

Variety **in**
Entertainment



Registered office

27th Floor, Building No. 470, Road No. 1010
Block No. 410, Fakhro Tower
P.O. Box 26573, Sanabis
Kingdom of Bahrain

Bankers

National Bank of Bahrain
Bank of Bahrain and Kuwait
Ahli United Bank
National Bank of Kuwait
Mashreq Bank
Arab Bank
Al Salam Bank

Share registrar

Bahrain Clear
PO Box 3203
Manama
Kingdom of Bahrain

Auditors

BDO
17th Floor, Diplomatic Commercial Office Tower
PO Box 787, Diplomatic Area
Kingdom of Bahrain

Support share registrar

Karvy Computer Share W.L.L
PO Box 514
Manama
Kingdom of Bahrain





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 and
Deputy Supreme Commander and
the First Deputy Prime Minister
of the Kingdom of Bahrain

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/ Late Ali Ben Yousif Fakhro/ Late Ezra Ebrahim Nono/ Late A. Rahman Bin Mohamed Al Khalifa/ Mr. Mohamed Yousif Jala/ 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 Al 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 down at Andalus Cinema.

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

17/06/1978: Another fire breaks down at Andalus 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 Al Raffain & Awali Video outlets.

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

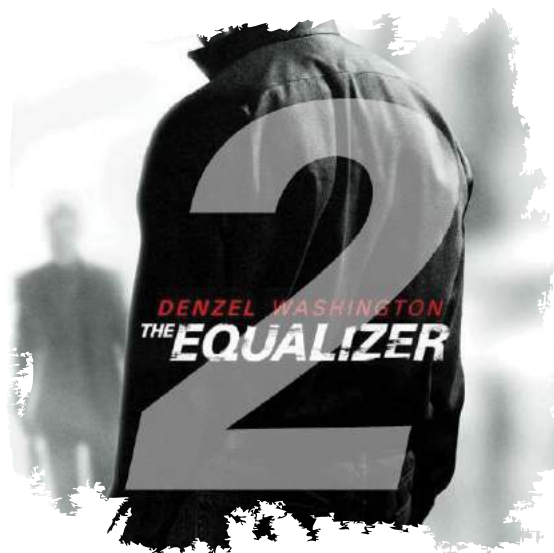
07/05/2002: Opening of "Rendezvous" open buffet Restaurant in Seef Mall.

2002: Closing of Videomatic Video outlet.

28/02/2003: Closing of Budaiya video.	his soul rest in peace.	27/12/2015: Opening of Takatak Restaurant outlet in Dragon Mall in Diyar Al Muharraq.
31/12/2003: Closing of Bahrain video.	10/02/2008: The formation of the BREADTALK joint venture.	03/01/2016: Closing down of Awal Cinema and closing of TakaTak Restaurant in Awal Complex.
31/01/2004: Closing of Delmon video.	03/03/2008: Increasing the paid –up capital to BD4,590,192 by issuance of 20% bonus shares.	14/04/2016: Opening of 6 screens Cineplex in Wadi Al Sail Mall.
11/04/2004: Increasing the paid-up capital to BD2,297,993 by issuance of 15% bonus share.	30/04/2008: Sale of Central Market land.	19/04/2016: Opening of 3 screens Cineplex in Al Khor Mall in the State of Qatar.
29/04/2004: Opening of a new 14 screens Cineplex at the Doha City Center, Qatar.	22/10/2009: The opening of Cineco 13 at the Doha Villagio Mall.	26/05/2016: Opening of 13 screens Cineplex in Gulf Mall in the State of Qatar.
16/06/2004: Increase of authorized capital to BD10 million.	26/11/2009: The opening of Cineco 20 at the Bahrain City Centre.	25/08/2016: Opening of Rendezvous Restaurant in Wadi Al Sail Mall.
30/09/2004: Delmon Cinema, at the Gosi Mall shuts down permanently.	21/01/2010: Opening of Awal Banquet Hall	06/10/2016: Opening of Rendezvous Restaurant in Gulf Mall, State of Qatar.
04/01/2005: The signing of a new 20 Screens Cineplex at the Bahrain City Center.	02/09/2010: Opening of the 3rd branch of Bread Talk at the Bahrain City Center	14/05/2017: The opening of Takatak/ Chaat & Chai food outlets in Lulu Hyper Market in Hidd.
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.	31/12/2010: The Formation of Qatar Bahrain International Cinema W.L.L.	28/08/2017: Increasing the number of directors from seven to eight by appointing the CEO Mr. Ahmed A. Rashed, as the eighth Director of the Company.
29/03/2005: Increase in the paid-up capital to BD2,942,430 by issuance of 15% bonus share.	22/03/2011: Increase in the paid-up capital to BD5,508,230 by issuance of 20% bonus shares.	28/08/2017: Increase in the paid-up capital to BD8,262,345 by issuance of bonus shares at the rate of 25% of the paid up capital.
18/03/2006: Increasing the paid-up Capital to BD3,383,795 by issuance of 15% bonus shares.	07/04/2011: The opening of the 2nd branch of Rendezvous in City Center.	27/09/2017: Sale of 50% of assets of Cineco 20, City Centre to Majid Al Futtaim Cinemas Bahrain.
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.	01/01/2012: Company exits from breadtalk by selling it's shares to the existing shareholders.	31/03/2018: Closing of Rendezvous Restaurant in Qatar
13/11/2006: Closing down of Snooker Centre.	28/05/2012: Villagio mall in doha shuts down for 115 days as a result of an unfortunate fire incident.	25/10/2018: Opening of 10 Screens Cineplex in Oasis Mall, Juffair
01/01/2007: Opening of Taka Tak Casual Indian Restaurant in Awal Cinema Complex.	21/03/2013: Re-opening of Rendezvous restaurant after renovation in Seef.	31/12/2018: Closing of AL Jazeera Cinema
15/01/2007: The Signing of a 13 Screens Cineplex at the Villagio Mall, Doha, Qatar.	06/10/2013: Shifting of Corporate Office to Fakhro Tower, Sanabis.	
22/10/2007: Reduction of number of directors to seven.	26/03/2014: Increase in the paid-up capital to BD 6,609,876 by issuance of 20% bonus shares.	
24/01/2008: The sad demise of the Chairman Ali Bin Yousif Fakhro, may		



The Incredibles 2
June 2018



The Equalizer 2
September 2018

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12 Strong
January 2018



12 STRONG

Administration and Contact Details as at 31 December 2018

Commercial registration no	1192 obtained on 11 August 1968	
Directors	Dr Esam Abdulla Yusuf Fakhro Ali Yusuf Ali Ubaydli Ahmed A. Rashed Fareed Yusuf Khalil Almoayyed Jehad Yusuf Abdulla Amin Jalal Mohamed Yusuf Jalal Mohamed Ebrahim Khalil Kanoo Shawqi Ali Yusuf Fakhro	- Chairman - Vice-Chairman - Managing Director
Chief Executive Officer	Ahmed A. Rashed	
Audit committee	Shawqi Ali Yusuf Fakhro Fareed Yusuf Khalil Almoayyed Jalal Mohamed Yusuf Jalal	- Chairman
Registered office	27th Floor Building 470, Road 1010 Block 410 Fakhro Tower PO Box 26573 Sanabis Kingdom of Bahrain	
Bankers	National Bank of Bahrain Bank of Bahrain and Kuwait Ahli United Bank National Bank of Kuwait Mashreq Bank Arab Bank Al Salam Bank	
Auditors	BDO 17th Floor, Diplomatic Commercial Office Tower PO Box 787 Diplomatic Area Kingdom of Bahrain	
Share registrar	Bahrain Clear PO Box 3203 Manama Kingdom of Bahrain	
Support share registrar	Karvy Computer Share W.L.L. PO Box 514 Manama Kingdom of Bahrain	

Board of Directors' Members



Dr. Esam Abdulla Fakhro
Chairman



Ali Yousif Ubaydli
Vice-Chairman



Mohammed Ebrahim Kanoo
Director



Jalal Mohamed Jalal
Director



Fareed Yousif Almoayed
Director



Jehad Yousif Amin
Director



Shawqi Ali Fakhro
Director



Ahmed A. Rahman
Rashed Al Bastaki
Managing Director and CEO

Chairman's Message



Dr. Esam Abdulla Fakhro
Chairman

Dear Shareholder,

On behalf of my colleagues on the Board, I am honored and privileged to present the Annual Report and its accompanying consolidated financial statements for the Golden Jubilee year of 2018 as the Company has proudly marched through 50 years of its successful existence. This is a very special year for all of us as we mark the 50th anniversary of the group. It is truly an epochal moment! Five decades of performance of the Company portrayed unparalleled expertise, strong track record, Good will & reputation and the Company has been the market leader by its sustained sublime performance. Today, we are Bahrain's leading cinema operator. This is not just about creating a large business, it is much more. It is about the compelling vision of empowering and enabling a new Bahrain, pivoted on the aspiration of the youth of our country. Today, we have created the 'Bahrain's largest' and 'Bahrain's Numero Uno' player in the cinema exhibition space. Our Cineplex circuit makes us the largest cinema operators in Bahrain and Qatar with 57 screens in Bahrain and 47 in Qatar totaling to 104 screens. Our biggest asset remains our customer base of over 3.5 million in Bahrain - the highest in the industry.

Cineco has a long list of intrinsic competencies - such as the best of global capability and local understanding; we emulate from global business practices and create new trends in the country. Five decades ago nobody would have thought that our country would achieve such development. We, at Cineco, are proud of the fact that we chartered a similar destiny with the nation, growing in leaps and bounds; creating a legacy of success and achievements.

Chairman's Message (Continued)

Our Group has newly inaugurated a new 10 screens Cineplex with a total area of approximately 3,000 square meters in Oasis Mall, Juffair in the month of October, 2018 to further cement our number one position in the entertainment industry in Bahrain and also to bring the cinema to the vicinity of the customers. Our Group has introduced two new concepts in this Cineplex. Firstly, "Cinekids" -a kids' cinema which is first in Bahrain. "Cinekids" includes a play area where parents can trust their children to the care of professional nannies and do some relaxed shopping. Secondly, a "Cine Gourmet", an exclusive VIP fine dining opportunity. "Cine Gourmet" serves VIP customers in an outlet in the cinema lobby that is separate from the regular cinema concession counters and VIP customers can enjoy in the VIP Cinema lounge. This Cineplex provides embellished cinema experience with its state-of-the-art technology and comprehensive services exemplified by Dolby Atmos systems and its 3D technology with the aim of bringing high quality movie screening closer to our valuable customers. The total amount of investment of this Cineplex is BD2.8 million. The performance of this Cineplex is promising in the fourth quarter of the financial year 2018 and this is expected to increase further in the year 2019 which will definitely contribute to the Company's net profit for the year 2019, thus further strengthening our foothold in the entertainment industry in Bahrain.

We are also selecting new business areas that not only hold promise of growth but also align with our capability and culture. Our Group has keen on expanding its business both horizontally and vertically. As part of this strategy, our Group has successfully incorporated Red Dragon Company, a wholly owned subsidiary of Bahrain Cinema, to operate restaurant and Go-karting business in the Kingdom of Saudi Arabia.

In case of SAAR Cinema, initially Honorable Execution Court rendered its verdict directing Bahrain Cinema Company to vacate the premises. However, since the management of Seef Properties expressed their intention to the Honorable Execution Court to allow Bahrain Cinema to occupy the premises for another year, Honorable Execution Court directed Bahrain Cinema to operate till 30th November, 2019. During this period, Seef Properties has the discretion to send one month's notice to Bahrain Cinema to vacate the premises. The Company has closed Al Jazeera Cinema on 31st December, 2018 as it has reported a loss of BD17k during the financial year, 2018. We have also closed down Rendezvous restaurant in the State of Qatar in the month of March, 2018.

Death Wish
March 2018



Chairman's Message (Continued)

Financial Highlights for the year 2018:

I would now like to present the highlights of our company's performance during the year 2018 which is the manifestation of stable performance and the reflection of prudent management strategies. Operating income for the financial year 2018 was BD 8.3 million as compared to BD14.9 million registered in the financial year, 2017. The decline in the operating income is purely due to booking of the operating income from Cineco 20, City Centre in the books of VOX Cineco Cinemas Company from 1st July, 2017. Consequently, Operating gross profit is also declined by 66 % as Operating Gross profit for the year 2018 was BD 1.4 million as against the Operating Gross profit of BD4.1 million registered in the year 2017. The Group had recorded Net Profit of BD4.2 million for the year 2018 as compared to BD34.7 million in 2017. The financial results of the year 2017 were on top-sides due to the booking of profit from sale of 50% of the assets of Cineco 20, City Centre to Majid Al Futtaim Bahrain Cinemas through Joint Venture and the revaluation of remaining 50% of the assets of the Cineco 20. The Earnings per share for the year 2018 was 53 Fils. The total balance sheet footings stood at BD 92.8 Million.

The Company has received BD116,000 from Qatar-Bahrain International Cinema W.L.L which is a part of dividend for the year 2015 and recorded the same as profit from Joint Venture in the year 2018.

We have the philosophy of providing regular and stable payout for our shareholders. We recommend the payment of 50 fils per share aggregate of 50 % of base equity, which we have been constantly paying to the shareholders for the last twelve financial years.

Future Outlook:

Even though we have shown stable performance and consistent dividend payouts, we cannot ignore near-term challenges. The bucket of concerns consists of drop in oil prices, hardening inflation, introduction of VAT, increased competition, firming bond yields and geo-political tensions. The ongoing global trade frictions, particularly between the US and China, are worrisome and can have a spillover negative effect on other countries. So, the terrain ahead could be bumpy depending on the economic and geopolitical environment.

The year ahead will have its share of volatility and challenges and we have learned to live with this over for the last five decades. But our view is that as long as we stay focused on our customers and their needs, we will find enough opportunity to grow. Cineco's underlying tenets position is supremely well to help ride in this wave.

Your Company is constantly exploring new frontiers, address new challenges and chart a new path that keeps us resilient to amplify the stakeholders' value for the well-being of all stakeholders. Our Group would explore all the strategies to continue to be in forefront in cinema business in Bahrain by meeting all the needs of the customers as new players are entering in the entertainment industry in Bahrain.

Our Group constantly delves into new opportunities and vistas of growth. Since the Government of Saudi Arabia has allowed the operation of cinema business in its territory after nearly 35 years, the Company is making full -fledged efforts to open a Cineplex in the Kingdom of Saudi Arabia. As per the Regulations of Kingdom of Saudi Arabia, any Company intends to operate Cinema business in KSA should operate at least 100 screens and it should be present in at least three countries. At present, Bahrain Cinema operates 104 screens and the Company is on the verge of signing the lease agreement to operate a duplex Cinema in Dubai, United Arab Emirates. As soon as the Company signs the agreement to operate Cineplex in Dubai, our Company will apply for Cinema license and will venture into the market of Saudi entertainment industry.

Chairman's Message (Continued)



Beware The Slenderman
June 2018

The Company has begun to earn rental income from 15th March, 2018 by letting out of one block comprising 52 flats of "Awal Plaza" residential cum commercial building. The Company has also entered into a lease agreement for letting out 23 shops & super market thereby the Company will begin to earn its rental income from 1st April, 2019. The management of the Company is planning to lease the remaining blocks of the Awal Plaza building during the year 2019. This will definitely assure stable & diversified revenue stream to the Company in the coming years.

The Group is planning to open "The Red Dragon" outlet serving exclusively Chinese cuisine in the new extension of Dragon Mall. "The Red Dragon" outlet is expected to commence its operations during the year, 2019.

We continue to look for business and market opportunities that help us to drive long term growth while strengthening our core business of cinema and restaurants. The Group has plans to operate indoor Electric Go –karting Entertainment Centre in Kingdom Mall in Bahrain for running Electric Go –karts. Bahrain Cinema is the exclusive franchisee of operating Electric Go-karts in the entire Gulf. Go-karting in Kingdom Mall will have three sections under one roof viz., Indoor Go-karting for adults, mirror maze and climbing game with the total area of approximately 2,000 square meters. The proposed Electric Go-karting in the Kingdom Mall is expected to become operational in the second half of the financial year 2019 and it is expected to be number one in the world in terms of its size. Once the Company successfully runs Electric Go-karting in Bahrain, then the Company will venture into the Go-karting business in other parts of the Middle East.

Empowering People:

What gives us edge undeniably our people, their dedication to work, their sense of belongingness and pride in the Group, their putting the organization first and living with values. I acknowledge their contribution and count on their continued commitment to take our business far ahead. Our talented employee base is a key factor in our successes so far and will power us in our journey forward.

On behalf of the Board, I extend my appreciation to the entire Cineco Team under the adroit leadership of Mr. Ahmed Rashed AlBastaki who has been elevated to Managing Director in addition to holding the post of Chief Executive Officer, in recognition of his outstanding contribution. He steered the Company with seamless success for more than three decades. I also appreciate highly motivated and ambitious employees for making the Company to achieve consistent success. I place on record our appreciation of the contribution made by the employees at all the levels. Our Consistent growth is possible by their hard work, solidarity, cooperation and support. The Board would like to empower everybody in the organization and help the staffs to utilize their full potential by building right organizational culture. I look ahead with bright optimism and hope the employees will continue to endeavor for excellence and eludes all challenges to maintain the Company's profound success.

Chairman's Message (Continued)

Board of Directors:

I wholeheartedly appreciate the Board of Directors for their effective governance of the company. The Board of Directors has expertise in cinema business through the vast experience. The Board of Directors discharges their functions in good faith and without relegating the interests of any group of stakeholders. The Board of directors displays high level of care, diligence, determination and skills in the discharge of their functions. Board of Directors take decisions in the Board meeting judiciously and are free to put forward their opinions & ideas for the improvement in the functioning of the Company. The Board of Directors takes policy decisions to subserve the well- being of all the stakeholders.

Shareholders:

On behalf of the Board of Directors, I wish to convey fervid thanks to all our esteemed shareholders for their cooperation and support as we are gearing ourselves for the next level of growth. The Board always makes all round efforts for attaining excellence and to protect the interests of the shareholders. I look forward for your incredible support to be extended to the company.

Legal case:

With reference to the Central Market Land case in Kuwait, the Kuwaiti Public Investment Authority has given the verdict to conduct an auction to sell the assets and the proceeds of the same will be distributed among all the plaintiffs.

Corporate Governance:

The Board of Directors always strives for compliance of all the rules & regulations of Government as well as the directives and guidelines issued by the Statutory Authorities. The Board of Directors always seeks to stick up to the highest standards of Corporate Governance in words and spirit. Our Company has made enormous efforts to comply with the provisions of Corporate Governance Code issued by the Government of Bahrain. The Board of Directors presented its first report on Corporate Governance on 26th February, 2012 with the aim of elevating the value of shareholders.

CSR Initiatives:

While we are celebrating golden jubilee year for the company, I have always maintained that that no organization is an island. We are part of the larger social fabric. If societies do not succeed, businesses will invariably fail. This realization has been integral to our thought process. That is why we have stayed engaged with the society beyond business; our outreach has been consistently noticed and admired. We feel encouraged with the recognition, but it is neither legal bindings nor admiration that makes us do what we do. Being socially sensitive is integral to our DNA. Please pay attention to our CSR Responsibility Report. At Cineco, your investment serves a larger purpose even as we deliver value to our immediate stakeholders. In the years ahead, Cineco will continue to engage with the community and serve across the country. Stringent adherence to the Corporate Social Responsibility calls for development of the Country and serve the Society in which the Company operates. Our Group always endeavors to serve the society. In the pursuit of serving the society, Our Group has donated one Ultra sound imaging systems for NBB Arab Medical Centre and Budaiya Medical Centre respectively and also three Ultrasounds EHCO machines to BDF-Royal Medical Services (Sh. Mohammed Bin Khalifa Bin Salman Al Khalifa Cardiac Centre). Company's Corporate Social Responsibility is translated by allocations to donations to the charitable institutions and the needy individuals. Our Company has always contributed to the non-profitable organizations that play a pivotal role in the progress of the Country.

Proposed Appropriations:

The Board of Directors takes pleasure in recommending for the approval of shareholders the following appropriations:

- Cash Dividend of 50% (BD.3,951,621) equal to 50 Fils per share
- Allocation to Charity Reserve BD 91,250/-.

Chairman's Message (Continued)

Directors Remuneration:

The Director's remuneration for the year 2018 was BD 224,000/-. Additionally, sitting fees of the directors for attending Board and Committee meetings held during the year 2018 amounted to BD 88,000/-.

Acknowledgements:

On behalf of myself and the Board of Directors, I would like to express my thanks, deep gratitude and appreciation to His Majesty King Hamad Bin Isa Bin Salman Al Khalifa, King of the Kingdom of Bahrain and His Royal Highness Prince Khalifa bin Salman Al Khalifa, the Prime Minister, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander and First Deputy Prime Minister, for their continuous co-operation and constant support. I would like to thank all the Ministries and officials from the Ministries and institutions of the Kingdom of Bahrain for their invaluable support extended to the Company.

Our complete focus as an organization is on our customer. We realize that constantly engaging with as well as earning and keeping the trust of our customer is the only way we can grow sustainably. We do all the actions keeping our customers in mind.

We are extremely confident of the huge opportunity that the entertainment sectors of GCC countries presents in the long term. I count on all of you to make a sincere, concerted, focused and an enthusiastic endeavor to continue to make Cineco a shining success story. I can say with justified confidence that we will keep delivering cutting-edge solutions and world-class innovation in the future too. The best is yet to come.

I am proud of Cineco's achievements and am looking for prosperous years ahead. We would like you to join us in this exciting journey that will assure you the promising future.

Yours Sincerely,



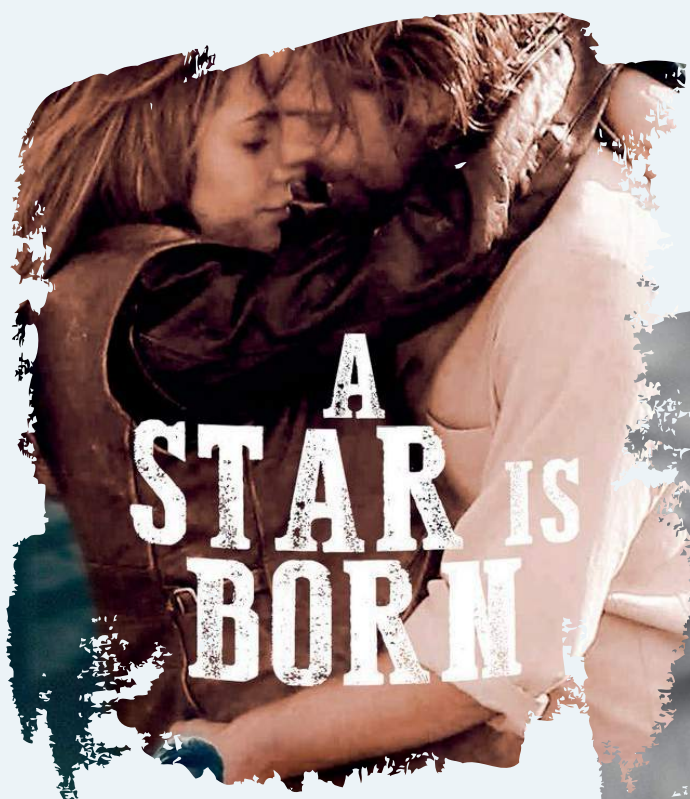
Dr. Esam Abdulla Fakhro
CHAIRMAN

12th February, 2019



Alpha
March 2018

Management Team



A Star is Born
September 2018



The New Mutants
May 2018

Management Team



Mrs. Karima Farhad
Chief Administrative Officer



Mr. Karnam Yugandhar
Chief Financial Officer



Mrs. Anuradha Narasimhan
Company Secretary &
Corporate Affairs



Mr. Sunil Bayalan Balan
Chief Operating Officer
(Cinemas)



Mr. Jürgen Geier
Chief Projects and
Development Officer



Jurassic World-Fallen Kingdom
June 2018

Corporate Governance Report for the year 2018

Policy:

The Board of Directors of Bahrain Cinema Company has the unfettered commitment to comply with the regulatory requirements in order to subserve the interests of all the stakeholders of the Company by upholding highest standards of Corporate Governance. The Board of Directors has the responsibility for the adherence of Corporate Governance Regulations issued by the Ministry of Industry, Commerce and Tourism and the Corporate Governance Code issued by Central Bank of Bahrain. The Board of Directors of the Company implements Corporate Governance Procedures to protect the interests of the shareholders and to maximize the returns for the Company. The Board of Directors of Bahrain Cinema Company always trusts that compliance with the provisions of the Law, Rules and Regulations promulgated by the Government and Regulatory Authorities will make the Company to continue to march on the path of excellence. The Corporate Governance framework the Bahrain Cinema Company ensures contriving well-defined strategy, implementation of the strategy without any flaws, compliance with International Financial Reporting Standards and reporting the financial results in an accurate and transparent manner. The exemplary values of the Company are preservation of shareholders' interests, judicious deployment of resources, periodic evaluation of the Board and executive management, transparent corporate structure driven by the business needs, instilling ethical values in all the operations of the Company etc., to sustain the growth of the Company. The Company has been following best corporate practices viz., timely, pertinent & accurate disclosure of information in the financial statements, publishing financial results to the public as per the requirement of the Law, well delineated contours of authority and responsibility in the various layers of organizational hierarchy, updating the website as per the requirements of the Law, communicating the shareholders truthfully etc., in order to achieve highest level of compliance with Corporate Governance Rules. The Board complies with the Law both in letter and spirit. The Board is independent & fully informed of all strategic issues of the Company.

The Corporate Governance Code of the Company incorporating the provisions mentioned in High level Controls in Volume 6 of the Central Bank of Bahrain Rule Book were approved by the Board of Directors on 27th September, 2011 with the aim of boosting the shareholders' value. The company has been regularly adhering to Laws, Rules and Regulations through its 50 years of existence and always endeavors to work for the shareholders, customers, employees of the Company and also work for the society at large. The endowment provided by the Company for the betterment of the Society has been appended to this Corporate Governance Report as Corporate Social Responsibility Report.

The Company always strives to sustain the highest standards of Corporate Governance in all the arenas of the business activities and also address the social, regulatory and environmental requirements. The Company has been constantly updating its website by publishing the Annual Reports for the financial years from 2009 to 2017 and also the interim Financial Statements for the three quarters of the financial year, 2018 on its website. In addition to that, the Company has published the Notice of latest Annual General Meeting and Extra-Ordinary General Meeting on its website & Corporate Governance Guidelines pursuant to the requirements of Corporate Governance Code. Corporate Governance Guidelines will allow the Board to take decisions independent of the management.



Fantastic Beasts 2
November 2018

Corporate Governance Report (Continued)

Corporate Governance developments during the year, 2018:

Major shareholders as on 31 Dec 2018:

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. The shares of the Company are listed in Bahrain Bourse and the face value of the share is 100 fils per share. All the shares are fully paid. Major shareholders of the Company as on 31 December 2018 are as follows:

Name	Nationality	Number of shares	%of holdings
1. Bahrain Family Leisure Company BSC	Bahraini	5,729,008	6.93%
2. Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.79%

Distribution of ownership by nationality:

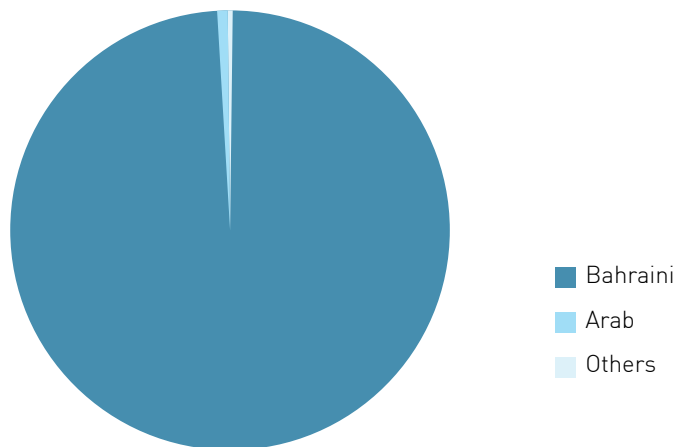
Nationality	Number of shareholders	Total shares
Bahraini	470	81,861,132
Arab	23	486,063
Foreign	10	276,255
TOTAL	503	82,623,450

Distribution of shareholders:

No	Shareholding (share)	No of shareholders	No of shares held	Shareholding %
1	<50,000	337	4,309,101	5.22
2	50,000 to 500,000	120	17,651,182	21.36
3	500,000 to 5,000,000	45	54,934,159	66.49
4	>5,000,000	1	5,729,008	6.93

Corporate Governance Report (Continued)

The percentage of shareholding by various nationalities is mentioned below:



Ownership by Government:

Government of Bahrain does not own any share in the Company.

Board of Directors:

Bahrain Cinema Company is governed by active and well informed Board who protects short term and long term interests of all the stakeholders. The Board of Directors operates with highest integrity, transparency and full- fledged commitment to compliance and provides strategic governance to the Company. The Board of Directors establishes and periodically evaluates the goals of the Company, frames policies and procedures, formulates strategy plan, ensures availability of adequate resources as well as manage those resources effectively, monitor & guide the executive management to ensure that the goals are achieved by implementing the strategies to attain financial well-being of the Company. The Board of directors of the company acts in good faith as they have to discharge their fiduciary duties towards the shareholders. The Board of directors' responsibility is to protect and enhance shareholder value through strategic direction to the Company. The Board exercises independent judgement, due care, skill and diligence. It sets strategic goals which are aligned with increasing shareholder value & growth and direct the Company to achieve the same. The Board exercises appropriate control to ensure that the company is managed in a manner that fulfills stakeholders' aspirations and societal expectations. The Chairman of the Board plays a pivotal role in leading the Board in right direction and ensures the effectiveness of the Board. The Board ensures optimum utilization of all resources of the organization by setting the targets and values in the Company. The Board of directors decides the vision and mission to set the pace for current operations and future development. The Board of Directors always makes best judgement of the situations and takes the decisions objectively. The Board of Directors is conferred with the responsibility of direction and control of the Company.



Deadpool 2
May 2018

Corporate Governance Report (Continued)

Board of Directors(Cont.):

The Board of directors is having the absolute right to seek independent professional guidance/ advice for the efficient and effective discharge of the functions of a director at the company's expense. Every director has to appear for re-election after the expiry of three years from the date of appointment. The Chairman provides independent leadership to the Board and nurtures a culture where the board works harmoniously. The management is responsible for achieving short term and long term business targets set by the Board. The Board of directors takes the decisions after evaluating the pros and cons of each option. The directors also keep themselves acquainted with the latest developments in cinema business in Bahrain and abroad as well as keeping themselves updated with requirements of various Laws applicable to the Company. The Board of directors of the Company focuses on long term objectives without relegating short term objectives. The Board has unrestricted access to all the information and at the helm of the affairs of the Company. The Board ensures that the Company adheres to the best Corporate Governance Practices and is being governed in a transparent and efficient manner. The board of directors of the Company has vast experience, expertise and skill in cinema & restaurant business. The Board annually reviews its composition to ensure that it is as per both the Regulatory requirements of the Rules and Regulations of the Country and the operational requirements of the Company.

Board procedure:

The Board procedure is translucently defined by the Charter of the Board. The Company has the practice of dissemination of agenda and other supporting documents well in advance to enable the directors to deliberate and decide on all matters listed in the agenda in the best interests of the Company.

Mandate and the specific responsibilities of the Board include:

- Disclosure of financial information to the Government Authorities and the public within the stipulated time.
- Ensure that financial statements are free from errors and frauds.
- Periodic evaluation of the operational performance of the company and give instructions for improvement.
- Recommendation of dividend payable to the shareholders.
- Monitoring the performance of the executive management to ensure that the executives are compensated fairly.
- Ensuring integrity and fairness of the financial and accounting system, existence of well-defined internal control system, independence of audit and the system to ensure the compliance of Laws and Regulations.
- Ensure judicious allocation of resources to achieve the goals enshrined in the Corporate Strategy Plan.
- Govern the management by issuing rules and formulating policies and procedures.
- Periodical review of the Succession Plans of CEO and other members of the management who are directly reporting to CEO.
- Overseeing the direction and management of the company in accordance with Commercial Companies Law and other Rules and Regulations promulgated by the Government of Bahrain and the Central Bank of Bahrain.

Material transactions requiring Board approval:

- Approval of acquiring or selling patent rights, trade marks, licenses or other intellectual property rights.
- Approval of financial statements.
- Approval of Budgets, Capital Expenditure Budget, major contracts, diversification plans/ divestment.
- Appointment of CEO
- Optimum allocation of resources among various functions to attain the goals of the Company.
- Approval of investment above the authorized threshold limit of the Executive Committee.
- Approval of Policies and Procedures for the Company.
- Approval of Corporate Strategy Plan

Corporate Governance Report (Continued)

Directors' profile:

Dr. Esam Abdulla Fakhro- Chairman

Chairman	Abdulla Yousif Fakhro & Sons
Board of Advisors	AMA (Private University)
Second Vice Chairman	Qatar Bahrain International Cinema WLL
Deputy Chairman	National Bank of Bahrain BSC
Chairman of Executive Committee	National Bank of Bahrain BSC
Executive Director	General Trading & Food Processing Co BSC
Director	Trafco Logistics Company
Board Director	Bahrain Live Stock Company
Chairman	Business International (Xerox)
Chairman	Fakhro Electronics
Board Director	Fakhro Restaurants Company (McDonald's)
Chairman	Budget Rent – A Car (Bahrain)
Chairman	Fakhro Insurance Services Co.
Chairman	Fakhro Contracting Co.
Board Director	Fakhro Shipping
Chairman	Go Rent A Car (Qatar)
Chairman	Go Rent A Car (Dubai- Abu Dhabi-Sharjah-Fujairah)
Chairman	Fakhro Motors (BYD)
Chairman	Access Telecom (Dubai)
Chairman	Modern Exchange Company BSC (c).
Chairman	Kingdom Investments SPC
Chairman	Bahrain Islamic Bank B.S.C (BisB)
Chairman	Jouri Gardening
Honorary Chairman	VOX Cineco Cinemas Company WLL

Mr. Ahmed A. Rashed AlBastaki- Managing Director and C.E.O

Managing Director and General Manager	Qatar Bahrain International Cinema WLL
Director	VOX Cineco Cinemas Company WLL
Director	Burooj Property Development & Trading Company WLL

Mr. Ali Yousif Ubaydli- Vice- Chairman

Director	Aluserv Middle East WLL
Director	Trans Gulf Consult
Managing Director	Yousuf Ali Ubaydli WLL
Managing Director	Yousif Ali Ubaydli Ventures WLL
Director	Royal University for Women
Director	The Gulf Gourmet Group WLL
Director	The Malls Company

Mr. Mohammed Ebrahim Kanoo- Director

President & Chairman	Ebrahim Khalil Kanoo B.S.C. ©
Chairman	Awal Gulf Manufacturing B.S.C ©
Chairman	The Malls Real Estate Development BSC ©
Deputy Chairman	The Royal University for Women BSc ©

Mr. Jalal Mohamed Jalal- Director

Managing Director	Mohammed Jalal & Sons Group of Companies
Hon.Chairman	Gulf Business Machines
Chairman	Bahrain Airport Services
Chairman	Bahrain Business Machines

Corporate Governance Report (Continued)

Directors' profile:

Director
Director
Director
Managing Director

Awal Readymix Concrete Co
Bahrain Duty Free Company BSC
BIADCO
Awal Printing Press

Mr. Fareed Yousif Almoayed- Director

Deputy Chairman
Deputy Chairman
Deputy Chairman
Chairman
Director
Director
Director

Y.K.Almoayyed & Sons B.S.C ©
Y.K.Almoayyed & Sons Properties Co WLL
Ashrafs
Bahrain Property Management
Bahrain Foundation Construction Co.
Crown Industries
Bahrain Scrapmould

Mr. Jehad Yousif Amin- Director

Director
Member, Executive & Investment Committee
Member, Nominations, Remuneration & Corporate Governance Committee
Director
Member, Executive & investment Committee
Vice- Chairman
Member, Nominations, Remuneration & Corporate Governance Committee
Director
Member, Audit Committee
Member, Corporate Governance Committee
Director
Director
Vice-Chairman, Executive Committee
Member, Investment Committee
Director
Member, Executive Committee
Director
Member, Investment Committee
Member, Nomination, Remuneration & Corporate Governance Committee
Director
Member, Investment Committee

Bahrain National Holding Company B.S.C
Bahrain National Holding Company B.S.C

Bahrain National Holding Company BSC
Bahrain National Insurance Company B.S.C (c)
Bahrain National Insurance Company B.S.C (c)
Banader Hotels Company B.S.C

Banader Hotels Company B.S.C
TRAFICO Group B.S.C
TRAFICO Group B.S.C
TRAFICO Group B.S.C
Metro Markets Company S.P.C
BMMI B.S.C
BMMI B.S.C
BMMI B.S.C
Bahrain Live Stock B.S.C (c)
Bahrain Live Stock B.S.C (c)
United Insurance Company B.S.C
United Insurance Company B.S.C
United Insurance Company B.S.C

Bahrain Duty Free Complex BSC
Bahrain Duty Free Complex BSC

Mr. Shawqi Ali Fakhro- Director

Director
Director
Director
Chairman & Managing Director
Chairman & Managing Director
Chairman
Chairman & Managing Director
Chairman & Managing Director
Chairman
Chairman

Zallaq Resort Co. BSC
BMMI BSC
Bahrain Kuwait Insurance BSC
Ali Bin Yousif Fakhroo & Sons W.L.L
Shawki Ali Fakhroo & Sons W.L.L
Mohammed Fakhroo & Bros W.L.L
Fakhroo Trading Agencies W.L.L
Fakhroo Investment W.L.L
Fakhroo Information Technology Services WLL
Shutdown Maintenance Services W.L.L

Corporate Governance Report (Continued)

Status of Directorships:

The terms Independent, non - independent, executive and non-executive are interpreted as per the definitions given for those terms under the Corporate Governance Code issued by the Ministry of Industry, Commerce and Tourism. The Constitution of the Board comprises of six non- executive, two executive, five independent and three non-independent directors. The independence of directors is reviewed annually as per the criteria mentioned in the Code.

Name of Director	Independent /Non-independent	Executive/ non-executive
Dr. Esam Abdulla Fakhro	Non-Independent	Executive
Mr. Ali Yousif Ubaydli	Independent	Non- executive
Mr. Mohammed Ebrahim Kanoo	Non-Independent	Non- executive
Mr. Jalal Mohamed Jalal	Independent	Non- executive
Mr. Fareed Yousif Almoayed	Independent	Non- executive
Mr. Jihad Yousif Amin	Independent	Non- executive
Mr. Shawqi Ali Fakhro	Independent	Non- executive
Mr. Ahmed A. Rashed AlBastaki	Non-Independent	Executive

Board Composition:

Name of Director	Year of birth	Nationality	Year of first election as a Director	Expiry of present term
Dr. Esam Abdulla Fakhro	1947	Bahraini	1982	2019
Mr. Ali Yousif Ubaydli	1942	Bahraini	1967	2019
Mr. Mohammed Ebrahim Kanoo	1940	Bahraini	1986	2019
Mr. Jalal Mohamed Jalal	1948	Bahraini	1982	2019
Mr. Fareed Yousif Almoayed	1953	Bahraini	1992	2019
Mr. Jihad Yousif Amin	1958	Bahraini	1998	2019
Mr. Shawqi Ali Fakhro	1953	Bahraini	2008	2019
Mr. Ahmed A. Rashed AlBastaki	1951	Bahraini	2017	2020

Election of Directors:

Articles 175 and 176 of the Bahrain Commercial Companies Law and Article 27 of the Articles of Association of the Company expounds the procedure for election of directors. The shareholders of the Company elect the directors in the Annual General Meeting of the Company and in certain circumstances the directors are appointed by the Board.

Corporate Governance Report (Continued)

Election of Directors: (Cont.)

The Nomination and Remuneration Committee makes recommendation for appointment after considering the experience and expertise of the directors before the Directors are elected/appointed in the Annual General Meeting /by the Board. Directors are elected for a period of three years on renewable basis. All the directors are liable to retire by rotation and are eligible for re-election unless they are disqualified as per the provisions of Bahrain Commercial Law or Articles of Association.

The present incumbents of the Board (except Mr. Ahmed A. Rashed AlBastaki) were elected in the Annual General meeting held in the year 2016 and their tenure expires in the Annual General meeting to be held in the year 2019. Mr. Ahmed A. Rashed AlBastaki, MD & CEO of the Company was elected by the shareholders in the EGM held on 28 August, 2017 and his tenure expires in the year 2020. Eventhough, the term of Mr. Ahmed A. Rashed AlBastaki's term expires in the year 2020, he seeks his reelection as a director along with other members of the Board in the year 2019. The written appointment letters reciting the term, powers, duties, remuneration, involvement in committees, time allotment, attendance, access to independent professional advice relating to the affairs of the company or to their individual responsibilities as directors and other matters as required by Corporate Governance Code were duly issued to all elected directors.

Induction of new directors:

The directors were formally inducted into the Board. Induction programme elaborating line of business, details of all Cineplex operated by the company, subsidiaries & Joint Ventures, members of the management team, internal auditors, external auditors, lawyers and all other necessary details about the Company was conducted to make the board members to familiarize with the Company. Furthermore, the directors were provided with the questionnaire to ascertain their level of acquaintance with the Company. Apart from this, no education or training programme was conducted as the present directors have high level of skills, expertise and experience in entertainment and hospitality industry.

Directors' ownership of company's shares:

Name of Directors	Type of shares	Number of shares
Dr. Esam Abdulla Fakhro	Ordinary	4,789,244
Mr. Ali Yousif Ubaydli	Ordinary	-
Mr. Mohammed Ebrahim Kanoo	Ordinary	347,228
Mr. Jalal Mohamed Jalal	Ordinary	482,658
Mr. Fareed Yousif Almoayed	Ordinary	475,781
Mr. Jihad Yousif Amin	Ordinary	2,000,000
Mr. Shawqi Ali Fakhro	Ordinary	712,555
Mr. Ahmed A. Rashed AlBastaki	Ordinary	1,865,861
Total		10,673,327

Corporate Governance Report (Continued)

Directors' trading of company's shares during the year -2018:

Name of Director	Type of shares	Purchase/sale	Number of shares	Date of transaction
Mr. Jehad Yousif Amin	Ordinary	Purchase	855,119 6,799	31.7.2018 4.9.2018
Mr. Ahmed A. Rashed AlBastaki	Ordinary	Purchase (ESOP)	1,509,336	28.6.2018
Dr. Esam Abdulla Fakhro	Ordinary	Purchase (ESOP)	804,978	28.6.2018

Related parties of Mr. Jehad Yousif Amin have purchased 28000 shares during the year 2018. Related party of Dr. Esam Abdulla Fakhro has purchased 20,000 shares during the year 2018.

Board meetings:

The Board should meet at least four times in a year as per H.C. 1.3.3 of the Corporate Governance Code. In addition to these meetings, the Board of directors takes fast decisions by way of Circular Resolutions and these resolutions are duly ratified by the directors subsequently in the duly constituted and convened board meetings. The details regarding the meetings of the Board and the Committees held during the year 2018 and the details of the attendance are provided as below:

Summary of meetings of the board and committees and the attendance of directors											
Name of Directors	Board		Executive Committee		Corporate Governance and Audit Committee		Nomination & Remuneration Committee		Total		
	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	% of meetings attended
Dr. Esam Abdulla Fakhro	4	4	4	4			1	1	9	9	100%
Mr.Ali Yousuf Ubaydli	4	3	4	4			1	1	9	8	88%
Mr.Mohamed Ebrahim Khalil Kanoo	4	1	4	2			1	0	9	3	33%
Mr. Jalal Mohamed Yusuf Jalal	4	4			4	4			8	8	100%
Mr. Fareed Yusuf Khalil Almoayyed	4	2			4	2			8	4	50%
Mr. Jehad Yousif Amin	4	4	4	4			1	1	9	9	100%
Mr. Shawqi Ali Yusuf Fakhroo	4	4			4	4	1	1	9	9	100%
Mr. Ahmed A. Rashed AlBastaki	4	4	4	4					8	8	100%

Corporate Governance Report (Continued)

The Board meeting can be summoned by two directors or by the Chairman/Vice- Chairman. The majority of the directors should attend the Board meeting either in person or through conference call to make the Board meeting valid.

Notice, agenda and other supporting documents for the meetings are circulated well in advance to enable the directors to take decisions judiciously.

Dates of board meetings and attendance details:

Name of Directors	20.02.2018 and this was adjourned to 25.2.2018	8.05.2018	7.08.2018	06.11.2018
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes
Mr.Ali Yousuf Ubaydli	Yes	Yes	No	Yes
Mr.Mohamed Ebrahim Khalil Kanoo	No	No	Yes	No
Mr. Jalal Mohamed Yusuf Jalal	Yes	Yes	Yes	Yes
Mr. Fareed Yusuf Khalil Almoayyed	Yes	Yes	No	No
Mr. Jihad Yousif Amin	Yes	Yes	Yes	Yes
Mr. Shawqi Ali Yusuf Fakhroo	Yes	Yes	Yes	Yes
Mr. Ahmed A. Rashed AlBastaki	Yes	Yes	Yes	Yes

Remuneration policy of board of directors:

The method of payment of remuneration to the directors is enunciated in Article 188 of Commercial Companies Law No.21 of 2001. The Board of directors is compensated on the basis of their attendance in the Board and the Committee meetings and the annual remuneration. The participation in the meeting via Telephone/Video Conference is also treated as attendance in the meeting and the directors are remunerated accordingly. The remuneration paid to the directors is in tandem with their participation in the activities of the Board as well as to retain the Directors of high caliber by rewarding them for spending their valuable time for the development of the Company. The director's remuneration is paid after getting due approval from the shareholders in the Annual General Meeting. The Remuneration paid to the directors is debited to the Income Statement as an expense as per International Accounting Standards and Regulations formulated by the Central Bank of Bahrain. Directors' sitting fees (including sitting fees for attending Committee meetings) for the year amounted to BD 88,000.

Aggregate remuneration to board of directors:

The amount of aggregate remuneration paid to the directors for the financial years 2017 and 2018 is mentioned in Note Number: 25 of the Financial Statement.



Cadaver
August 2018

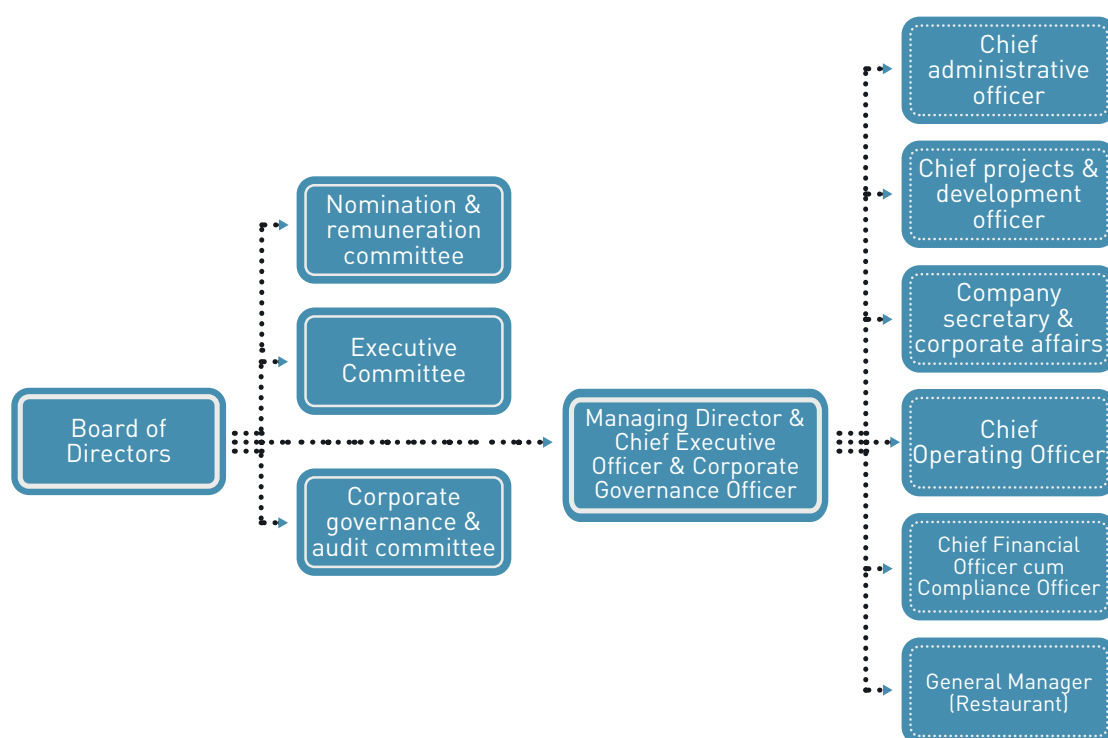
Corporate Governance Report (Continued)

Code of conduct/ code of ethics:

The Company has the Code of Conduct/Code of Ethics policy narrating the standards expected from each and every employee of the Company.

- Company has to act on the customers' complaints promptly and courteously.
- The Company will not disclose the information about the customers/business associates to any other person/entities.
- Each and every employee should protect the assets of the Company.
- No employee should take bribe from any outside person on behalf of the Company.
- The employees are not supposed to disclose the confidential information about the Company either during or after the service to any outside person/entities.

Organisation Structure:



Compliance

The Company has duly complied with all the Rules and Regulations of the Country and there is no procedural non-compliance of any provisions of the Law applicable to the Company. Chief Financial Officer is also the Compliance Officer of the Company. The Company has well defined Compliance Policy Manual which covers the details covering entire arena of compliance function. Some of the salient features of Compliance Manual are described below:

- Monitoring and reporting of the functions.
- Relationship with other departments.
- Independence of compliance function
- The responsibility of the compliance function
- Relationship with internal audit
- Cooperation with the regulators

Compliance officer will assess the compliance risks associated with Company's business activities and assist the CEO in effectively managing and mitigating compliance risks faced by the Company. The Board of Directors has the responsibility of overseeing the management of the Company's compliance risk.

Corporate Governance Report (Continued)

Allocation of tasks within the Board of Directors:

Name of the director	Position	Corporate governance and audit committee	Executive committee	Nomination and remuneration committee
Dr. Esam Abdulla Fakhro	Chairman	-	(CHAIR)	(CHAIR)
Mr. Ahmed A. Rashed	Managing Director and Chief Executive Officer	-	Yes	-
Mr. Ali Yousif Ubaydli	Vice- Chairman	-	Yes	Yes
Mr. Mohammed Ebrahim Kanoo	Director	-	Yes	Yes
Mr. Jehad Yousif Amin	Director	-	Yes	Yes
Mr. Jalal Mohamed Jalal	Director	Yes	-	-
Mr. Fareed Yousif Almoayed	Director	Yes	-	-
Mr. Shawqi Ali Fakhro	Director	(CHAIR)	-	Yes

Board committees:

The Board of directors has delegated some of their responsibilities to the Committees of the Board without abjuring its responsibility and accountability. The main purpose of establishing the committees is to facilitate the Board to monitor the actual functioning of the Company and make recommendation for improvement to the Board whenever deems necessary. Minutes of the Committee meetings are provided to the members of the Board periodically. The Board constantly evaluates the composition of the committees for their effective functioning as well as to comply with the requirements of Law.

Executive committee:

Dr. Esam Abdulla Fakhro is the Chairman of the Executive Committee. The Executive Committee currently comprises of five directors. The Charter of the Executive Committee specifies the specific responsibilities assigned to this Committee.

Functions of the Executive Committee:

- Invest the surplus funds on the basis of the Investment Policy and evaluate the performance of each investment vis-à-vis the expected Return on Investment.
- Analyzing and Approving the Corporate Strategy Plan for every financial year before presenting the same to the Board.
- Approving the Budgets and changes thereon for each financial year and reviewing performance against those budgets and key performance indicators.
- Reviewing the policies with regards to risk, asset and liabilities.

Corporate Governance Report (Continued)

Functions of the Executive Committee:

As per the terms of Charter of the Executive Committee, the minimum number of Executive Committee meeting is three in a year. The actual number of meetings of Executive Committee held during the year is 4. The details of the composition of the Executive committee and attendance of the members in the meetings of this Committee are mentioned in the following table:

Dates of Meeting

Name of Director	1/02/2018	31/05/2018	29/11/2018	25/12/2018
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	Yes	Yes	Yes
Mr. Mohammed Ebrahim Kanoo	No	Yes	Yes	No
Mr. Jehad Yousif Amin	Yes	Yes	Yes	Yes
Mr. Ahmed A. Rashed AlBastaki	Yes	Yes	Yes	Yes

Sitting fees of the members of the Executive committee for the financial year, 2018 amounted to BD20,000 .

Nomination and remuneration committee

Dr. Esam Abdulla Fakhro is the Chairman of the Nomination & Remuneration Committee. The Nomination & Remuneration Committee currently comprises of five directors. The Charter of the Nomination & Remuneration Committee describes the specific responsibilities assigned to this Committee.

Functions of the Nomination and Remuneration Committee:

- Evaluate the balance of skills, knowledge and experience on Board, prepare description for every appointment, identify, nominate to the Board as and when Board vacancies arise.
- Ensure that adequate Policies and procedures are in place for the evaluation of the performance of executive management.
- Recommend to the Board any change in the Job description of senior management, if required.
- Approval of Succession Plans of senior management before the plans is presented to the Board for approval.

As per the terms of Charter of the Nomination & Remuneration Committee, the minimum number of meetings is one and the maximum number of meetings is two in a year. The details of the composition of the Nomination and Remuneration committee and attendance of the members in the meeting of this Committee are mentioned in the following table:

Date of Meeting

Directors	1/02/2018
1.Dr. Esam Abdulla Fakhro	Yes
2.Mr. Ali Yousif Ubaydli	Yes
3.Mr. Mohammed Ebrahim Kanoo	No
4. Mr.Jehad Yousif Amin	Yes
5.Mr. Shawqi Ali Fakhro	Yes

No sitting fees were paid for the members of the Nomination & Remuneration Committee during the year 2018.

Corporate Governance Report (Continued)

Corporate governance and audit committee

Mr. Shawqi Ali Fakhro is the Chairman of the Corporate Governance and Audit Committee. The Corporate Governance and Audit Committee currently comprises of three directors. The duties of the Corporate Governance and Audit Committee are:

- Review and approve interim and annual financial statements before presenting the same to the Board.
- Discuss the significant accounting and financial policies and reporting issues for the financial year.
- Consider and recommend to the Board the appointment, resignation or dismissal of the external and internal auditors of the Company and the audit fee.
- Discuss the management letter of external auditors.
- Review the risk management and internal audit functions.
- Discuss the significant observations of external and internal Auditors and the response from the management.
- Ensure existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.
- Analyze impact of any change in Accounting Standards on the financial statements.

As per the terms of reference of the Corporate Governance and Audit Committee, the Company shall conduct at least four Corporate Governance and Audit committee meetings in a year. During the year 2018, the number of meetings of the Corporate Governance and Audit committee was four. The details of the composition of the committee and attendance of the members in the meetings are set out in the following table:

Dates of Meeting

Name of Director	19/02/2018	8/05/2018	7/08/2018	06/11/2018
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes
Mr. Jalal Mohamed Jalal	Yes	Yes	Yes	Yes
Mr. Fareed Yousif Almoayed	Yes	Yes	No	No

Sitting fees of the members of the Corporate Governance and Audit committee for the financial year, 2018 amounted to BD12,000.

Conflict of interest:

The Company has well defined Conflict of Interest policy and documented procedure with regards to the transactions involving Conflict of Interest of directors. As per this policy, every director is bound to declare the present and potential conflict of interest, both direct and indirect, to the Company. In case of any motion put before the meeting and if any director is interested in that motion, he will refrain from discussion and voting.

If there is potential conflict of interest of any director in particular transaction, then advance approval from disinterested directors will be received before the motion is put in front of the directors for the deliberation and voting. The concerned interested director will not participate in the discussion on that issue. The fact of absence of interested director(s) is recorded in the minutes of the relevant meeting.

Related party transactions:

All related party transactions are done on an arm's length basis and approved by the management of the Company. No employee or director or member of executive management can trade the shares with the material information which is not made public. Please refer Note: 29 of the financial statements for the details of related party transactions.

Corporate Governance Report (Continued)

Internal control:

Internal Control is in built in all the operations of the Company to conduct the business in an orderly & efficient manner, safeguard the assets & resources, ensure optimum utilization of the organizational resources, ensure the accuracy & completeness of accounting data, achieve operational or strategic goals, produce timely, accurate & reliable financial and accounting information, detect & prevent the frauds and errors and ensure adherence to the policies and procedures and to conduct the business in an efficient manner. The management has been monitoring the implementation of internal control by the management by creating control environment, identification & management of risks, implementation of policies and procedures segregation of duties, controlling access to company's assets, etc., The Corporate Governance and Audit Committee and the management continually evaluate the adequacy of the Internal Control processes and procedures.

The roles of the chairman and executive management:

The Board of Directors provides governance, guidance and oversight to the management. The Chief Executive Officer and the other members of the senior management are responsible for the day to day affairs of the Company. The Chairman is responsible for organizing the business for the Company and providing strategic direction to the management while executive management is responsible for the financial and operating performance of the Company. The contours of duties and responsibilities of the Chairman and the CEO are clearly delineated without giving any room for overlapping of duties and authorities. Furthermore, the duties and responsibilities of all departmental heads are well-defined.

Succession plans:

The company has formulated the Succession Plans for CEO and all head of departments i.e., CAO, CFO and COO-Operations to maintain uninterrupted functioning and to upkeep the highest level of efficiency of executive management without being affected by short term and long term absence of executive personnel. The Board annually reviews adequacy of Succession Plans to ensure that the Succession plans fulfill all the requirements of the Company.

Key person dealing policy:

The Company has formulated Key Person Dealing Policy. The main purpose of this Policy is to prevent the abuse of inside information. Here, Key persons are defined to include the directors, executive management, designated employees and any other person identified as key person. Members of the Board of Directors and key persons are bound by specific regulations relating to Key Person trading policies and are required to disclose the details of their shareholdings and trading of their shareholding in the Company. Compliance Officer is vested with the responsibility of complying with latest Key Person trading regulations of Bahrain Bourse. During the year 2018, forms and documents required to be filed with Bahrain Bourse/ Bahrain Clear are duly filed.

Performance evaluation:

H.C.8.3.9 of the Corporate Governance Code enunciates that the evaluation of directors with respect to their effectiveness & contribution needs to be disclosed in the Annual Report. During the year, 2018, evaluation was done in the following ways:

Corporate Governance Report (Continued)

Performance evaluation:

1. Evaluation of the Board by each director has been done to assess the functioning of the Board.
2. Directors of the Board have done self- evaluation as a director and as a member of each committee to assess themselves vis-a-vis the requirements.
3. Evaluation of each committee by each member of the respective committee has also been done for the financial year 2018 to ensure that the respective Committee functions to accomplish its specific purpose and responsibilities that are assigned to that committee.
4. Chairman of the Board and of each committee have also done self-performance evaluation in order to continue to function with high level of efficiency.

Managing Director and Chief Executive Officer has performed his own evaluation for the financial year 2018.

Whistle blower policy:

The Company has approved Whistle Blower Policy as part of Corporate Governance Policy. It is the policy of the Company to maintain the highest ethical behavior and professionalism in the entire arena of the activities of the Company. The Company has Whistle Blower Policy wherein the employees can report any violation of rules, regulations or any provisions of law or any unethical behavior to his/her immediate boss or to any other person as designated by the Company in this regard. Any such report will be maintained confidentially and are not subjected to any discriminatory practices.

CEO & CFO certifications:

CEO& CFO of the Company have certified that interim and final accounts of the Company present true and fair view of state of affairs of the Company and do not contain any material misstatement. These Certifications have been given both to the Corporate Governance and Audit Committee as well as to the Board during the financial year 2018.

Means of communication with shareholders and investors:

- All the directors are generally present in the Annual General Meetings and Extra-ordinary General meetings to answer the questions posed by any attendant as the Company is statutorily obliged to comply with the Regulations and Laws regarding dissemination of information.
- The Company has appointed Bahrain Bourse as the Registrar and Share transfer agent and Karvy Computer share WLL as the sub-registrar and the Board of directors of the Company recommends that they can be reappointed for the financial year 2019.
- The Company published annual results for each quarter and for the entire financial year, 2018 through newspapers in Arabic and through Bahrain Bourse website in English.
- The shareholders are having easy access to all the financial information and can get proxy and other relevant forms from the Company.
- The Company publishes both interim & final financial statements on its web site.
- The Company also communicates with its staff through internal communication.
- CFO will be the point of contact with Bahrain Bourse and CBB.

BCC currently complies with all the provisions of the Code with the exception of the following:

Corporate Governance Report (Continued)

- HC1.4.5 of the Corporate Governance Code requires that the Chairman of the Board of Directors should be an independent director. Dr. Esam Abdulla Fakhro is a non-independent director, taking into account the business transactions of the Company with the business entities in which Dr. Esam Abdulla Fakhro is the director. However, this does not dilute the highest standards of corporate governance that the company maintains as a) business transactions are entered into on arms' length basis, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the concerned directors refrain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Dr. Esam Abdulla Fakhro's status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
- As per the provision of HC1.3.6 of the Corporate Governance Code, no director of the Company should hold more than 3 directorships in public companies in Bahrain, with the provision that no conflict of interest may exist, and the Board should not propose the election/ re-election of any such director. Mr. Jehad Yousif Amin Director of the Company is holding more than three directorships in Bahraini Public shareholding companies and his directorships in more than three Bahraini Public shareholding Companies does not dilute the sanctum sanctorum of the interests of the Company and does not affect the effectiveness and efficiency of the Board of Directors as Mr. Jehad Yousif Amin provides required attention to his responsibilities as a director of the company and there is no conflicts of interest between his other directorships and his directorship in the company.
- As per HC 1.8.6 of the Corporate Governance Code, the Corporate Governance Committee should consist of at least three independent members. Mr. Shawqi Ali Fakhro, the Chairman of the Corporate Governance and Audit Committee is the non-independent Director considering the business transactions of the company with the establishments in which Mr. Shawqi Ali Fakhro is a director. Since highest standards of corporate governance and policies are followed for managing conflict of interest without any type of lacunae in the implementation, Mr. Shawqi Ali Fakhro's status of non-independence does not debilitate his ability to exercise judgement free from personal conflict of interest.
- Details regarding remuneration paid to executive personnel, profiles of senior managers and the shareholding of senior managers can be obtained from the Company by making request for the same subject to the approval of the Chairman.
- The details regarding fees paid to auditors for audit services and non-audit services can be obtained from the Corporate Office of the company.

Compliance with the Corporate Governance Code, 2018 issued by the Ministry of Industry, Commerce & Tourism (MOICT):

Details of Corporate Governance Officer:

During the year, the Company has appointed Mr. Ahmed A. Rashed AlBastaki, as the Corporate Governance Officer of the Company. Mr. Ahmed A. Rashed AlBastaki has been heading Bahrain Cinema Company for more than three decades and he is having expertise in entertainment and restaurant industry.

Submission of Director's acknowledgement forms by independent directors:

Mr. Jalal Mohamed Jalal and Mr. Fareed Yousif Almoayed are the independent directors of the Company as per the transactions entered into for the financial year, 2017 and they have duly submitted the Director's acknowledgement forms addressed to the MOICT in the year 2018.

The Nomination and Remuneration Committee has done the evaluation of the efficacy of the Board, Board Committees and the members of the Board for the financial year 2018 as per the format recommended by the MOICT.

Corporate Governance Report (Continued)

Profile of the statutory auditors of the Company:

The following table shows the details regarding the external auditor:

Name of the audit firm	BDO
Years of service as the Company's external auditor	Since 2002, 17 years
Name of the partner in charge of the Company's audit	Mr. Arshad Gadit
The partner's year of service as the partner in charge of the Company's audit	Six years
Total audit fees for the financial year 2018	The information is kept at corporate office and will be produced upon request, after approval of the Board of Directors.
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2018.	None

Compliance with the provisions of the Corporate Governance Code:

Principle	Non - Compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board	-	-	Yes	-
Principle 2: The directors and executive management shall have full loyalty to the Company.	-	-	Yes	-
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.	-	-	Yes	-
Principle 4: The Company shall have effective procedures for appointment, training and evaluation of directors	-	-	Yes	-
Principle 5: The Board shall remunerate directors and senior officers fairly and responsibly.	-	-	Yes	-
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.	-	-	Yes	-
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.	-	-	Yes	-
Principle 8: The Company shall disclose its corporate governance	-	-	Yes	-
Principle 9: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors	-	-	Yes	-

Corporate Governance Report (Continued)

Compliance with the provisions of the Corporate Governance Code (Cont.):

Principle	Non - Compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 10: The Company shall seek through social responsibility to exercise its role as a good citizen.	-	-	Yes	-
Principle 11: Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a	N.A	N.A	N.A	N.A

Corporate social responsibility report:

Bahrain Cinema Company (BCC) with its legacy of 5 decades conscientious corporate citizenship focuses on positive growth of the Company and development in socio and economic aspects of lives of Bahrainis. BCC has been seamlessly striving for the well-being of all strata of Bahraini Society by removing the disparities and helps the Bahrainis to develop vibrant Country, Kingdom of Bahrain. Broad objectives of BCC with regards to Corporate Social Responsibility encompass economic development of the nation coupled with social development & environmental protection. BCC is the early adopter of Corporate Social Responsibility and has been taking welfare initiatives for community development since its inception.

BCC has always been committed for the upliftment of the underprivileged sections of the Society by granting donations towards eradicating poverty & malnutrition, promoting education , health care etc., to various Charitable Institutions, Charity Funds and other organizations which are engaged in philanthropic activities, constructive social services and promotion of general welfare.

Donations made by the company fall in any one of the following categories: i) Health Care ii) educational development of youth and children iii) caring senior citizens, orphans, destitute & indigents iv) Edification of the Society by spreading awareness about Islam v) Promotion of Sports & culture vi) mother care vii) Welfare of Palestinians viii) environment sustainability ix) art and culture.

Regular Charitable activities:

Religion & Arab Culture

BCC has the policy of providing funds to four Muslim employees each year under Employee Gift Scheme for getting solemnized by pilgrimage to Holy Makkah amounting to BD10,000. BCC donated BD 6,760 to the employees as Gift on the holy occasion of Ramadan Kareem.

Development of Bahraini Youth & Children

- BCC offers employment opportunities to University students and other deserving Bahraini Youths to enable them to earn while learning. This will enable them to have hands on experience of application of theoretical knowledge.
- Education is the bed rock of the culture and is a path way to progress. Therefore, BCC is constantly sponsoring training programme to Bahraini employees under Tamkeen programme to nurture the home grown talent. BCC provides free tickets to the differently abled persons, orphans and the school children. The total amount of free tickets granted during the year 2018 was BD 18,558/-.
- Advertisements for educational and informative purposes are allowed to be screened at free of cost.

Environmental sustainability:

BCC has core values and ethics towards environment sustainability. BCC has been persistently making efforts to ensure reuse & recycle the disposal of waste to minimize the amount of waste going to the landfill. In this endeavor, BCC has been using projectors with digital technology in lieu of Analog Projectors with the aim of annihilating the environmental hazard caused by 35mm projector reels.

Accredited Societies and Funds who are Beneficiaries of Donations and Contributions by BCC during the year 2018 are as follows:

- Al Hamla Social , Charity, Cultural Society
- UCO parents care Centre
- Royal Charity Organization
- The Friendship Society for the Blind
- Sree Narayana Cultural Society
- Al-Ehsan Welfare Society
- Indian Classical Music Programme organized by Convex Corporate Events Co.W.L.L
- Bahrain Philanthropic Society
- Sanabis Charity Society
- Shakhurah Society Charity Fund
- Isa Town Charity Society
- Shaikhan And Sharifa Quran Centre
- Tubli Charity Society
- Muharraq Charity Society
- Hamad Town Charity Society
- Good Word Society
- Children and Mothers Welfare Society
- Bahrain Down Syndrome Society
- Gulf Disability Society
- Future Society for Youth
- Hidd Charity Society
- Al -Anfal Society
- Al Bukwara Charity Society
- Manama Charity Society
- Riffa Charity Society
- Jidhafs Charity Society
- Al-Ehsan Welfare Society
- Bahrain Society for Child Development
- Bahrain Red Crescent Society
- Bahrain Voluntary Work Society
- Bahrain Kidney Patients Friendship Society
- International Ladies Group
- Al Rahma Centre
- Lions Club, Riffa
- Indian Fine Arts Society for "Swaralaya"

Remarkable Charitable Initiatives of the Company during the year 2018:

Apart from the above, the Company has donated three portable Ultrasounds ECHO machines amounting to BD92,184 to BDF-Royal Medical Services (Sh. Mohammed Bin Khalifa Bin Salman Al Khalifa Cardiac Centre) and has donated one ultrasound imaging system for NBB Arab Medical Centre and Budaiya Medical Centre respectively amounting to BD28,000 during the year 2018.

BCC has been providing donations not only to various Charitable Societies and Funds but also help the needy individuals. During the year 2018, the total contribution by the Company towards social welfare was BD19,250.

Charity Reserve as on 31st December, 2018:

To serve the Society on a mass scale, BCC had acquired a residential building in the year 2014 with the aim of utilizing the rental income accrued therefrom only for a big Charitable Project by transferring the rental income to the Charity Reserve. As on 31 December, 2018, the Company has accumulated the Charity Reserve of BD91,250.

Future charitable project:

"The Group is committed to sponsoring a charitable project (Dialysis centre) through the Ministry of Health for an amount of around BD1.5 Million."

Consolidated Financial Statements

For the year ended 31 December 2018



The Commuter
January 2018

Insidious
January 2018

Independent Auditor's Report to the Shareholders

Of Bahrain Cinema Company B.S.C

Report on the audit of the consolidated financial statements:

Opinion:

We have audited the consolidated financial statements of Bahrain Cinema Company B.S.C. ("the Company") and its subsidiary (collectively referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") issued by International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition:

Revenue represents income arising from the screening of films rented from other distributors, and advertising income, sale of food and beverages. The Group focuses on revenue as a key performance measure and by default, this area has a fraud risk element and is therefore considered as a significant risk.

Our audit procedures included considering the appropriateness of revenue recognition as per the Group's accounting policies, including those relating to discounts and concessions and assessing operational compliance with these policies. We tested the design and effectiveness of internal controls implemented by the Group throughout the revenue cycle. We also tested sales transactions taking place at either side of the consolidated statement of financial position date to assess whether the revenue was recognised in the correct period. We also performed analytical reviews on revenue taking into account historical trends in monthly sales and the profit margins. These analytics include comparing revenue receipts against cinema attendance statistics.

Valuation of investment properties:

The Group has investment properties as disclosed in Note 8 of the consolidated financial statements which forms a material balance in the consolidated financial statements and are subject to changes in fair value. The fair value of the Group's investment properties is based on valuation by the Group's management, through their use of independent external experts.

Independent Auditor's Report to the Shareholders

Of Bahrain Cinema Company B.S.C (Continued)

Valuation of investment properties:

Valuation techniques include a combination of using discounted net rental yield and market evidence of transaction prices for similar properties. There is significant measurement uncertainty involved in this valuation. Our audit procedures included an assessment of the independence, competence, capabilities and objectivity of management's valuation expert, and a critical evaluation of the appropriateness of the method and assumptions used by the expert.

Valuation of financial assets at fair value through profit or loss:

As at 31 December 2018, the Group has investments in both listed and unlisted financial instruments as disclosed in Note 13. Listed financial instruments are fair valued at their market price. Management applies significant judgment in the determination of fair values of unlisted investments. Valuation of unlisted financial instruments is achieved using techniques including net asset valuation of the underlying investee companies or the financial information provided by the fund managers. There is significant measurement uncertainty involved in this valuation.

Our audit procedures included testing of the reasonableness of the fair values of the quoted investments with the Bahrain Bourse and other stock markets and unquoted investments based on other techniques adopted by the management. We critically evaluated the valuation techniques used by the management for determining fair values of unquoted investments.

Other information:

Management is responsible for the other information. The other information comprises the information included in the Chairman's report and Corporate Governance report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged With Governance ("TCWG") for the consolidated financial statements:

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report to the Shareholders

Of Bahrain Cinema Company B.S.C (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with management and TCWG regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide TCWG with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report to the Shareholders

Of Bahrain Cinema Company B.S.C (Continued)

Report on other legal and regulatory requirements :

(A) As required by the Bahrain Commercial Companies Law, Decree Number 21 of 2001, in 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 stock-taking 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 Chairman's report is consistent with the books of account of the Company.

(B) As required by the Order No. (19) of 2018 issued on 29 March 2018 in respect of Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that:

- (1) The Company has appointed a corporate governance officer; and
- (2) The Company has a Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Group has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, The Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2018.

BDO

Manama, Kingdom of Bahrain
12 February 2019



Death Cure
February 2018

Consolidated Statement of Financial Position

Of Bahrain Cinema Company B.S.C as at 31 December 2018 (Expressed in Bahraini Dinars)

	Notes	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,382,410	10,039,333
Capital work-in-progress	7	389,380	8,005,238
Investment properties	8	23,012,531	7,752,515
Investment in joint ventures	9	47,796	56,337
Investment in an associate	10	26,198,379	24,958,754
Non-current portion of receivable on disposal of business operations	12	12,609,409	15,761,762
Financial assets at fair value through profit or loss	13	7,795,797	7,693,992
		77,435,702	74,267,931
Current assets			
Inventories	11	327,888	317,667
Trade and other receivables	12	4,789,945	5,645,124
Financial assets at fair value through profit or loss	13	9,786,474	405,153
Cash and bank balances	14	461,142	2,262,179
		15,365,449	8,630,123
Total assets		92,801,151	82,898,054
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	8,262,345	8,262,345
Share premium	16(i)	987,241	1,084,396
Revaluation reserve	16(ii)	4,557,442	4,557,442
Statutory reserve	16(iii)	4,131,173	4,131,173
Charity reserve	16(iv)	283,292	266,134
Retained earnings	16(v)	56,811,461	56,640,392
Treasury shares	15	(359,103)	(345,976)
		74,673,851	74,595,906
Non-current liabilities			
Non-current portion of Murabaha facility	17	1,773,849	-
Employees' terminal and other benefits	18	3,222,133	3,648,510
		4,995,982	3,648,510
Current liabilities			
Current portion of Murabaha facility	17	5,423,934	-
Trade and other payables	19	6,890,806	4,653,638
Bank overdrafts	20	816,578	-
		13,131,318	4,653,638
Total equity and liabilities		92,801,151	82,898,054

These consolidated financial statements, set out on pages 43 to 87, were approved and authorised for issue by the Board of Directors on 12 February 2019 and signed on its behalf by:



Dr Esam Abdulla Fakhro
Chairman



Ali Yousuf Ali Ubaydli
Vice-Chairman



Ahmed Abdul Rahman Rashed
Managing Director

Consolidated Statement of Profit or Loss and other Comprehensive Income

Of Bahrain Cinema Company B.S.C

for the year ended 31 December 2018

(Expressed in Bahraini Dinars)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Operating income	27	8,343,718	14,942,491
Operating costs		(6,958,320)	(10,831,746)
Operating gross profit		1,385,398	4,110,745
Income from investments, net	23	4,909,215	429,849
Other income	21	1,009,823	658,126
Gain on disposal of business operations	10	-	19,560,655
Fair value gain on retained interest in investment in an associate	10	-	19,560,655
General and administrative expenses	22	(3,012,097)	(2,841,673)
Provision for staff ex-gratia	18	-	(3,913,056)
Impairment in investment in joint ventures	9	-	(2,809,738)
Finance costs		(71,835)	(54,308)
Net profit and other comprehensive income for the year		4,220,504	34,701,255
Basic earnings per share	24	53fils	439fils

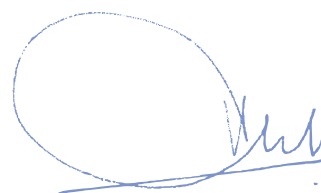
These consolidated financial statements, set out on pages 43 to 87, were approved and authorised for issue by the Board of Directors on 12 February 2019 and signed on its behalf by:



Dr Esam Abdulla Fakhro
Chairman



Ali Yousuf Ali Ubaydli
Vice-Chairman



Ahmed Abdul Rahman Rashed
Managing Director

Consolidated Statement of Changes in Shareholder's Equity

Of Bahrain Cinema Company B.S.C

for the year ended 31 December 2018

(Expressed in Bahraini Dinars)

	Notes	Share capital	Share premium	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
At 31 December 2016		6,609,876	1,084,396	4,557,442	3,304,938	215,335	27,565,993	(276,781)	43,061,199
Bonus shares issued	15	1,652,469	-	-	-	-	(1,583,274)	(69,195)	-
Dividends for 2016	25	-	-	-	-	-	(3,166,548)	-	(3,166,548)
Transferred to charity reserve	16	-	-	-	-	50,799	(50,799)	-	-
Transferred to statutory reserve	16	-	-	-	826,235	-	(826,235)	-	-
Net profit and other comprehensive income for the year		-	-	-	-	-	34,701,255	-	34,701,255
At 31 December 2017		8,262,345	1,084,396	4,557,442	4,131,173	266,134	56,640,392	(345,976)	74,595,906
Dividends for 2017	25	-	-	-	-	-	(3,958,185)	-	(3,958,185)
Transferred to charity reserve	16	-	-	-	-	91,250	(91,250)	-	-
Charity paid		-	-	-	-	(74,092)	-	-	(74,092)
Purchase of treasury shares	15	-	(97,155)	-	-	-	-	(13,127)	(110,282)
Net profit and other comprehensive income for the year		-	-	-	-	-	4,220,504	-	4,220,504
At 31 December 2018		<u>8,262,345</u>	<u>987,241</u>	<u>4,557,442</u>	<u>4,131,173</u>	<u>283,292</u>	<u>56,811,461</u>	<u>(359,103)</u>	<u>74,673,851</u>



Black Panther
February 2018

Consolidated Statement of Cash Flows

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars)

	Notes	2018	2017
Operating activities			
Net profit for the year		4,220,504	34,701,255
Adjustments for:			
Depreciation	6	815,582	987,974
Write-off of property, plant and equipment, net	6	13,460	347,484
Unrealised fair value (gain)/loss on investment properties	8	(2,444,966)	8,000
Reversal of impairment loss from investment in joint venture	9	(115,985)	-
Net share of (profit)/loss from investment in joint ventures	9	(16,259)	912,688
Impairment loss on investment in joint ventures	9	-	2,809,738
Net share of profit from investment in an associate	10	(1,774,485)	(1,009,244)
Gain on disposal of business operations	10	-	(19,560,655)
Fair value gain on retained interest in investment in associate	10	-	(19,560,655)
Unrealised (gain)/loss on financial assets at fair value through profit or loss	23	(34,795)	176,598
Dividend income	23	(385,955)	(363,109)
Interest income from trading of bonds	23	(77,158)	(78,603)
Interest Income	23	(25,997)	(99,557)
Realised (gain)/loss on sale of financial assets at fair value through profit or loss	23	(33,615)	23,378
Profit on sale of property, plant and equipment	21	-	(9,250)
Interest income on long term receivable	21	(815,671)	(461,032)
Finance costs		71,835	54,308
Changes in operating assets and liabilities:			
Inventories		(10,221)	204,543
Trade and other receivables		855,179	381,864
Trade and other payables		2,195,868	822,141
Other employee benefits		(556,904)	3,354,347
Employee terminal benefits net		130,527	(2,136)
Net cash provided by operating activities		2,010,944	3,640,077
Investing activities			
Purchase of property, plant and equipment	6	(668,008)	(344,038)
Additions to capital work-in-progress	7	(2,614,470)	(4,272,421)
Proceeds from sale of property, plant and equipment		-	553,736
Purchase of investment properties	8	(88,833)	(2,500)
Capital contribution to investment in joint venture	9	-	(103,710)
Capital contribution to investment in an associate		-	(2,865,961)
Proceeds from disposal of business operations		3,152,353	2,561,154
Purchase of financial assets at fair value through profit or loss	13	(9,650,200)	(373,345)
Proceeds from sale of financial assets at fair value through profit or loss		235,484	381,504
Net movement in short term deposits		-	5,000,000
Interest income on long term receivable		815,671	-
Interest income from bonds and sukuk	23	77,158	78,603
Profits received from fixed deposits	23	25,997	99,557
Dividend received from joint ventures	9	140,785	227,818
Dividend received from an associate	10	534,860	-
Dividend income received	23	385,955	363,109
Net cash (used in)/provided by investing activities		(7,653,248)	1,303,506

Consolidated Statement of Cash Flows

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

	Notes	2018	2017
Financing activities			
Purchase of treasury shares	15	(110,282)	-
Murabaha facility obtained during the year		7,478,367	-
Amount repaid under Murabaha facility		(280,584)	-
Dividends paid	25	(3,916,885)	(3,097,117)
Charity paid		(74,092)	-
Finance costs paid		(71,835)	(54,308)
Net cash provided by/(used in) financing activities		3,024,689	(3,151,425)
Net (decrease)/increase in cash and bank balances		(2,617,615)	1,792,158
Cash and cash equivalents, beginning of the year		2,262,179	470,021
Cash and cash equivalents, end of the year		(355,436)	2,262,179
Comprising: Cash and bank balances	14	461,142	2,262,179
Bank Overdrafts	20	(816,578)	-
		(355,436)	2,262,179

Non-cash transactions:

Transfer from capital work-in-progress:

In 2018, the Group transferred completed assets totalling to BD2,174,989 (2017: BD583,716) from the capital work-in-progress account to property, plant and equipment (Notes 6 and 7) and BD8,055,339 from the capital work-in-progress account to investment properties (Notes 7 and 8). These are excluded from statement of cash flows being non-cash transactions.

Transfer of assets to investment properties:

In 2018, the Group transferred land amounting to BD4,670,878 from the property, plant and equipment to investment properties (Notes 6 and 8). This transaction has been excluded from statement of cash flows being non-cash transactions.



Rampage
April 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars)

1 Organisation and activities :

Bahrain Cinema Company B.S.C. ("the Company") and its subsidiary (collectively referred as "the Group") 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, advertisements and operation of restaurants, providing leisure and amusement related services, real estate activities with own or leased property and sale/trade of furnisher and all household articles and sale/trade in other machinery and equipments and parts.

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

These consolidated financial statements include assets liabilities and the result of operations of the branches which operate under commercial registration numbers 1192-1, 1192-9, 1192-16, 1192-18, 1192-19, 1192-20, 1192-22, 1192-24, 1192-25, 1192-26, 1192-27 and 1192-28.

These consolidated financial statements also include results of Saar Cinema Complex which is not an independent entity with no separate commercial registration number and operates under commercial registration number 1192-19 of Bahrain Cinema Company (please see Note 2 for details).

2 Structure of the Group :

The structure of the Group is as follows:

Subsidiary company

Name of subsidiary	Country of Incorporation	Principal activities	Effective ownership interest 2018	Effective ownership interest 2017
Aradous Properties Management W.L.L.*	Kingdom of Bahrain	Managing and leasing of properties	100%	100%
Red Dragon Company S.P.C. **	Kingdom of Saudi Arabia	Restaurant operations and Go-karting business	100%	100%

* 2% of the shares in the entity, although registered in the names of related parties, are held on behalf, and for the beneficial interest, of the Group.

** The company not started its operation during the year ended 31 December 2018 and 2017

The total assets and net profit/(loss) for the year of the above subsidiary have been extracted for the purpose of consolidation from the unaudited management accounts prepared as at, and for the year ended, 31 December 2018.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

Joint ventures

Name of joint venture	Country of incorporation	Principal activities	Effective ownership interest 2018	Effective ownership interest 2017
Saar Cinema Complex	Kingdom of Bahrain	Screening of films	31%	31%
Qatar Bahrain International Cinema W.L.L.	State of Qatar	Screening of films	23%	23%
Al Murjan Restaurant Management W.L.L.	State of Qatar	Restaurant operations	50%	50%

The Group is a party to joint arrangements with the above entities. The contractual arrangement provides the group with only the rights to the net assets of the joint arrangement. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Associate

Name of Associate	Country of incorporation	Principal activities	Effective ownership interest 2018	Effective ownership interest 2017
Vox Cineco Cinemas Company W.L.L.	Kingdom of Bahrain	Screening of films, sale of food and beverages	50%	50%

The Group has entered in to an agreement with Majid Al Futtaim Cinemas Bahrain Co. S.P.C. on 27 September 2016 to form a new company, Vox Cineco Cinemas Company W.L.L. (commercial registration number 108609-1 obtained on 21 December 2016). This agreement was endorsed by the shareholders in an extraordinary general meeting held on 7 November 2016. Subsequently, in the month of December 2016, the management of the Group has also signed a memorandum of understanding with the Majid Al Futtaim Cinemas Bahrain Co. S.P.C. to revise certain clauses of the original contract signed on 27 September 2016. On completion of conditions of this transaction as mutually agreed by the parties in the agreement, the Group recorded its investment in associate and resultant gain on disposal of business operations on 30 June 2017.

As per this agreement, Bahrain Cinema Company B.S.C. sold 50% of its cinemas operations in City Center Bahrain to Majid Al Futtaim Cinemas Bahrain Co. S.P.C. and both partners agreed to push down their respective 50% share in City Center Cinema business to this new company, Vox Cineco Cinemas Company W.L.L. This new company was formed to run certain cinema operations within the Kingdom of Bahrain. Based on contractual terms, Bahrain Cinema Company B.S.C. has the power to participate in (but not control) the financial and operating policy decisions of Vox Cineco Cinemas Company W.L.L. and accordingly this investment has been classified as an associate. Vox Cineco Cinemas Company W.L.L. has obtained license during 2017 to run the film screening operations.

As per the terms of the agreement, Bahrain Cinema Company B.S.C. has contributed BD500,000 representing 50% of the authorised and paid up capital of the new company, Vox Cineco Cinemas Company W.L.L.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

3 Basis of preparation :

Statement of compliance

The consolidated 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, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives and rules and procedures of the Bahrain Bourse.

Basis of consolidation

The consolidated financial statements incorporate consolidated 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 to obtain benefits from its activities. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements present the results of the Company and its subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore, eliminated in full.

Basis of presentation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention using going concern assumption except for the following:

- financial instruments – financial assets at fair value through profit or loss
- investment properties
- freehold land
- joint ventures
- associate

These assets have been measured at their fair market values except for joint ventures and associates which have been accounted under equity method 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.

The policies have been consistently applied to all the years presented, unless otherwise stated.

Improvements/amendments to IFRS 2014/2016 and 2015/2017 cycles

Improvements/amendments to IFRS/IAS issued in 2014/2016 and 2015/2017 cycles contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Group's annual audited consolidated financial statements beginning on or after 1 January 2018 and subsequent periods with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

Standards, amendments and interpretations effective and adopted in 2018

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2018 and has been adopted in the preparation of these consolidated financial statements:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 9	Financial instruments (Early adopted in January 2014)	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018

The impact of the adoption of IFRS 15 and related new accounting policies are disclosed below. The other standards did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

IFRS 15 – "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Upon transition to IFRS 15 on 1 January 2018, there was no impact on the Group's financial position and results of operations.

Standards, amendments and interpretations issued and effective in 2018 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2018 or subsequent periods, but is not relevant to the Group's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 28	Investments in associates	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards	1 January 2018
IFRS 2	Share-based payment	1 January 2018
IFRS 4	Insurance contracts	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

3 Basis of preparation (Cont.) :

Standards, amendments and interpretations issued but not yet effective in 2018

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2018. They have not been adopted in preparing the consolidated financial statements for the year ended 31 December 2018 and will or may have an effect on the Group's future financial statements. In all cases, the Group intends to apply these standards from application date as indicated in the table below:

Standards, amendments and interpretations issued but not yet effective in 2018

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 40	Investment properties	1 July 2018
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

There would have been no change in the operational results of the Group for the year ended 31 December 2018 had the Group early adopted any of the above standards applicable to the Group except for IFRS 16, the impact of which is being assessed by the Group.

IFRS 16 "Leases"

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date. The Group is working towards implementation of IFRS 16 and intends to adopt this standard from 1 January 2019 and therefore will only recognise leases on balance sheet as at 1 January 2019. At 31 December 2018, operating lease commitments under existing accounting standard IAS 17 amounted to BD5,100,771 which may be different on adoption of IFRS 16 for the year ended 31 December 2019.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

IFRS 16 "Leases"

Instead of recognising an operating expense for its operating lease arrangements, the Group will recognise finance cost on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by the amount of its operating lease cost.

Early adoption of amendments or standards in 2018

The Group did not early-adopt any new or amended standards in 2018.

4 Significant accounting policies :

A summary of the significant accounting policies adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

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. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. 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 other 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 profit or loss and other 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 – 15 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 realisable 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 profit or loss and other comprehensive income when the expenditure is incurred.

The carrying amounts of the property, plant and equipment are reviewed quarterly for 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

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

4 Significant accounting policies (Cont.) :

Investment properties

Investment properties, principally comprising freehold land and buildings, are held either to earn long-term rental yields or for capital appreciation.

Investment properties are treated as long-term investments and are initially recorded at cost, including all transaction costs. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Subsequent to initial recognition, investment properties are re-measured at their fair values, representing open market values determined annually by independent property valuers, and any unrealised gains or losses arising are included in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise. Fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Subsequent expenditure relating to an investment property is added to the carrying value when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Investment properties are derecognised when they have either been disposed-off, or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on de-recognition of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the year of de-recognition.

Rent receivable is recognised on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

Joint venture

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – refer below).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

4 Significant accounting policies (Cont.) :

Investment in an associate

An associate is an entity over which the Group exercises significant influence, but not control, through participation in financing and operating policy decisions, in which it normally owns between 20% and 50% of the voting equity. Associates are equity accounted for, from the date significant influence commenced until the date that significant influence effectively ceased.

Investments in associates are carried at cost, including goodwill, as adjusted for by the Group's share of post-acquisition changes in the associate's retained earnings and other movements in reserves. The carrying value of investments in associates is reviewed on a regular basis and if any impairment in value has occurred, it is written down in the period in which these circumstances are identified. The results of associates are equity accounted, based on their most recent audited or unaudited financial statements.

Losses of associates are recorded in the consolidated financial statements until the investment in such associates is written down to nil value. Thereafter, losses are only accounted for to the extent that the Group is committed to provide financial support to such associates.

Profits and losses resulting from transactions with associates are eliminated to the extent of the Group's interest in the relevant associates.

Financial assets

The Group classifies its financial assets in the following measurement categories:

1. Financial assets at fair value through profit or loss (FVTPL), and
2. Financial assets at amortised cost.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition of the financial asset except transaction cost on financial instruments at FVTPL are not included in the amount at which the instrument is initially measured, instead they are immediately recognised in profit or loss. Equity and debt instruments are measured at fair value and all changes in fair value are recognised in the statement of profit or loss under IFRS 9.

Financial assets at amortised cost

Financial assets carried at amortised cost are initially recognised at fair value plus transaction cost that are directly attributable to their acquisition or issue and subsequently carried at amortised cost using the effective interest rate method less, provision for impairment. Categories of financial assets measured at amortised cost are given below:

Trade and other receivables

Trade and other receivables are carried at their anticipated realisable values. An estimate is made for impaired 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. Impairment provision is recognised based on expected losses over the entire life of the trade and other receivables unless these are collectable over more than 12 months, in which case impairment losses are recognised on three stage expected credit losses model developed internally by the Group.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

4 Significant accounting policies (Cont.) :

Financial assets (Cont.)

Short-term deposits

Short-term deposits consists of fixed deposits held with Group's bankers with maturities of more than 90 days but less than 365 days and are carried at their anticipated realisable values.

Cash and cash equivalents

Cash and cash equivalent are recorded at amortised cost in the consolidated financial statements less expected credit loss. Cash and cash equivalent comprise of cash on hand and bank balances which are subject to insignificant risk of fluctuation in its realisable value.

Financial liabilities

The financial liabilities of the Group consist of and trade and other payables. These financial liabilities are initially recognised at fair value and are subsequently re-measured at amortised cost using the effective interest method.

Trade and other payables

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

Murabaha facility

Borrowings are recorded initially at fair value, less the attributable transaction costs. Subsequent to initial measurement these are recorded at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in consolidated statement of profit or loss and other comprehensive income when the obligation is discharged, cancelled or expired.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation in future and the amount of the obligation can be reliably estimated.

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. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted.

The Group estimates the number of shares that will eventually vest and adjust 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 on the grant date of options.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

4 Significant accounting policies (Cont.) :

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.

Employees' terminal benefits

a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Post employment 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 profit or loss and other comprehensive 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.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

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 reserves, with the difference between the nominal value of the shares and their purchase cost being adjusted against the retained earnings or the share premium account 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 declared are recognised in the consolidated statement of changes in shareholders' equity in the year in which they are approved by the shareholders in the Annual General Meeting.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

4 Significant accounting policies (Cont.) :

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 profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Revenue recognition

Revenues are generated principally from box office, sales of merchandise and screen advertising. Revenue is recognized on the following basis:

Revenue recognition under IFRS 15

- Revenue from sale of tickets (Box Office revenue) is recognised at the time the obligation is satisfied which is when the movie for which the ticket purchased has played. Amounts collected on advanced tickets sales are recorded as deferred revenue and recognized when the movie has played.
- Revenues from the sale of food and beverages (Restaurant revenue) is recognised when control of the food and beverages has transferred, being at the point the customer purchases the food and beverages at the cinema sites. Payment of the transaction price is due immediately at the point the customer purchases the food and beverage items.
- Revenue for advertising is recognised over time as services are delivered. The transaction price allocated to these services is recognized as the media runs from the start to the end dates specified in the contracts with the customer.

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

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 profit or loss and other comprehensive income. Non monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

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;
- classification of investments;
- fair value measurement;
- joint venture;
- going concern;
- power to exercise significant influence;

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

- legal proceedings;
- 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.

Classification of investments

In the process of applying the Group's accounting policies, management decides on acquisition of an investment whether it should be classified as financial assets as subsequently measured at either amortised cost or fair value. The classification of each investment reflects the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Fair value measurement

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Group that either require fair value measurements or only fair value disclosures as at 31 December 2018 and 2017 are disclosed in Note 30.

Joint Venture

For all joint arrangements structured in separate vehicles the Group must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). Factors the group must consider include:

- Structure
- Legal form
- Contractual agreement
- Other facts and circumstances

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as joint ventures.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

Going concern

The management of the Group reviews the financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

Power to exercise significant influence

When the Group holds less than 20% of the voting rights in an investment but has the power to exercise significant influence, such an investment is treated as an associate. In the opposite situation where the Group holds more than 20% of the voting rights and the Group does not exercise significant influence, the investment is treated as an available-for-sale investment, since the Group's control is considered temporary in nature. The Group exercises control over all its subsidiaries where the Group's investments are more than 50% of the voting rights.

Legal proceedings

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its consolidated financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

Provisions

The Group creates provisions for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2018, in the opinion of the management, a provision of BD392,819 was considered necessary against trade receivables (2017: BD11,531). Under IFRS 9 a forward-looking expected credit loss (ECL) approach has been used. The Group is required to record an allowance for expected losses for all loans and other debt type financial assets not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The expected loss rates are based on the payment profiles of credit sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group also creates an allowance for obsolete and slow-moving inventories. At 31 December 2018, in the opinion of Group's management a provision of BD1,577 (2017: BD1,577) was required for obsolete and slow-moving inventories. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

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.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

6 Property, plant and equipment :

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Total
Cost or valuation					
At 31 December 2016	5,492,594	2,598,389	13,243,785	190,691	21,525,459
Additions	3,800	-	335,258	4,980	344,038
Reclassification	(3,800)	3,800	-	-	-
Transfers from capital (work-in-progress (Note 7	-	-	583,716	-	583,716
Transferred to an associate company	-	(649,587)	(3,180,465)	-	(3,830,052)
Disposals on sale of business operations	-	(649,587)	(2,626,729)	-	(3,276,316)
Write-off*	-	-	(676,862)	-	(676,862)
At 31 December 2017	5,492,594	1,303,015	7,678,703	195,671	14,669,983
Additions	-	-	644,772	23,236	668,008
Transfers from capital (work-in-progress (Note 7	-	-	2,174,989	-	2,174,989
Transfers to investment (properties (Note 8	(4,670,878)	-	-	-	(4,670,878)
Write-off**	-	-	(94,652)	-	(94,652)
At 31 December 2018	821,716	1,303,015	10,403,812	218,907	12,747,450
Accumulated depreciation					
At 31 December 2016	11,369	1,523,957	5,843,924	108,897	7,488,147
Charge for the year	41,086	90,897	823,371	32,620	987,974
Transferred to an associate company	-	(234,221)	(1,519,201)	-	(1,753,422)
Disposals on sale of business operations	-	(234,221)	(1,528,450)	-	(1,762,671)
Write-off*	-	-	(329,378)	-	(329,378)
At 31 December 2017	52,455	1,146,412	3,290,266	141,517	4,630,650
Charge for the year	41,086	49,636	697,913	26,947	815,582
**Write-off	-	-	(81,192)	-	(81,192)
At 31 December 2018	93,541	1,196,048	3,906,987	168,464	5,365,040
Net book amount					
At 31 December 2018	728,175	106,967	6,496,825	50,443	7,382,410
At 31 December 2017	5,443,939	152,803	4,388,437	54,154	10,039,333

*During 2017, the Group has completed renovation work of its city centre cinemas which has resulted in write-off of old seats and carpets of BD676,862 in costs and BD329,378 in accumulated depreciation. The corresponding net loss on write-off amounted to BD347,484 is presented separately in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (Note 22).

**During the year, the Group closed down the operations of Al Jazeera cinema which has resulted in transfer of assets and accumulated depreciation to other cinemas and write-off of some old assets amounting to BD94,652 in costs and BD81,192 in accumulated depreciation. The corresponding net loss on write-off amounted to BD13,460 was charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 (Note 22).

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

7 Capital work-in-progress :

	31 December 2018	31 December 2017
Opening balance	8,005,238	4,316,533
Additions during the year	2,614,470	4,272,421
Transferred to property, plant and equipment (Note 6)	(2,174,989)	(583,716)
Transfer to investment properties (Note 8)	(8,055,339)	-
Closing balance	389,380	8,005,238

During the year residential/commercial project on the Awal property is completed and transferred to investment properties as management intention is to earn rental income and capital appreciation.

Capital work-in-progress represents amounts incurred towards the development of Electric Kart Track in Kingdom Mall, Bahrain.

8 Investment properties :

	31 December 2018	31 December 2017
Opening balance	7,752,515	7,758,015
Additions	88,833	2,500
Transfer from property, plant and equipment (Note 6)	4,670,878	-
Transfer from capital work-in-progress (Note 7)	8,055,339	-
Unrealised fair value gains/(losses) for the year	2,444,966	(8,000)
Closing balance	23,012,531	7,752,515

Investment property representing Awal property transferred during the year on completion was fair valued by independent property valuers namely Capital Estate and Assas-II, holding a recognised and relevant professional qualification, based on the valuation reports an unrealised fair value gain of BD2,444,966 was recorded during the year ended 31 December 2018 in the consolidated statement of profit or loss and other comprehensive income.



Avengers-Infinity War
April 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

9 Investment in joint ventures :

	31 December 2018	31 December 2017
Cost		
Opening balance	790,596	686,886
Additions of investment in Al Murjan Restaurants Management W.L.L.	-	103,710
	<u>790,596</u>	<u>790,596</u>
Retained earnings		
Opening balance	(734,259)	3,215,985
Share of profits/(losses) for the year:		
- Qatar Bahrain International Cinema W.L.L. (Profit) (Note 26)	-	186,350
- Qatar Bahrain International Cinema W.L.L. (Reserves)	-	(1,030,415)
- Saar Cinema Complex (Note 26)	16,259	25,099
- Al Murjan Restaurant (Note 26)	-	(93,722)
	<u>16,259</u>	<u>(912,688)</u>
Impairment loss for the year:		
- Qatar Bahrain International Cinema W.L.L.	-	(2,579,478)
- Al Murjan Restaurant	-	(230,260)
	<u>-</u>	<u>(2,809,738)</u>
Reversal of impairment loss during the year:		
- Qatar Bahrain International Cinema W.L.L.	115,985	-
Dividend for the year:		
- Qatar Bahrain International Cinema W.L.L.	(115,985)	(189,825)
- Saar Cineplex	(24,800)	(37,993)
	<u>(140,785)</u>	<u>(227,818)</u>
Closing balance	<u>(742,800)</u>	<u>(734,259)</u>
Net book value		
At 31 December	<u>47,796</u>	<u>56,337</u>

The above financial information relating to the Group's investment in joint ventures has been extracted from unaudited management accounts prepared as at, and for the year ended 31 December 2018.

The management has performed an impairment assessment of the investments as at 31 December 2018 and identified no impairment loss (2017: BD2,809,738) on the carrying value of the Group's investments in joint ventures.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

10 Investment in an associate :

	31 December 2018	31 December 2017
Cost		
Opening balance	24,958,754	-
Investment in Vox Cineco Cinemas Company W.L.L. during the year	-	23,949,510
Share of profits for the year	1,774,485	1,009,244
Dividend received	(534,860)	-
Closing balance	26,198,379	24,958,754

As explained in Note 2, the Group entered in to an agreement with Majid Al Futtaim Cinemas Bahrain Co. S.P.C. on 27 September 2016 to form a new company Vox Cineco Cinemas Company W.L.L.

As per the agreement, Bahrain Cinema Company B.S.C. sold 50% of its City Centre cinemas operations for a consideration that is payable in equal installments over 7 years (Note 12). Further, on payment of the annual installments referred to above every 1 October, a fixed 4.5% charge to the remainder of the lump sum owed to the Group will be levied on the date of payment immediately before the payment is made. Moreover, under the terms of the agreement both the parties are entitled to profits or losses generated from the City Centre Cinemas operations equally from Vox Cineco Cinemas Company W.L.L.

In 2017, the Group recognised a gain of BD39,121,310 on this transaction in the consolidated statement of profit or loss and other comprehensive income which represents BD19,560,655 on net cash consideration and fair value of retained 50% interest in City Centre cinema operations amounting to BD19,560,655 in accordance with IFRS 10 "Consolidated Financial Statements" presented as investment in associate in these consolidated financial statements.

The carrying value of Group's investment in associate includes goodwill on acquisition amounting to BD19,884,431. The management has performed an impairment assessment of goodwill as at 31 December 2018 and concluded that no impairment is required for the year.

As stated in Note 2, Bahrain Cinema Company B.S.C. also made payment of BD500,000 towards capital contribution representing 50% of the authorised and paid up capital of the new associate company.

The Group's share in the net profit or loss of the associates have been extracted from unaudited management accounts prepared as at, and for the year ended:



X-Men Dark Phoenix
November 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

10 Investment in an associate (Cont.) :

	31 December 2018	31 December 2017
	(Unaudited)	(Audited)
Non-current assets	2,425,549	3,226,729
Current assets	12,555,420	9,228,619
Non-current liabilities	(252,479)	(46,589)
Current liabilities	(2,046,381)	(2,219,518)
Net assets	12,682,109	10,189,241
Group's share of net assets of the associates	6,341,055	5,094,621
Operating revenue	12,942,193	14,463,961
Net profit for the year	3,548,969	4,278,933
Group's share of net profits of the associates (Six months)	1,774,485	1,009,244

11 Inventories :

	31 December 2018	31 December 2017
Films and spares equipment	329,465	319,244
Provision for obsolete and slow-moving inventories	(1,577)	(1,577)
	327,888	317,667

There has been no movement in the provision for obsolete and slow-moving inventories during the year.



Ocean's Eight
June 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

12 Trade and other receivables :

	31 December 2018	31 December 2017
Trade receivables	551,710	739,156
Provision for impaired trade receivables	(392,819)	(11,531)
	158,891	727,625
Interest free loans to employees for purchase of company shares*	-	281,535
Deposits / rental advance	190,861	165,742
Advances to suppliers	563,169	746,137
Amounts due from related parties (Note 29)	120,959	126,603
Prepayments	278,894	149,355
Receivable on disposal of business operations**	3,152,353	3,152,353
Other receivables	324,818	295,774
	4,789,945	5,645,124

The Group's trade and other receivables are denominated in Bahrain Dinars.

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

In the opinion of the Group's management, the fair values of the trade receivables are not expected to be significantly different from their carrying values as at 31 December 2018.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and other contracted assets. To measure expected credit losses on a collective basis, trade receivables and amount due from related parties are grouped based on similar credit risk and aging. The amount due from related parties have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over a year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP) and inflation rate as the key macroeconomic factors in the countries where the Group operates.

As at 31 December 2018, trade receivables of amounting to BD388,699 (2017: BDNil) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the financial year relate to one customer from which the Group was earning advertisement income. This Company has been facing financial difficulties and therefore have defaulted on payments. The Group therefore considered 100% provision against the balance.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

12 Trade and other receivables (Cont.) :

The Group has minimal historical default pattern except for this one latest incident therefore the expected credit loss on the remaining trade receivable was considered to be immaterial.

The movement in the allowance for impaired trade receivables is as follows:

	31 December 2018	31 December 2017
Opening balance	11,531	11,531
Provision made during the year (Note 22)	388,699	-
Bad debts written off	(7,411)	-
Closing balance	392,819	11,531

The net trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over trade receivables and, these are therefore unsecured.

* Interest free loans to employees for purchase of company shares

The Group was operating an employees' share purchase plan for certain employees of the Company which was approved by the shareholders at the Extraordinary General Meeting held subsequently on 26 November 2010.

Under this scheme the Group granted share purchase rights at 600 fils per share on 31 December 2010 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 W.L.L., 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 from the time of issue of shares. 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 period as the amount is considered insignificant by the management.

The installment payments of loan against share purchase plan offered on 31 December 2010 were early settled during the year ended 31 December 2018 and accordingly shares were transferred from the nominee, Aradous Properties Management W.L.L. to individual shareholders.

**Receivable on disposal of business operations represent current portion of total net cash consideration receivable against the sale of 50% interest in City Centre Cinema Operations of the Group, as disclosed in Note 10. Part of the net consideration amounting to BD12,609,409 that is receivable beyond 12 months from the date of consolidated financial information is presented as non-current portion in the consolidated statement of financial position. In the opinion of the Group's management, the fair values of these receivable balances are not expected to be significantly different from the carrying value as at 31 December 2018 as impact of discounting is not considered to be material.

Amounts due from related parties are unsecured, bear no profit, have no fixed repayment terms and are realisable by the Group's management.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

13 Financial assets at fair value through profit or loss :

	31 December 2018	31 December 2017
Quoted equity investments	6,903,902	6,729,234
Unquoted investments and managed funds	891,895	964,758
Bonds and sukuks	9,786,474	405,153
	17,582,271	8,099,145
Movement during the year		
Opening balance	8,099,145	8,307,280
Additions	9,650,200	373,345
Disposals	(201,869)	(404,882)
Unrealised fair value gain/(loss) on financial assets at fair value through profit or loss, net (Note 23)	34,795	(176,598)
Closing balance	17,582,271	8,099,145
	31 December 2018	31 December 2017
Non-current assets	7,795,797	7,693,992
Current assets	9,786,474	405,153
	17,582,271	8,099,145

The management has classified the quoted and unquoted investments as non-current as it has intention to hold these for long term. Whereas, bonds and sukuks are classified as current as the purpose of holding these assets is to obtain short-term gains from routine buying and selling. For unquoted and managed funds fair values are assessed on the basis of the project valuation reports by the independent fund managers and latest audited consolidated financial statements of the investee companies wherever applicable.

Financial assets at fair value through profit or loss also include debt securities listed on bond markets valued at their quoted bid prices as of 31 December 2018.

Financial assets at fair value through profit or loss are denominated in the following currencies:

Currency	31 December 2017	31 December 2016
Bahrain Dinar	6,474,392	6,219,377
Kuwait Dinar	256,186	315,094
United States Dollar	10,850,885	1,563,949
Oman Riyal	808	725
	17,582,271	8,099,145

Bonds and Sukuks amounting to BD9,530,147 (2017: BDNil) are held as collateral against murabaha facility (Note 17).

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

14 Cash and bank balances :

	31 December 2018	31 December 2017
Current account balances with banks	356,489	2,168,121
Cash on hand	104,653	94,058
	<u>461,142</u>	<u>2,262,179</u>

Current account balances with banks are non-profit bearing.

15 Share capital :

	31 December 2018	31 December 2017
Authorised		
100,000,000 ordinary shares of 100 fils each (2017: 100,000,000 ordinary shares of 100 fils each)	<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and fully paid-up:		
82,623,450 ordinary shares of 100 fils each (2017: 82,623,450 ordinary shares of 100 fils each)	<u>8,262,345</u>	<u>8,262,345</u>
Treasury shares		
3,591,033 ordinary shares of 100 fils each (2017: 3,459,751 ordinary shares of 100 fils each)	<u>359,103</u>	<u>345,976</u>

Bonus shares

During 2017, the Company issued one bonus share for every four shares held to its shareholders, translating to 16,524,690 shares as bonus with a face value of BD1,652,469.

Treasury shares

During the year, 131,273 treasury shares were acquired having nominal value of BD13,127 at rates ranging from BD0.73 to BD1.02 amounting to BD110,282 according to Article 8 of Articles of Association of the Company which allows a purchase up to 10% of the Company's issued and fully paid-up share capital. The nominal value of these shares has been disclosed as deduction from reserves. Whereas, the difference, between the nominal value of the acquired shares, and the purchase price, amounting to BD97,155 has been adjusted against share premium. The Company holds 3,591,024 (2017: 3,459,751) (4.35% of the total issued and paid-up share capital) as treasury shares as at 31 December 2018 (2017: 4.19% of the total issued and paid-up share capital).

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

15 Share capital (Cont.) :

Additional information on shareholding pattern

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

31 December 2018	Nationality	Number of shares	Percentage of share-holding interest
Bahrain Family Leisure Company B.S.C.	Bahraini	5,729,008	6.93%
Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.79%
General public and corporations	Various	72,105,198	87.28%
		82,623,450	100%

31 December 2017	Nationality	Number of shares	Percentage of share-holding interest
Bahrain Family Leisure Company B.S.C.	Bahraini	5,724,070	6.93%
Yusuf Abdulla Amin	Bahraini	4,703,158	5.69%
General public and corporations	Various	72,196,222	87.38%
		82,623,450	100%

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

iii) The distribution of the Company's equity shares analyzed by the number of shareholders and their percentage of shareholding is set out below:

31 December 2018	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	473	32,308,045	39.10%
Between 1% and 5%	28	39,797,153	48.17%
Between 5% and 10%	2	10,518,252	12.73%
	503	82,623,450	100%

31 December 2017	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	441	33,158,072	40.13%
Between 1% and 5%	25	39,038,150	47.25%
Between 5% and 10%	2	10,427,228	12.62%
	468	82,623,450	100%

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

15 Share capital (Cont.) :

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

	2018	2017
	Number of shares	Number of shares
Dr Esam Abdulla Yusuf Fakhro	4,789,244	3,984,266
Mohamed Ebrahim Khalil Kanoo	347,228	347,228
Jalal Mohamed Yusuf Jalal	482,658	482,658
Fareed Yusuf Khalil Almoayyed	475,781	475,781
Jehad Yusuf Abdulla Amin	2,000,000	1,138,082
Shawqi Ali Yusuf Fakhro	712,555	712,555
Ahmed A. Rashed	1,865,861	356,525
	10,673,327	7,497,095

16 Reserves :

(i) Share premium

Share premium represents the difference between the exercise price and the par value of the shares issued.

(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, there was no change in revaluation reserve (2017: BDNil).

(iii) Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law Decree number 21 of 2001, 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. The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law. As this requirement has been met, no such transfer has been made to the statutory reserve for the year ended 31 December 2018(2017: BD826,235).

(iv) Charity reserve

This represents the reserve set aside for charity. During the year, BD91,250 was transferred to this reserve (2017: BD50,799).

(v) Retained earnings

This represents all other net gains and losses and transactions with shareholders not recognised elsewhere.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

17 Murabaha facility :

	Last installment	Note	31 December 2018	31 December 2017
Murabaha facility	30 April 2023	(a)	2,219,416	-
Commodity murabaha	7 April 2019	(b)	4,978,367	-
			7,197,783	-
Current portion of Murabaha facility			(5,423,934)	-
Non-current portion of Murabaha facility			1,773,849	-

(a) Murabaha facility represent amount taken from Al Salam Bank towards financing the capital expenditure of the Company to purchase 10 screens for a new Mall in Juffair. The loan is subject to profit rate of 8% per annum (net profit rate of 2.4% after adjusting Tamkeen subsidy of 5.6%). The principal outstanding is repayable in 60 equal installments of principal and profit. The financing is secured against six undated security cheques with another bank, direct assignment of all existing and future rental income from the properties located in Gudaibiya.

(b) Commodity murabaha represents amount taken from Kuwait Finance House (Bahrain) B.S.C. for purchase of CBB Sukuks on margin. The Sukuks purchased are held as collateral to secure the payment and subject to margin call of 80% and liquidation at 70% (Note 13).

That portion of the Murabaha facility which is repayable within twelve months from the statement of financial position date is disclosed as current portion of the Murabaha facility.

In the opinion of the management, the fair values of the Murabaha facility are not expected to be significantly different from their carrying values.

18 Employees' terminal and other benefits :

		2018	2017
Employees' terminal benefits	(b)	424,690	294,163
Employees' other benefits	(c)	2,797,443	3,354,347
		3,222,133	3,648,510

a) Local employees

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 2018 amounted to BD132,620 (2017: BD181,090).

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

18 Employees' terminal and other benefits (Cont.) :

a) Expatriate employees

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

	31 December 2018	31 December 2017
Opening balance	294,163	296,299
Accruals for the year	141,207	89,351
Payments during the year	(10,680)	(91,487)
Closing balance	424,690	294,163
Number of staff employed by the Group	424	455

b) Other benefits

During the year 2017, Group had provided an amount of BD3,913,056 (10% of gain on sale of City Centre operations) as ex-gratia for their existing employees, of which BD1,115,613 were paid to them as at 31 December 2018 (2017: BD558,709).

19 Trade and other payables :

	31 December 2018	31 December 2017
Trade payables	1,925,799	1,490,819
Accruals	1,147,855	1,061,176
Unclaimed dividends	487,217	445,917
Amounts due to related parties (Note 29)	3,112,971	1,419,592
Employees benefit provisions	119,320	137,462
Advance from customers	4,017	4,289
Other payables	93,627	94,383
	6,890,806	4,653,638

Trade payables are normally settled within 30 to 60 days of the suppliers' invoice date and the maturity profile of all the dues are for a period of less than one year. The carrying value of trade and other payables classified as financial liabilities measured at amortised cost and these approximate their fair values.

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

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

20 Bank overdrafts :

	31 December 2018	31 December 2017
Bank overdrafts	816,578	-
Bank overdraft facilities limit	4,500,000	3,500,000

The Group has bank overdraft facilities amounting to BD4,500,000 as at 31 December 2018 (2017: BD BD3,500,000) which have been secured to finance the working capital requirements of the Group. Bank overdrafts are unsecured, bear interest at rates ranging between 3% and 8.75% per annum (2017: between 3% and 8.75% per annum) and are repayable on demand.

21 Other income :

	31 December 2018	31 December 2017
Interest income on long-term receivables	815,671	461,032
Virtual print fees	9,373	42,610
Management fee	61,800	61,800
Foreign exchange gains – net	4,695	8,979
Vocational training income	1,330	-
Profit on sale of property, plant and equipment	-	9,250
Miscellaneous income	116,954	74,455
	1,009,823	658,126

22 General and administrative expenses :

	31 December 2018	31 December 2017
Staff costs	1,578,680	1,298,703
Directors' remuneration and sitting fee	312,000	298,500
Provision for doubtful receivables (Note 12)	388,699	-
Write-off of property, plant and equipment (Note 6)	13,460	347,484
Social insurance	132,620	181,090
Rent expenses	132,252	131,283
Maintenance expenses	14,732	27,406
Printing and stationary	36,858	70,698
Donations	30,664	76,124
Professional fee	7,001	129,962
Government fees	62,311	56,997
Insurance expenses	7,563	9,189
Other expenses	295,257	214,237
	3,012,097	2,841,673

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

23 Income from investments, net :

	31 December 2018	31 December 2017
Unrealised fair value gain/(loss) on investment properties	2,444,966	(8,000)
Net share of profit from investment in associate (Note 10)	1,774,485	1,009,244
Reversal of impairment loss from Investment in joint venture (Note 9)	115,985	-
Net share of profit/(loss) from investment in joint ventures (Note 9)	16,259	(912,688)
Dividend income	385,955	363,109
Realised gain/(loss) on sale of financial assets at fair value through profit and loss	33,615	(23,378)
Unrealised gain/(loss) on financial assets at fair value through profit or loss, net (Note 13)	34,795	(176,598)
Interest income	25,997	99,557
Interest income from bonds and sukuk	77,158	78,603
	4,909,215	429,849

24 Earnings per share :

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the number of ordinary shares in issue during the year.

	31 December 2018	31 December 2017
Net profit attributable to the shareholders	4,220,504	34,701,255
Weighted average number of ordinary shares issued	79,032,417	79,032,417
Basic earnings per share	53fils	439fils

The earnings per share has been computed on the basis of net profit for the year divided by the weighted average number of shares outstanding for the year being 79,032,417 net of 3,591,033 weighted average treasury shares. There are no potentially dilutive ordinary shares at 31 December 2018 (2017: Nil), hence the diluted and basic earnings per share are the same.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

25 Dividends and directors' remuneration :

Dividends

Declared and paid

In accordance with resolutions passed at the Annual General Meeting held on 29 March 2018, cash dividends of 50 fils per share for the year 2017 (2016: 50 fils per share), amounting to a total cash dividend of BD3,958,185 (2016: BD3,166,548) was approved by the shareholders.

Proposed by the Board of Directors

The Board of Directors of the Group have proposed dividend for the year ended 31 December 2018 amounting to BD3,951,621 (2017: BD3,958,185). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and, accordingly, the proposed dividend has not been accounted for in these consolidated financial statements.

Directors' remuneration

Accrued and expensed

An amount of BD224,000 has been accrued and expensed as directors' remuneration in 2018, relating to the year ended 31 December 2018 (2017: BD206,000). Directors' remuneration is expensed in the consolidated statement of profit or loss and other comprehensive income to the year which it pertains.

Proposed by the Board of Directors

The Board of Directors of the Group have proposed to pay directors' remuneration of BD224,000 for the year ended 31 December 2018 (2017: BD206,000). This is subject to the approval of shareholders in the Annual General Meeting.



The Predator
August 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

26 Additional information relating to joint ventures :

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

a) Statement of financial position

	2018			2017		
	Al Murjan Restaurant Management W.L.L.	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.	Al Murjan Restaurant Management W.L.L.	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.
Long-term assets	-	131,524	-	486,460	148,723	8,634,543
Current assets	-	122,807	-	90,720	103,720	4,582,586
	-	254,331	-	577,180	252,443	13,217,129
Current liabilities	-	(100,151)	-	(227,278)	(28,976)	(1,910,632)
Net assets	-	154,180	-	349,902	223,467	11,306,497
Group's share of net assets	-	47,796	-	230,260	56,337	2,579,478
Impairment	-	-	-	(230,260)	-	(2,579,478)
Closing balance	-	47,796	-	-	56,337	-

b) Statement of profit or loss

	2018			2017		
	Al Murjan Restaurant Management W.L.L.	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.	Al Murjan Restaurant Management W.L.L.	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.
Operating Income/ (loss)	-	52,449	-	(187,444)	80,814	900,243
Share of net profit/ (loss) for the year	-	16,259	-	(93,722)	25,099	186,350
Included in the above amounts are depreciation and amortisation	-	24,619	-	73,344	19,844	1,341,464
Interest income	-	-	-	-	-	6,409

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 2018.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

27 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 concession counters
- Others, includes corporate office assets and vehicles

For the year ended 31 December 2018

	Theatre operations	Restaurants/ concession counters	Others	Total
Revenues				
Total external sales	3,815,873	3,846,959	680,886	8,343,718
Less: total variable cost	(1,897,961)	(1,092,665)	-	(2,990,626)
Segment results	1,917,912	2,754,294	680,886	5,353,092
Less: fixed cost				(3,967,694)
Operating gross profit				1,385,398
Other income				1,009,823
Income from investments, net				4,909,215
General and administrative expenses				(3,012,097)
Finance cost				(71,835)
Net profit for the year				4,220,504

For the year ended 31 December 2017

	Theatre operations	Restaurants/ concession counters	Others	Total
Revenue				
Total external sales	8,195,892	5,916,413	830,186	14,942,491
Less: total variable costs	(4,423,979)	(1,427,589)	-	(5,851,568)
Segment results	3,771,913	4,488,824	830,186	9,090,923
Less: fixed costs				(4,980,178)
Operating gross profit				4,110,745
Other income				658,126
Income from investments, net				429,849
Gain on disposal of business operations				19,560,655
Fair value gain on retained interest on investment in an associate				19,560,655
General and administrative expenses				(2,841,673)
Provision for staff ex-gratia				(3,913,056)
Impairment in investment in joint ventures				(2,809,738)
Finance costs				(54,308)
Net profit for the year				34,701,255

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

27 Segmental reporting (Cont.) :

Apart from the joint venture operations in the State of Qatar which is accounted for using equity method, the Group operates only in the Kingdom of Bahrain and accordingly, no geographical segmental information has been disclosed.

28 Commitments :

a) Operating lease commitments

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

	31 December 2018	31 December 2017
Not later than one year	1,025,299	913,550
Later than one year and not later than five years	2,626,115	2,987,365
Later than five years	1,449,357	608,099
	5,100,771	4,509,014

The lease expenses recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 amounted to BD1,077,464 (2017: BD1,319,788).

b) Capital commitments

Capital expenditure contracted for various projects at the consolidated statement of financial position date but not recognised in these consolidated financial statements amounted to BD160,354 (2017: BD301,988).

29 Transactions and balances with related parties :

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and executive management of the Group.

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

Trading transactions, where customers or suppliers are controlled or significantly influenced by the directors of the Group, are conducted on an arm's length basis or on normal commercial terms.



Jungle Book-Origins
October 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

29 Transactions and balances with related parties (Cont.) :

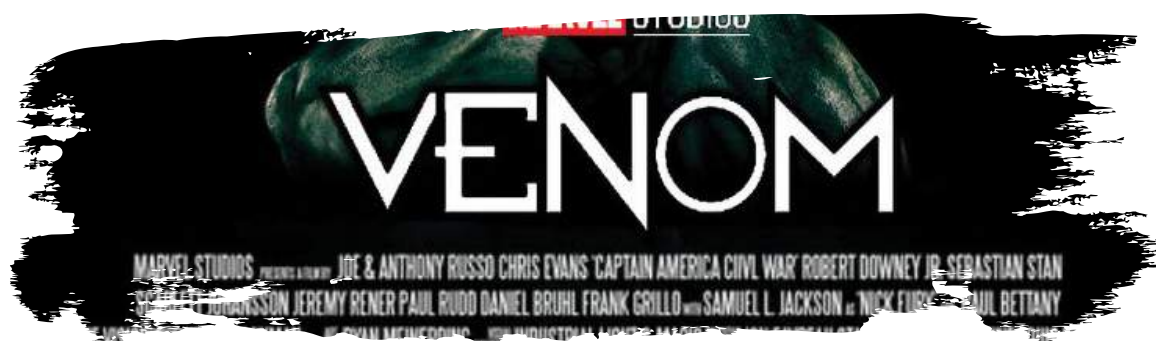
A summary of related party balances as at 31 December is as follows:

	Related party relationship	Amount due from (Note 12)		Amount due to (Note 19)	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Saar Cinema Complex	Joint venture	60,257	51,727	-	-
Qatar Bahrain International Cinema W.L.L.	Joint venture	60,702	41,051	-	-
Al Murjan Restaurant Management W.L.L.	Joint venture	-	16,489	-	-
Vox Cineco Cinemas Company W.L.L.	Associate company	-	-	3,036,178	1,381,083
Various entities*	Common directorship	-	17,336	76,793	38,509
		120,959	126,603	3,112,971	1,419,592

* These include balances with several related party companies whose individual balances are not material.

Amount due from/due to related parties are unsecured, bears no interest and have no fixed repayment terms.

A summary of transactions with related parties is as follows:



Venom
October 2018

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

29 Transactions and balances with related parties (Cont.) :

	Year ended 31 December 2018	Year ended 31 December 2017
Saar Cinema Complex		
Direct expenses	236,804	209,068
Salaries	98,219	91,818
Management fees	6,000	6,000
Other expenses	67,488	74,230
Qatar Bahrain International Cinema W.L.L.		
Salaries	44,996	32,361
Other expenses	25,267	52,068
Management fees	55,800	55,800
Al Murjan Restaurant Management W.L.L.		
Other expenses	-	4,971
Vox Cineco Cinema Company W.L.L.		
Direct expenses	25,673	2,667,218
Advertisement income	217,021	208,033
Kiosk and other income	-	116,118
Cinema rent expense	-	154,389
Incentive rent	-	479,518
Other expenses	204,851	208,107
Key management personnel*		
Directors' remuneration and sitting fee	312,000	298,500
Entities under common directorship		
Direct expenses	32,160	51,671
Operating income from advertisement	1,000	7,500
Kiosk income	-	162,826
Other expenses	355,411	355,027
Rent expenses for corporate office	129,481	125,080

* Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

30 Financial assets and liabilities and risk management :

Financial assets and liabilities carried on the consolidated statement of financial position include cash and bank balances, financial assets at fair value through profit or loss, trade and other receivables, murabaha facility, bank overdrafts and trade and other payables. The specific recognition methods adopted are disclosed in the individual policy statements associated with each item.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Financial assets at fair value through profit or loss;
- Murabaha facility;
- Bank overdrafts;
- Cash and bank balances; and
- Trade and other payables.

A summary of the financial instruments held by category is provided below as at 31 December 2018:

Financial assets	Fair value through	
	profit or loss	Amortised cost
Trade and other receivables, excluding prepayments	-	4,511,051
Financial assets at fair value through profit or loss	17,582,271	-
Cash and bank balances	-	461,142
Total financial assets	17,582,271	4,972,193
		Financial liabilities at amortised cost
Trade and other payables, net of employee costs		6,771,486
Bank overdrafts		816,578
Murabaha facilities		7,197,783
Total financial liabilities		14,785,847

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

30 Financial assets and liabilities and risk management (Cont.) :

A summary of the financial instruments held by category is provided below as at 31 December 2017:

Financial assets	Fair value through profit or loss	Amortised cost
Trade and other receivables, excluding prepayments	-	5,495,769
Financial assets at fair value through profit or loss	8,099,145	-
Cash and bank balances	-	2,262,179
Total financial assets	8,099,145	7,757,948
Financial liabilities		Financial liabilities at amortised cost
Trade and other payables, net of employee costs		4,516,176
Total financial liabilities		4,516,176

Risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets on regular basis. The Group's internal auditors also review the risk management policies and procedures and report their findings to the Audit Committee.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
 - Profit rate risk
 - Currency rate risk
 - Price risk
- Credit risk
- Liquidity risk

Profit rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in market profit rates. The Group's bank overdrafts and murabaha facility bear fixed rates of profit. Further, the short term deposits with banks earn market rates of profit. In the opinion of the Group's management, other assets and liabilities are not sensitive to profit rate risk.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

30 Financial assets and liabilities and risk management (Cont.) :

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 financial assets at fair value through profit or loss in United States Dollars and GCC currencies and foreign currency transactions in Saudi Riyals, Qatari Riyals and Euros. The Bahrain Dinar is effectively pegged to the GCC currencies and United States Dollar. The Group's finance department constantly monitors the fluctuations in foreign currencies and minimises the exposure to foreign currencies.

Price risk is the risk that the Group is exposed to bonds and sukuks and equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equities and bonds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Investment fair value sensitivity analysis is as follows:

Description	Change	Impact on equity/profit
Financial assets at fair value through profit or loss	+/-5%	+/- 879,114
Financial assets at fair value through profit or loss	+/-10%	+/- 1,758,227

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents as well as credit exposures to the customers, including outstanding receivables. Cash is placed with national and multi-national banks with good credit ratings. Concentration of credit risk with respect to trade receivables is limited due to the Group's diversified customer base. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and amount due from related parties (Note 29). Due to this factor, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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 measurement

Fair value is the amount 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.

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, murabaha facility, bank overdrafts and trade and other payables. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2018.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

30 Financial assets and liabilities and risk management (Cont.) :

Fair value measurement (Cont.)

The following table sets out the fair value hierarchy of assets and liabilities measured at fair value on recurring basis along with valuation techniques and significant unobservable inputs used in determining the fair value measurement of financial instruments as well as the inter-relationship between observable inputs and fair value:

Non-financial assets	Fair value at 31 December 2018	Fair value at 31 December 2017	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Freehold land	-	4,670,877	L2	Independent valuation reports	Current market rates and rate per sq.mtr	Positive correlation between the rate per sq.mtr and the market value
Investment properties	23,012,531	7,752,515	L2	Independent valuation reports	Current market rates and rate per sq.mtr	Positive correlation between the rate per sq.mtr and the market value
Financial assets						
Quoted investments	6,903,902	6,729,234	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted equity investments/ managed funds	891,895	964,758	L3	Net assets valuation and financial updates received from the respective companies and the fund managers	Expected exit rates, expected future cash flows, net assets and expected profits based taking into account management knowledge and experience of market conditions similar to industry trends	The higher the future cash flows or profits the higher the fair value of net assets and eventually higher exit rates
Bonds and Sukuks	9,786,474	405,153	L1	Indicative prices from Bloomberg provided by Group's brokers	Not applicable	Not applicable

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Unquoted equity investments/managed funds
At 31 December 2017	964,758
Additions during the year	7,768
Unrealised fair value loss	(31,762)
Disposals during the year	(48,869)
At 31 December 2018	891,895

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

30 Financial assets and liabilities and risk management (Cont.) :

Fair value measurement (Cont.)

	Unquoted equity investments/managed funds
At 31 December 2016	1,993,909
Additions during the year	118,155
Unrealised fair value loss	(751,003)
Disposals during the year	(396,303)
At 31 December 2017	964,758

There are no transfers between levels during the year 2017 and 2018.

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 2018 and 2017.

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

Since the Group's cash and cash equivalents (financial assets at fair value through profit or loss) exceed its debt as at 31 December 2018, gearing ratio is not required to be calculated and disclosed.

Notes to the Consolidated Financial statements

Of Bahrain Cinema Company B.S.C for the year ended 31 December 2018 (Expressed in Bahraini Dinars) (Continued)

31 Notes supporting statement of cash flows :

IAS 7 "Statement of Cash Flows" that requires additional disclosures about changes in an entity's financing liabilities arising from both cash flow and non-cash flow items.

	1 January 2018	Obtained during the year	Finance costs accrued	Principal repaid during the year	Finance costs paid	Transferred to current liabilities	Non Current portion 31 December 2018
	BD	BD	BD	BD	BD	BD	BD
Bank overdrafts	-	4,711,426	325	(3,894,848)	(325)	(816,578)	-
Murabaha facility	-	7,478,367	37,656	(280,584)	(37,656)	(5,423,934)	1,773,849
Total	-	12,189,793	37,981	(4,175,432)	(37,981)	(6,240,512)	1,773,849

32 Events after reporting date :

There were no significant events subsequent to 31 December 2018 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.

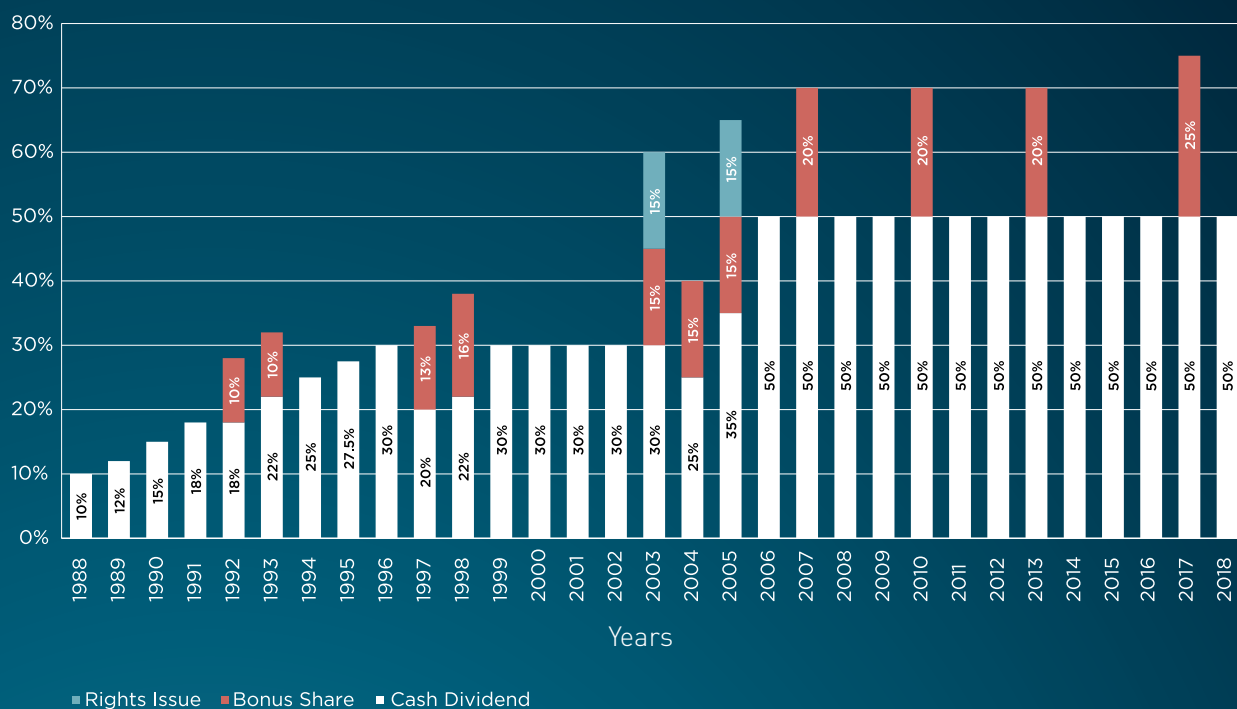
33 Comparative figures :

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.

Graphs

(Expressed in Bahraini Dinars)

Yearly Dividend Chart from year 1988 to year 2018



Net worth of the Company (Capital and Reserve)



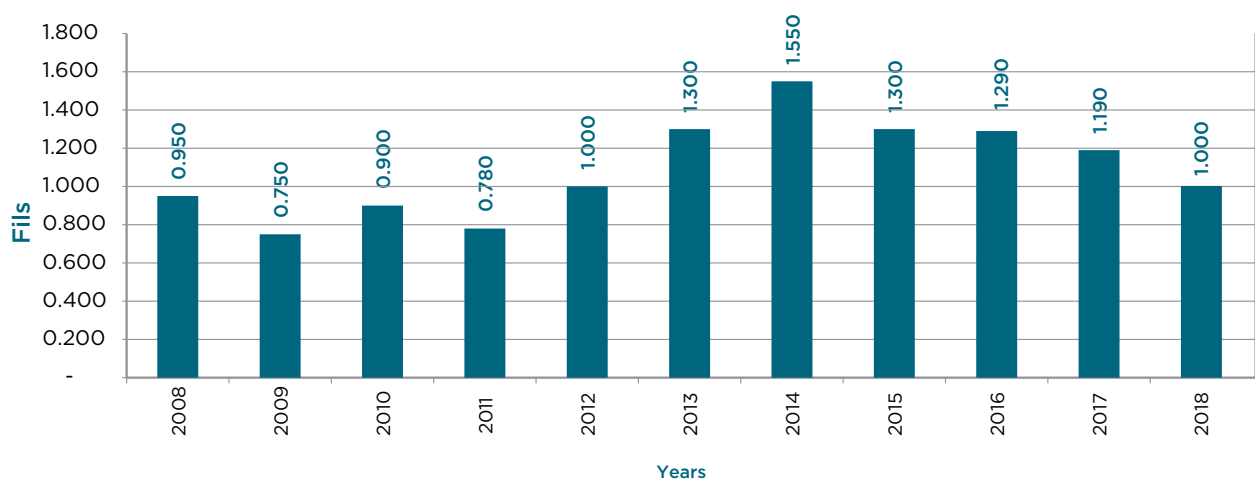
Graphs (Continued)

(Expressed in Bahraini Dinars)

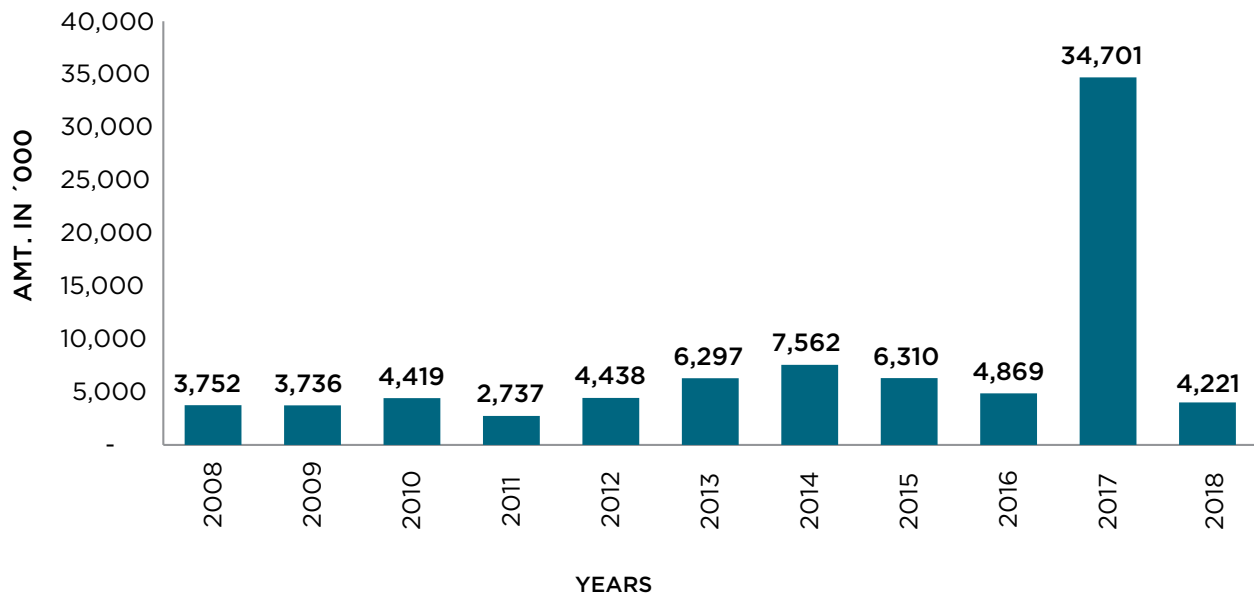
Earnings per share



Market Price per share



Net profit



Market Capitalisation

