

Bahrain Duty Free Shop Complex BSC

Condensed Interim Financial Information

31 March 2021

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
for the three month period ended 31 March 2021

CONTENTS

Page

Independent auditors' report on review of condensed interim financial information 2

Condensed interim financial information

Condensed statement of financial position 3

Condensed statement of profit or loss 4

Condensed statement of comprehensive income 5

Condensed statement of changes in equity 6 - 7

Condensed statement of cash flows 8

Notes to the condensed interim financial information 9 - 13



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Independent auditors' report on review of condensed interim financial information

The Board of Directors
Bahrain Duty Free Shop Complex B.S.C
Kingdom of Bahrain

9 May 2021

Introduction

We have reviewed the accompanying 31 March 2021 condensed interim financial information of Bahrain Duty Free Shop Complex B.S.C ("the Company") which comprises:

- the condensed statement of financial position as at 31 March 2021;
- the condensed statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed statement of comprehensive income for the three-month period ended 31 March 2021;
- the condensed statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed statement of cash flows for the three-month period ended 31 March 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 31 March 2021 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. We have not reviewed the comparative information for the three-month period ended 31 March 2020 presented in this condensed interim financial information which has been extracted from management accounts of the Company and, accordingly we do not express any review conclusion on it.

BAHRAIN DUTY FREE SHOP COMPLEX B.S.C.

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

(Bahraini dinars '000)

	note	31 March 2021 (reviewed)	31 December 2020 (audited)
ASSETS			
Investment properties	5	9,948	9,998
Equity-accounted investees	6	4,511	4,568
Investment securities	7	28,154	28,217
Total non-current assets		42,613	42,783
Inventories		-	5,015
Trade and other receivables		6,037	1,266
Cash and bank balances	8	928	1,620
		6,965	7,901
Assets held for sale		92	95
Total current assets		7,057	7,996
Total assets		49,670	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		4,836	4,851
Retained earnings		15,782	18,675
Total equity		44,573	47,486
Liabilities			
Employees' benefits		39	442
Trade and other payables		3,839	1,783
Royalty payable		1,219	1,068
Total current liabilities		5,097	3,293
Total equity and liabilities		49,670	50,779

The condensed interim financial information was approved by the Board of Directors on 9 May 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 three month period ended 31 March 2021

		Three months ended 31 March	
		2021 (reviewed)	2020 (Unreviewed)
	note		
Revenue		806	8,074
Cost of sales		(298)	(4,429)
Gross profit		508	3,645
Other income, net		143	371
Administrative expenses	9	(422)	(2,640)
Selling expenses		(6)	(140)
Operating profit		223	1,236
Interest income		6	69
Income from investments securities	10	566	651
Income from investment property, net		31	52
Impairment charge on financial assets		(103)	(125)
Share of (loss) / profit from equity-accounted investees		(57)	1
Profit for the period		666	1,884
 Basic and diluted earnings per share (in fils)		 4.68	 13.24

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 three month period ended 31 March 2021

Profit for the period

Other comprehensive income

Items that will not be reclassified to profit or loss:

Equity investments at FVOCI - net change in fair value

Total comprehensive income for the period

Three months ended 31 March	
2021 (reviewed)	2020 (Unreviewed)
666	1,884
(15)	(1,328)
651	556

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 three month period ended 31 March 2021

(Bahraini dinars '000)

31 March 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	-	-	-	-	-	666	666
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss:</i>							
Equity investments at FVOCI - net change in fair value	-	-	-	-	(15)	-	(15)
Total other comprehensive income	-	-	-	-	(15)	-	(15)
Total comprehensive income for the period	-	-	-	-	(15)	666	651
Cash dividend declared for 2020	-	-	-	-	-	(3,559)	(3,559)
Charity utilised during the period	-	-	-	(5)	-	-	(5)
At 31 March 2021	14,227	1,953	7,114	661	4,836	15,782	44,573

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 three month period ended 31 March 2021

(Bahraini dinars '000)

	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total Equity
31 March 2020 (unreviewed)							
At 1 January 2020	14,227	1,953	7,114	772	7,856	20,996	52,918
Comprehensive income:							
Profit for the period	-	-	-	-	-	1,884	1,884
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss:</i>							
Equity investments at FVOCI - net change in fair value	-	-	-	-	(1,914)	-	(1,914)
Transferred to retained earnings on sale of equity investments	-	-	-	-	(22)	22	-
<i>Total other comprehensive income</i>	-	-	-	-	(1,936)	22	(1,914)
Total comprehensive income for the period	-	-	-	-	(1,936)	1,906	(30)
Cash dividend declared for 2019	-	-	-	-	-	(4,261)	(4,261)
Charity approved for 2019	-	-	-	150	-	(150)	-
Charity utilised during the period	-	-	-	(78)	-	-	(78)
At 31 March 2020	14,227	1,953	7,114	844	5,920	18,491	48,549

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 three month period ended 31 March 2021

(Bahraini dinars '000)

	31 March 2021 (reviewed)	31 March 2020 (unreviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from customers	806	8,280
Other receipts	277	295
	1,083	8,575
Payments for purchases	(1,011)	(5,135)
Payments for other operating expenses	(512)	(2,068)
Payments for management fees	(49)	(310)
Payments for royalty	-	(123)
Directors' remuneration paid	(65)	-
Payment to charities	(5)	(78)
Payment of taxes	103	(164)
	(1,539)	(7,878)
Net cash (used in) / generated from operating activities	(456)	697
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	23	63
Dividend income received	18	39
Rental income received from investment property - net	93	113
Dividends received from equity accounted investees	-	63
Payment for investment in equity accounted investee	-	(215)
Acquisition of property and equipment, net	-	(1)
Bank deposits	-	3,005
Sale of investment at FVOCI	-	42
Prepayments for investments at FVOCI	(15)	-
Prepayments for investments at FVTPL	-	(19)
Profit received from investments at FVTPL	3	32
Acquisition of investment at FVTPL	(54)	38
Net cash generated from investing activities	68	3,160
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(304)	(123)
Net cash used in financing activities	(304)	(123)
Net decrease in cash and cash equivalents during the period	(692)	3,734
Cash and cash equivalents at 1 January	1,621	5,240
Cash and cash equivalents at 31 March*	929	8,974

* 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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three month period ended 31 March 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.

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 management accounts of the Company for the three month period ended 31 March 2020. Hence, the comparative information included in the current period statements of profit or loss and other comprehensive income, cash flows and changes in equity were not reviewed.

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 similar to 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. A number of new standards and amendments to standards have been issued and are effective from 1 January 2021. These did not have a material effect on this condensed interim financial information.

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 3,559 thousands for the year 2020 (2019: BD 4,261 thousands); and
- (ii) No Charity contributions (2019: BD 150 thousands).

Appropriations for the current year, if any, will be made only at the next Annual General Meeting.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three month period ended 31 March 2021

(Bahraini dinars '000)

5 INVESTMENT PROPERTIES

	31 March 2021 (reviewed)	31 December 2020 (audited)
At beginning of the period	9,998	10,745
Depreciation for the period	(50)	(217)
Impairment for the period	-	(530)
At end of the period	9,948	9,998

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

6 EQUITY-ACCOUNTED INVESTEEES

	31 March 2021 (reviewed)	31 December 2020 (audited)
Interest in joint venture	4,283	4,341
Interest in associate	228	227
	4,511	4,568

7 INVESTMENT SECURITIES

	31 March 2021 (reviewed)	31 December 2020 (audited)
Quoted equity instruments at FVTOCI	18,011	18,028
Unquoted equity instruments at FVTOCI	6,907	6,907
Debt securities at amortized cost	2,053	2,153
Funds at FVTPL	1,183	1,129
	28,154	28,217

The debt securities at amortised cost are presented net of expected credit loss of BD 181 thousand (2020:BD 81 thousand).

8 CASH AND BANK BALANCES

	31 March 2021 (reviewed)	31 December 2020 (audited)
Bank balances	927	1,557
Cash in hand	2	64
Less: expected credit loss provision	(1)	(1)
Cash and cash equivalents	928	1,620

9 ADMINISTRATIVE EXPENSES

	31 March 2021 (reviewed)	31 March 2020 (unreviewed)
Royalty	121	1,213
Salaries and related costs	234	872
Management fees	18	191
Depreciation	-	13
Utilities	38	139
IT expenses	(15)	39
Directors remuneration	(2)	30
Other expenses	29	143
	423	2,640

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the three month period ended 31 March 2021

(Bahraini dinars '000)

10 INCOME FROM INVESTMENTS SECURITIES

	31 March 2021 (reviewed)	31 March 2020 (unreviewed)
Dividend income from quoted FVTOCI equity instruments	521	624
Income from unquoted FVTOCI equity instruments	18	-
Interest income on debt instruments at amortised cost	31	42
Gain/ (loss) on FVTPL instruments	-	(2)
Administrative fees	(4)	(13)
	566	651

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:

31 March 2021 (reviewed)	Level 1	Level 2	Level 3	Total
Equity securities at FVTOCI	16,147	1,864	6,907	24,918
Funds at FVTPL	-	1,183	-	1,183
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 2,319 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 three month period ended 31 March 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 31 March 2021 (reviewed)				
<u>Assets</u>				
Receivables *	4,961	-	12	4,973
<u>Liabilities</u>				
Trade payable	-	(1)	-	(1)
For the three months ended 31 March 2021 (reviewed)				
<u>Income</u>				
Share of loss	(45)	-	-	(45)
Commission	-	-	5	5
<u>Expenses</u>				
Purchases	-	-	(1)	(1)
Rental expense	(10)	-	-	(10)
Other expenses	-	(18)	(34)	(52)
Management fees	-	(18)	-	(18)

*Note: The receivable from equity-accounted investees represents receivables from Bahrain Duty Free Company WLL for sale of inventory and assets and is included under trade and other receivables in the statement of financial position.

Description	Equity-accounted investees	Management Company	Entities in which directors are interested	Total
As at 31 December 2020 (audited)				
<u>Assets</u>				
Receivables	-	199	6	205
Investment in joint venture during 2020	1,807	-	-	1,807
<u>Liabilities</u>				
Management fee payable	-	190	-	190
Trade payable	-	691	37	728
For the three months ended 31 March 2020 (reviewed)				
<u>Income</u>				
Share of profit	1	-	-	1
Commission	-	-	38	38
<u>Expenses</u>				
Purchases	-	(1,880)	(21)	(1,901)
Rental expense	(31)	-	(22)	(53)
Management fees	-	(183)	-	(183)
Other expenses	-	(32)	(109)	(141)

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

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Board remuneration for the period	-	32
Short term benefits for the period	24	32
Post-employment benefits for the period	1	2
Post-employment benefits payable	39	41
Management fee for the period	18	191

13 CONTINGENCIES AND COMMITMENTS

	31 March 2021 (reviewed)	31 December 2020 (audited)
Uncalled face value of investments in unquoted equity	1,111	1,164
	1,111	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.