

**Bahrain Duty Free Shop  
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**31 MARCH 2014**

## Bahrain Duty Free Shop Complex BSC

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

7 May 2014

### **Introduction**

We have reviewed the accompanying 31 March 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 31 March 2014;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2014;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2014;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 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 31 March 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 31 March 2014**

Bahraini dinars

	Note	<b>31 March 2014</b>	31 December 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		2,814,655	2,845,660
Investment in associate		214,367	210,322
Investment property		2,537,230	2,537,230
Available-for-sale investments	6	23,200,062	22,246,931
<b>Total non-current assets</b>		<b>28,766,314</b>	27,840,143
<b>Current assets</b>			
Inventories		2,532,315	2,476,104
Receivables and other assets	7	9,597,607	3,128,824
Cash and cash equivalents		8,687,311	15,830,721
<b>Total current assets</b>		<b>20,817,233</b>	21,435,649
<b>Total assets</b>		<b>49,583,547</b>	49,275,792
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		10,689,102	10,689,102
Statutory reserve		6,919,764	6,919,764
Investments fair value reserve		7,011,554	6,462,726
Property revaluation reserve		267,307	270,952
Retained earnings		15,092,269	17,154,120
<b>Equity attributable to owners of the company</b>		<b>39,979,996</b>	41,496,664
<b>Non-controlling interest</b>		132,966	123,828
<b>Total equity (pages 7 and 8)</b>		<b>40,112,962</b>	41,620,492
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' leaving indemnities		603,840	559,866
<b>Total non-current liabilities</b>		<b>603,840</b>	559,866
<b>Current liabilities</b>			
Payables and other liabilities		5,663,302	4,500,947
Royalty payable		3,152,874	2,498,993
Management fees		50,569	95,494
<b>Total current liabilities</b>		<b>8,866,745</b>	7,095,434
<b>Total liabilities</b>		<b>9,470,585</b>	7,655,300
<b>Total equity and liabilities</b>		<b>49,583,547</b>	49,275,792

The condensed consolidated interim financial information, which consists of pages 3 to 12 was approved by the Board of Directors on 7 May 2014 and signed on its behalf by:

Director

Director

The accompanying notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

for the three months ended 31 March 2014

Bahraini dinars

	<b>31 March 2014 (reviewed)</b>	31 March 2013 (reviewed)
<b>REVENUE</b>	6,411,673	5,879,387
Cost of sales	(3,457,638)	(3,125,100)
<b>Gross profit</b>	<b>2,954,035</b>	2,754,287
Administrative expenses	(1,133,051)	(1,061,703)
Royalty	(701,881)	(649,310)
Other operating expenses	(198,744)	(268,077)
Selling expenses	(168,793)	(131,663)
Investment income	756,663	418,301
Other income	304,737	566,466
<b>Profit for the period</b>	<b>1,812,966</b>	1,628,301
<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	631,193	754,630
Transferred to profit or loss on sale of available-for-sale securities	(82,365)	-
<b>Total other comprehensive income</b>	<b>548,828</b>	754,630
<b>Total comprehensive income for the period</b>	<b>2,361,794</b>	2,382,931
<i>Profit attributable to:</i>		
Equity holders of the parent company	1,803,828	1,616,242
Non-controlling interest	9,138	12,059
<b>Profit for the period</b>	<b>1,812,966</b>	1,628,301
<i>Total comprehensive income attributable to:</i>		
Equity holders of the parent company	2,352,656	2,370,872
Non-controlling interest	9,138	12,059
<b>Total comprehensive income for the period</b>	<b>2,361,794</b>	2,382,931
<b>Basic and diluted earnings per share (in fils)</b>	<b>16.9</b>	15.1

The condensed consolidated interim financial information, which consists of pages 3 to 12 was approved by the Board of Directors on 7 May 2014 and signed on its behalf by:

Director

Director

The accompanying notes 1 to 10 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended 31 March 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
<b>31 March 2014 (reviewed)</b>								
At 1 January 2014	<b>10,689,102</b>	<b>6,919,764</b>	<b>6,462,726</b>	<b>270,952</b>	<b>17,154,120</b>	<b>41,496,664</b>	<b>123,828</b>	<b>41,620,492</b>
Profit for the period	-	-	-	-	1,803,828	1,803,828	9,138	1,812,966
<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	-	-	631,193	-	-	631,193	-	<b>631,193</b>
Transferred to investment income on sale of available-for-sale securities	-	-	(82,365)	-	-	(82,365)	-	<b>(82,365)</b>
Total other comprehensive income	-	-	548,828	-	-	548,828	-	548,828
<b>Total comprehensive income for the period</b>	-	-	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)
<b>At 31 March 2014</b>	<b>10,689,102</b>	<b>6,919,764</b>	<b>7,011,554</b>	<b>267,307</b>	<b>15,092,269</b>	<b>39,979,996</b>	<b>132,966</b>	<b>40,112,962</b>

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

The condensed consolidated interim financial information consists of pages 3 to 12.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 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
31 March 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	-	-	-	-	1,616,242	1,616,242	12,059	1,628,301
Other comprehensive income								
Net change in fair value	-	-	754,630	-	-	754,630	-	754,630
Total other comprehensive income	-	-	754,630	-	-	754,630	-	754,630
Total comprehensive income for the period	-	-	754,634	-	1,616,242	2,370,872	12,059	2,382,931
Transfer of net depreciation on revalued property	-	-	-	(3,645)	3,645	-	-	-
Final dividend (2012)	-	-	-	-	(2,915,210)	(2,915,210)	-	(2,915,210)
Charity contributions declared	-	-	-	-	(127,016)	(127,016)	-	(127,016)
At 31 March 2013	9,717,365	6,279,076	4,436,380	281,890	16,102,787	36,817,498	125,641	36,943,139

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

The condensed consolidated interim financial information consists of pages 3 to 12.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2014**

Bahraini dinars

	<b>Three months ended 31 March 2014 (reviewed)</b>	Three months ended 31 March 2013 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Cash generated from sales	6,151,726	5,669,698
Receipts from training services	175,887	127,592
Receipts from car promotions	210,998	138,314
Other receipts	272,309	332,657
	<b>6,810,920</b>	<b>6,268,261</b>
Payments for purchases	(3,542,675)	(3,514,724)
Payments for other operating expenses	(1,256,125)	(1,438,137)
Payments for management fees	(233,573)	(154,095)
Payments for royalty	(48,000)	(48,000)
Car promotion expenses	(149,488)	(94,904)
Directors' remuneration paid	(168,000)	(196,000)
	<b>(5,397,861)</b>	<b>(5,445,860)</b>
<b>Cash flows from operating activities</b>	<b>1,413,059</b>	<b>822,401</b>
<b>INVESTING ACTIVITIES</b>		
Interest income	25,533	77,027
Investment income	543,095	3,199
Disposal of investments	321,500	404,918
Acquisition of property and equipment	(85,383)	(67,020)
Acquisition of investment property	-	(64,139)
Loan and advances provided	(1,939,336)	-
Advance for investment property	(4,200,000)	-
Acquisition of available-for-sale investments	(643,439)	(745,707)
<b>Cash flows used in investing activities</b>	<b>(5,978,030)</b>	<b>(391,722)</b>
<b>FINANCING ACTIVITIES</b>		
Payment to charities	(20,000)	(50,000)
Dividends paid	(2,558,439)	(1,574,560)
<b>Cash flows used in financing activities</b>	<b>(2,578,439)</b>	<b>(1,624,560)</b>
<b>Net decrease in cash flows during the period</b>	<b>(7,143,410)</b>	<b>(1,193,881)</b>
Cash and cash equivalents at 1 January	15,830,721	17,224,875
<b>Cash and cash equivalents at 31 March</b>	<b>8,687,311</b>	<b>16,030,994</b>

The condensed consolidated interim financial information consists of pages 3 to 12.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 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 three months ended 31 March 2014 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 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 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 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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2013**

Bahraini dinars

**3 SIGNIFICANT ACCOUNTING POLICIES**

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 2014 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.

**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**

	<b>31 March 2014 (reviewed)</b>	31 March 2013 (reviewed)
Purchases	<b>1,791,300</b>	1,700,003
License fees	<b>59,961</b>	59,572
Management fees	<b>176,505</b>	187,359
Other income	<b>5,845</b>	28,779

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2013**

Bahraini dinars

5 RELATED PARTY TRANSACTIONS (continued)

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

	<b>31 March 2014 (reviewed)</b>	31 December 2013 (audited)
Trade receivables	<b>65,914</b>	110,869
Trade payables	<b>908,203</b>	956,948

**c) Key management compensation**

	<b>31 March 2014 (reviewed)</b>	31 March 2013 (reviewed)
Board remuneration	<b>42,000</b>	42,000
Salaries and other short-term benefits	<b>55,744</b>	50,854
Post employment benefits	<b>2,746</b>	1,758

**6 AVAILABLE-FOR-SALE INVESTMENTS**

	<b>31 March 2014 (reviewed)</b>	31 December 2013 (audited)
Quoted equity shares	14,336,717	13,430,429
Unquoted equity shares	5,737,822	5,726,514
Debt instruments	3,125,523	3,089,988
	<b>23,200,062</b>	22,246,931

The fair values are determined based on their market value as at 31 March 2014 and 31 December 2013. The Company's investment in certain funds and equity securities amounting to BD 5,737,822 (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**

Included in other assets is an advance of BD 4,100,000 paid for purchase of an investment property in Bahrain. The advance will be reclassified as an investment property on completion of the transaction.

Other assets also comprise a loan of BD 1,939,336 provided to another company. The interest rate on this loan is 12.5 % p.a. and is payable on maturity with the principal on 30 January 2015.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

Bahraini dinars

**8 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:

<b>31 March 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value</b>	<b>Carrying value</b>
Available-for-sale investments	17,462,240	-	-	<b>17,462,240</b>	<b>17,462,240</b>

<b>31 December 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value</b>	<b>Carrying value</b>
Available-for-sale investments	16,520,417	-	-	16,520,417	16,520,417

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

Bahraini dinars

**9 COMMITMENTS**

	<b>31 March 2014 (reviewed)</b>	31 December 2013 (audited)
Uncalled face value of investments in unquoted equity	256,398	2,548,883
Property and equipment	-	21,823
	<b>256,398</b>	<b>2,570,706</b>

**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 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.

**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.