,484
Profit for the period	3,501,693	3,562,368	1,688,727	1,934,067
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	380,211	1,733,195	(250,982)	978,565
Transferred to investment income on sale of available- for- sale securities	(82,365)	(63,886)	-	(63,886)
Total other comprehensive income for the period	297,846	1,669,309	(250,982)	914,679
Total comprehensive income for the period	3,799,539	5,231,677	1,437,745	2,848,746
<i>Profit attributable to:</i>				
Owners of the company	3,491,401	3,522,573	1,687,573	1,906,331
Non-controlling interest	10,292	39,795	1,154	27,736
Profit for the period	3,501,693	3,562,368	1,688,727	1,934,067
<i>Total comprehensive income attributable to:</i>				
Owners of the company	3,789,247	5,191,882	1,436,591	2,821,010
Non-controlling interest	10,292	39,795	1,154	27,736
Total comprehensive income for the period	3,799,539	5,231,677	1,437,745	2,848,746
Basic and diluted earnings per share (in fils)	32.7	33.0	15.8	17.8

The condensed consolidated interim financial information, which consists of pages 2 to 11 was approved by the Board of Directors on 11 August 2014 and signed on its behalf by:

Director

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 six months ended 30 June 2014

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 June 2014 (reviewed)								
At 1 January 2014	10,689,102	6,919,764	6,462,726	270,952	17,154,120	41,496,664	123,828	41,620,492
Profit for the period	-	-	-	-	3,491,401	3,491,401	10,292	3,501,693
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	-	-	380,211	-	-	380,211	-	380,211
Transferred to investment income on sale of available-for-sale securities	-	-	(82,365)	-	-	(82,365)	-	(82,365)
Total other comprehensive income	-	-	297,846	-	-	297,846	-	297,846
Total comprehensive income for the period	-	-	297,846	-	3,491,401	3,789,247	10,292	3,799,539
Transfer of net depreciation on revalued property	-	-	-	(7,290)	7,290	-	-	-
Final dividend (2013)	-	-	-	-	(3,741,186)	(3,741,186)	(24,602)	(3,765,788)
Charity contributions declared	-	-	-	-	(128,138)	(128,138)	-	(128,138)
At 30 June 2014	10,689,102	6,919,764	6,760,572	263,662	16,783,487	41,416,587	109,518	41,526,105

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 six months ended 30 June 2014 *(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 June 2013 (reviewed)								
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	-	-	-	-	3,522,573	3,522,573	39,795	3,562,368
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	-	-	1,733,195	-	-	1,733,195	-	1,733,195
Transferred to investment income on sale of available-for-sale securities	-	-	(63,886)	-	-	(63,886)	-	(63,886)
Total other comprehensive income	-	-	1,669,309	-	-	1,669,309	-	1,669,309
Total comprehensive income for the period	-	-	1,669,309	-	3,522,573	5,191,882	39,795	5,231,677
Transfer of net depreciation on revalued property	-	-	-	(7,763)	7,763	-	-	-
Final dividend (2012)	-	-	-	-	(2,915,210)	(2,915,210)	(30,757)	(2,945,967)
Bonus share issue (Note 4)	971,737	-	-	-	(971,737)	-	-	-
Charity contributions declared	-	-	-	-	(127,015)	(127,015)	-	(127,015)
At 30 June 2013	10,689,102	6,279,076	5,351,059	277,772	17,041,500	39,638,509	122,620	39,761,129

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 six months ended 30 June 2014

Bahraini dinars

	Six months ended 30 June 2014 (reviewed)	Six months ended 30 June 2013 (reviewed)
OPERATING ACTIVITIES		
Cash generated from sales	13,375,443	12,022,706
Receipts from training services	328,314	206,264
Receipts from car promotions	346,329	281,990
Other receipts	642,733	623,812
	14,692,819	13,134,772
Payments for purchases	(8,344,090)	(7,595,176)
Payments for other operating expenses	(2,034,993)	(2,703,576)
Payments for management fees	(362,515)	(320,535)
Payments for royalty	(2,594,993)	(2,824,150)
Car promotion expenses	(249,723)	(91,399)
Directors' remuneration paid	(168,000)	(200,399)
	(13,754,314)	(13,735,235)
Cash flows generated from / (used in) operating activities	938,505	(600,463)
INVESTING ACTIVITIES		
Interest income	82,205	162,671
Investment income	1,334,047	968,093
Acquisition of property and equipment	(188,762)	(95,664)
Disposal of investments	559,932	578,210
Loan and advances provided	(2,022,488)	(64,139)
Acquisition of Investment property	(4,292,401)	-
Acquisition of available-for-sale investments	(886,948)	(789,249)
Cash flows (used in) / from investing activities	(5,414,415)	759,922
FINANCING ACTIVITIES		
Payment to charities	(34,500)	(50,000)
Dividends paid	(3,701,137)	(2,998,999)
Cash flows used in financing activities	(3,735,637)	(3,048,999)
Net increase in cash flows during the period	(8,211,547)	(2,889,540)
Cash and cash equivalents at 1 January	15,830,721	17,224,875
Cash and cash equivalents at 30 June	7,619,174	14,335,335

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2014**

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 six months ended 30 June 2014 comprises 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 2013.

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 2013 and the comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed consolidated interim financial information for the six month period ended 30 June 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 2013.

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 2013.

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 six months ended 30 June 2014

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 2013.

4 APPROPRIATIONS

At the Annual General Meeting of the Company held on 11 March 2014, the following appropriations were approved which have been accounted during the period.

- (i) a final dividend of BD 3,741,186 for the year 2013 (2012: BD 2,915,210)
- (ii) charity contributions of BD 128,138 (2012: 127,016)

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

5 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

	30 June 2014 (reviewed)	30 June 2013 (reviewed)
Purchases	3,863,788	3,706,402
License fees	122,829	124,292
Management fees	384,453	383,138
Other operating income	19,332	52,717

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

	30 June 2014 (reviewed)	31 December 2013 (Audited)
Trade receivables	132,030	110,869
Trade payables	734,462	651,067

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2014

Bahraini dinars

5 *RELATED PARTY TRANSACTIONS (continued)*

c) Key management compensation

	30 June 2014 (reviewed)	30 June 2013 (reviewed)
Board remuneration	84,000	112,398
Salaries and other short-term benefits	154,104	157,582
Post employment benefits	4,568	3,941

6 AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2014 (reviewed)	31 December 2013 (audited)
Quoted equity shares	14,090,057	13,430,429
Unquoted equity shares	5,443,863	5,726,514
Debt instruments	3,271,206	3,089,988
	22,805,126	22,246,931

The fair values are determined based on their market value as the reporting date. The Company's investment in certain funds and equity securities amounting to BD 5,443,863 (2013: 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.

7 RECEIVABLES AND OTHER ASSETS

Other assets also comprise of a loan of BD 2,022,488 (2013: Nil) provided to another company. The interest rate on this loan is @ 12.5 % p.a. and is repayable on maturity with the principal on 30 January 2015.

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2014

Bahraini dinars

8 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

Available for sale investments of BD 17,361,263 (2013: BD 16,520,417) are renewal as fair value under level 1 in the fair value hierarchy.

9 COMMITMENTS

	30 June 2014 (reviewed)	31 December 2013 (audited)
Uncalled face value of investments in unquoted	256,398	2,548,883
Property and equipment	13,157	21,823
	269,555	2,570,706

10 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2014 Bahraini dinars

11 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.