

Bahrain Duty Free Shop Complex BSC

Condensed interim financial information

30 June 2021

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
for the six month period ended 30 June 2021

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Independent auditors' report on review of condensed interim financial information

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

11 August 2021

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial information of Bahrain Duty Free Shop Complex BSC ("the Company") which comprises:

- the condensed statement of financial position as at 30 June 2021;
- the condensed statement of profit or loss for the three-month and six-month periods ended 30 June 2021;
- the condensed statement of comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed statement of cash flows for the six-month period ended 30 June 2021; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed 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 2020 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain vide its circular OG/124/2020 dated 30 March 2020 had exempted all public shareholding companies and locally incorporated banks from preparation and publication of condensed interim financial information for the three-month period ended 31 March 2020. Accordingly, we have not reviewed comparative information presented for the three-month period ended 30 June 2020 in the condensed statements of profit or loss and comprehensive income, which has been extracted from management accounts of the Company and, we do not express any review conclusion on them.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

(Bahraini dinars '000)

	note	30 June 2021 (reviewed)	31 December 2020 (audited)
ASSETS			
Investment properties	5	9,897	9,998
Equity-accounted investees	6	4,830	4,568
Investment securities	7	28,977	28,217
Total non-current assets		43,704	42,783
Inventories		-	5,015
Other assets		480	1,266
Cash and cash equivalents	8	2,084	1,620
		2,564	7,901
Assets held for sale		-	95
Total current assets		2,564	7,996
Total assets		46,268	50,779
EQUITY AND LIABILITIES			
Equity			
Share capital		14,227	14,227
Share premium		1,953	1,953
Statutory reserve		7,114	7,114
Charity reserve		661	666
Fair value reserve		5,601	4,851
Retained earnings		16,285	18,675
Total equity		45,841	47,486
Liabilities			
Employees' benefits		40	442
Trade and other payables		266	1,783
Royalty payable		121	1,068
Total liabilities		427	3,293
Total equity and liabilities		46,268	50,779

The condensed interim financial information was approved by the Board of Directors on 11 August 2021 and signed on its behalf by:


Farouk Yousuf Almoayyed
Chairman


Abdulla Buhindi
Managing Director

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED STATEMENT OF PROFIT OR LOSS
for the six month period ended 30 June 2021

(Bahraini dinars '000)

	note	Six months ended 30 June		Three months ended 30 June	
		2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (unreviewed)
Revenue		806	10,105	-	2,031
Cost of sales		(318)	(6,148)	(20)	(1,719)
Gross profit		488	3,957	(20)	312
Other income, net		341	622	198	251
Administrative expenses	9	(556)	(3,519)	(134)	(879)
Selling expenses		(6)	(177)	-	(37)
Operating profit		267	883	44	(353)
Interest income		12	128	6	59
Income from investment securities	10	639	842	73	191
Income from investment property, net		52	66	21	14
Impairment charge on financial assets		(103)	-	-	125
Share of profit from equity-accounted investees		300	1	357	-
Government grant		-	270	-	270
Profit for the period		1,167	2,190	501	306
Basic and diluted earnings per share (in fils)		8.20	15.39	3.52	2.15

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six month period ended 30 June 2021

(Bahraini dinars '000)

	Six months ended 30 June		Three months ended 30 June	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (Unreviewed)
Profit for the period	1,167	2,190	501	306
Other comprehensive income <i>Items that will not be reclassified to profit or loss:</i>				
Equity investments at FVOCI - net change in fair value	750	(2,179)	765	(265)
Total comprehensive income for the period	1,917	11	1,266	41

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six month period ended 30 June 2021**

(Bahraini dinars '000)

30 June 2021 (reviewed)	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total Equity
At 1 January 2021	14,227	1,953	7,114	666	4,851	18,675	47,486
Comprehensive income:							
Profit for the period	-	-	-	-	-	1,167	1,167
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss:</i>							
Equity investments at FVOCI - net change in fair value	-	-	-	-	750	-	750
Total other comprehensive income	-	-	-	-	750	-	750
Total comprehensive income for the period	-	-	-	-	750	1,167	1,917
Cash dividend declared for 2020	-	-	-	-	-	(3,557)	(3,557)
Charity utilised during the period	-	-	-	(5)	-	-	(5)
At 30 June 2021	14,227	1,953	7,114	661	5,601	16,285	45,841

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six month period ended 30 June 2021**

(Bahraini dinars '000)

	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total Equity
30 June 2020 (reviewed)							
At 1 January 2020	14,227	1,953	7,114	772	7,856	20,996	52,918
Comprehensive income:							
Profit for the period	-	-	-	-	-	2,190	2,190
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss:</i>							
Equity investments at FVOCI - net change in fair value	-	-	-	-	(2,179)	-	(2,179)
Transferred to retained earnings on sale of equity investments	-	-	-	-	(22)	22	-
<i>Total other comprehensive income</i>	-	-	-	-	(2,201)	22	(2,179)
Total comprehensive income for the period	-	-	-	-	(2,201)	2,212	11
Cash dividend declared for 2019	-	-	-	-	-	(4,261)	(4,261)
Charity approved for 2019	-	-	-	150	-	(150)	-
Charity utilised during the period	-	-	-	(147)	-	-	(147)
At 30 June 2020	14,227	1,953	7,114	775	5,655	18,797	48,521

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.
CONDENSED STATEMENT OF CASH FLOWS
for the six month period ended 30 June 2021

(Bahraini dinars '000)

Note	30 June 2021 (reviewed)	30 June 2020 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from customers	806	10,134
Other receipts	5,295	1,001
	6,101	11,135
Payments for purchases	(1,110)	(7,098)
Payments for other operating expenses	(603)	(2,235)
Payments for management fees	(50)	(279)
Payments for royalty	(1,098)	(2,752)
Directors' remuneration paid	(65)	(130)
Payment to charities	(5)	(146)
Refund/(payment) of taxes	126	(450)
Receipt of Government grant	-	270
	(2,805)	(12,820)
Net cash generated/ (used in) from operating activities	3,296	(1,685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	62	134
Dividend income received	624	810
Rental income received from investment property - net	170	237
Dividends received from equity accounted investees	38	193
Payment for investment in equity accounted investee	-	(215)
Sale of property and equipment	260	-
Acquisition of property and equipment	-	(2)
Bank deposits	-	1,050
Maturity of debt securities at amortized cost	-	98
Sale of investment at FVOCI	-	42
Acquisition of investments at FVOCI	-	(230)
Prepayments for investments at FVOCI	(19)	-
Profit received from investments at FVTPL	5	76
Acquisition of investment at FVTPL	(111)	(16)
Net cash generated from investing activities	1,029	2,177
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,861)	(4,089)
Net cash used in financing activities	(3,861)	(4,089)
Net increase/ (decrease) in cash and cash equivalents during the period	464	(3,597)
Cash and cash equivalents at 1 January	1,621	5,240
Cash and cash equivalents at 30 June*	2,085	1,643

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* This does not include expected credit loss of BD 1 thousand.

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the six month period ended 30 June 2021

1 REPORTING ENTITY

Bahrain Duty Free Shop Complex BSC (the "Company") is a Bahrain Joint Stock Company registered under commercial registration number 23509 on 15 July 1990 and listed on the Bahrain Bourse. The Company's duty-free operations under the current concession agreement were terminated on closure of the old Bahrain International Airport and opening of new airport on 28 January 2021. The Company manages an investment portfolio within Kingdom of Bahrain and other regions.

Bahrain Duty Free Co WLL ("BDFC"), a Bahraini incorporated company, 55% owned by the Company and 45% owned by Gulf Air Group Holding BSC (c), a company owned by the Government of Bahrain, has won the new concession from the Government of Bahrain to operate the duty free business in the new Bahrain international airport which commenced its operation during on 28 January 2021. BDFC operates as a joint venture by virtue of a shareholders' agreement whereby both parties agreed to have joint control. Accordingly, the comparatives include the results of duty free operations that are not reflected during 2021 interim financial information.

2 BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS), Interim Financial Reporting, which permits the condensed interim financial information to be in a summarised form. The condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

The condensed interim financial information is reviewed, and not audited.

Comparative information

The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2020 and comparatives for the condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the reviewed condensed interim financial information of the Company for the six month period ended 30 June 2020.

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their interim financial information for the three-month period ended 31 March 2020. Accordingly, the 30 June 2020 condensed interim financial information was the first interim period for 2020 and only included results for the cumulative six-month period ended 30 June 2020. In the current period interim financial information, the comparatives for the:

- a) the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2020;
- b) the condensed statements of profit or loss and other comprehensive income, changes in equity, cash flows, for the six-month period ended have been extracted from the reviewed condensed interim financial information of the Company for the six month period ended 30 June 2020; and
- c) the condensed statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2020 have been extracted from the management accounts of the Company that was used to prepare the reviewed condensed interim financial information of the Company for the six month period ended 30 June 2020. However, this information was not published separately in the prior interim period.

b) Use of judgements and estimates

Preparing the condensed 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 interim financial information, significant judgments made by the management in applying the Company's accounting policies and key source of estimation of uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2020.

c) Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the condensed interim financial information are the same as those applied in the Company's audited financial statements as at and for the year ended 31 December 2020.

4 APPROPRIATIONS

At the Annual General Meeting of the Company held on 26 March 2021, the following appropriations were approved for 2020:

- (i) Final dividend of BD 3,557 thousands for the year 2020 (2019: BD 4,261 thousands); and
- (ii) No Charity contributions for the year 2020 (2019: BD 150 thousands).

Appropriations for the current year, if any, will be made only at the year-end.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six month period ended 30 June 2021**

(Bahraini dinars '000)

5 INVESTMENT PROPERTIES

	30 June 2021 (reviewed)	31 December 2020 (audited)
At beginning of the period	9,998	10,745
Depreciation for the period	(101)	(217)
Impairment for the period	-	(530)
At end of the period	9,897	9,998

Investment properties comprise residential commercial properties that are leased to third parties and vacant plots of land.

6 EQUITY-ACCOUNTED INVESTEES

	30 June 2021 (reviewed)	31 December 2020 (audited)
Interest in joint venture	4,634	4,341
Interest in associate	196	227
	4,830	4,568

7 INVESTMENT SECURITIES

	30 June 2021 (reviewed)	31 December 2020 (audited)
Quoted equity instruments at FVTOCI	18,777	18,028
Unquoted equity instruments at FVTOCI	6,907	6,907
Debt securities at amortized cost	2,053	2,153
Funds at FVTPL	1,240	1,129
	28,977	28,217

8 CASH AND CASH EQUIVALENTS

	30 June 2021 (reviewed)	31 December 2020 (audited)
Bank deposits	1,500	-
Bank balances	583	1,557
Cash in hand	2	64
Less: expected credit loss provision	(1)	(1)
	2,084	1,620

9 ADMINISTRATIVE EXPENSES

	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Royalty	121	1,112
Salaries and related costs	257	1,614
Management fees	18	187
Depreciation	-	24
Utilities	43	242
IT expenses	(7)	73
Directors remuneration	-	63
Other expenses	124	204
	556	3,519

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the six month period ended 30 June 2021

(Bahraini dinars '000)

10 INCOME FROM INVESTMENT SECURITIES

	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Dividend income from quoted FVTOCI equity instruments	565	774
Dividend income from unquoted FVTOCI equity instruments	18	-
Interest on debt instruments at amortised cost	62	83
Gain on FVTPL instruments	-	4
Administrative fees	(6)	(19)
	639	842

11 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. 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.

Fair value hierarchy

The Company 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 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: Inputs that are unobservable. This category includes all instruments for which 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 for which 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 reporting date, by level in the fair value hierarchy into which the fair value measurement is categorized:

30 June 2021 (reviewed)	Level 1	Level 2	Level 3	Total
Equity securities at FVTOCI	17,011	1,766	6,907	25,684
Funds at FVTPL	-	1,240	-	1,240
31 December 2020 (audited)	Level 1	Level 2	Level 3	Total
Equity securities at FVTOCI	16,202	1,826	6,907	24,935
Funds at FVTPL	-	1,129	-	1,129

The fair value of debt securities at amortised cost with carrying value BD 2,053 is BD 1,989 (2020: BD 2,129). Fair value is classified as Level 2. The carrying value of the Company's other financial assets and financial liabilities approximates their fair value due to their short-term nature.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six month period ended 30 June 2021

(Bahraini dinars '000)

12 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, 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 Company exercises significant influence, major shareholders, directors, the management company and key management personnel of the Company. Transactions with related parties are at agreed terms.

The significant related party balances and transactions (excluding compensation to key management personnel) included in these condensed interim financial information are as follows:

Description	Equity-accounted investees	Management Company	Entities in which directors are interested	Total
As at 30 June 2021 (reviewed)				
Assets				
Receivables	-	1	-	1
Dividends received	38	-	-	38
Liabilities				
Management fee payable	-	1	-	1
Trade payable	-	7	-	7
Other payables	-	-	5	5
For the six months ended 30 June 2021 (reviewed)				
Income				
Share of profit	300	-	-	300
Commission	-	-	5	5
Other income	167	-	-	167
Expenses				
Purchases	-	-	1	1
Other expenses	-	25	47	72
Management fees	-	18	-	18

During the period, the Company sold inventory and fixed assets to its joint venture amounting to BD 4,851 thousand and BD 260 thousand respectively.

Description	Equity-accounted investees	Management Company	Entities in which directors are interested	Total
As at 31 December 2020 (audited)				
Assets				
Receivables	-	-	18	18
Investment in joint venture during 2020	215	-	-	215
Liabilities				
Management fee payable	-	30	-	30
For the Six months ended 30 June 2020 (reviewed)				
Income				
Share of profit	1	-	-	1
Commission	-	-	40	40
Expenses				
Purchases	-	2,579	6	2,585
Rental expense	62	-	36	98
Other expenses	-	48	207	255
Management fees	-	187	-	187

12 RELATED PARTY TRANSACTIONS (continued)**b) Key management compensation**

	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Board remuneration for the period	-	63
Short term benefits for the period	45	63
Post-employment benefits for the period	4	3
Post-employment benefits payable	40	43
Management fee for the period	18	187

13 CONTINGENCIES AND COMMITMENTS

	30 June 2021 (reviewed)	31 December 2020 (audited)
Uncalled face value of investments in unquoted equity	1,068	1,164
	1,068	1,164

14 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 primarily operated Bahrain Airport Duty Free Shops, Bahrain Sea Port Duty Free shop and inflight services for Gulf Air until 28 January 2021 and its revenue, expenses and results are reviewed only at a consolidated level and therefore no separate operating segment results and other disclosures are provided in these condensed interim financial information. Post 28 January 2021, the Company manages an investment portfolio within Kingdom of Bahrain and other regions, and is reported as one segment.

15 SEASONALITY

Dividend income mainly comes in the first quarter of the year. No other significant income is of a seasonal nature.