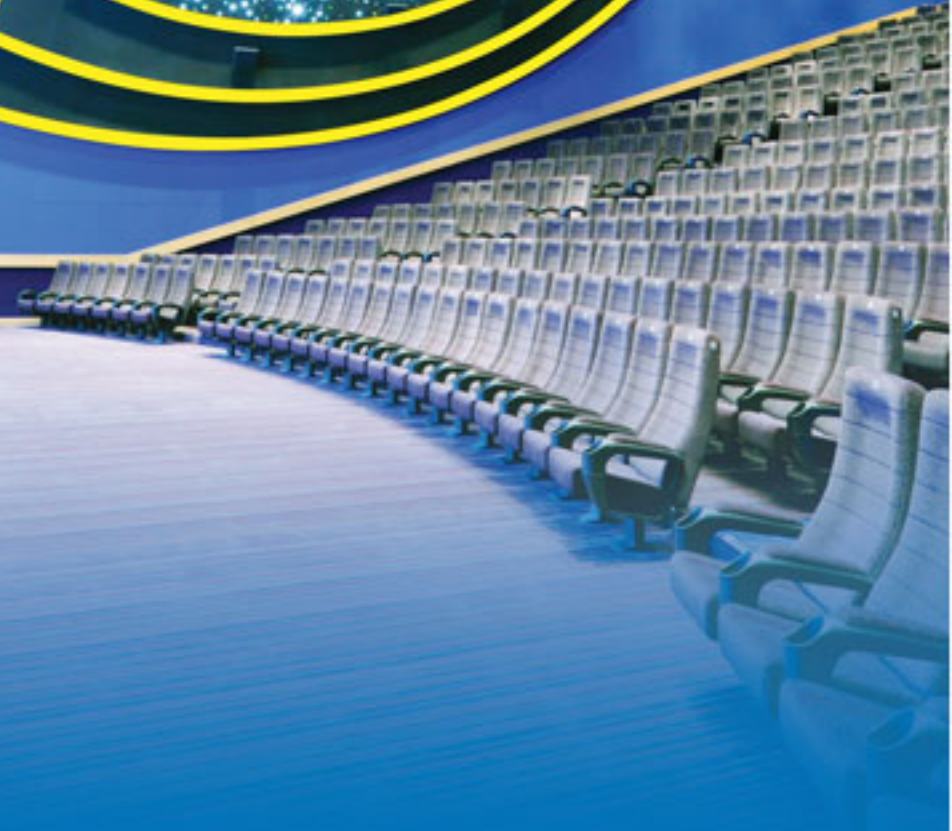


Annual Report 2009



Bahrain Cinema Company BSC
Cineco 20 Bahrain City Centre





Bahrain Cinema Company BSC
Cineco 20 Bahrain City Centre





**His Royal Highness
Prince Khalifa Bin Salman
Al Khalifa**

The Prime Minister
of the Kingdom of Bahrain



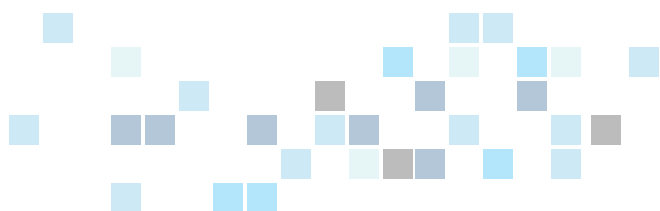
**His Royal Majesty
King Hamad Bin Isa
Al Khalifa**

The King
of the Kingdom of Bahrain



**His Royal Highness
Prince Salman Bin Hamad
Al Khalifa**

The Crown Prince
& Deputy Supreme Commander





Our History

30/06/1967: The late Amir of Bahrain, Shaikh Isa Bin Salman Al Khalifa, may God rest his soul in peace, issued a charter to establish the Bahrain Cinema and Film Distribution Company (BC & FDC), with the following founder members:

Late Ali A. Rahman Al Wazan/ Mr. Ali Ben Yousif Fakhro/ Late Ezra Ebrahim Nono/ Late A. Rahman Bin Mohamed Al Khalifa/ Mr. Mohamed Yousif Jalal/ Mr. Ali Ebrahim Abdul Aal/ Mr. Ali Yousif Obaidly/ Mr. Sayed Alawi Sayed Maoosa Al Alawi/ Late A. Rahman A. Ghaffar Al Alawi/ Mr. Jassim Mohamed Fakhro.

Authorized Capital BD 750,000

Issued Capital BD500,000 distributed over 50,000 shares, at a nominal value of BD10.000 per share.

06/06/1968: BC & FDC commences operations after acquisition of Awal Cinema, Bahrain Cinema & Al Nasr Cinema from late Abdul Rahman A. Alawi.

Al Zubara Cinema was leased from late Ali Bin Ahmed Al Khalifa.

08/06/1968: Opening of Al Hamra Cinema, being the first air-conditioned theater in Bahrain.

20/07/1971: Opening new premises of Awal Cinema after demolishing the old one. Taking over Al Zubara Cinema from late Ali Bin Ahmed Al Khalifa.

06/01/1972: Opening of Andalus Cinema at Isa Town.

01/04/1972: Leasing Awali and Sitra Gate Cinemas from Bapco.

1973: Closing down Al Zubara Cinema.

22/02/1973: Leasing Al Jazeera Cinema from the Government.

1974: Increase of issued and paid-up capital to BD750,000 by offering 25,000 shares as rights issue at the rate of BD30.000 per share.

1975: BC & FDC gets compensated with the Central Market Land in lieu of the ex-Bahrain Cinema Land.

Fire breaks out at Andalus Cinema.

1976: BC & FDC changes its name to Bahrain Cinema Company (BCC)

17/06/1978: Another fire breaks out at Andalous Cinema.

27/08/1979: A major fire breaks down at Awal Cinema.

1979: Converting Al Nasr Cinema into an air-conditioned theatre.

1981: Doubling the issued and paid-up capital to BD1,500,000 through issuance of 100% bonus shares, and splitting the share to BD1.000.

1983: Opening new premises of Awal Cinema and closing Sitra Gate Cinema.

1984: Induction of new management force

represented by Dr. Esam Abdulla Fakhro as the Managing Director and Mr. Ahmad A. Rehman Rashed, as the General Manager.

1985: Opening of Bahrain Video and Video Matic outlets.

BCC sells its share in Oman Arab Cinema.

1988: Opening of Budaiya Video outlet.

1989: Disposal of Andalus Cinema to the Ministry of Information.

1990: Reduction of paid-up Capital to 1,259,880 following a write off of 240,120 shares + cash in a barter deal with the Government to surrender Andalus Cinema.

1991: sale of usufruct right of Al Jazeera Cinema Closing down Awali Cinema

1992: Increase of authorized capital to BD3 million.

Increase of issued and paid-up capital to BD1,385,868 through issuance of 10% bonus shares.

Split of shares to 100 fils per share.

1993: Increase of issued and paid-up capital to BD1,524,455 by issuance of 10% bonus shares.

1996: Opening 2 screens of Delmon Cinema at GOSI Building.

1997: Increase of paid-up capital to BD1,722,635 through issuance of 13% Bonus shares.

Opening of Al Seef 6 screens Cineplex at Seef Mall.

1998: Increase of paid-up capital to BD1,998,257 through issuance of 16% bonus shares.

05/05/2000: Al Nasr Cinema shuts down permanently after a major fire breaks down.

Al Hamra Cinema shuts down temporarily for repairs caused by fire.

28/06/2000: Opening of Al Jazeera 2 Screens Cineplex at Muharraq Island.

26/12/2000: Opening of 4 Screens Saar Cineplex at Saar.

07/02/2001: Re-opening Al Hamra Cinema.

03/04/2001: Closing of Riffain & Awali Video outlets.

19/09/2001: Opening of Seef 10 screens Megaplex.

07/05/2002: Opening of "Rendezvous" open buffet Restaurant.

2002: Closing of Videomatic Video outlet.

28/02/2003: Closing of Budaiya video.

31/12/2003: Closing of Bahrain video.

31/01/2004: Closing of Delmon video.

11/04/2004: Increasing the paid-up capital to BD2,297,993 by issuance of 15% bonus share.

29/04/2004: Opening of a new 14 screens Cineplex at the Doha City Center, Qatar.

16/06/2004: Increase of authorized capital to BD10 million.

30/09/2004: Delmon Cinema, at the Gosi Mall shuts down permanently.

04/01/2005: The signing of a new 20 Screens Cineplex at the Bahrain City Center.

16/01/2005: Increase in the paid-up capital to BD2,597,734 by issuance of 2,846,843 rights issue shares at the rate of 500 fils per share.

29/03/2005: Increase in the paid-up capital to BD2,942,430 by issuance of 15% bonus share.

18/03/2006: Increasing the paid-up Capital to BD3,383,795 by issuance of 15% bonus shares.

25/05/2006: Increase in the paid-up Capital to BD3,825,160 by issuance of 4,413,650 rights issue shares at the rate of 600 fils per share.

13/11/2006: Closing down of Snooker Centre.

01/01/2007: Opening of Tak-a-Tak Casual Indian Restaurant in Awal Cinema Complex.

15/01/2007: The Signing of a 13 Screens Cineplex at the Villagio Mall, Doha, Qatar.

22/10/2007: Reduction of number of directors to seven.

24/01/2008: The sad demise of the Chairman Ali Ben Yousif Fakhro, may his soul rest in peace.

10/02/2008: The formation of the BREADTALK joint venture.

03/03/2008: Increasing the paid-up capital to BD4,590,192 by issuance of 20% bonus shares.

30/04/2008: Sale of central market land.

22/10/2009: The opening of Cineco 13 at the Doha Villagio Mall.

26/11/2009: The opening of Cineco 20 at the Bahrain City Centre.

Registered office

Building No. 1075
Road No. 830
Al Zu'bara Avenue
P.O. Box 26573
Manama
Kingdom of Bahrain

Bankers

National Bank of Bahrain
Bank of Bahrain and Kuwait
Ahli United Bank

Registrars

KPMG Fakhro
PO Box 710, Manama
Kingdom of Bahrain

Auditors

Jawad Habib & Co
P.O. Box 787
5th Floor, UGB Tower
Diplomatic Area
Kingdom of Bahrain

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Board of Directors'

Members



Dr. Esam Abdulla Fakhro
Chairman



Ali Yousif Ubaydli
Vice Chairman



Mohammed Ebrahim Kanoo
Director



Fareed Yousif Almoayed
Director



Jihad Yousif Amin
Director



Jalal Mohamed Jalal
Director



Shawqi Ali Fakhro
Director



Ahmed A. Rahman Rashed
Chief Executive Officer

Board of Directors' Report ■■■

For the year ended 31 December 2009

For myself and on behalf of the Company's Directors, I am pleased to present to you the 40th Annual Report containing the financial statements of the Group for the year ending 31st December, 2009.

Against the backdrop of the global economic crisis which hit all countries of the world since 2008, Bahrain Cinema Company (BSC) was able to overcome this major economic downturn, thanks to the concerted efforts of the Board of Directors and the Company's executive management. The impact of the crisis on the overall Company's operations was minimal. For the Company's investments, the conservative investment policy pursued by the management was reflected in a much improved performance in a difficult market.

We are pleased to inform the Shareholders about the expansion in cinema operations during the year. On 22nd October, 2009 we opened the 13-screen Villaggio Cinema with a capacity of 2,494 seats in the Villaggio Mall in the State of Qatar. The project was a big achievement and its success was beyond all expectations. On 26th November, 2009 the Company opened a 20-screen cinema complex with a capacity of 3,487 seats in the City Centre Mall, Seef District. The opening of this complex was well received by movie-goers and was considered as a distinctive landmark in cinema screen designs.

It should be noted that the second branch of Rendezvous Restaurant and the third branch of BreadTalk Bakery in the lobby of the City Centre

Cinema Complex are scheduled to be opened in the middle of 2010. Owing to the high costs of set up for operations of BreadTalk in the Park Plaza branch at the Diplomatic Area (branch of Gulf Gourmet Group WLL – a Joint Venture Company) and the accumulated pre-operational expenses, Gulf Gourmet Group WLL suffered a loss during the financial year ended on 31st December, 2009 of which the Company's share was BD186,210. It is hoped that the loss would be reduced significantly during the financial year 2010 and it is expected that profits will be made in early 2011.

The Company's overseas expansion through its two successful projects in the State of Qatar provided a strong incentive for the management to look for other opportunities across the border, especially in the GCC states.



For the results of the financial year ended on 31st December, 2009, the Group made a consolidated net operating profit before joint ventures and other income of BD1,698,766 as against BD1,837,789 in 2008. This is a 7.56% drop in the operating profits for the year. The share of profit from the investment in joint ventures aggregated to BD612,860 compared with BD707,273 in 2008. The other income reduced to BD1,968,976 in 2009 compared with BD6,437,536 in 2008, which included the Company's sale of its Central Market land.

As for the case in Kuwait regarding Central Market land dispute, the Company awaits the outcome of liquidating the debtors' assets and their distribution to all the creditors by the Public Investment Authority, which was appointed as the bankruptcy officer.

Consolidated Statement of Income

The Group's net profits of the financial year ended on 31st December, 2009 amounted to a total of BD3,735,881 and after accounting for other comprehensive losses resulted in net retained earnings of BD14,029,277 at 31 December 2009. The Board of Directors recommends the following distributions for the financial year as at 31st December, 2009:

- 1) Payment of dividends to the shareholders at the rate of 50 fils per share (50% of the issued share capital less treasury shares) amounting to BD2,213,505.
- 2) Payment of BD111,000 as Directors' remuneration for 2009.

Acknowledgement and Gratitude

Finally, the Board of Directors would like to express its sincere thanks and appreciation to His Royal Majesty King Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain, His Royal Highness Prince Khalifa Bin Salman Al Khalifa, Prime Minister and His Royal Highness Prince Salman Bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander and hope that the Kingdom of Bahrain and its people will enjoy further growth and prosperity.

Vice Chairman



Independent Auditors' Report ■■■ to the Shareholders

of Bahrain Cinema Company BSC

Report on financial statement

We have audited the accompanying consolidated financial statements of Bahrain Cinema Company BSC ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made

by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, as required by the Bahrain Commercial Companies Law, Decree Number 21 of 2001, in the case of the Company, we report that:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the Company has carried out stocktaking in accordance with recognised procedures, has maintained proper books of account and the financial statements are in agreement therewith; and
3. the financial information included in the Directors' report is consistent with the books of account of the Company.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001 or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2009.

Jawad Habib & Co.

Manama, Kingdom of Bahrain
28 January 2010

Consolidated Statement of Financial Position

at 31 December 2009

(Expressed in Bahrain Dinars)

	Notes	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	6	12,466,601	7,312,562
Investment in joint ventures	7	2,866,721	3,327,402
Available-for-sale investments	8	15,437,070	17,414,298
		30,770,392	28,054,262
Current assets			
Inventories	9	178,449	202,576
Trade and other receivables	10	1,524,442	1,884,554
Financial assets at fair value through profit or loss	11	-	297,968
Cash and cash equivalents	12	1,663,331	7,178,092
		3,366,222	9,563,190
Total assets		34,136,614	37,617,452
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	4,590,192	4,590,192
Less: treasury shares	13	(163,182)	(119,762)
		4,427,010	4,470,430
Share premium		3,927,656	3,927,656
Investment fair value reserve	14(i)	1,255,243	3,406,853
Revaluation reserve	14(ii)	5,098,979	5,239,384
Statutory reserve	14(iii)	2,295,096	2,287,809
Charity reserve	14(iv)	600,000	500,000
General reserve	14(v)	153,251	153,251
Retained earnings		14,029,277	12,819,021
		31,786,512	32,804,404
Non current liability			
Non-current portion of term loan	16	-	880,004
Current liabilities			
Trade and other payables	15	2,350,102	2,149,207
Current portion of term loan	16	-	219,996
Bank overdraft	17	-	1,563,841
		2,350,102	3,933,044
Total equity and liabilities		34,136,614	37,617,452

These financial statements, set out on pages 9 to 34, were approved for issue by the Board of Directors on 28 January 2010 and signed on its behalf by:



Ali Yousuf Ubaydli
Vice-Chairman



Mohamed Ebrahim Kanoo
Director

Consolidated

Statement of Income

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

	Notes	2009	2008
Operating income		8,606,428	8,552,490
Operating costs		(5,390,112)	(5,105,211)
Operating gross profit		3,216,316	3,447,279
Expenses			
General and administrative expenses		(1,296,784)	(1,520,243)
Donations		(76,152)	(41,477)
Preoperative expenses		(110,941)	-
Finance costs	18	(33,673)	(47,770)
		(1,517,550)	(1,609,490)
Operating profit for the year before share of profit from investment in joint ventures and other income		1,698,766	1,837,789
Net share of profit from investment in joint ventures		612,860	707,273
Other income	19	1,968,976	6,437,536
		2,581,836	7,144,809
Profit for the year before impairment loss on available-for-sale investments		4,280,602	8,982,598
Impairment loss on available-for-sale investments	8	(333,721)	(5,250,306)
Profit for the year before Director's remuneration and transfer to charity reserve		3,946,881	3,732,292
Directors remuneration	13	(111,000)	(111,000)
(Contribution to)/reversal from charity reserve	14(iv)	(100,000)	20,000
		(211,000)	(91,000)
Net profit for the year		3,735,881	3,641,292
Earnings per share	20	84 fils	81 fils

Consolidated statement of comprehensive income for the year ended 31 December 2009

Net profit for the year		3,735,881	3,641,292
Other comprehensive income / (loss)			
Unrealised fair value losses on available-for-sale investments	8	(1,031,433)	(1,430,431)
Net movement in the fair reserve on the sale of available-for-sale investments		(1,120,177)	-
Revaluation (deficit)/surplus on land	6	(140,405)	337,871
Revaluation reserve on sale of property, plant and equipment		-	(3,685,192)
Other comprehensive loss for the year		(2,292,015)	(4,777,750)
Total comprehensive income/(loss) for the year		1,443,866	(1,136,458)

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

	Notes	Share capital	Treasury shares	Share premium	Investment fair value reserve	Revaluation reserve	Statutory reserve	General reserve	Charity reserve	Retained earnings	Total
At 31 December 2007		3,825,160	(96,977)	3,927,656	4,837,284	8,586,703	1,912,580	153,251	520,000	12,197,071	35,862,728
Dividends for 2007		-	-	-	-	-	-	-	-	(1,864,092)	(1,864,092)
Bonus shares issued		765,032	(19,395)	-	-	-	-	-	-	(745,637)	-
Purchase of treasury shares	13	-	(3,390)	-	-	-	-	-	-	(34,384)	(37,774)
Reversal of Charity reserve	14(iv)								(20,000)		(20,000)
Total comprehensive loss for the year		-	-	-	(1,430,431)	(3,347,319)	-	-	-	3,641,292	(1,136,458)
Transferred to statutory reserve	14(iii)	-	-	-	-	-	375,229	-	-	(375,229)	-
At 31 December 2008		4,590,192	(119,762)	3,927,656	3,406,853	5,239,384	2,287,809	153,251	500,000	12,819,021	32,804,404
Dividends for 2008		-	-	-	-	-	-	-	-	(2,235,215)	(2,235,215)
Purchase of treasury shares	13	-	(43,420)	-	-	-	-	-	-	(283,123)	(326,543)
Contribution to charity reserve	14(iv)	-	-	-	-	-	-	-	100,000		100,000
Total comprehensive income for the year		-	-	-	(2,151,610)	(140,405)	-	-	-	3,735,881	1,443,866
Transferred to statutory reserve	14(iii)	-	-	-	-	-	7,287	-	-	(7,287)	-
At 31 December 2009		4,590,192	(163,182)	3,927,656	1,255,243	5,098,979	2,295,096	153,251	600,000	14,029,277	31,786,512

Consolidated Statement of

Cash Flows

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

	Notes	2009	2008
Operating activities			
Net profit for the year		3,735,881	3,641,292
Adjustments for:			
Depreciation	6	409,820	361,379
Share of profit from investment in joint ventures	7	(612,860)	(707,273)
Directors Remuneration	13	111,000	111,000
Transfer to charity reserve	14(IV)	100,000	(20,000)
Unrealised fair value losses on financial assets at fair value through profit or loss		-	90,803
Impairment loss on available-for-sale investments	8	333,721	5,250,306
Dividend income	19	(644,812)	(931,150)
Interest income	19	(113,957)	(199,254)
Realised gains on sale of available-for-sale investments	19	(1,118,946)	(177,441)
Profit on sale of property, plant and equipment	19	(2,216)	(5,108,766)
Finance costs	18	33,673	47,770
Changes in operating assets and liabilities:			
Inventories	9	24,127	(52,174)
Trade and other receivables	10	360,112	(585,496)
Trade and other payables	15	200,895	611,981
Cash provided by operating activities		2,816,438	2,332,977
Finance costs paid	18	(33,673)	(47,770)
Net cash provided by operating activities		2,782,765	2,285,207
Investing activities			
Purchase of property, plant and equipment	6	(5,734,122)	(373,326)
Proceeds from sale of property, plant and equipment		32,074	5,434,760
Acquisition of investment in joint ventures	7	(289,510)	(485,000)
Reduction in capital of a joint venture	7	412,000	46,500
Purchase of available-for-sale investments	8	(443,842)	(6,504,137)
Proceeds from sale of available-for-sale investments		1,352,653	1,542,644
Interest income received	19	113,957	199,254
Dividend received from joint ventures	7	951,051	498,880
Dividend income received	19	644,812	931,150
Net cash (used in)/provided by investing activities		(2,960,927)	1,290,725
Financing activities			
Purchase of treasury shares	13	(326,543)	(37,774)
Net (payment)/proceeds from term loan	16	(1,100,000)	1,100,000
Dividends paid		(2,235,215)	(1,864,092)
Directors' remuneration paid		(111,000)	(111,000)
Net cash used in financing activities		(3,772,758)	(912,866)
Net (decrease)/increase in cash and cash equivalents		(3,950,920)	2,663,066
Cash and cash equivalents, beginning of the year		5,614,251	2,951,185
Cash and cash equivalents, end of the year		1,663,331	5,614,251
Comprising: Cash and cash equivalents	12	1,663,331	7,178,092
Bank overdraft	17	-	(1,563,841)
		1,663,331	5,614,251

Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

1 Organisation and activities

Bahrain Cinema Company BSC ("the Company") and its subsidiary comprise "the Group". The Company is a public Bahraini shareholding company incorporated under Royal Decree dated 30 November 1967, is registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 1192 obtained on 11 August 1968.

The principal activities of the Group are the screening of films, sale of video and music cassettes, compact discs, advertisements and operation of restaurants and providing leisure and amusement related services.

The registered office of the Company is in the Kingdom of Bahrain.

2 Structure of the Group

The structure of the Group is as follows:

Subsidiary companies

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership Interest 2009	Effective ownership interest 2008
Aradous Properties Management W.L.L.	Kingdom of Bahrain	Managing and leasing of properties	100%	100%

Joint ventures

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership Interest 2009	Effective ownership interest 2008
Saar Cinema Complex	Kingdom of Bahrain	Screening of films	31%	31%
Al Logistics Company B.S.C (c)	Kingdom of Bahrain	Providing logistic services	-	10%
The Gulf Gourmet Group W.L.L.	Kingdom of Bahrain	Restaurant and coffee shop management	45%	45%
Qatar Bahrain Cinema Company W.L.L.	State of Qatar	Screening of films	30%	30%
Cineco W.L.L.	State of Qatar	Screening of films	50%	50%

3 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Bahrain Commercial Companies Law, Decree Number 21 of 2001.

Notes to the Consolidated Financial Statements

(continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

3 Basis of preparation (continued)

Basis of presentation

The consolidated financial statements have been prepared under the historical cost convention, modified by the remeasurement of available-for-sale investments and revaluation of freehold land at its market value at the consolidated statement of financial position date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies.

Standards, amendments and interpretations effective and adopted in 2009

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009 and have been adopted in the preparation of these financial statements:

IAS 1 (revised), 'Presentation of financial statements' effective 1 January 2009: Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the statement of income and statement of comprehensive income).

The Group has elected to present two statements: a statement of income and a statement of comprehensive income. The consolidated financial statements have been prepared under the revised disclosure requirements.

Standard or interpretation	Title	Effective for annual period beginning on or after
IAS 27	Consolidated and Separate Financial Statements	1 January 2009
IAS 32	Financial instruments: Presentation	1 January 2009
IAS 39	Financial instruments Recognition and measurement	1 July 2009
IFRS 8	Operating Segments	1 January 2009

Standards, amendments and interpretations effective in 2009 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009, but are not relevant to the Group's operations:

Standard or interpretation	Title	Effective for annual period beginning on or after
IAS 23	Borrowing Costs	1 January 2009
IFRS 2	Share-based Payment (revised)	1 January 2009
IFRS 7	Financial instruments Disclosures	1 January 2009
IFRIC 15	Agreement for the Construction of Real Estate	1 January 2009

Standards, amendments and interpretations issued but not yet effective in 2009

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2009 have not been adopted early by the Group's management:

Standard or interpretation	Title	Effective for annual period beginning on or after
IFRS 3	Business Combinations	1 July 2009
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

4 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate financial statements of the company and its subsidiary from the date that control effectively commenced until the date that control effectively ceased. Control is achieved when the company has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities. All intergroup balances, transactions and unrealised profits and losses are eliminated in full on consolidation.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation, with the exception of freehold land which is stated at market values, based on valuations undertaken by independent property valuers. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Increases in carrying amounts arising on revaluation of freehold land are credited to the revaluation reserve in the consolidated statement of comprehensive income. Decreases that off-set previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the consolidated statement of comprehensive income. On disposal of revalued assets, amounts in the revaluation reserve relating to these assets are transferred directly to retained earnings.

Depreciation is calculated on the straight-line method to write-off the cost of property, plant and equipment to estimated residual values over their expected useful lives which are as follows:

Buildings on freehold land	20 years
Building on leasehold land/leasehold improvements	20 years or the lease period, whichever is lower
Fixtures, furniture and office equipment	3 - 10 years
Motor vehicles	5 years

Freehold land is not depreciated as it is deemed to have an infinite life.

Capital work-in-progress represents expenditure incurred in setting up new commercial facilities which are capitalised and depreciated when put to commercial use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining net profit.

Repairs and renewals are charged to the consolidated statement of income when the expenditure is incurred.

The carrying amounts of the property, plant and equipment are reviewed for quarterly impairment when events or changes in circumstances indicate that carrying amounts may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts, the carrying values are written-down immediately to their recoverable amounts.

Notes to the Consolidated Financial Statements

(continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

4 Significant accounting policies (continued)

Joint venture

The Group's interests in jointly controlled entities, being entities in which two or more parties contractually agree to share control over an economic activity, are accounted for using the equity method of accounting as the Group's management believes that it exercises significant influence rather than joint control, that is the power, directly or indirectly, to govern the financial and operating policies of the jointly controlled entities. Under the equity method, the group's share of the post acquisition profits or losses of the joint venture are recognised in the consolidated statement of income, and its share of post acquisition movements in reserves are recognised directly in the consolidated statement of change in shareholder's equity. The equity method is applied from the date on which the Group assumes joint control over an entity, and ceases when joint control is relinquished.

Investments

a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at their fair values. Realised and unrealised gains and losses arising from changes in the fair value are included in the consolidated statement of income in the period in which they arise.

b) Available-for-sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale investments; These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the statement of financial position date, or unless they need to be sold to raise operating capital, in which case they are included in current assets. Available-for-sale investments are initially recorded at cost and subsequently re-measured at their fair values. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in the consolidated statement of comprehensive income. The fair value of investments listed on active markets is determined by reference to quoted market prices. The fair value of securities listed on inactive markets and unlisted investments are determined using other generally accepted valuation methods. Unquoted investments for which fair values cannot be measured reliably are recognised at cost less impairment.

The fair value changes of available-for-sale investments are reported in the consolidated statement of comprehensive income until such investments are sold, at which time the realised gains or losses are reported in the consolidated statement of income.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

4 Significant accounting policies (continued)

Investments (continued)

The Group assesses at each consolidated statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised is removed from equity and recognised in the consolidated statement of income.

Share-based payment plan

The Group operates an equity-settled share-based payment plan to certain employees. Equity-settled share-based payments are measured at their fair values (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the shares vest.

Inventories

All inventories are stated at the lower of cost and net realisable value. Cost, which is computed on the weighted average basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of selling price in the ordinary course of business, less selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

Trade receivables

Trade receivables are carried at their anticipated realisable values. An estimate is made for doubtful trade receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

Trade payables

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

The Group recognises provisions when it has a present legal, or constructive obligation, to transfer economic benefits as a result of past events, and a reasonable estimate of the obligation can be made.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

4 Significant accounting policies (continued)

Employee benefits

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Group contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Group's contributions are charged to the consolidated statement of income in the year to which they relate. In respect of this plan, the Group has a legal obligation to pay the contributions as they fall due, and no obligation exists to pay the future benefits.

The expatriate employees of the Group are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Group accrues for its liability in this respect on an annual basis.

Treasury shares

Shares of the Company repurchased at the consolidated statement of financial position date are designated as treasury shares until they are reissued or cancelled. The nominal value of treasury shares are disclosed as a deduction from share capital, with the difference between the nominal value of the shares and their purchase cost being adjusted against the retained earnings in the consolidated statement of changes in shareholders' equity. Gains or losses arising on the sale of treasury shares are recognised in the consolidated statement of change in shareholders' equity.

Dividends declared

Dividends are recognised in the consolidated statement of changes in shareholders' equity in the period in which they are approved by the shareholders in the Annual General Meeting.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

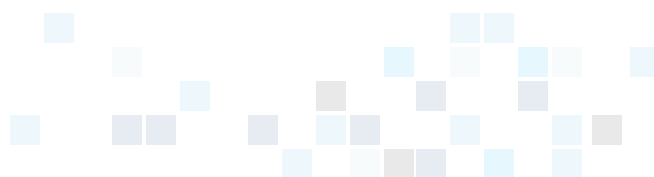
Operating income

The income and costs arising from the screening of films rented from other distributors, and advertising income, are recognised in the consolidated statement of income on an accruals basis.

Operating income also includes the sale of food and drinks and the sale of music cassettes and compact discs. Sales are recognised upon delivery of the products or services to the customers.

Other income

Other income is recognised when the Group's right to receive payment is established.



Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

4 Significant accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of income.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and fixed deposits with original maturities of three months or less, net of bank overdrafts.

5 Critical accounting judgment and key source of estimation uncertainty

Preparation of the consolidated financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions relate to:

- economic useful lives of property, plant and equipment;
- impairment of available-for-sale-investments;
- provisions; and
- contingencies.

Economic useful lives of property, plant and equipment

- The Group's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives.
- Useful economic lives of property, plant and equipment are reviewed by management quarterly. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Available-for-sale investments

The management assesses quarterly whether there is objective evidence that a financial asset or a group of financial assets is impaired. The review is based on the significant or prolonged decline in the fair value of the securities below their cost.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

5 Critical accounting judgment and key source of estimation uncertainty (continued)

Provisions

At 31 December 2009, in the opinion of the Group's management, no provision for impaired trade receivables is required (2008: BDNil). When evaluating the adequacy of an allowance for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the allowance for impaired trade receivables recorded in the financial statements.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

6 Property, plant and equipment

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Capital work-in- progress	Total
Cost or valuation						
At 31 December 2007	9,471,128	1,298,018	3,825,124	72,357	102,167	14,768,794
Additions	4,850	-	131,410	23,782	213,284	373,326
Disposals	(4,001,451)	-	(3,294)	(16,461)	-	(4,021,206)
Revaluation surplus	337,871	-	-	-	-	337,871
At 31 December 2008	5,812,398	1,298,018	3,953,240	79,678	315,451	11,458,785
Additions	13,596	-	304,380	31,189	5,384,957	5,734,122
Disposals	-	-	(52,354)	(13,850)	-	(66,204)
Transfer from capital work in progress	-	1,119,298	4,548,110	-	(5,667,408)	-
Revaluation deficit	(140,405)	-	-	-	-	(140,405)
At 31 December 2009	5,685,589	2,417,316	8,753,376	97,017	33,000	16,986,298
Accumulated depreciation						
At 31 December 2007	356,437	563,874	2,838,545	36,010	-	3,794,866
Charge for the year	5,894	58,228	284,389	12,868	-	361,379
Disposals	-	-	(3,156)	(6,866)	-	(10,022)
At 31 December 2008	362,331	622,102	3,119,778	42,012	-	4,146,223
Charge for the year	13,373	63,748	317,450	15,249	-	409,820
Disposals	-	-	(26,773)	(9,573)	-	(36,346)
At 31 December 2009	375,704	685,850	3,410,455	47,688	-	4,519,697
Net book value						
At 31 December 2008	5,450,067	675,916	833,462	37,666	315,451	7,312,562
At 31 December 2009	5,309,885	1,731,466	5,342,921	49,329	33,000	12,466,601

The Awal land was revalued by independent property valuers as at 31 December 2009 at open market value. The revaluation deficit of BD140,405 (2008: revaluation surplus of BD337,871) has been charged to the consolidated statement of comprehensive income.

Capital work-in-progress represents cost incurred for the construction of the Rendezvous restaurant in Bahrain City Centre Mall.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

7 Investment in joint ventures

	31 December 2009	31 December 2008
Cost		
At 1 January	2,639,780	2,201,280
Investment in Al Logistics Co B.S.C. (c)	-	350,000
Disposal of Investment in Al Logistic Co. B.S.C (c)	(350,000)	
Investment in Gulf Gourmet Group W.L.L (formally Known as AMJ Foods W.L.L.)	289,510	135,000
Reduction in capital of Saar Cinema	(62,000)	(46,500)
At 31 December	2,517,290	2,639,780
Retained earnings		
At 1 January	687,622	479,229
Share of profit from Qatar Bahrain Cinema Company (Note 24)	656,000	669,113
Share of profit from Saar Cinema Complex (Note 24)	17,322	38,160
Share of loss from Gulf Gourmet Group W.L.L (Note 24)	(186,210)	-
Share of profit from Cineco W.L.L (Note 24)	125,748	-
Dividends received from Qatar Bahrain Cinema Company	(951,051)	(498,880)
At 31 December	349,431	687,622
Net book value		
At 31 December	2,866,721	3,327,402

The above financial information relating to the Group's investment has been extracted from unaudited management accounts prepared as at, and for the year ended, 31 December 2009.

Notes to the Consolidated Financial Statements

(continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

8 Available-for-sale investments

	31 December 2009	31 December 2008
At 1 January	17,414,298	18,956,101
Additions	443,842	6,504,137
Disposals	(1,353,884)	(1,365,203)
Transferred from financial assets at fair value through profit and loss (Note 11)	297,968	-
Unrealised fair value losses recognised in investment fair value reserve	(1,031,433)	(1,430,431)
	15,770,791	22,664,604
Impairment loss on available-for-sale investments	(333,721)	(5,250,306)
At 31 December	15,437,070	17,414,298
Analysis of investments		
Shares listed on GCC stock exchanges	10,712,461	12,789,492
Managed funds	4,695,809	4,596,006
Unquoted equity investments	28,800	28,800
	15,437,070	17,414,298

The Group has performed an impairment test of its available-for-sale investments and concluded that certain of those investments are impaired. Accordingly, the impairment loss of BD333,721 (2008: BD5,250,306) has been charged to the consolidated statement of income.

Shares listed on Gulf Co-operation Council (GCC) stock exchanges and managed funds are fair valued annually at the close of business on 31 December. The investments are primarily in certain companies located in the GCC countries and the Cayman Islands. In the Group management's opinion, the fair values of the unquoted equity investments are not significantly different from their carrying values at 31 December 2009.

Available-for-sale investments are denominated in the following currencies:

Currency	2009	2008
Bahrain Dinar	4,850,859	6,846,420
United States Dollar	5,044,508	4,873,498
Kuwait Dinar	4,567,657	4,808,237
Qatari Riyal	467,617	461,449
Saudi Riyal	462,155	424,694
UAE Dirham	34,774	-
Omani Riyal	9,500	-
	15,437,070	17,414,298

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

9 Inventories

	31 December 2009	31 December 2008
Films and spares equipment	184,579	208,706
Provision for obsolete and slow-moving inventories	(6,130)	(6,130)
	178,449	202,576

10 Trade and other receivables

	31 December 2009	31 December 2008
Trade receivables	242,697	382,396
Provision for doubtful trade receivables	(14,272)	(14,272)
	228,425	368,124
Employees' share purchase plan receivable (Note 23)	368,988	424,334
Deposits / Rental Advance	744,062	288,594
Amounts due from related parties (Note 27)	117,034	116,205
Prepayments	24,357	37,134
Advances to suppliers	-	616,419
Other receivables	41,576	33,744
	1,524,442	1,884,554

At 31 December, the ageing of net trade receivables is as follows:

	Total	Less than 30 days	30-60 days	More than 60 days
2009	228,425	51,300	45,606	131,519
2008	368,124	319,512	2,789	45,823

Trade receivables are generally on 30 to 90 days credit terms.

Amounts due from related parties are unsecured, bear no interest and have no fixed repayment terms.

Deposits represent amounts paid for securing the lease rights at City Centre Mall.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

11 Financial assets at fair value through profit or loss

	31 December 2009	31 December 2008
At 1 January	297,968	388,771
Transferred to available-for-sale investments (Note 8)	(297,968)	-
Unrealised fair value losses recognised in the consolidated statement of income (Note 19)	-	(90,803)
At 31 December	-	297,968

Financial assets at fair value through profit or loss consist of securities listed on several GCC stock exchanges and are valued at market values at the close of business on 31 December, at their quoted bid prices.

12 Cash and cash equivalents

	31 December 2009	31 December 2008
Fixed deposits	1,000,000	5,642,326
Current account balances with banks	581,886	1,470,590
Cash on hand	81,445	65,176
	1,663,331	7,178,092

Fixed deposits have maturities of more than 30 days from the date of inception and earn interest rates ranging between 3% and 4.5% per annum (2008: between 4.7% and 5.4% per annum).

The current account balances with banks are non-interest bearing.

13 Share capital

	31 December 2009	31 December 2008
Authorised		
100,000,000 ordinary shares of 100 fils each (2008: 100,000,000 ordinary shares of 100 fils each)	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
45,901,920 ordinary shares of 100 fils each (2008: 38,251,600 ordinary shares of 100 fils each)	4,590,192	3,825,160
Bonus issue		
7,650,320 ordinary shares of 100 fils each	-	765,032
	4,590,192	4,590,192
Treasury shares		
Less: 1,631,816 ordinary shares of 100 fils each (2008: 1,197,620 ordinary shares of 100 fils each)	(163,182)	(119,762)
	4,427,010	4,470,430

In accordance with a resolution passed by the shareholders at the Annual General Meeting held on 5 March 2009, a cash dividend of 50 fils per share (2008: 50 fils per share), amounting to a total cash dividend of BD2,235,215 (2008: BD1,864,092) and directors' remuneration amounting to BD111,000 (2008: BD111,000) in respect of 2008 were approved by the shareholders. Directors remuneration is accounted through the consolidated statement of income in the year in which it is approved by the shareholders.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

13 Share capital (continued)

Treasury shares

During 2009, 434,196 (2008: 227,850) treasury shares were acquired at an average rate of 750 fils consistent with the Ministry of Industry and Commerce's approval to purchase up to 10% of the Company's issued and fully paid-up share capital. The difference between the nominal value of the acquired shares and the purchase price, amounting to BD283,123 (2008: BD34,383), has been transferred to retained earnings.

Additional information on shareholding pattern

- i) The names and nationalities of the major shareholders holding 5% or more of the issued shares as at 31 December 2009 are as follows:

	Nationality	Number of shares	Percentage of share-holding interest
Bahrain Family Leisure Company BSC	Bahraini	3,180,069	6.93%
Directors	Bahraini	4,174,604	9.09%
General public and corporations	Various	38,547,247	83.98%
		45,901,920	100.00%

- ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.

- iii) The distribution of the Company's equity shares analysed by the number of shareholders and their percentage of shareholding as at 31 December 2009 is set out below:

	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	470	23,226,491	50.60%
Between 1% and 5%	23	19,495,360	42.47%
Between 5% and 10%	1	3,180,069	6.93%
	494	45,901,920	100.00%

- iv) Details of the Directors' interests in the Company's shares as at 31 December 2009 are as follows:

	2009 Number of shares	2008 Number of shares
Dr Esam Abdulla Fakhro	1,728,641	1,728,641
Mohamed Ebrahim Kanoo	768,807	768,807
Jehad Yousif Amin	518,160	518,160
Fareed Yousuf Almoayyed	264,325	264,325
Jalal Mohamed Jalal	268,146	268,146
Ali Yousuf Ubaydli	256,373	256,373
Shawqi Ali Yusef Fakhro	370,152	340,152
	4,174,604	4,144,604

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

14 Reserves

(i) Investment fair value reserve

Gains and losses arising from changes in fair value of available-for-sale investments are recognised in the consolidated statement of comprehensive income. During the year, a fair value loss of BD1,031,433 (2008: BD1,430,431) has been transferred to the investment fair value reserve.

(ii) Revaluation reserve

The revaluation reserve represents the net surplus arising on revaluation of freehold land (Note 6). This reserve is not available for distribution. During the year a revaluation deficit of BD140,405 (2008: revaluation surplus of BD337,872) has been transferred to revaluation reserve.

(iii) Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. During the year, an amount of BD7,287 (2008: BD375,229) has been transferred to the statutory reserve.

(iv) Charity reserve

A contribution towards unspecified landmark charitable projects amounting to BD600,000 (2008:BD500,000) has been made by the management. In 2009 BD100,000 (2008: reversal of BD20,000) has been charged to the consolidated statement of income and transferred to the charity reserve pending payment to charity.

(v) General reserve

General reserve represents the amounts transferred in the previous years from the retained earnings of the Group for the purpose of meeting the Group's future expansion plans. In the current year, the Board of Directors do not intend transferring any amount to the general reserve (2008: BDNil).

15 Trade and other payables

	31 December 2009	31 December 2008
Trade payables	1,138,010	821,074
Accruals	813,156	1,055,139
Unclaimed dividends	140,483	207,914
Labour law related provisions	73,292	53,990
Advance from customer	92,507	-
Retention payable	81,686	-
Other payables	10,968	11,090
	2,350,102	2,149,207

Trade payables are normally settled within 30 to 60 days of the suppliers' invoice date.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

16 Term loan

	31 December 2009	31 December 2008
Term loan	-	1,100,000
Less: current portion of term loan	-	(219,996)
Non-current portion of term loan	-	880,004

The term loan from Bahrain Bank of Kuwait was originally obtained to finance the capital expenditure relating to the purchase of sophisticated machines, importing materials and amenities to construct 20 cinema screens in the Bahrain City Centre Mall. This loan has been fully repaid during the year.

17 Bank overdraft

The Group has obtained bank overdraft facilities amounting to BD2,000,000 as at 31 December 2009 (2008: BD2,000,000) which have been obtained to finance the working capital requirements of the Group. Bank overdrafts are unsecured, bear interest at rates ranging between 4.75% and 9.25% per annum (2008: between 4.75% and 9.25% per annum) and are repayable on demand.

18 Finance costs

	Year ended 31 December 2009	Year ended 31 December 2008
Interest paid on bank overdrafts	33,673	47,770

19 Other income

	Year ended 31 December 2009	Year ended 31 December 2008
Profit on sale of property, plant and equipment	2,216	5,108,767
Dividend income	644,812	931,150
Realised gains on sale of available-for-sale investments	1,118,946	177,441
Rental income	26,055	27,058
Unrealised fair value losses on financial assets at fair value through profit or loss (Note 11)	-	(90,803)
Interest income received	113,957	199,254
Miscellaneous income	62,990	84,669
	1,968,976	6,437,536

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

20 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	31 December 2009	31 December 2008
Net profit attributable to the shareholders	3,735,881	3,641,292
Weighted average number of ordinary shares in issue	44,270,100	45,007,860
Basic earnings per share	84fils	81fils

There are no potentially dilutive ordinary shares at 31 December 2009 (2008:Nil).

21 Proposed appropriations and directors' remuneration

The Board of Directors have proposed a cash dividend of 50 fils per share (2008: 50 fils per share) amounting to a total dividend of BD2,213,505 (2008: BD2,235,215) and directors' remuneration amounting to BD111,000 (2008: BD111,000) for the year ended 31 December 2009. This is subject to the approval of the shareholders in the Annual general Meeting. These consolidated financial statements do not reflect the proposed dividend and directors remuneration.

22 Staff costs

Included in operating costs and general and administrative expenses are staff costs amounting to BD1,296,782 for the year ended 31 December 2009 (2008: BD1,773,433).

Employee benefits

The contributions made by the Group towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2009 amounted to BD91,313 (2008: BD85,445).

Number of staff

The total number of full-time and part-time staff employed by the Group at 31 December 2009 was 315 (2008: 261).

23 Employees' share purchase plan

In 2004, the Group introduced an employees' share purchase plan for certain employees which was approved by the shareholders at the Extraordinary General Meeting held on 7 December 2004. On 1 December 2006, the Group granted share purchase rights (at 500 fils per share) to these employees, and agreements were entered into whereby the shares would be held for the beneficial interest of the related employees by the nominee, Aradous Properties Management WLL, until payment was received in full from the employees.

The share purchases are being financed by the Group through interest-free loans granted to the employees. The loans are secured against the shares held by the nominee and are repayable in equal monthly installments over a period of ten years. Legal title to the shares will be transferred to the employees on full settlement of the loan.

No share purchase plan expenses have been recognised during the current year as the amount is considered insignificant by the management.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

24 Transactions with joint ventures

The following amounts represent the Group's share of the assets and liabilities, and results of operations of the joint ventures, which are accounted under the equity method.

a) Statement of financial position

	2009				2008	
	Saar Cinema Complex	Qatar Bahrain Cinema Company	Cineco W.L.L	The Gulf Gourmet Group W.L.L	Saar Cinema Complex	Qatar. Bahrain Cinema Company
Long-term assets	177,462	981,679	4,353,042	640,645	82,227	1,133,146
Current assets	84,601	3,070,029	728,990	1,008,296	55,334	4,077,345
	262,063	4,051,708	5,082,032	1,648,941	137,561	5,210,491
Current liabilities	(78,241)	(263,800)	(1,875,298)	(478,738)	(35,880)	(720,118)
Share of net assets	183,822	3,787,908	3,206,734	1,170,203	101,681	4,490,373

b) Statement of income

	2009			2008		
	Saar Cinema Complex	Qatar Bahrain Cinema Company	Cineco W.L.L	The Gulf Gourmet Group W.L.L	Saar Cinema Complex	Qatar Bahrain Cinema Company
Operating income	604,066	1,748,264	310,277	67,760	215,871	1,806,976
Share of net profit for the year	17,322	656,000	125,748	(186,210)	38,160	669,113

The above financial information relating to the Group's investment in joint ventures has been extracted from the unaudited management accounts for the year ended 31 December 2009.

25 Segmental reporting

The primary segment information is presented in respect of the Group's business segments which are in accordance with the Group's management and internal reporting structure.

The Group's operations in Bahrain are organised under the following major business segments:

Theatre operations
 Restaurants and bars
 Video and DVD- Rental and sale of video cassettes and DVD

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

25 Segmental reporting (continued)

For the year ended 31 December 2009

	Theatre operations	Restaurants and bars	Video and DVD	Others	Total
Revenues					
External sales	5,577,463	2,439,887	93,392	495,686	8,606,428
Total revenues	5,577,463	2,439,887	93,392	495,686	8,606,428
Segment results	1,573,515	1,259,716	8,329	374,758	3,216,318
Net administration and financial Expenses					(1,517,552)
Share of profit on joint venture operations					612,860
Impairment loss on available for sale investments					(333,721)
Other income					1,968,976
Net income					3,946,881

	Theatre operations	Restaurants and bars	Video and DVD	Others	Total
Segment assets	11,896,526	472,987	974	96,114	12,466,601
Segment liabilities	341,832	199,629	547	76,547	618,555

For the year ended 31 December 2008

	Theatre operations	Restaurants and bars	Video and DVD	Others	Total
Revenues					
External sales	5,367,031	2,517,990	140,165	527,304	8,552,490
Total revenues	5,367,031	2,517,990	140,165	527,304	8,552,490
Segment results	1,676,789	1,323,785	18,152	428,553	3,447,279
Net administration and financial Expense					(1,609,432)
Share of profit on joint venture operations					707,273
Impairment loss on available for sale investments					(5,250,306)
Other income					6,437,478
Net income					3,732,292

	Theatre operations	Restaurants and bars	Video and DVD	Others	Total
Segment assets	6,851,565	396,427	1,372	63,198	7,312,562
Segment liabilities	567,324	99,090	872	226,722	894,008

Apart from the joint venture operations in Qatar the Group operates in the Kingdom of Bahrain only and accordingly, no geographical segmental information has been disclosed.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

26 Commitments

a) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	31 December 2009	31 December 2008
Not later than one year	1,071,672	595,272
Later than one year and not later than five years	3,321,579	3,939,942
Later than five years	6,342,930	3,653,945
	10,736,181	8,189,159

The lease expense recognised in the statement of income for the year ended 31 December 2009 amounted to BD604,126 (2008: BD598,560).

b) Capital commitments

Capital expenditure contracted for the construction of the Rendezvous restaurant in Bahrain City Centre Mall at the consolidated statement of financial position date but not recognised in these consolidated financial statements amounted to BD36,000 (2008: Cinema in Bahrain City Centre Mall amounted to BD2,865,342).

27 Transactions and balances with related parties

Related parties consist of the joint ventures, the Directors of any of the Group's companies, their close family members and businesses under their control. The Group's transactions with related parties are authorised by the management.

A summary of the related party balances as at 31 December is as follows:

	31 December 2009	31 December 2008
Saar Cinema Complex	52,049	94,592
Qatar Bahrain Cinema Co. WLL	37,489	21,338
Cineco WLL	27,496	275
	117,034	116,205

A summary of the transactions with related parties is as follows:

	Year ended 31 December 2009	Year ended 31 December 2008
Saar Cinema Complex		
Film costs	213,269	263,530
Salaries	64,309	36,504
Management fees	6,000	6,000
Bar purchases	13,428	14,017
Other expenses	50,531	47,193
Qatar Bahrain Cinema Co. W.L.L.		
Salaries	27,196	14,875
Other expenses	10,996	6,433
Management Fees	12,000	-
Cineco W.L.L.		
Salaries	3,184	-
Other expenses	21,757	-
Management Fees	2,333	-

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

28 Maturity profile

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not considered significant by management.

The maturity profile of trade and other payables is as follows:

	2009		
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Trade and other payables	2,350,102	-	-

	2008		
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Term loan	219,996	219,996	660,008
Trade and other payables	2,149,207	-	-

29 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the consolidated statement of financial position include cash and cash equivalents, available-for-sale investments, investment in joint ventures, trade and other receivables, bank overdrafts and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Risk management is carried out by the Finance Department based on policies approved by the Board of Directors of the Group. The Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Capital management

Capital comprises shareholders' capital and reserves attributable to the shareholders of the Group.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made to the objectives, policies and processes during the years ended 31 December 2009 and 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, term loan, bank overdrafts and trade and other payables less cash and cash equivalents. Capital includes shareholders' capital and reserves attributable to the shareholders of the Group.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

29 Financial assets and liabilities and risk management (continued)

Capital management (continued)

	31 December 2009	31 December 2008
Term loan	-	1,100,000
Bank overdrafts	-	1,563,841
Trade and other payables	2,350,102	2,149,207
Less: cash and bank balances	(1,663,331)	(7,178,092)
Net debt	686,771	(2,365,044)
Share capital	4,427,010	4,470,430
Share premium	3,927,656	3,927,656
Investment fair value reserve	1,255,243	3,406,853
Revaluation reserve	5,098,979	5,239,384
Statutory reserve	2,295,096	2,287,809
General reserve	153,251	153,251
Charity reserve	600,000	500,000
Retained earnings	14,029,277	12,819,021
Total capital	31,786,512	32,804,404
Total capital and net debt	32,473,283	30,439,360
Gearing ratio	2%	-

Currency rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has available-for-sale investments in United States Dollars and GCC currencies and foreign currency transactions in Saudi Riyals and Qatari Riyals. The Bahrain Dinar is effectively pegged to the GCC currencies and United States Dollar. Accordingly management assesses the Group's currency rate risk as minimal.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with national banks with good credit ratings. Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Price risk is the risk that the Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale and as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk, except for freehold land which is revalued on an annual basis. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Interest rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in market interest rates. The Group's bank overdrafts bear market rates of profit. The Group's other assets and liabilities are not sensitive to interest rate risk.

Notes to the Consolidated Financial Statements

(continued)

for the year ended 31 December 2009

(Expressed in Bahrain Dinars)

29 Financial assets and liabilities and risk management (continued)

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

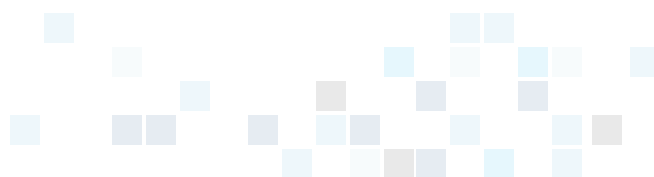
Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available, including unutilised credit facilities with banks, to meet all future liabilities as they fall due.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

30 Subsequent events

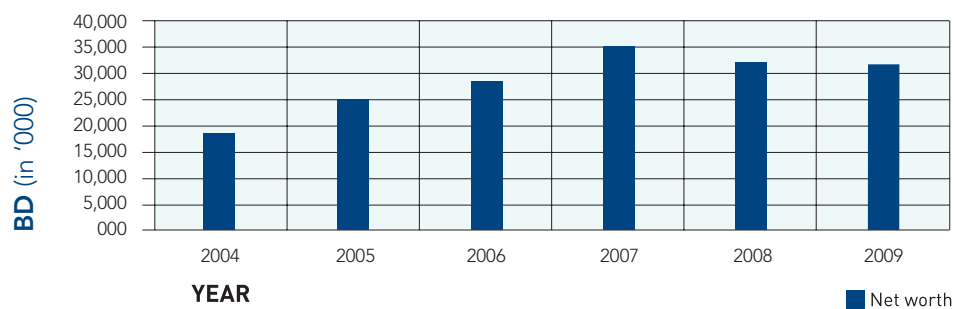
We have reviewed the subsequent events and no events have arisen that would have a significant effect on the financial statements as at 31 December 2009.



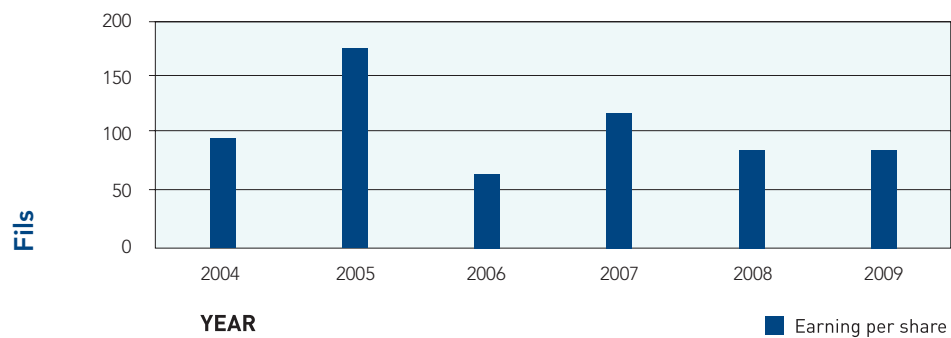
Graphs

Ratio Analysis

Net worth of the Company (capital and reserves)

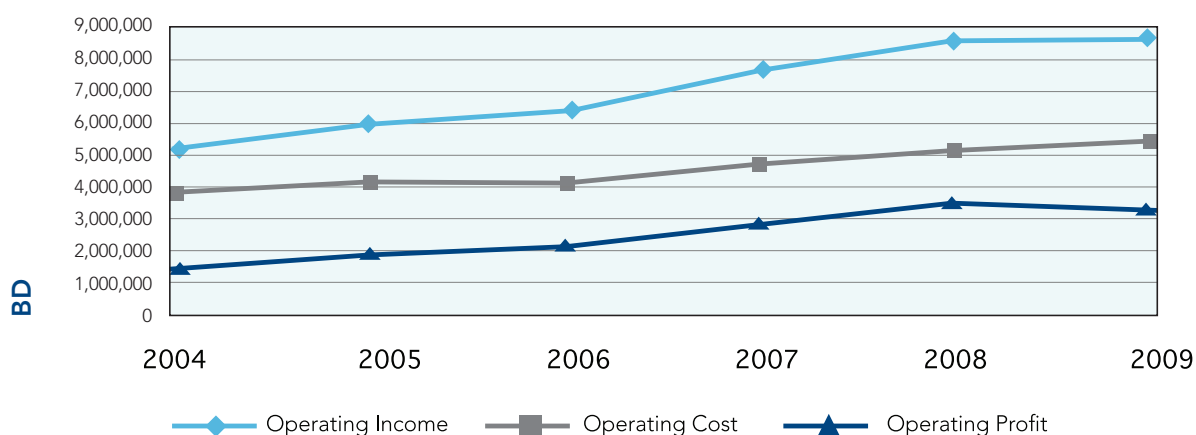


Earning per share



Statement of Income

General Trend of Operating Income, Operating Cost and Operating Profit



Yearly Dividend Chart
from year 1988 up to year 2009

