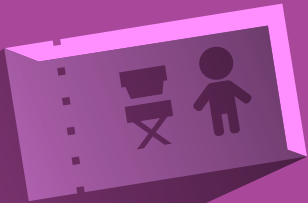


[A **World** of
Entertainment]



ANNUAL REPORT

2014



Cineco
bahrain cinema company



Registered office

Floor 27, Building 470, Road 1010
Block 410, Fakhro Tower, Sanabis
PO Box 26573, Manama
Kingdom of Bahrain

Bankers

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

Registrars

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

Auditors

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



His Royal Highness
Prince Khalifa Bin Salman Al Khalifa

The Prime Minister
of the Kingdom of Bahrain



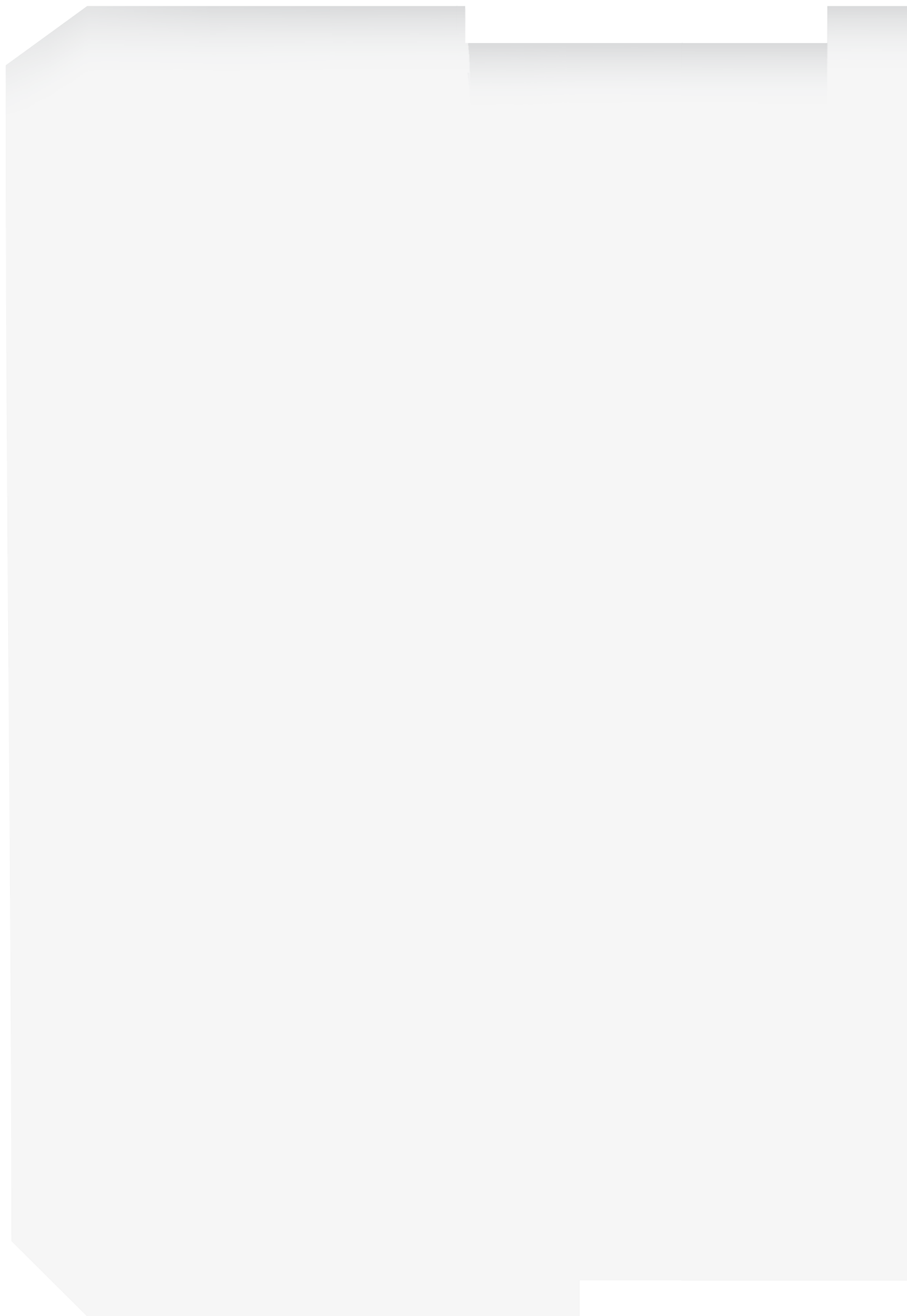
His Royal Majesty
King Hamad Bin Isa Al Khalifa

The King of the
Kingdom of Bahrain



His Royal Highness
Prince Salman Bin Hamad Al Khalifa

The Crown Prince,
Deputy Supreme Commander and
First Deputy Prime Minister



Our History

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

Late Ali A. Rahman Al Wazan/ 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 Awal 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 Andalous Cinema.

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

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

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

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

1984: Induction of new management force represented by Dr. Esam Abdulla Fakhro as

the Managing Director and Mr. Ahmad A. Rehman Rashed, as the General Manager.

1985: Opening of Bahrain Video and Video Matic outlets.

BCC sells its share in Oman Arab Cinema.

1988: Opening of Budaiya Video outlet.

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

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

1991: sale of usufruct right of Al Jazeera Cinema Closing down Awal 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 & Awal Video outlets.

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

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

2002: Closing of Videomatic Video outlet.

28/02/2003: Closing of Budaiya video.

31/12/2003: Closing of Bahrain video.

31/01/2004: Closing of Delmon video.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30/04/2008: Sale of Central Market land.

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

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

21/01/2010: Opening of Awal Banquet Hall

02/09/2010: Opening of the 3rd branch of Bread Talk at the Bahrain City Center

31/12/2010: The Formation of Qatar Bahrain International Cinema W.L.L.

22/03/2011: Increase in the paid-up capital to BD5,508,230 by issuance of 20% bonus shares.

07/04/2011: The opening of the 2nd branch of Rendezvous in City Center.

01/01/2012: Company exits from breadtalk by selling its shares to the existing shareholders.

28/05/2012: Villagio mall in doha shuts down for 115 days as a result of an unfortunate fire incident.

21/03/2013: Re-opening of Rendezvous restaurant after renovation.

06/10/2013: Shifting of Corporate Office to Fakhro Tower, Sanabis.

26/03/2014: Increase in the paid-up capital to BD 6,609,876 by issuance of 20% bonus shares.



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Board of **Directors**



Dr. Esam Abdulla Fakhro
Chairman



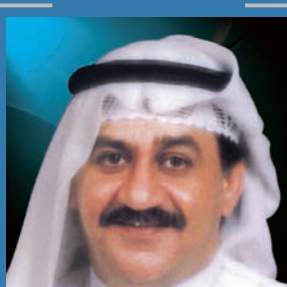
Ali Yousif Ubaydli
Vice-Chairman



Mohammed Ebrahim Kanoo
Director



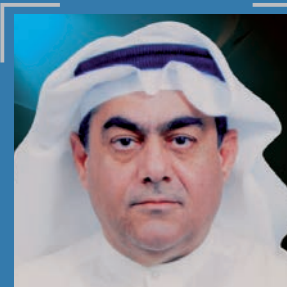
Jalal Mohamed Jalal
Director



Fareed Yousif Almoayed
Director



Jihad Yousif Amin
Director



Shawqi Ali Fakhro
Director



Ahmed A. Rahman Rashed
Chief Executive Officer

Chairman's Message



Dear Shareholders,

On behalf of the Board, I am delighted and honored to present the Annual Report and its accompanying Financial Statements for the financial year 2014 where our company notched up another record breaking financial performance.

To start with, let me joyfully emphasize that the financial year 2014 has been the best year of the Company – much better than even the previous year, which was the best ever in the history of the company. Here are some facts in comparison with the previous financial year 2013:

During the year under review, we were able to clearly showcase unequivocal leadership in entertainment industry in Bahrain and push the annual net profit to an all-time high of BD 7.56 Million, up 20% year on year as compared to net profit of BD.6.29 Million for the year 2013. This was achieved on the back of a milestone of BD 19.973 Million in annual revenue, which helped the company to post record earning per share of 115 Fils for the year 2014 as compared to the EPS of 96 fils for the financial year 2013.

Innovation, effective funds management, relentless focus on delivering process efficiencies, and a strong customer service all helped the company to achieve this landmark performance. Thus, our customer strategy and proactive reaction to changes in the market allowed us to record an impressive revenue growth of 15% for FY 2014.

“Strategy is not set through one act or one deal. Rather, we build it sequentially through making decisions and enhancing capability.”

Our company's business model of a balanced portfolio with strong value added businesses and operational excellence have been the key drivers of this commendable performance, coupled with our ability to remain relevant to our customers, understand their service requirements and perform with rigor to meet those needs.

Cineco has gained tremendous credibility and renowned name not only in Bahrain but also in Qatar as our company's affiliate QBIC continues to show stupendous performance. The Company continues to be the flagship company in the entertainment industry in Bahrain by reporting recurring revenue stream, consistent growth rates, very strong liquidity, good profitability metrics and continuous array of success. In order to maintain this momentum of success, your company has started renovation of Seef Cinema to give facelift to the ambience of Seef cinema premises.

We are marching towards the next phase of development as it is primed for creating new opportunities to bolster stronger growth in the upcoming years.

2014 –Financial Highlights

Cineco further propelled the momentum of growth achieved in the previous years and delivered a robust of growth of 20% in the Net Profit as Net Profit for the financial year 2014 was BD 7.56 million compared to BD 6.3 million reported in the financial year, 2013. The Operating Income surpassed the previous year figure by 15.38% as operating income for the year 2014 was BD. 19.97 million as against the previous year figure of BD 17.31 million.



All sources of income contributed to the growth in Operating Income and the Net Profit. Income from Joint Venture leaped by 7.25% to BD 1.45 Million in the year 2014 compared to BD 1.35 Million achieved last year. Unrealized fair value gain on financial assets at fair value through profit or loss as on 31st December, 2014 was BD 300K only. Return on Capital Employed (ROCE) and Return on Assets (ROA) for the year, 2014 were 17.89% and 16.53% respectively and both these metrics are marginally higher than the relevant ratios of the financial year, 2013.

Further, with a strong balance sheet containing almost zero debt and noteworthy reserves of BD. 35.67 Million as at 31 December 2014, the company is well placed to launch itself into the next phase of its diversification journey.

In addition to this, I am pleased to state that the Operating Profit edged up by a noticeable 31 % to BD.4.66 Million in the year 2014 as against BD.3.56 Million reported in the previous year. The Earnings per share for the year 2014 was stretched to 115 Fils and the total Balance sheet footings at the end of the year stood at BD 45.75 million.

Appropriations of Profits

Our Company has the philosophy of sustained wealth creation for the shareholders together with rewarding them by way of declaring healthy dividends on yearly basis out of the profit. Since this year also spelled growth in wealth, we recommend the payment of 50 fils per share aggregate of 50% of base equity, a generous 43.70% payout of annual net profits amounting to BD. 3.3 Million.

Future outlook

Strategy is about making choices, building competitive advantage and planning for the future. Strategy is not set through one act or one deal. Rather, we build it sequentially through making decisions and enhancing capability. As we look forward, it is important that investors see the company through a set of choices we make for the purpose of creative value over time.

Chairman's **Message** (continued)

First we made your company as leader in the Bahrain entertainment industry. Over the last decade, we have grown our infrastructure by investing in adjacencies, pursuing opportunities that are closely related to our core. About two-third of our revenues comes from business centers we weren't in a decade ago. We are committed to allocating capital in a balanced and disciplined way, but with a clear priority for growth. We have also been working hard on getting the small things right across our operations. Many of these will play a critical role in our overall competitive positioning in the market.

At present we have three new projects in the pipeline viz., 13 screens Cineplex in Gulf Mall and 3 screens Cineplex in Al khor Mall and Rendezvous Restaurant all in the State of Qatar. All necessary infrastructures for the functioning of these Cineplexes and restaurant have been kept ready by the management. Once the clearance from Civil Defense Authorities of State of Qatar for these projects is obtained, these projects will become commercially operational and it is expected that these projects will be opened for commercial activities in the second quarter of the financial year, 2015. The commissioning of these new projects is expected to enhance the profitability of the Company and will further strengthen the Company by adding to this year's sublime result.

Meanwhile, we will continue to seek and evaluate viable business and investment opportunities to further enhance our performance.

To our teams

the Board joins me in expressing our deep appreciation to the employees headed by the Chief Executive Officer for their contribution to this unparalleled accomplishment of the Company as this success is underpinned by superior levels of competence, dedication, hard work, passion to excel, motivation and commitment to the Company. I commend the efforts of senior management for their unrelenting efforts, continuous co-operation and constant support to boost the Company's operations to achieve this incredible result. I hope our company will achieve more accomplishments in the future.

Board of Directors

My appreciation is extended to the Board of Directors for continuing to help me steer this company into new trajectory. The seamless efforts of the Board of directors played the pivotal role in the growth of the Company over the years. Their professionalism, wise guidance, diligence, veraciousness, effective governance and resolute dedication to the Company are most laudable. The Board is always committed to discharging their responsibilities towards all stakeholders of the Company.

Shareholders

On behalf of the Board of Directors, I would like to thank each one of you, our valuable shareholders, for having been with us in this exciting journey. The Board always strives for excellence to sub serve the interests of the shareholders. I look forward for your continuing support in our onward march.

Legal Case

With reference to the Central Market Land case in Kuwait, the Company has not yet received any verdict from Kuwait Public Investment Authority which is the Bankruptcy Officer in this case for disposing debtors' properties and distributing the same to creditors.



Corporate Governance

Our Company has made tremendous efforts to comply with the provisions of Corporate Governance Code issued by the Government of Bahrain both in words and in spirit. The Board of Directors presented its first report on Corporate Governance on 26th February, 2012 as our Company is always committed to upholding the highest standards of corporate governance in all the spheres of the Company.

Proposed Appropriations

Appropriations	BD' 000
Retained earnings as at 1 January 2014	19,223
Charity Reserve transferred to retained earnings	700
Cash dividend paid for year 2013 (50% of paid-up capital)	(2,754)
Treasury shares acquired at premium	(1,098)
Profit for the year 2014	7,561
Transfer to Statutory Reserves	(550)
Retained earnings as at 31 December 2014 (available for distribution)	23,081
Proposed cash dividends (50% of paid-up capital net of treasury shares)	(3,294)
Retained earnings as at 31 December 2014 (after proposed cash dividend)	19,787

Directors Remuneration:

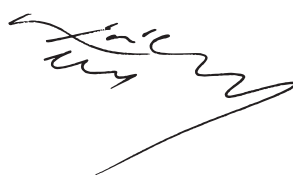
The Director's remuneration for the year 2014 was BD176,000. Additionally, sitting fees of the directors for attending Board and Committee meetings held during the year 2014 amounted to BD. 98,000.

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, Deputy Supreme Commander and First Deputy Prime Minister for their guidance 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 continuous support extended to the Company.

I am looking forward for another successful and eventful year which will surpass our previous achievements.

Yours Sincerely



Dr. Esam Abdulla Fakhro

CHAIRMAN



Corporate Governance Report - 2014

of Bahrain Cinema Company B.S.C.

POLICY:

Bahrain Cinema Company has always endeavored to create and sustain value for its shareholders by adopting prudent and best corporate practices and principles which are at par with international best practices viz., pertinent disclosure of information to ensure transparency, honesty, fairness, effectiveness in the functioning of the Company etc., The core values of the Company are transparency and independence in the functioning of the Board, integrity, team spirit, responsibility and accountability to all the stakeholders. The Corporate Governance frame work of the Company ensures ethical and responsible decision making, timely disclosure of financial information, respecting the rights and equitable treatment of all the shareholders, management of risk, remunerating fairly, delivering good quality of service, updating the website as per the requirements of the Law and protecting the interest and well-being of all the stakeholders to achieve sustainable growth and provide optimum value for the shareholders. Control framework of the Company is formulated in such a way that there is fair disclosure of the information in the financial statements and clear cut delineation of responsibility and accountability in each level of the organizational hierarchy.

The Board of Directors of the Company approved 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 on 27th September, 2011 with the aim of elevating the interest of the shareholders.

The Company is always concerned with social, regulatory and environmental concerns and always aims at upholding the highest standards of corporate governance in all the arenas of the business activities. The company has been constantly adhering to Laws, Rules and Regulations through its 47 years of existence and always strives to work for all the types of stakeholders i.e. not only the shareholders, customers, employees of the Company but also the society at large. The Contribution of the Company to the various strata of the Society is appended to this Corporate Governance Report as Corporate Social Responsibility Report.

The Board of Directors is entrusted with the responsibility of adoption and implementation of Corporate Governance Guidelines and adherence to other statutory requirements.

KEY CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR, 2014:

- The shareholders of the Company in the Extra-ordinary General meeting held on 26th March, 2014 authorized the directors to participate in the Board and Committee meetings through telephone call/ video conferencing. To make the provisions of the Charter of Corporate Governance and Audit Committee and the Charter of the Board in tandem with this resolution, the Charters of the Corporate Governance and Audit Committee as well as the Board were amended.
- Shareholders also resolved in the Extra-ordinary General Meeting to allow the Company to function perpetually.
- The name of Audit Committee was changed to Corporate Governance and Audit Committee as the Audit Committee is entrusted with the responsibility of compliance with the provisions of the Corporate Governance Code.
- Mr. Jehad Yousif Amin, Director was moved from the Corporate Governance and Audit Committee to the Executive, Nomination and Remuneration Committee in order to optimize the allocation of responsibilities among the directors.
- The Company has revamped its website by publishing the Annual Reports for the financial years from 2009 to 2013 and also the interim Financial Statements for the three quarters of the financial year, 2014 in the website. In addition to that, the Company has published the Notice of latest Annual General Meeting and Extra-Ordinary General Meeting in its website to enable the shareholders to be abreast of necessary information regarding the mode of getting proxy form and the details regarding Share Registrar and Transfer agent.

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

MAJOR SHAREHOLDERS AS ON DEC 31, 2014:

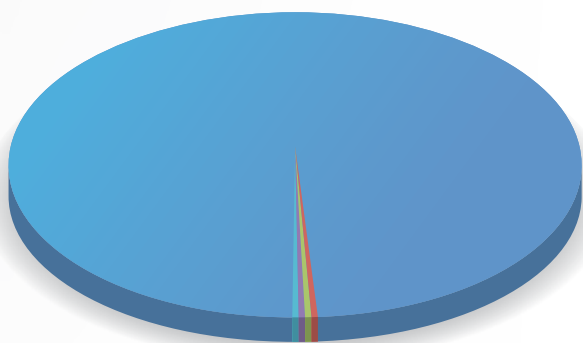
The existing share structure of the Company consists of entirely ordinary shares and there are no different classes of ordinary shares. BCC's shares are listed in Bahrain Bourse and the face value of the share is 100 fils per share. All the shares are fully paid. Major shareholders of the Company as on 31st December, 2014 are as follows:

NAME	Nationality	NUMBER OF SHARES	%OF HOLDINGS
1.Arados Properties Management WLL	Bahraini	4,906,538	7.42%
2. Bahrain Family Leisure Company BSC	Bahraini	4,579,256	6.93%
3. Mr. Yousif Abdulla Amin	Bahraini	3,636,396	5.50%

DISTRIBUTION OF OWNERSHIP BY NATIONALITY

Nationality	No.of shareholders	Total shares
Bahraini	452	65,451,908
Kuwaiti	1	120,000
Qatari	16	162,429
Saudi	6	227,345
Others	7	137,078
TOTAL	482	66,098,760

The percentage of shareholding by various nationalities is depicted as follows:



- Bahraini
- Kuwaiti
- Qatari
- Saudi
- Others

OWNERSHIP BY GOVERNMENT

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



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

BOARD OF DIRECTORS:

The Board of directors is vested with the responsibility of governing the Company within the bounds of Law as well as the Memorandum and Articles of Association. The Board of directors is responsible for taking strategic initiatives for the efficient running of the business of the Company. The direction and control of the company is vested with the directors. Every director has to appear for re-election after the expiry of three years from the date of appointment. The Board of directors is having the absolute right to seek independent professional guidance/ advice for the efficient discharge of the functions of a director.

The Board of directors of the Company always strives for taking the organization forward by taking independent and objective decisions by following transparent procedures and practices and arrives at the decisions on the strength of adequate information. The board of directors of the Company has diverse and relevant professional skills and background, expertise and experience. The directors are up to date with the developments in cinema business in Bahrain and also industry and regulatory developments. The Board of directors regularly monitors the functioning of the management team and exercise effective control over the affairs of the company. The Board of directors of the Company will try to achieve the short term objectives without giving up the long term objectives and there is proper balance between long term and short term objectives.

During the financial year 2014, there was no change in the composition of the Board of Directors. As no new director was inducted to the Board, no induction programme was conducted during the year. The Board annually reviews its composition to ensure that composition of the Board fully caters to the functional requirements of the Company and the regulatory requirements of the Law.

BOARD PROCEDURE

The Charter of the Board defines the Board procedure lucidly. The Company has the practice of circulating 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:

- 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.
- Ensure that financial statements are free from errors and represents factual financial position of the Company.
- Guide the management by issuing rules and formulating policies and procedures.
- Monitoring the performance of the executive management and reviewing their compensation packages periodically.
- Ensure optimum allocation of resources to achieve the goals earmarked in the Corporate Strategy Plan.
- Periodic evaluation of the operating and financial performance of the company and provide suggestion(s) for improvement.
- Ensuring integrity and fairness of the financial and accounting system, existence of internal control system, independence of audit and the system to ensure the compliance of Laws and Regulations.
- Review and approve the Succession Plans of CEO and other senior management personnel who are directly reporting to CEO.
- Recommendation of dividend payable to the shareholders.
- Ensure timely disclosure of financial information to the Government Authorities and the public.

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

MATERIAL TRANSACTIONS REQUIRING BOARD APPROVAL:

- Approval of financial statements.
- Approval of Budgets, Capital Expenditure Budget, major contracts, expansion plans/ divestment.
- Approval of investment exceeding the threshold limit given to the Executive Committee.
- Approval of Corporate Strategy Plan.
- Appointment of CEO.
- Approval of Policies and Procedures for the Company.
- Approval of acquiring or selling patent rights, trade marks, licenses or other intellectual property rights.
- Allocation of resources among various functions in an optimum manner.

DIRECTORS' PROFILES:

Dr. Esam Abdulla Fakhro- Chairman

Chairman	Abdulla Yousif Fakhro & Sons
Board Director	Gulf Air
Board of Advisors	AMA (Private University)
Board Director	Bahrain Holding Company(Mumtalakat)
Second Vice-Chairman	Qatar Bahrain International Cinema WLL
Deputy Chairman	National Bank of Bahrain
Chairman of Executive Committee	National Bank of Bahrain
Executive Director	General Trading & Food Processing Co
Board Director	Bahrain Live Stock Company
Chairman	Business International (Xerox)
Chairman	Fakhro Electronics (Ericsson)
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 Co.
Chairman	Kingdom Investments

Mr. Ali Yousif Ubaydli- Vice- Chairman

Director	Aluserv Middle East WLL
Director	Trans Gulf Consultancy
Managing Director	Yousuf Ali Ubaydli WLL
Director	Royal University for Women
Director	The Malls Real Estate Company



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

Mr. Mohammed Ebrahim Kanoo- Director

President & Chairman
Chairman
Chairman
Chairman
Deputy Chairman

Ebrahim Khalil Kanoo B.S.C. ©
Awal Gulf Manufacturing B.S.C ©
The Malls
Motor City Holding B.S.C ©
The Royal University for Women

Mr. Jalal Mohamed Jalal- Director

Managing Director
Chairman
Chairman
Chairman
Director
Director
Director
Director
Director
Managing Director

Mohammed Jalal & Sons Group of Companies
Gulf Business Machines E.C (GBM)
Bahrain Airport Services
Bahrain Business Machines
Awal Readymix Concrete Co
Bahrain Duty Free Company
BANZ
Bahrain Tourism Company
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
Executive/Investment Committee member
Director
Vice- Chairman
Director
Member, Audit Committee
Member, Metro/Market Committee
Director
Member, Executive/Investment Committee
Director
Member, Audit Committee
Director and member of the Investment Committee
Vice-Chairman

Bahrain National Holding
Bahrain National Holding
Bahrain National Insurance
Banader Hotels
TRAFCO
TRAFCO
TRAFCO
BMMI

BMMI
Bahrain Live Stock
Bahrain Live Stock

United Insurance Company
General Poultry Company BSC©



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

Mr. Shawqi Ali Fakhro- Director

Chairman	General Poultry Company BSC ©
Director	Zallaq Resort Co. BSC
Director	BMMI BSC
Director	Bahrain Kuwait Insurance BSC
Chairman & Managing Director	Ali Bin Yousif Fakhroo & Sons W.L.L
Chairman	Shawki Ali Fakhroo & Sons W.L.L
Vice- Chairman & Managing Director	Mohammed Fakhroo & Bros W.L.L
Managing Director	Fakhroo Trading Agencies W.L.L
Managing Director	Fakhroo Investment W.L.L
Director	Fakhroo Information Technology Services WLL
Director	Shutdown Maintenance Services W.L.L
Director	Arab Life & Accidents Insurance Company, Jordan

STATUS OF DIRECTORSHIPS:

The Company has six non- executive, one executive, four independent and three non-independent directors. The terms Independent, non- independent, executive and non-executive are interpreted purely as per the definitions given for those terms under the Corporate Governance Code. The independence of directors is reviewed annually as per the criteria mentioned in the Code.

Name of the 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	Independent	Non- executive
Mr. Jalal Mohamed Jalal	Independent	Non- executive
Mr. Fareed Yousif Almoayed	Independent	Non- executive
Mr. Jihad Yousif Amin	Non-Independent	Non- executive
Mr. Shawqi Ali Fakhro	Non-Independent	Non- executive

BOARD COMPOSITION:

NAME OF THE DIRECTOR	YEAR OF BIRTH	NATIONALITY	TERM EXPIRY
Dr. Esam Abdulla Fakhro	1947	Bahraini	2016
Mr. Ali Yousif Ubaydli	1942	Bahraini	2016
Mr.Mohammed Ebrahim Kanoo	1940	Bahraini	2016
Mr. Jalal Mohamed Jalal	1948	Bahraini	2016
Mr. Fareed Yousif Almoayed	1953	Bahraini	2016
Mr. Jihad Yousif Amin	1958	Bahraini	2016
Mr. Shawqi Ali Fakhro	1953	Bahraini	2016

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

ELECTION OF DIRECTORS

Articles 175 and 176 of the Bahrain Commercial Companies Law as well as Article 18 of the Articles of Association of the Company elucidate the procedure for election of directors. The directors are elected by the shareholders in the General Meeting or appointed by the Board depending upon the circumstances. Directors are elected/appointed in the Annual General Meeting /by the Board only if the Executive, Nomination and Remuneration Committee makes recommendation after considering the professional qualification and experience. 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.

The present Board of Directors was elected in the Annual General meeting held in the year 2013 and their term expires in the Annual General meeting to be held in the year 2016. The written appointment letters reciting term, powers, duties, remuneration, involvement in committees, time allotment, attendance, access to independent professional advice and other matters as required by Corporate Governance Code were duly issued to all elected directors.

DIRECTORS' OWNERSHIP OF COMPANY'S SHARES

Names of Directors	Type of Shares	Number of shares
Dr. Esam Abdulla Fakhro	Ordinary	2,489,242
Mr. Ali Yousif Ubaydli	Ordinary	369,176
Mr. Mohammed Ebrahim Kanoo	Ordinary	1,107,081
Mr. Jalal Mohamed Jalal	Ordinary	386,127
Mr. Fareed Yousif Almoayed	Ordinary	380,625
Mr. Jehad Yousif Amin	Ordinary	857,466
Mr. Shawqi Ali Fakhro	Ordinary	550,044
Total		6,139,761

DIRECTORS' TRADING OF COMPANY'S SHARES DURING THE YEAR -2014

Name of Director	Type of Shares	Purchase/Sale	Number of Shares	Date of transaction
Dr. Esam Abdulla Fakhro	Ordinary	Purchased and sold	27,005	02/03/2014
Mr. Jehad Yousif Amin	Ordinary	Purchase	16,000	18/12/2014

BMMI had purchased 73,771 shares of the Company during the year 2014. Mr. Jehad Yousif Amin and Mr. Shawqi Ali Fakhro, Directors of the Company are also holding directorship in BMMI. Likewise, related parties of Dr. Esam Abdulla Fakhro had purchased 127,005 shares of the Company during the year, 2014.

BOARD MEETINGS:

The Board meeting can be summoned by the Chairman/Deputy Chairman or by two directors. Any Board meeting is valid only if it is attended by majority of directors either in person or through conference call. As per H.C. 1.3.3 of the Corporate Governance Code, the Board should meet at least four times in a year. The details regarding the meetings of the Board and the Committees held during the year 2014 and the details of the attendance are provided as below:

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

SUMMARY OF MEETINGS OF THE BOARD AND COMMITTEES AND THE ATTENDANCE OF DIRECTORS

Name of the Director	Board		Executive Committee		Corporate Governance and Audit 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	% of meetings attended
Dr. Esam Abdulla Fakhro	5	5	4	4			9	9	100%
Mr. Ali Yousif Ubaydli	5	5	4	4			9	9	100%
Mr. Mohammed Ebrahim Kanoo	5	5	4	4			9	9	100%
Mr. Jalal Mohamed Jalal	5	4			4	2	9	6	67%
Mr. Fareed Yousif Almoayed	5	3			4	3	9	6	67%
Mr. Jihad Yousif Amin	5	5	2*	2	2*	2	9	9	100%
Mr. Shawqi Ali Fakhroo	5	5			4	4	9	9	100%

*The Concerned director is member of the relevant committee only for the said number of meetings.

Here, attendance includes attendance through conference calls.

DATES OF BOARD MEETINGS AND ATTENDANCE DETAILS:

DIRECTORS	25.02.2014	26.03.2014	06.05. 2014	22.07.2014	29.10. 2014
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	Yes	Yes *	Yes	Yes
Mr. Mohammed Ebrahim Kanoo	Yes	Yes	Yes	Yes	Yes
Mr. Jalal Mohamed Jalal	Yes	Yes	Yes	Yes	No
Mr. Fareed Yousif Almoayed	Yes	Yes	Yes	No	No
Mr. Jihad Yousif Amin	Yes	Yes	Yes	Yes	Yes
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes	Yes

*Denotes attendance through conference call.

REMUNERATION POLICY OF BOARD OF DIRECTORS:

The remuneration of the Directors is paid in accordance with 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 tantamount to attendance and the directors are paid accordingly. The remuneration paid to the directors is reflective of their involvement in the activities of the Board and also to retain the high quality Directors by rewarding them for spending their valuable time for the betterment 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 98,000.

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

AGGREGATE REMUNERATION TO BOARD OF DIRECTORS:

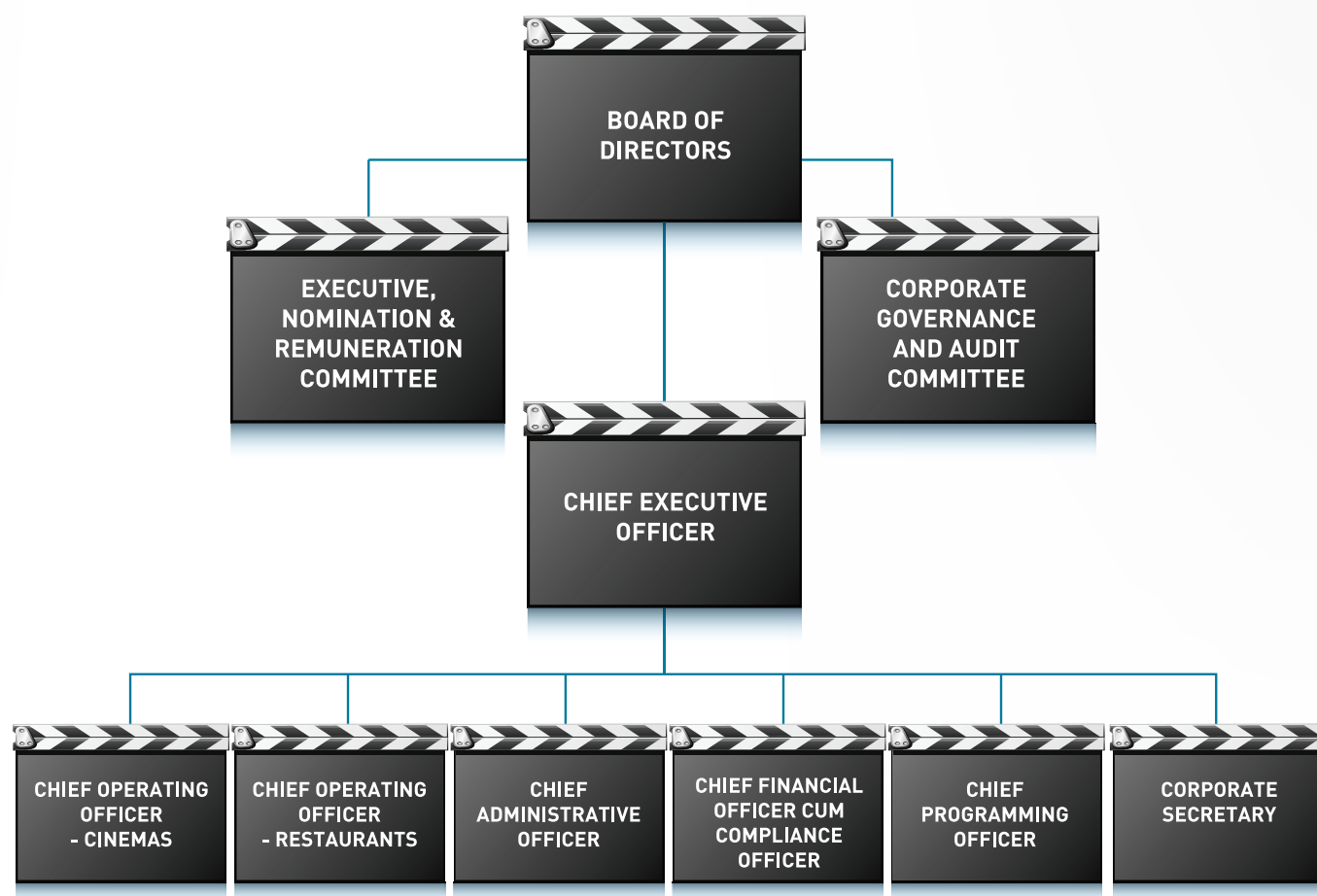
The amount of aggregate remuneration paid to the directors for the financial years 2013 and 2014 is mentioned in Note Number: 24 of the Financial Statement.

CODE OF CONDUCT/ CODE OF ETHICS:

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

- The employees are not supposed to disclose the information about the Company either during or after the service to any outside person/entities.
- The Company will not disclose the information about the customers/business associates to any other person/entities.
- It is the duty of each and every employee to protect the assets of the Company.
- It is the policy of the Company to act on the customers' complaints promptly and courteously.
- Any employee should not take bribe or any gift from any outside person on behalf of the Company.

ORGANISATIONAL STRUCTURE



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

COMPLIANCE

The Company has duly complied with all the rules and regulations of the Country and there is no 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 spectrum of compliance function. Some of the salient features of Compliance Manual are described below:

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

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.

ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS:

NAME OF THE DIRECTOR		CORPORATE GOVERNANCE AND AUDIT COMMITTEE	EXECUTIVE, NOMINATION AND REMUNERATION COMMITTEE
Dr. Esam Abdulla Fakhro	Chairman	-	(CHAIR)
Mr. Ali Yousif Ubaydli	Vice- Chairman	-	Yes
Mr. Mohammed Ebrahim Kanoo	Director	-	Yes
Mr. Jehad Yousif Amin	Director	-	Yes*
Mr. Jalal Mohamed Jalal	Director	Yes	-
Mr. Fareed Yousif Almoayed	Director	Yes	-
Mr. Shawqi Ali Fakhro	Director	(CHAIR)	-

*Mr. Jehad Yousif Amin was moved from the Corporate Governance and Audit Committee to the Executive, Nomination and Remuneration Committee by virtue of the Board Resolution dated 6th May, 2014.



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

BOARD COMMITTEES:

The main purpose of establishing the committees is to help the Board to monitor the actual functioning of the Company and make recommendation 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 and to comply with the requirements of Law.

EXECUTIVE, NOMINATION AND REMUNERATION COMMITTEE:

Dr. Esam Abdulla Fakhro is the Chairman of the Executive, Nomination and Remuneration Committee. The Executive, Nomination and Remuneration Committee currently comprises of four directors. The Charter of the Executive, Nomination and Remuneration Committee specifies the specific responsibilities assigned to this Committee.

Functions of the Executive, Nomination and Remuneration Committee:

- Approving the Corporate Strategy Plan for every financial year before presenting the same to the Board.
- Approving the Budgets and changes thereon and reviewing performance against those budgets and key performance indicators.
- 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.
- Recommend to the Board any change in the Job description of senior management, if required.
- Ensure that adequate Policies and procedures are in place for evaluation of the performance of senior management while implementing strategy and business plans.
- Take investment decisions on the basis of the Investment Policy and evaluate the performance of the investments in the light of budgeted Return on Investment.
- Reviewing risk, asset and liabilities policies.

The Charter of the Executive, Nomination and Remuneration Committee prescribes that the Chairman of the Committee should call for the meeting as and when required. 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 set out in the following table:

DIRECTORS	DATES OF MEETING			
	03/02/2014	23/03/2014	19/06/2014	27/11/2014
1.Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes
2.Mr. Ali Yousif Ubaydli	Yes	Yes	Yes	Yes
3.Mr. Mohammed Ebrahim Kanoo	Yes	Yes	Yes	Yes
4.Mr.Jehad Yousif Amin	N/A	N/A	Yes	Yes

N/A in this table denotes that the Director was not a member of the Executive Committee during the relevant period of the financial year, 2014.

Sitting fees of the members of the Executive, Nomination and Remuneration committee for the financial year, 2014 amounted to BD16,000.

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

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

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

As per the Charter of the Corporate Governance and Audit Committee, at least four audit committee meetings should be held in a year.

There were four meetings of the Corporate Governance and Audit committee during the year. The details of the composition of the committee and attendance of the members in the meetings are set out in the following table:

DIRECTORS	DATES OF MEETING			
	24/02/2014	06/05/2014	22/07/2014	29/10/2014
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes
Mr. Fareed Yousif Almoayed	Yes	Yes	No	Yes
Mr. Jalal Mohamed Jalal	No	Yes	Yes	No
Mr. Jehad Yousif Amin	Yes	Yes	N/A	N/A

N/A in this table denotes that the Director was not a member of the Corporate Governance and Audit Committee during the relevant period of the year, 2014.

Sitting fees of the members of the Corporate Governance and Audit committee for the financial year, 2014 amounted to BD13,000.



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

CONFLICT OF INTEREST:

The Company has well defined policy and documented procedure with regard 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 the management becomes aware that there is potential conflict of interest of any director in particular transaction, advance approval from disinterested directors will be received before the motion is put in the meeting for discussion and voting. The concerned interested director will abstain from the proceedings. The fact of absence is duly 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 No: 29 of the financial statements for the details of related party transactions.

INTERNAL CONTROL

Internal Control is one of the tools for achieving the objectives of the Organization. It ensures safeguarding of assets, reliability and integrity of financial information, operational effectiveness and efficiency, reliable financial reporting and compliance with Rules, Laws, Regulations and Policies. The Company has well defined system of internal control which is detective, corrective and preventive in nature and it is operating at all levels within the Company. The management is vested with the responsibility of day- to- day internal control. Internal control procedure in the Company is established in such a way that financial information is free from errors and frauds. The Corporate Governance and Audit Committee and the management constantly evaluate the efficacy 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 management of the Company and they are accountable for the financial and operating performance of the Company. On the other hand, the Chairman is responsible for organizing the business for the Company and providing strategic direction to the management. The duties and responsibilities of the Chairman and the CEO are clearly defined. Further, the contours of the duties and responsibilities of all departmental heads are accurately delineated. The role of the Vice- chairman is carried out by Mr.Ali Yousif Ubaydli.

SUCCESSION PLANS

To maintain the highest level of operating efficiency and to ensure the smooth functioning of the management without being affected by short term absence or resignation of the Executive personnel in the organization, the company has formulated the Succession Plans for CEO and all head of departments i.e., CAO, CFO, COO- Restaurants and COO-Operations. The Board annually reviews adequacy of Succession Plans to ensure that the plans are in tandem with the requirements of the Company.

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

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 current year, forms and documents required to be filed with the authorities are duly filed.

PERFORMANCE EVALUATION:

H.C.8.3.9 of the Corporate Governance Code enunciates that the evaluation of directors needs to be disclosed in the Annual Report. During the year, 2014, evaluation was done in the following ways:

1. Directors of the Board have done self- evaluation as a director and as a member of each committee to assess themselves against the requirements.
2. Evaluation of the Board by each director has been done to assess the operation of the Board.
3. Evaluation of each committee by each member of the respective committee has also been done for the financial year 2014 to ensure that the respective Committee function to fulfill its specific purposes and responsibilities entrusted to that committee. Chairman of the Board and of each committee have also done self-performance evaluation in order to enhance effectiveness of the functioning of the Board and the Committees.

Chief Executive Officer has done his own evaluation for the financial year 2014.

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 ethical behavior and professionalism in all the arenas 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 2014.

October 2014



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

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 Karvy Computershare WLL as the Registrar and Share transfer agent and the Board of directors of the Company recommends that they can be reappointed for the financial year 2015.
- The Company publishes annual results for each quarter and for the entire financial year 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 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 following:

- 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 compromise the high 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) interested directors forbore from discussion and decision in the matters in which they are interested. High standards of governance and strict policies are followed for managing the conflict of interest. His 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 affect the *sanctum sanctorum* of the interests of the Company and does not impact the effectiveness and efficiency of the Board of Directors as the concerned director provide adequate 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.

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

- 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 can be obtained from the Corporate Office of the company. In the financial year, 2014, the Company did not avail any non-audit services from the auditors. Hence, no fee was paid by the Company towards non-audit services.

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Bahrain Cinema Company, as a responsible Corporate Citizen, has always strived for the overall enhancement of all spheres of the Bahraini Society to attain prosperity for each Bahraini national and to remove the disparities among the various sections of the society by emancipating under-privileged section of the Society. The main aim of BCC is to be the part of efforts of the Government to achieve "The Economic Vision 2030" which was launched by His Majesty King Hamad bin Isa Al Khalifa providing a clear direction for the continued development of the Kingdom's economy and to build a better life for every Bahraini. BCC since its inception, as part of humanitarian initiatives, has been providing donations to the Charitable Institutions, contributions to the Charity Fund and other institutions which are engaged in philanthropy. Donations to these institutions are for any one of the following activities viz., i) providing health care services to ensure sustainable livelihood ii) development of Islam iii) children development and mother care iv) serving Palestine victims v) development of youth vi) serving the physically challenged persons vii) taking care of old age people viii) serving orphans ix) protection of natural resources x) promotion of sports and culture etc., In nutshell, BCC's Corporate Social Responsibility mission has twin objectives of improving the Company's social image and developing the community.



Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

Beneficiaries of Donations and Contributions of BCC during the year 2014 are as follows:

- Alghad Almushreq Generation Centre
- Bahrain Society for S.C.D. Patients Care
- Bahrain Association for parents and friends of the Disabled.
- National Institute for Disabled
- Bahraini Union for the Disabled
- Bahrain Kidney Patients Friendship Society
- University of Bahrain
- Bahrain National Hereditary Anaemia Society
- Muharraq Communal Society
- Bahraini Society for Child development
- Al-Kawther Society for Social care
- Good Word Society
- Al Rahma Centre
- Bahrain Red Crescent Society
- Alhidd Centre Quraan
- Alma'amoora Mosque
- A'Ali Charity Works Society
- Al Haramain Society
- Bahrain Young Ladies Association
- Bahrain Mobility International
- Gulf Disability Society
- Islamic Awareness Centre to educate communities
- Islamic Association
- Bahrain Deaf Society
- Bahrain Down Syndrome Society
- A'Ali Housing Charity Society
- Tubli Charity Society
- Children & Mother Welfare Society, Hope Institute
- Captial Charity Association
- Aal Al- As'hab Society
- IBN Katheer Makki Centre
- Al- Falah Benevolent Society
- Foundation Pour La Propagation De L'Appel Charitable Islamique.
- Bahrain Historical and Archaeological Society
- Capital Governorate
- Muharraq Social Welfare Centre
- Zakat Fund
- Hamad Town Charity Fund

Corporate Governance Report - 2014 (continued)

of Bahrain Cinema Company B.S.C.

SUPPORT/ INITIATIVES:

Apart from accredited societies and funds, the Company has also contributed to the individuals. Further, the Company has contributed to the Palestinians who were affected by terrorism and also provided funds to three staffs for their pilgrimage to Holy Makkah.

New Charitable Initiative in the year 2014.

Charity Reserve was created by the Company by transferring a certain portion of Net Profit earned by the Company over a period of time. During the year, 2014, BCC has purchased a residential building out of the funds accumulated in this Reserve and the income accrued from the letting out of this building will be exclusively used for charitable purpose.

Ongoing Charitable activities:

- BCC provides free tickets to the physically challenged and the school children.
- While screening the movies, advertisements for educational & informative causes are allowed to show at free of costs.
- BCC provides part time jobs to University students to enable them to earn money while studying and at the same time to give exposure to them to have hands on experience of working in the corporate world thereby the gap between theoretical knowledge and practical operations will be reduced. This measure will help the students to develop financially and also equip them to get the job after their graduation.
- In the pursuit of protecting the environment in the best interest of the community, BCC has shifted from the usage of Analog projectors to the projectors using digital technology to getting rid of environmental hazard caused by 35mm projector reels.
- Nurture and educate the home grown talent by enabling them to improve their qualification and skills under Tamkeen programme.



Independent Auditor's Report **to the Shareholders**

of Bahrain Cinema Company B.S.C.



Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Bahrain Cinema Company B.S.C. ("the Company") and its subsidiary (together referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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

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

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, 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 2014.

A stylized, handwritten signature of the BDO firm, with the letters 'BDO' in a bold, cursive-like font.

Manama, Kingdom of Bahrain

25 February 2015

Consolidated Statement of Financial Position

of Bahrain Cinema Company B.S.C. as at 31 December 2014

(Expressed in Bahrain Dinars)

	Notes	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	6	11,618,702	12,096,033
Investment properties	7	2,896,973	328,466
Investment in joint ventures	8	2,946,622	2,032,339
Available-for-sale investments	9	-	13,991,577
Financial assets at fair value through profit or loss	12	16,804,209	-
		34,266,506	28,448,415
Current assets			
Inventories	10	455,685	252,519
Trade and other receivables	11	2,669,568	2,671,335
Financial assets at fair value through profit or loss	12	5,529,480	4,829,324
Short-term fixed deposits	14	1,769,855	4,608,783
Cash and bank balances	15	1,060,574	786,320
		11,485,162	13,148,281
Total assets		45,751,668	41,596,696
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	6,609,876	5,508,230
Share premium	17	4,743,573	4,743,573
Investment fair value reserve	17	-	(1,292,646)
Revaluation reserve	17	4,557,442	4,557,442
Statutory reserve	17	3,304,938	2,754,115
Charity reserve	17	-	700,000
Retained earnings	17	23,081,833	20,515,734
Treasury shares	16	(20,914)	(17,428)
		42,276,748	37,469,020
Current liabilities			
Trade and other payables	18	3,474,920	4,127,676
Total equity and liabilities		45,751,668	41,596,696

These consolidated financial statements, set out on pages 29 to 66, were approved for issue by the Board of Directors on 25 February 2015 and signed on its behalf by:

Dr Esam Abdulla Fakhro

Chairman

Ali Yousif Ubaydli

Vice-Chairman

Consolidated Statement of Profit or Loss

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

	Notes	2014	2013
Operating income	27	19,973,396	17,310,374
Operating costs	27	(13,035,599)	(11,530,706)
Operating gross profit		6,937,797	5,779,668
Other operating income	20	373,569	288,817
General and administrative expenses	21	(2,650,124)	(2,511,109)
Profit from operations		4,661,242	3,557,376
Net share of profit from investment in joint ventures	8	1,449,076	1,351,085
Investment income	22	1,491,937	2,341,172
Impairment loss on available-for-sale investments	9	-	(909,750)
Finance cost		(40,412)	(42,476)
Net profit for the year		7,561,843	6,297,407
Earnings per share	23	115fils	96fils

Consolidated Statement of other **Comprehensive Income**

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

	Notes	2014	2013
Net profit for the year		7,561,843	6,297,407
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealised fair value loss on available-for-sale investments	9	-	[491,631]
Net movement in the fair value reserve on the sale of available-for-sale investments		-	337,123
Net movement in the fair value reserve on the impairment of available-for-sale investments		-	448,867
Other comprehensive income for the year		-	294,359
Total comprehensive income for the year		7,561,843	6,591,766

Consolidated Statement of **Changes In Shareholders' Equity**

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

	Notes	Share capital	Share premium	Investment fair value reserve	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
At 31 December 2012		5,508,230	4,743,573	(1,587,005)	4,557,442	2,754,115	700,000	17,136,768	-	33,813,123
Transfer of treasury shares	16	-	-	-	-	-	-	-	(17,428)	(17,428)
Treasury share acquired at premium	16	-	-	-	-	-	-	(164,326)	-	(164,326)
Dividends for 2012		-	-	-	-	-	-	(2,754,115)	-	(2,754,115)
Net profit and total comprehensive income for the year		-	-	294,359	-	-	-	6,297,407	-	6,591,766
At 31 December 2013		5,508,230	4,743,573	(1,292,646)	4,557,442	2,754,115	700,000	20,515,734	(17,428)	37,469,020
Transfer to retained earnings on adoption of IFRS 9 Financial instruments 13		-	-	1,292,646	-	-	-	(1,292,646)	-	-
Restated at 1 January 2014 (Note 2)		5,508,230	4,743,573	-	4,557,442	2,754,115	700,000	19,223,088	(17,428)	37,469,020
Bonus shares issued		1,101,646	-	-	-	-	-	(1,098,160)	(3,486)	-
Transfer to retained earnings							(700,000)	700,000		-
Dividends for 2013		-	-	-	-	-	-	(2,754,115)	-	(2,754,115)
Net profit and total comprehensive income for the year		-	-	-	-	-	-	7,561,843	-	7,561,843
Transfer to statutory reserve	17	-	-	-	-	550,823	-	(550,823)	-	-
At 31 December 2014		6,609,876	4,743,573	-	4,557,442	3,304,938	-	23,081,833	(20,914)	42,276,748

Consolidated Statement of Cash Flows

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

	Notes	2014	2013
OPERATING ACTIVITIES			
Net profit for the year		7,561,843	6,297,407
Adjustments for:			
Depreciation	6	1,100,716	979,941
Net share of profit from investment in joint ventures	8	(1,449,076)	(1,351,084)
Impairment loss on available-for-sale investments	9	-	909,750
Unrealised (gain)/loss on financial assets at fair value through profit or loss	22	(303,944)	184,580
Dividend income	22	(585,347)	(507,930)
Interest income from trading of bonds	22	(428,387)	(308,721)
Profit from fixed deposits	20	(104,252)	(34,362)
Realised gains on sale of financial assets at fair value through profit or loss	22	(132,150)	(22,098)
Realised gains on sale of available-for-sale investments	22	-	(1,687,003)
(Profit)/loss on sale of property, plant and equipment	20	(8,718)	8,399
Gain on sale of investment property	7	(42,109)	-
Capital work in progress written off	6	12,000	31,952
Finance costs		40,412	42,476
Changes in operating assets and liabilities:			
Inventories		(203,166)	(22,486)
Trade and other receivables		1,767	54,569
Trade and other payables		(652,756)	1,256,740
Net cash provided by operating activities		4,806,833	5,832,130
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(636,102)	(1,037,147)
Proceeds from sale of property, plant and equipment		9,435	6,374
Purchase of investment properties	7	(2,896,973)	-
Proceeds from sale of investment properties		370,575	-
Purchase of available-for-sale investments	9	-	(15,237,672)
Proceeds from sale of available-for-sale investments		-	16,435,823
Capital contribution to investment in Joint Venture	8	(104,305)	-
Purchase of financial assets at fair value through profit or loss	12	(4,294,117)	(3,330,622)
Proceeds from sale of financial assets at fair value through profit or loss		1,217,423	2,662,756
Net investments in short term deposits		2,838,928	(4,608,783)
Interest income received from trading of bonds	22	428,387	308,721
Profits received from fixed deposits	20	104,252	34,362
Reduction in share capital of Saar Cinema Complex	8	31,000	-
Dividend received from joint ventures	8	608,098	1,071,806
Dividend income received	22	585,347	507,930
Net cash used in investing activities		(1,738,052)	(3,186,452)
FINANCING ACTIVITIES			
Purchase of treasury shares	16	-	(181,774)
Finance costs paid		(40,412)	(42,476)
Dividends paid	24	(2,754,115)	(2,754,115)
Net cash used in financing activities		(2,794,527)	(2,978,365)
Net increase/(decrease) in cash and bank balances			
		274,254	(332,687)
Cash and bank balances, beginning of the year		786,320	1,119,007
Cash and bank balances, end of the year	15	1,060,574	786,320

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

1 ORGANISATION AND ACTIVITIES

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

The principal activities of the Group are the screening of films, advertisements and operation of restaurants and providing leisure and amusement related services.

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

These financial statements include assets, liabilities and the result of operations of the branches which operate under commercial registration numbers 1192-1, 1192-2, 1192-9, 1192-16, 1192-18, 1192-20, 1192-21, 1192-22, 1192-23 and 1192-24.

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 2014	Effective ownership interest 2013
Aradous Properties Management W.L.L.*	Kingdom of Bahrain	Managing and leasing of properties	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 total assets and net profit/(loss) for the year of the above subsidiary have been extracted from the unaudited financial statements prepared as at, and for the year ended, 31 December 2014.

JOINT VENTURES

Name of joint ventures	Country of incorporation	Principal Activities	Effective ownership interest 2014	Effective ownership interest 2013
Saar Cinema Complex	Kingdom of Bahrain	Screening of films	31%	31%
Al Logistics Company B.S.C. (c)	Kingdom of Bahrain	Providing logistic services	10%	10%
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%	-

The Group is a party to joint arrangements with the above entities, as arrangement confers joint control over the operations and the decision making process.

Notes to the Consolidated **Financial Statements** (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

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.

Basis of consolidation

The consolidated financial statements incorporate financial statements of the company and its subsidiary from the date that control effectively commenced until the date that control effectively ceased. Control is achieved when the Company has the power to govern the financial and operational policies of an entity 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 items:

- Financial instruments – financial assets at fair value through profit or loss,
- Investment property; and
- Revalued freehold land.

Above listed items have been measured at their fair market value at the consolidated statement of financial position date.

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

Improvements/amendments to IFRS 2011/2013 cycle

Improvements/amendments to IFRS issued in 2011/2013 cycle 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 Company's annual audited financial statements beginning on or after 1 January 2014 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments except for IFRS 9 – Financial Instruments which was early adopted by the Group from 1 January 2014.

Standards, amendments and interpretations effective, relevant and adopted in 2014

The following new standards, amendments to existing standards or interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2014 and have been adopted in the preparation of the consolidated financial statements:

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

3 BASIS OF PREPARATION (continued)

Standards, amendments and interpretations effective, relevant and adopted in 2014 (continued)

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 32	Financial Instruments – Presentation	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRIC 21	Levies	1 January 2014

Standards, amendments and interpretations issued and effective in 2014 but not relevant

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2014 or subsequent periods, but are not relevant to the Group's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 39	Financial Instruments: Recognition and Measurement	1 January 2014

Standards, amendments and interpretations issued but not yet effective in 2014

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2014 or subsequent periods have not been early adopted by the Group's management:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 16	Property, Plant and Equipment	1 July 2014
IAS 19	Employee Benefits	1 July 2014
IAS 24	Related Party Disclosures	1 July 2014
IAS 38	Intangible Assets	1 July 2014
IAS 40	Investment Property	1 July 2014
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2014
IFRS 2	Share Based Payment	1 July 2014
IFRS 3	Business Combinations	1 July 2014
IFRS 7	Financial Instruments – Disclosures	1 January 2015
IFRS 8	Operating Segments	1 July 2014
IFRS 13	Fair Value Measurement	1 July 2014
IFRS 14	Regulatory Deferral Accounts	1 January 2016

Notes to the Consolidated **Financial Statements** (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

3 BASIS OF PREPARATION (continued)

The Group did not early-adopt any new or amended standards in 2014 except for IFRS 9 – Financial Instruments.

IFRS 9 – “Financial Instruments”

IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement. As a result of early adoption, the Group has classified its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These changes have been applied prospectively as described below, from 1 January 2014.

In accordance with the transitional provisions of IFRS 9, the classification of the financial assets that the Group held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date. IFRS 9 requires entities with a date of initial application on or after 1 January 2013 to provide certain additional transitional disclosures (see Note 13) and there is no requirement to restate prior periods.

Group does not designate any financial liabilities as fair value through profit or loss and therefore, application of IFRS 9 does not impact the Group's accounting policies for financial liabilities as disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

However, as a result of early adoption of this standard, BD1,292,646 of investment fair value reserve was reclassified at 1 January 2014 from the investment fair value reserve to opening retained earnings, as equity investments initially classified as available for sale were reclassified to financial assets at fair value through profit or loss upon adoption of IFRS 9.

4 SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of these consolidated financial statements is set out below:

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. 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

Notes to the Consolidated **Financial Statements** (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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 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.

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 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 in the year of de-recognition.

Joint venture

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

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

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

Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at their fair values. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit or loss in the period in which they arise. The Group generally trades in listed bonds/Sukuks which are categorised as FVTPL.

b. Financial assets carried at amortised cost

Financial assets carried at amortised cost are initially recognised at cost and subsequently re-measured using effective interest rate method. 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.

Short-term deposits

Short-term deposits consists of fixed deposits held with Company'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 equivalents consist of cash on hand and balances held with banks

Financial liabilities

The financial liabilities of the Company consist of and trade and other payables. These financial liabilities are initially recognised at fair value and are subsequently remeasured 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.

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.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment plan

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.

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.

Employee's 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 statement of profit or loss 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 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** (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

4 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 on a straight-line basis over the period of the lease.

Operating income

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

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

Other income

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

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.

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;
- going concern;
- 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.

Notes to the Consolidated **Financial Statements** (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

5 CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY (CONTINUED)

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 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 2014 and 2013 are disclosed in Note 30.

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.

Provisions

At 31 December 2014, in the opinion of the Group's management, receivables amounting to BD11,531 are impaired and have been provided for (2013: BD11,531). When evaluating the adequacy of a provision for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade receivables recorded in the consolidated financial statements.

The Group also creates an allowance for obsolete and slow-moving inventories. At 31 December 2014, in the opinion of Group's management a provision of BD1,577 (2013: 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 (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Capital work-in- progress	Total
Cost or valuation						
At 31 December 2012	5,210,784	2,539,192	10,832,317	104,677	489,497	19,176,467
Additions	-	-	482,221	53,702	501,224	1,037,147
Transfer from CWIP	-	-	240,188	-	(240,188)	-
Disposals	-	-	(194,984)	(18,596)	-	(213,580)
Written off	-	-	-	-	(31,952)	(31,952)
Transferred to investment properties (Note 7)	-	-	-	-	(328,466)	(328,466)
At 31 December 2013	5,210,784	2,539,192	11,359,742	139,783	390,115	19,639,616
Additions	-	-	342,487	34,800	258,815	636,102
Disposals	-	-	(30,154)	(22,639)	-	(52,793)
Written off	-	-	-	-	(12,000)	(12,000)
At 31 December 2014	5,210,784	2,539,192	11,672,075	151,944	636,930	20,210,925
Accumulated depreciation						
At 31 December 2012	441,402	1,038,618	5,206,290	76,169	-	6,762,479
Charge for the year	17,074	120,287	823,940	18,640	-	979,941
Disposals	-	-	(180,244)	(18,593)	-	(198,837)
At 31 December 2013	458,476	1,158,905	5,849,986	76,216	-	7,543,583
Charge for the year	16,722	120,287	941,621	22,086	-	1,100,716
Disposals	-	-	(29,440)	(22,636)	-	(52,076)
At 31 December 2014	475,198	1,279,192	6,762,167	75,666	-	8,592,223
Net Book Amount						
At 31 December 2014	4,735,586	1,260,000	4,909,908	76,278	636,930	11,618,702
At 31 December 2013	4,752,308	1,380,287	5,509,756	63,567	390,115	12,096,033

The freehold land and building includes freehold land which was revalued by an independent property valuer as at 31 December 2014 at open market values, which reflected the total value amounting to BD4,670,877. The management does not expect any material change to the fair value as on 31 December 2014.

During the year, revaluation surplus/deficit of BDNil (2013: BDNil) has been charged to the consolidated statement of other comprehensive income.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of land, as well as the inter-relationship between key unobservable inputs and fair value, are set out in Note 30.

Had the revalued land been measured on a historical cost basis, the net book value would have been BD113,436 (2013: BD113,436). The revaluation surplus amounted to BD4,557,442 (2013: BD4,557,442).

Capital work-in-progress represents cost incurred for the renovation of megaplex in Seef and other smaller projects of capital nature.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

7 INVESTMENT PROPERTY

		31 December 2014	31 December 2013
Opening balance		328,466	-
Additions	(a)	2,896,973	-
Transferred from capital work-in-progress (Note 6)		-	328,466
Disposals	(b)	(328,466)	-
Closing balance		2,896,973	328,466

(a) This includes land and residential building purchased during the year for BD1,198,329. This building will be leased out to earn rental income, which will be used for charity purposes.

(b) The investment properties were deemed to reflect their fair values amounting to BD2,896,973 (2013: BD328,466) as at 31 December 2014 by the Management as these assets were purchased during the year. Therefore, no independent valuation has been performed by an independent valuer.

(c) The land which was revalued by an independent property valuer as at 31 December 2013 at open market value, reflected the total value amounting to BD328,466. This asset was disposed for BD370,575 realising a gain of BD42,109 during the current year.

The fair value of the investment property is a level 3 recurring fair value measurement. During the year, no surplus/deficit (2013: BDNil) has been charged to the consolidated statement of profit or loss.

8 INVESTMENT IN JOINT VENTURES

		31 December 2014	31 December 2013
Cost			
Opening balance		369,434	369,434
Additions of investment in Al Murjan Restaurants Management		104,305	-
Reduction in holding of Saar Cinema Complex		(31,000)	-
		442,739	369,434

During the year, the Group has entered in to a joint venture agreement with 50% interest in equity holding of Al Murjan Restaurants Management Company, registered in State of Qatar and having its principal activity to operate restaurant business. Joint ventures are accounted for using the equity method as per IFRS 11 – Joint Arrangements.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

8 INVESTMENT IN JOINT VENTURES (CONTINUED)

	31 December 2014	31 December 2013
<u>Retained earnings</u>		
Opening balance	1,662,905	1,383,627
Share of profit for the year from Qatar Bahrain International Cinema W.L.L. (Note 26)	1,398,378	1,312,285
Share of profit from Saar Cinema Complex (Note 26)	50,698	38,799
Dividend from Qatar Bahrain International Cinema W.L.L.	(608,098)	(1,071,806)
Closing balance	2,503,883	1,662,905
<u>Net book value</u>		
At 31 December	2,946,622	2,032,339

The above financial information relating to the Group's investment has been extracted from the unaudited management accounts prepared as at, and for the year ended, 31 December 2014.

9 AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2014	31 December 2013
Opening balance	13,991,577	14,140,713
Reclassification on adoption of IFRS 9 (Note 13)	(13,991,577)	-
Restated on 1 January 2014	-	14,140,713
Additions	-	15,237,672
Disposals	-	(14,434,294)
Unrealised fair value losses for the year	-	(491,631)
	-	14,452,460
Impairment loss on available-for-sale investments	-	(460,883)
Closing balance	-	13,991,577

Impairment loss recognised in consolidated statement of profit or loss is as below:

	31 December 2014	31 December 2013
Impairment loss on available-for-sales investments	-	460,883
Net movement through investment fair value reserve in consolidated statement of profit or loss and other comprehensive income	-	448,867
	-	909,750

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

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9 AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

	31 December 2014	31 December 2013
Analysis of investments		
Shares listed on GCC stock exchanges	-	11,525,066
Managed funds	-	2,437,711
Unquoted equity investments	-	28,800
	-	13,991,577

The investments in managed funds are placed through fund managers located in the GCC countries. Bases of fair valuation of the above investments are explained in Note 30.

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

Currency	2014	2013
Bahrain Dinar	-	5,465,910
United States Dollar	-	2,583,343
Kuwait Dinar	-	4,459,616
Qatar Riyal	-	974,359
Saudi Arabia Riyal	-	176,146
UAE Dirham	-	318,246
Oman Riyal	-	13,957
	-	13,991,577

10 INVENTORIES

	31 December 2014	31 December 2013
Films and spares equipment	457,262	254,096
Provision for obsolete and slow-moving inventories	(1,577)	(1,577)
	455,685	252,519

Movement in provision

	31 December 2014	31 December 2013
Opening balance	1,577	20,922
Provision for the year	-	-
Written-off during the year	-	(19,345)
Closing balance	1,577	1,577

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

11 TRADE AND OTHER RECEIVABLES

	31 December 2014	31 December 2013
Trade receivables	1,010,684	844,228
Provision for impaired trade receivables	(11,531)	(11,531)
	999,153	832,697
Interest free loans to employees for purchase of share capital (Note 25)	617,898	777,661
Deposits / rental advance	674,196	673,210
Advances to suppliers	213,263	99,254
Amounts due from related parties (Note 29)	28,740	124,206
Prepayments	36,811	62,819
Other receivables	99,507	101,488
	2,669,568	2,671,335

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

	Total	Less than 30 days	30-60 days	More than 60 days*
2014	999,153	180,201	10,439	808,513
2013	832,697	81,090	221,208	530,399

*Past due but not impaired.

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

The carrying value of trade and other receivables approximates its fair value.

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

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

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2014	31 December 2013
Quoted equity investments	14,856,819	-
Unquoted investments	1,947,390	-
Bonds and Sukuks	5,529,480	4,829,324
	22,333,689	4,829,324
Movement during the year		
Opening balance	4,829,324	4,301,353
Reclassification on adoption of IFRS 9 (Note 13)	13,991,577	-
Additions	4,294,117	3,330,622
Disposals	(1,085,273)	(2,618,071)
Unrealised fair value gain/(loss) on financial assets at fair value through profit or loss (Note 22)	303,944	(184,580)
Closing balance	22,333,689	4,829,324

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	31 December 2014	31 December 2013
Non-current assets	16,804,209	-
Current assets	5,529,480	4,829,324
	22,333,689	4,829,324

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 assets as these may be realisable as and when funds are required.

Financial assets at fair value through profit or loss consist of debt securities listed on several bond markets valued at their quoted bid prices as of 31 December 2014.

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

Currency	2014	2013
Bahrain Dinar	6,547,131	-
Kuwait Dinar	4,339,556	-
United States Dollar	7,076,545	4,328,670
United Arab Emirates Dirham	2,158,061	500,654
Qatar Riyal	1,571,001	-
Saudi Arabia Riyal	628,268	-
Oman Riyal	13,127	-
	22,333,689	4,829,324

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

13 TRANSITIONAL DISCLOSURE ON ADOPTION OF IFRS 9

The following table summarises the classification and measurement changes to the Group's financial assets and liabilities on 1 January 2014, the Group's date of initial application of IFRS 9.

	Note	Measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Investments in quoted and unquoted investments	13.1	Available for sale investments	Fair value through profit or loss	13,991,577	13,991,577
Financial assets at fair value through profit or loss		Fair value through profit or loss	Fair value through profit or loss	4,829,324	4,829,324
Trade and other receivables excluding prepayments		Loans and receivables	Amortised cost	2,608,516	2,608,516
Cash and bank balances		Loans and receivables	Amortised cost	786,320	786,320
Trade and other payables		Loans and receivables	Amortised cost	4,127,676	4,127,676

- 13.1** These financial assets are held for long term appreciation as intended by the management and were previously designated as available-for-sale. They now meet the criteria for measurement at fair value through profit or loss under IFRS 9. This is because investment assets are not held under contractual cash flows business model and further, they include equity investments for which Group has not made the election to present changes in fair value in other comprehensive income.

14 SHORT-TERM FIXED DEPOSITS

These represent short term fixed deposits with banks in Islamic instruments such as Mudarabah and Wakala having maturity of 6 months and carry profit rates ranging between 1.10%-4.05% (2013: 2.6%-3.65%).

15 CASH AND BANK BALANCES

	31 December 2014	31 December 2013
Current account balances with banks	905,781	674,031
Cash on hand	154,793	112,289
	1,060,574	786,320

Current account balances with banks are non-profit bearing.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

16 SHARE CAPITAL

	31 December 2014	31 December 2013
Authorised		
100,000,000 ordinary shares of 100 fils each (2013: 100,000,000 ordinary shares of 100 fils each)	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
66,098,760 ordinary shares of 100 fils each (2013: 55,082,300 ordinary shares of 100 fils each)	6,609,876	5,508,230

Bonus shares

During the year, the Company issued one bonus share for every five shares held to its shareholders. Accordingly, the Company issued 11,016,460 shares as bonus shares during the year (2013: Nil).

Treasury shares

During 2013, 174,280 treasury shares were acquired at an average rate of BD1.043 according to Article 8 of Articles of Association to 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 BD164,326 has been adjusted against retained earnings. Treasury shares have also been given the proportionate increase for bonus shares issued in 2014.

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 2014	Nationality	Number of shares	Percentage of share- holding interest
Aradous Properties Management W.L.L.	Bahraini	4,906,538	7.42%
Bahrain Family Leisure Company B.S.C.	Bahraini	4,579,256	6.93%
Yusif Abdulla Amin	Bahraini	3,636,396	5.50%
General public and corporations	Various	52,976,570	80.15%
		66,098,760	100.00%
31 December 2013	Nationality	Number of shares	Percentage of share- holding interest
Aradous Properties Management W.L.L.	Bahraini	4,088,782	7.42%
Bahrain Family Leisure Company B.S.C.	Bahraini	3,816,061	6.93%
Yusuf Abdulla Amin	Bahraini	2,999,364	5.45%
General public and corporations	Various	44,178,093	80.20%
		55,082,300	100.00%

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

16 SHARE CAPITAL (CONTINUED)

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 analysed by the number of shareholders and their percentage of shareholding is set out below:

31 December 2014	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	458	30,902,252	46.75%
Between 1% and 5%	21	22,074,318	33.40%
Between 5% and 10%	3	13,122,190	19.85%
	482	66,098,760	100.00%

31 December 2013	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	450	26,520,879	48.15%
Between 1% and 5%	21	17,657,214	32.05%
Between 5% and 10%	3	10,904,207	19.80%
	474	55,082,300	100.00%

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

	2014 Number of shares	2013 Number of shares
Dr Esam Abdulla Yusuf Fakhro	2,489,242	2,101,374
Ali Yusuf Ali Ubaydli	369,176	307,647
Mohamed Ebrahim Khalil Kanoo	1,107,081	922,568
Jalal Mohamed Yusuf Jalal	386,127	321,773
Fareed Yusuf Khalil Almoayyed	380,625	317,189
Jehad Yusuf Abdulla Amin	857,466	701,222
Shawqi Ali Yusuf Fakhro	550,044	458,370
	6,139,761	5,130,143

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

17 RESERVES

(i) Share premium

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

(ii) Investment fair value reserve

Gains and losses arising from changes in fair value of available-for-sale investments are recognised in the consolidated statement of profit or loss and other comprehensive income. The movement for the year as below:

	2014	2013
Opening balance	(1,292,646)	(1,587,005)
Transferred to retained earnings on adoption of IFRS 9 – Financial Instruments	1,292,646	-
Movement on sale	-	337,123
Movement on impairment	-	448,867
Movement on fair value changes	-	(491,631)
Closing balance	-	(1,292,646)

(iii) 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 no revaluation (2013: BDNil) has been made.

(iv) 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. During the year, an amount of BD550,823 was transferred to the reserve to meet the minimum amount required (2013: BDNil).

(v) Charity reserve

During the year, management has purchased a residential building for BD1,130,226 out of the reserve set aside for charity and thus the amount in the charity reserve of BD700,000 was adjusted against retained earnings. An approval was taken from shareholders in the Annual General Meeting held on 26 March 2014 for this purpose.

(vi) Retained earnings

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

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

18 TRADE AND OTHER PAYABLES

	31 December 2014	31 December 2013
Trade payables	1,027,188	1,972,565
Accruals	1,757,326	1,640,430
Unclaimed dividends	276,115	215,051
Amounts due to related parties (Note 29)	26,523	6,250
Labour law related provisions	313,767	219,426
Retention payable	-	8,139
Advance from customers	54,843	55,359
Other payables	19,158	10,456
	3,474,920	4,127,676

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 approximates their fair value.

19 BANK OVERDRAFT

The Group has bank overdraft facilities amounting to BD2,100,000 as at 31 December 2014 (2013: BD1,400,000) which have been obtained to finance the working capital requirements of the Group. Bank overdrafts are unsecured, bear interest at rates ranging between 2.75% and 9% per annum (2013: between 8.25% and 8.75% per annum) and are repayable on demand. However, as at 31 December 2014, the overdraft facility has not been utilised by the Group.

20 Other income

	31 December 2014	31 December 2013
Profit/(loss) on sale of property, plant and equipment	8,718	(8,399)
Rental income	31,464	31,464
Profit from fixed deposit	104,252	34,362
Vocational training income	8,325	13,030
Management fee	28,320	30,000
Awal car parking collection	17,266	15,762
Exchange gain	24,077	23,959
Virtual print fees	121,077	117,589
Miscellaneous income	30,070	31,050
	373,569	288,817

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

21 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2014	31 December 2013
Staff costs	1,583,986	1,504,338
Director's remuneration and sitting fee	280,000	218,500
Social insurance	131,795	114,181
Rent expenses	96,171	80,537
Maintenance expenses	94,346	91,655
Printing and stationary	88,338	80,477
Donations	62,519	186,270
Professional fee and subscriptions	61,728	47,735
Government fee	57,108	37,842
Vocational training	31,634	23,057
Insurance expenses	21,167	19,700
Other expenses	141,332	106,817
	2,650,124	2,511,109

Employee benefits

The contributions made by the Group towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2014 amounted to BD131,795 (2013: BD114,181).

Number of staff

The total number of full time staff employed by the Group at 31 December 2014 was 382 (2013: 367).

22 INVESTMENT INCOME

	31 December 2014	31 December 2013
Dividend income	585,347	507,930
Realised gains on sale of available-for-sale investments	-	1,687,003
Realised gains on sale of financial assets at fair value through profit and loss	132,150	22,098
Unrealised gains/ (loss) on financial assets at fair value through profit or loss (Note 12)	303,944	(184,580)
Interest income from trading of bonds	428,387	308,721
Gain on sale of investment property	42,109	-
	1,491,937	2,341,172

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

23 EARNINGS PER SHARE

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

	31 December 2014	31 December 2013
Net profit attributable to the shareholders	7,561,843	6,297,407
Number of ordinary shares issued	65,889,620	65,889,620
Basic earnings per share	115fils	96fils

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 65,889,620, net of 209,140 treasury shares.

There are no potentially dilutive ordinary shares at 31 December 2014 (2013: Nil).

24 DIVIDENDS AND DIRECTORS' REMUNERATION

In accordance with resolutions passed at the Annual General Meeting held on 26 March 2014, cash dividends of 50fils per share for the year 2013 (2012: 50fils per share), amounting to a total cash dividend of BD2,754,115 (2012: BD2,754,115) was approved by the shareholders.

Accrued and expensed

An amount of BD176,000 has been accrued and expensed as directors' remuneration in 2014, relating to the year ended 31 December 2014 (2013: BD176,000). Directors' remuneration is expensed in the statement of profit or loss to the year which it pertains.

Proposed by the Board of Directors

The Board of Directors of the Company have proposed to pay directors' remuneration of BD176,000 for the year ended 31 December 2014 (2013: BD176,000). This is subject to the approval of shareholders in the Annual General Meeting.

25 EMPLOYEES' SHARE PURCHASE PLAN

The Group operates an employees' share purchase plan for certain employees which was approved by the shareholders at the Extraordinary General Meeting held on 7 December 2004 and subsequently on 26 November 2010.

The Group granted share purchase rights at 500fils per share on 1 December 2005 and at 600fils 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 year as the amount is considered insignificant by the management.

Total carrying value as at 31 December 2014 amounted to BD617,898 (2013: BD777,661).

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

26 TRANSACTIONS WITH JOINT VENTURES

The following amounts 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

	2014		2013	
	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.
Long-term assets	81,843	7,535,744	88,864	5,717,210
Current assets	147,247	3,497,103	69,871	3,454,876
	229,090	11,032,847	158,735	9,172,086
Current liabilities	(16,565)	(1,508,573)	(49,102)	(1,177,167)
Net assets	212,525	9,524,274	109,533	7,994,919

b) Statement of profit or loss

	2014		2013	
	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.
Operating income	163,541	6,079,906	125,160	5,702,178
Share of net profit for the year	50,698	1,398,378	38,799	1,312,285
Included in the above amounts are				
Depreciation and amortisation	12,869	728,386	13,573	848,927
Interest income	-	15,816	-	10,919

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 2014.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

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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 2014

	Theatre operations	Restaurants /concession counters	Others	Total
Revenues				
Total external sales	11,936,212	6,599,662	1,437,522	19,973,396
Less: total variable cost	(6,672,706)	(1,611,198)	-	(8,283,904)
Segment results	5,263,506	4,988,464	1,437,522	11,689,492
Less: fixed cost				(4,751,695)
Operating gross profit				6,937,797
Other operating income				373,569
General and administrative expenses				(2,650,124)
Operating profit				4,661,242
Share of profit on joint venture operations				1,449,076
Investment income				1,187,993
Unrealised gain on fair value through profit or loss				303,944
Finance cost				(40,412)
Net profit				7,561,843
Identifiable assets	10,619,995	783,971	34,347,702	45,751,668
Identifiable liabilities	804,919	156,227	2,513,774	3,474,920

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

27 SEGMENTAL REPORTING (CONTINUED)

For the year ended 31 December 2013

	Theatre operations	Restaurants /concession counters	Others	Total
Revenues				
Total external sales	10,364,059	5,595,233	1,351,082	17,310,374
Less: total variable cost	(5,666,922)	(1,390,417)	(109,169)	(7,166,508)
Segment results	4,697,137	4,204,816	1,241,913	10,143,866
Less: fixed cost				(4,364,198)
Operating gross profit				5,779,668
Other operating income				288,817
General and administrative expenses				(2,511,109)
Operating profit				3,557,376
Share of profit on joint venture operations				1,351,085
Investment income				2,526,752
Impairment loss on available for sale investments				(909,750)
Unrealised gain on fair value through profit or loss				(184,580)
Finance cost				(42,476)
Net profit				6,297,407
Identifiable assets	10,831,666	825,659	29,939,371	41,596,696
Identifiable liabilities	1,624,353	182,442	2,230,881	4,127,676

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.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

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 2014	31 December 2013
Not later than one year	1,315,953	1,296,564
Later than one year and not later than five years	5,493,905	4,899,889
Later than five years	3,176,369	4,662,621
	<u>9,986,227</u>	<u>10,859,074</u>

The lease expense recognised in the consolidated statement of profit or loss for the year ended 31 December 2014 amounted to BD1,348,511 (2013: BD1,336,877).

b) Capital commitments

Capital expenditure contracted for the renovation work of the Seef Mall multiplex at the consolidated statement of financial position date but not recognised in these consolidated financial statements amounted to BD625,936 (2013: BD725,000).

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. Further, there are no loans due to or from any of the directors of the Group.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

29 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

	Related Party Relationship	Amount due from (Note 11)		Amount due to (Note 18)	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Saar Cinema Complex	Joint venture	20,191	27,845	-	-
Qatar Bahrain International Cinema W.L.L.	Joint venture	8,549	39,724	-	-
Various entities*	Common directorship	-	56,637	26,523	6,250
		28,740	124,206	26,523	6,250

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

A summary of transactions with related parties is as follows:

	31 December 2014	31 December 2013
Saar Cinema Complex		
Direct expenses	188,713	195,856
Salaries	55,422	44,453
Management fees	6,000	6,000
Other expenses	91,965	36,763
Qatar Bahrain International Cinema W.L.L.		
Salaries	45,792	45,246
Other expenses	36,359	34,544
Management fees	22,320	22,320
Concession counter purchases	48,608	54,084
Entities under common directorship		
Direct expenses	75,349	65,886
Operating income from advertisement	36,375	41,706
Other expenses	181,364	174,669
Rent expense for corporate office	96,682	30,724

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

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, short-term deposits, financial assets at fair value through profit or loss, trade and other receivables 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;
- Investments at fair value through profit or loss;
- Short-term deposits;
- 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 2014:

Financial assets	Fair value through profit or loss	Amortised cost
Trade and other receivables, excluding prepayments	-	2,632,757
Investments at fair value through profit or loss	22,333,689	-
Short-term deposits	-	1,769,855
Cash and bank balances	-	1,060,574
Total financial assets	22,333,689	5,463,186
Financial liabilities		Financial liabilities at amortised cost
Trade and other payables		3,474,920
Total financial liabilities		3,474,920

A summary of the financial instruments held by category is provided below as at 31 December 2013:

Financial assets	Fair value through profit or loss	Loans and receivables	Available-for-sale
Available-for-sale investments	-	-	13,991,577
Trade and other receivables, excluding prepayments	-	2,608,516	-
Investments at fair value through profit or loss	4,829,324	-	-
Short-term deposits	-	4,608,783	-
Cash and bank balances	-	786,320	-
Total financial assets	4,829,324	8,003,619	13,991,577
Financial liabilities			Financial liabilities at amortised cost
Trade and other payables			4,127,676
Total financial liabilities			4,127,676

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

30 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

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 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 bear market 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.

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 and Qatari Riyals. The Bahrain Dinar is effectively pegged to the GCC currencies and United States Dollar. Accordingly, management assesses the Group's currency rate risk as minimal.

Price risk is the risk that the Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as 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.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

30 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

Investment fair value sensitivity analysis is as follows:

Description	Change	Impact on equity/profit
Financial assets at fair value through profit or loss	+/-5%	+/- 1,116,684
Financial assets at fair value through profit or loss	+/-10%	+/- 2,233,369

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with national banks with good credit ratings. Concentrations of credit risk with respect to trade receivables are limited due to the Group's diversified customer base. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables. The maximum exposure on the financial assets and liabilities is considered to be equal to their carrying values.

	At 31 December 2014	
	Carrying value	Maximum exposure
Financial assets		
Trade and other receivables	2,632,757	2,632,757
Cash and bank balances	1,060,574	1,060,574
Total financial assets	3,693,331	3,693,331
At 31 December 2013		
	Carrying value	Maximum exposure
Financial assets		
Trade and other receivables	2,608,516	2,608,516
Cash and bank balances	786,320	786,320
Total financial assets	3,394,836	3,394,836

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, short-term deposits 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 2014.

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

30 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

Fair value measurement (continued)

The following table sets out the fair value hierarchy of financial instruments 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 2014	Fair value at 31 December 2013	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Land	4,670,877	4,670,877	L3	Independent valuation reports	Current market rates and rate per sq.mtr	Positive correlation between the rate per sq.mtr and the market value
Investment property	2,896,973	328,466	L3	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	14,856,819	11,525,066	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted equity investments and managed funds	1,947,390	2,466,511	L3	Net assets valuation and financial updates received from 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	5,529,480	4,829,324	L1	Indicative prices from Bloomberg provided by Group's brokers	Not applicable	Not applicable

Notes to the Consolidated Financial Statements (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

30 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

Fair value measurement (continued)

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

	Unquoted equity investments and managed funds
At 31 December 2013	2,437,711
Additions during the year	35,801
Unrealised fair value gain	-
Disposals during the year	(526,122)
At 31 December 2014	<u>1,947,390</u>

There are no transfers between levels during the year.

	Unquoted equity investments and managed funds
At 31 December 2012	3,344,310
Additions during the year	294,236
Unrealised fair value gain included in other comprehensive Income	(424,306)
Reversal of previously recognised impairment loss on available-for-sale investments	-
Impairment loss for the year	(287,629)
Disposals during the year	(488,900)
At 31 December 2013	<u>2,437,711</u>

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 2014 and 2013.

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 Company's cash and cash equivalents (short-term deposit and financial assets at fair value through profit or loss) exceed its debt as at 31 December 2014, gearing ratio is not required to be calculated and disclosed.

Notes to the Consolidated **Financial Statements** (continued)

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2014

(Expressed in Bahrain Dinars)

31 COMPARATIVE FIGURES

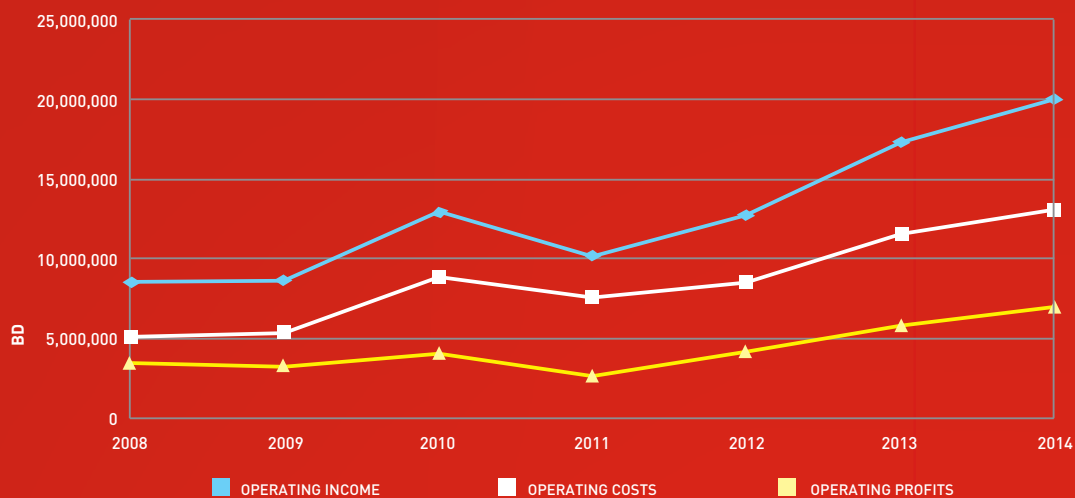
Certain prior year amounts have been regrouped to conform to the presentation in the current year. Such regroupings do not affect previously reported net profit, comprehensive income or total equity.

32 SUBSEQUENT EVENTS

There were no significant events subsequent to 31 December 2014 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.

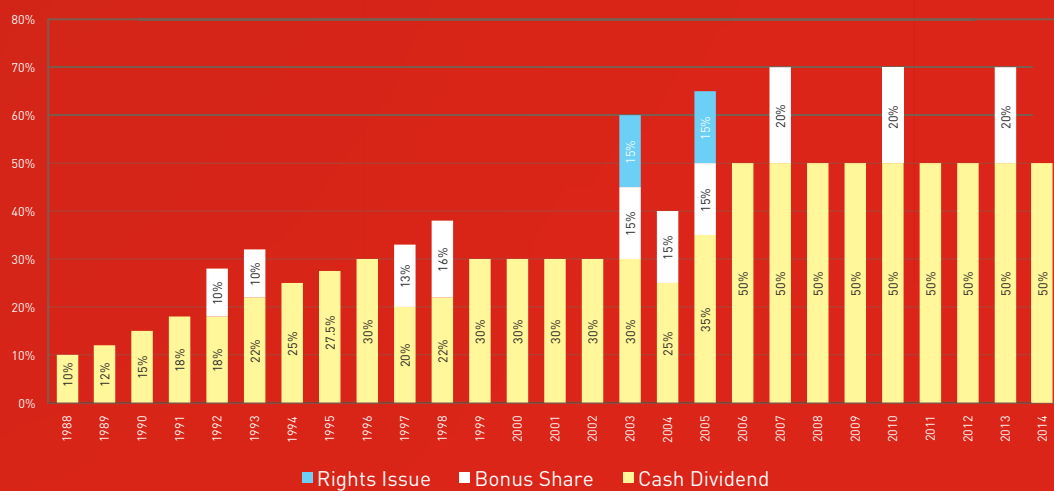
GRAPHS

GENERAL TREND OF OPERATING INCOME, OPERATING COST AND OPERATING PROFIT



YEARLY DIVIDEND CHART

(from year 1988 up to year 2014)

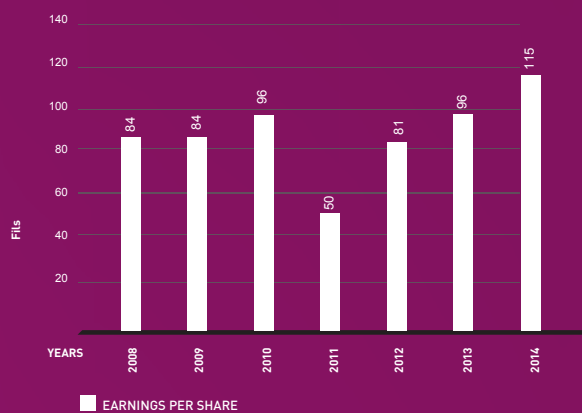


GRAPHS

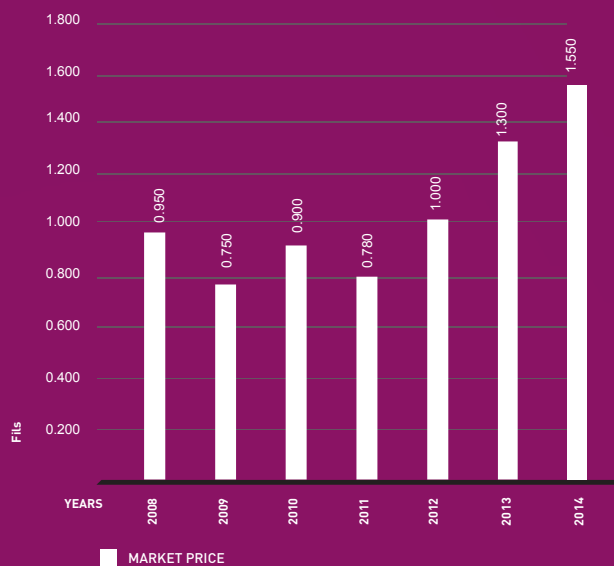
NET WORTH OF THE COMPANY (CAPITAL AND RESERVES)



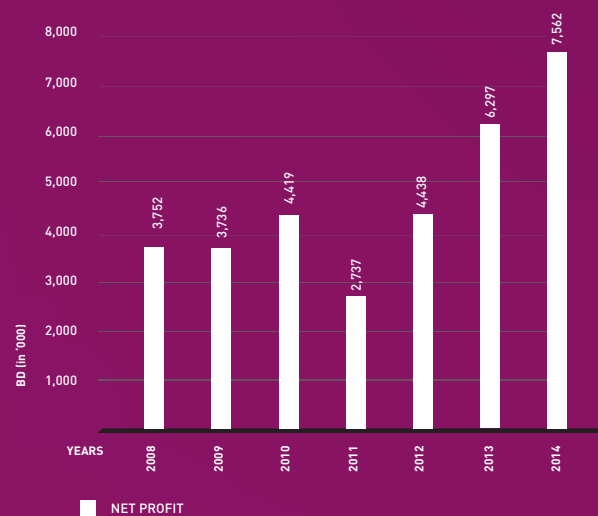
EARNINGS PER SHARE



MARKET PRICE



NET PROFIT



GRAPHS

MARKET CAPITALISATION

