

**Bahrain Duty Free Shop
Complex BSC**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

31 MARCH 2013

Bahrain Duty Free Shop Complex BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the three month period ended 31 March 2012

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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
Juffair,
Kingdom of Bahrain

14 May 2013

Introduction

We have reviewed the accompanying 31 March 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 31 March 2013;
- the condensed consolidated statement of comprehensive income for the three month period ended 31 March 2013;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2013;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 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 31 March 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 31 March 2013

Bahraini dinars

	Note	31 March 2013 (reviewed)	31 December 2012 (audited)
ASSETS			
Non-current assets			
Property and equipment		2,615,255	2,646,931
Investment in associate		197,911	191,990
Investment property		2,537,230	2,473,091
Available-for-sale investments	7	19,406,014	18,310,625
Total non-current assets		24,756,410	23,622,637
Current assets			
Inventories		2,677,883	2,076,625
Trade receivable and other assets		2,755,197	1,750,411
Cash and cash equivalents		16,030,994	17,224,876
Total current assets		21,464,074	21,051,912
Total assets		46,220,484	44,674,549
EQUITY AND LIABILITIES			
Equity			
Share capital	4	9,717,365	9,717,365
Statutory reserve		6,279,076	6,279,076
Investments fair value reserve		4,436,380	3,681,750
Property revaluation reserve		281,890	285,535
Retained earnings		16,102,787	17,525,126
Equity attributable to owners of the company		36,817,498	37,488,852
Non-controlling interest		125,641	113,582
Total equity (Pages 4 & 5)		36,943,139	37,602,434
Non-current liabilities			
Provision for employees' leaving indemnities		535,089	561,814
Total non-current liabilities		535,089	561,814
Current liabilities			
Trade payables		5,357,289	3,728,409
Royalty payable		3,329,460	2,728,149
Management fees		55,507	53,743
Total current liabilities		8,742,256	6,510,301
Total liabilities		9,277,345	7,072,115
Total equity and liabilities		46,220,484	44,674,549

The condensed consolidated interim financial information, which consists of pages 3 to 12 was approved by the Board of Directors on 14 May 2013 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 COMPREHENSIVE INCOME
for the three months ended 31 March 2013

Bahraini dinars

	31 March 2013 (reviewed)	31 March 2012 (reviewed)
REVENUE	5,879,387	6,538,034
Cost of sales	(3,125,100)	(3,648,504)
Gross profit	2,754,287	2,889,530
Administrative expenses	(1,061,703)	(1,066,831)
Royalty	(649,310)	(734,336)
Other operating expenses	(268,077)	(280,057)
Selling expenses	(131,663)	(132,886)
Other income	984,767	1,196,528
Profit for the period	1,628,301	1,871,948
Other comprehensive income		
Available-for-sale securities:		
Net change in fair value	754,630	120,680
Total other comprehensive income for the period	754,630	120,680
Total comprehensive income for the period	2,382,931	1,992,628
<i>Profit attributable to:</i>		
Equity holders of the parent company	1,616,242	1,844,283
Non-controlling interest	12,059	27,665
Profit for the period	1,628,301	1,871,948
<i>Total comprehensive income attributable to:</i>		
Equity holders of the parent company	2,370,872	1,964,963
Non-controlling interest	12,059	27,665
Total comprehensive income for the period	2,382,931	1,992,628
Basic and diluted earnings per share (in fils)	16.6	18.9

The condensed consolidated interim financial information, which consists of pages 3 to 12 was approved by the Board of Directors on 14 May 2013 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 three months ended 31 March 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
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)
Bonus share issue (Note 4)	-	-	-	-	-	-	-	-
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 CHANGES IN EQUITY
for the three months ended 31 March 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
31 March 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	-	-	-	-	1,844,283	1,844,283	27,665	1,871,948
Other comprehensive income								
Net change in fair value	-	-	120,680	-	-	120,680	-	120,680
Total other comprehensive income	-	-	120,680	-	-	120,680	-	
Total comprehensive income for the period	-	-	120,680	-	1,844,283	1,964,963	27,665	1,992,628
Transfer of net depreciation on revalued property	-	-	-	(17,500)	17,500	-	-	-
Final dividend (2011)	-	-	-	-	(2,650,190)	(2,650,190)	-	(2,650,190)
Bonus share issue	883,397	-	-	-	(883,397)	-	-	-
Charity contributions declared	-	-	-	-	(107,439)	(107,439)	-	(107,439)
At 31 March 2012	9,717,365	5,643,997	3,322,296	308,764	15,544,669	34,537,091	181,211	34,718,302

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 2013

Bahraini dinars

	Three months ended 31 March 2013 (reviewed)	Three months ended 31 March 2012 (reviewed)
OPERATING ACTIVITIES		
Cash generated from sales	5,669,698	5,929,142
Receipts from training services	127,592	209,532
Receipts from car promotions	138,314	27,642
Other receipts	332,657	795,541
	6,268,261	6,788,460
Payments for purchases	(3,514,724)	(3,282,553)
Payments for other operating expenses	(1,438,137)	(1,557,493)
Payments for management fees	(154,095)	(182,824)
Payments for royalty	(48,000)	-
Car promotion expenses	(94,904)	(34,157)
Directors' remuneration paid	(196,000)	(147,400)
	(5,445,860)	(5,204,427)
Cash flows from operating activities	822,401	1,757,430
INVESTING ACTIVITIES		
Interest income	77,027	120,188
Investment income	3,199	37,322
Disposal of property and equipment	-	2,556
Disposal of investments	404,918	-
Acquisition of property and equipment	(67,020)	(159,591)
Acquisition of investment property	(64,139)	(1,999,262)
Acquisition of available-for-sale investments	(745,707)	(3,779,955)
Cash flows used in investing activities	(391,722)	(5,778,742)
FINANCING ACTIVITIES		
Payment to charities	(50,000)	-
Dividends paid	(1,574,560)	(1,284,204)
Cash flows used in financing activities	(1,624,560)	(1,284,204)
Net increase in cash flows during the period	(1,193,881)	(5,305,516)
Cash and cash equivalents at 1 January	17,224,875	22,287,652
Cash and cash equivalents at 31 March	16,030,994	16,982,136

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 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 three months ended 31 March 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 three month period ended 31 March 2012.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 May 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2012

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

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 except for bonus share issue referred in note 4 above:

- (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 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

	31 March 2013 (reviewed)	31 March 2012 (reviewed)
License fees	59,572	65,278
Management fees	31,500	31,500
Other operating income	28,779	11,447
Purchases	1,700,003	2,264,274

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2012

Bahraini dinars

6 *RELATED PARTY TRANSACTIONS (continued)*

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

	31 March 2013 (reviewed)	31 March 2012 (reviewed)
Trade receivables	103,031	89,251
Trade payables	651,067	885,684

c) Key management compensation

	31 March 2013 (reviewed)	31 March 2012 (reviewed)
Board remuneration	67,000	39,300
Salaries and other short-term benefits	50,854	33,759
Post employment benefits	1,758	1,976

7 AVAILABLE-FOR-SALE INVESTMENTS

	31 March 2013 (reviewed)	31 December 2012 (audited)
Quoted equity shares	11,126,595	9,694,115
Unquoted equity shares	5,726,514	5,726,514
Debt instruments	2,552,905	2,513,996
Structured notes	-	376,000
	19,406,014	18,310,625

The fair values are determined based on their market value as at 31 March 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 three months ended 31 March 2012

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. 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 2013	Level 1	Level 2	Level 3	Total
Available-for-sale investments – carried at fair value	13,679,500	-	-	13,679,500
31 December 2012				
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 three months ended 31 March 2012

Bahraini dinars

9 COMMITMENTS

	31 March 2013 (reviewed)	31 December 2012 (audited)
Property and equipment	25,055	1,112
Uncalled face value of investments in unquoted equity	473,173	284,376
	498,228	285,488

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 on board in-flight in Bahrain Air flights 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.