

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 September 2014

Bahrain Duty Free Shop Complex BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine month period ended 30 September 2014

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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

11 November 2014

Introduction

We have reviewed the accompanying 30 September 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 September 2014;
- the condensed consolidated statement of comprehensive income for the three month and nine month period ended 30 September 2014;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2014;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 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 September 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 September 2014

Bahraini dinars

	Note	30 September 2014 (reviewed)	31 December 2013 (audited)
ASSETS			
Non-current assets			
Property and equipment		2,778,564	2,845,660
Investment in associate		220,893	210,322
Investment property		6,407,130	2,537,230
Available-for-sale investments	6	23,385,630	22,246,931
Total non-current assets		32,792,217	27,840,143
Current assets			
Inventories		2,998,610	2,476,104
Receivables and other assets	7	5,061,386	3,128,824
Cash and cash equivalents		8,463,259	15,830,721
Total current assets		16,523,255	21,435,649
Total assets		49,315,472	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		7,341,076	6,462,726
Property revaluation reserve		260,017	270,952
Retained earnings		16,889,464	17,154,120
Equity attributable to owners of the company		42,099,423	41,496,664
Non-controlling interest		103,682	123,828
Total equity (pages 7 and 8)		42,203,105	41,620,492
Liabilities			
Non-current liabilities			
Provision for employees' leaving indemnities		638,498	559,866
Total non-current liabilities		638,498	559,866
Current liabilities			
Payables and other liabilities		4,178,596	4,500,947
Royalty payable		2,240,267	2,498,993
Management fees		55,006	95,494
Total current liabilities		6,473,869	7,095,434
Total liabilities		7,112,367	7,655,300
Total equity and liabilities		49,315,472	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 November 2014 and signed on its behalf by:


Farsuk 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 2014

Bahraini dinars

	Nine months ended 30 September		Three months ended 30 September	
	2014 (reviewed)	2013 (reviewed)	2014 (reviewed)	2013 (reviewed)
Revenue	20,707,689	19,073,426	6,921,056	6,615,277
Cost of sales	(11,291,768)	(10,222,770)	(3,768,141)	(3,560,011)
Gross profit	9,415,921	8,850,656	3,152,915	3,055,266
Administrative expenses	(3,392,685)	(3,236,447)	(1,133,773)	(1,105,617)
Royalty	(2,384,267)	(2,086,891)	(789,924)	(730,107)
Other operating expenses	(702,675)	(750,505)	(276,582)	(241,891)
Selling expenses	(487,133)	(491,939)	(131,908)	(210,895)
Other income	3,286,848	2,821,316	1,413,588	777,062
Profit for the period	5,736,009	5,106,190	2,234,316	1,543,818
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	960,715	2,280,205	580,504	547,009
Transferred to profit or loss on sale of available-for-sale securities	(82,365)	(63,886)	-	-
Total other comprehensive income for the period	878,350	2,216,319	580,504	547,009
Total comprehensive income for the period	6,614,359	7,322,509	2,814,820	2,090,827
<i>Profit attributable to:</i>				
Owners of the company	5,731,553	5,062,898	2,240,152	1,540,323
Non-controlling interest	4,456	43,290	(5,836)	3,495
Profit for the period	5,736,009	5,106,190	2,234,316	1,543,818
<i>Total comprehensive income attributable to:</i>				
Owners of the company	6,609,903	7,279,219	2,820,656	2,087,333
Non-controlling interest	4,456	43,290	(5,836)	3,494
Total comprehensive income for the period	6,614,359	7,322,509	2,814,820	2,090,827
Basic and diluted earnings per share (in fils)	53.6	47.4	21.0	14.4

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


Farouk Yousuf Almoayyed
Chairman


Abdulla Binindi
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 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 September 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	-	-	-	-	5,731,553	5,731,553	4,456	5,736,009	
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	-	-	960,715	-	-	960,715	-	960,715	
Transferred to investment income on sale of available-for-sale securities	-	-	(82,365)	-	-	(82,365)	-	(82,365)	
Total other comprehensive income	-	-	878,350	-	-	878,350	-	878,350	
Total comprehensive income for the period	-	-	878,350	-	5,731,553	6,609,903	4,456	6,614,359	
Transfer of net depreciation on revalued property	-	-	-	(10,935)	10,935	-	-	-	
Final dividend (2013)	-	-	-	-	(3,741,186)	(3,741,186)	(24,602)	(3,765,788)	
Interim dividend (2014)	-	-	-	-	(2,137,820)	(2,137,820)	-	(2,137,820)	
Charity contributions declared	-	-	-	-	(128,138)	(128,138)	-	(128,138)	
At 30 September 2014	10,689,102	6,919,764	7,341,076	260,017	16,889,464	42,099,423	103,682	42,203,105	

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 nine months ended 30 September 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 September 2013 (reviewed)	9,717,365	6,279,076	3,681,750	285,535	17,525,126	37,488,852	113,582	37,602,434
At 1 January 2013	-	-	-	-	5,062,898	5,062,898	43,290	5,106,188
Profit for the period								
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	-	-	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
Total comprehensive income for the period	-	-	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	971,737	-	-	-	(971,737)	-	-	-
Charity contributions declared	-	-	-	-	(127,016)	(127,016)	-	(127,016)
At 30 September 2013	10,689,102	6,279,076	5,898,069	274,126	16,447,650	39,588,023	126,115	39,714,138

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 2014

Bahraini dinars

	Nine months ended 30 September 2014 (reviewed)	Nine months ended 30 September 2013 (reviewed)
OPERATING ACTIVITIES		
Cash generated from sales	20,124,593	18,108,168
Receipts from training services	460,410	498,313
Receipts from car promotions	327,128	502,550
Other receipts	929,981	879,451
	21,842,112	19,988,482
Payments for purchases	(12,334,191)	(10,404,385)
Car promotion expenses	(256,380)	(275,068)
Payments for management fees	(521,727)	(492,174)
Payments for royalty	(2,642,993)	(2,872,150)
Charity paid	(34,500)	(60,007)
Payments for other operating expenses	(3,346,510)	(4,156,823)
Directors' remuneration paid	(168,000)	(191,204)
	(19,304,301)	(18,451,811)
Cash flows from operating activities	2,537,811	1,536,671
INVESTING ACTIVITIES		
Interest income	100,701	215,187
Investment income	2,346,261	1,684,040
Acquisition of property and equipment	(281,182)	(563,508)
Acquisition of investments	(886,948)	(1,382,000)
Loans provided	(2,010,643)	-
Acquisition of investment property	(4,292,401)	(64,139)
Disposal of investment property	970,095	578,210
Cash flows (used in) / from investing activities	(4,054,118)	467,790
FINANCING ACTIVITIES		
Dividends paid	(5,851,154)	(4,800,491)
Cash flows used in financing activities	(5,851,154)	(4,800,491)
Decrease in cash and cash equivalents	(7,367,461)	(2,796,030)
Cash and cash equivalents at 1 January	15,830,721	17,224,876
Cash and cash equivalents at 30 September	8,463,260	14,428,846

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 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 nine months ended 30 September 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 nine month period ended 30 September 2014.

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 nine months ended 30 September 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 2014 (2013: BD 2,915,210)
- (ii) charity contributions of BD 128,138 (2013: 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. Related party transactions are generally executed based on pre agreed terms of the contract.

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

	30 September 2014 (reviewed)	30 September 2013 (reviewed)
Concessionaire fees	184,769	185,018
Management fees	94,500	94,500
Other operating income	19,332	61,252
Purchases	5,949,156	5,358,511

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2014

Bahraini dinars

5 RELATED PARTY TRANSACTIONS (continued)

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

	30 September 2014 (reviewed)	31 December 2013 (Audited)
Trade receivables	170,223	110,869
Trade payables	805,577	956,948

c) Key management compensation

	30 September 2014 (reviewed)	30 September 2013 (reviewed)
Board remuneration	126,000	154,797
Salaries and other short-term benefits	228,435	226,970
Post employment benefits	9,328	7,504

6 AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2014 (reviewed)	31 December 2013 (audited)
Quoted equity shares	14,689,500	13,430,429
Unquoted equity shares	5,443,862	5,726,514
Debt instruments	3,252,268	3,089,988
	23,385,630	22,246,931

The fair values are determined based on their market value as at 30 September 2014 and 31 December 2013. The Company's investment in certain funds and equity securities amounting to BD 5,443,862 (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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2014

Bahraini dinars

7 RECEIVABLES AND OTHER ASSETS

Other assets also comprise of a loan of BD 2,010,643 (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.

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 17,941,767 (2013: BD 16,520,417) are measured at fair value under level 1 in the fair value hierarchy.

9 COMMITMENTS

	30 September 2014 (reviewed)	31 December 2014 (audited)
Uncalled face value of investments in unquoted	256,398	2,548,883
Property and equipment	566,073	21,823
	822,471	2,570,706

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

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.

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.