





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 of the Kingdom of Bahrain

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 Jalal/ Mr. Ali Ebrahim Abdul AaL/ Mr. Ali Yousif Obaidly/ Mr. Sayed Alawi Sayed Maoosa Al Alawi/ Late A. Rahman A. Ghaffar Al Alawi/ Mr. Jassim Mohamed Fakhro.

Authorized Capital BD 750,000

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

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

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

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

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

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

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

1973: Closing down Al Zubara Cinema.

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

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

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

Fire breaks down at Andalus Cinema.

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

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

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

1979: Converting Al Nasr Cinema into an airconditioned 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 it's share in Oman Arab Cinema.

1988: Opening of Budaiya Video outlet. **1989:** Disposal of Andalus Cinema to the

Ministry of Information.

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

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

1992: Increase of authorized capital to BD3 million

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

Split of shares to 100 fils per share.

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

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

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

Opening of Al Seef 6 screens Cineplex at Seef Mall.

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

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

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

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

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

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

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

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

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

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 Bin 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.I.I.

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 it's shares to the existing shareholders.

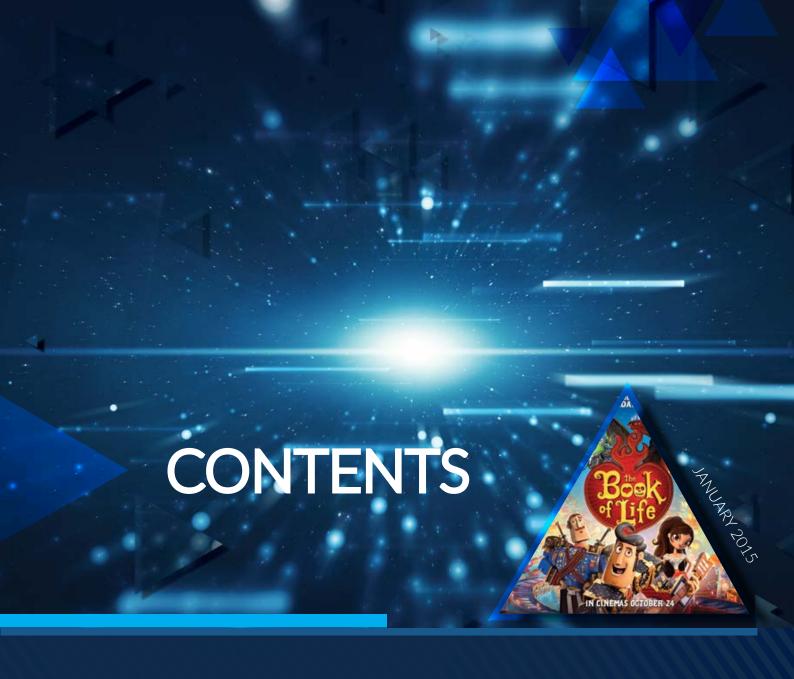
28/05/2012: Villagio mall in doha shuts down for 115 days as a result of an unfortunate fire incident

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.

27/12/2015: Opening of Takatak Restaurant outlet in Dragon Mall in Diyar Al Muharraq.



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BOARD OF DIRECTORS



Dr. Esam Abdulla Fakhro Chairman



Fareed Yousif Almoayed Director













Dr. Esam Abdulla Fakhro Chairman

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board, I am extremely pleased to present the Annual Report and its accompanying financial statements for the financial year 2015 marking a successful legacy of 48 years of glistening position in the entertainment industry in Bahrain. Current year's performance further reiterates and cements our leading position in the entertainment industry in Bahrain. During the year 2015, the economies of GCC countries experienced turbulences as the prices of oil have slumped resulting in crashing of prices of securities listed in GCC securities market. For GCC region, positive growth projections are being clouded by the ongoing plunge of the oil market with prices falling to a seven year low in December 2015 following OPEC's decision not to constrain production despite global oversupply of crude oil. This phenomenon had a negative impact on the financial statements of many companies.

We continued our focus and efforts to reward shareholders through various measures such as consistent dividends, our strong financial performance, shareholder friendly practices, and our good governance practices, made us one of the best performing stocks on the Bahrain Bourse in Finance year 2015.

As we stand at the end of another successful year, I am happy to report that our strong business fundamentals and capabilities will hold us in good stead in the coming years. Our objective will be to drive growth through the investments we have made.





Our Company maintains dominant position in entertainment industry in Bahrain as it is always first and setting the benchmark for others to follow. This moment of triumph is due to prudent and well-defined Corporate Strategy to achieve strong growth in earnings, impeccable execution of the strategy, discreet deployment of funds, exemplifying the standards of excellence at all the levels of the organization, harnessing all types of resources, optimizing the costs, delivering good quality of service and embedding of compliance obligations.

Our company earnestly believes that its success is underpinned by customer satisfaction. In the pursuit of enhancing the customer satisfaction, the Company has also successfully completed the renovation of Seef Cineplex where we have improved the ambience, increased the leg space for the audience and created stadium seating in all the screens.

We have introduced Dolby Atmos sound system in our City Centre cinemas during the year to create a multi-dimensional cinema sound experience that will give moving audio that flows all around the audience with breathtaking realism. We have opened a new Takatak small outlet in the food court in the newly inaugurated Dragon Mall in Diar Al Muharraq during the year.

Overall performance for the year 2015

Our Company witnessed robust growth in its operating income due to sustained and successive growth in its operational efficiency. Operating income surpassed the previous year figure by 9% as operating income for the year 2015 was BD21.72 million as against the previous year figure of BD 19.97 million. Increase in operating income coupled

with optimization of operating costs resulted in the leaping of operating profit in the financial year, 2015. The Company pronounced the growth rate of 10% increase in operating profit as operating profit was BD7.6 million in the financial year, 2015 in comparison to BD6.9 million reported in the previous financial year. The consistent increase in the operating income of the Company underlines the focus of the management towards development. However, income from Joint Venture dropped by 42% to BD820k in the year 2015 compared to BD1.4 million achieved in the earlier financial year, 2014 due to a substantial increase in rental costs of the City Centre as well as in Villaggio cinemas in Qatar. Unrealized fair value loss on financial assets at fair value through profit or loss as on 31 December, 2015 was BD1.8 Million. We are conscious of the fact that even though on operations front, we are doing exceeding well, we ended the year on a subdued note due to unrealized fair value loss on the financial assets at fair value. The Return on Capital Employed (ROCE) and Return on Assets (ROA) for the year, 2015 were 15.08% and 13.38% respectively.

The net profit for the year 2015 of BD6,310,267 compared to BD7,561,843 in 2014. The earnings per share for the year 2015 was 98fils.

In line with our focus on enhancing shareholders' returns, we recommend the payment of 50 fils per share aggregate of 50% of base equity, which we have been consistently paying to the shareholders for the last nine financial years.

Future outlook

As we enter a new financial year, the global economy continues to be fragile and uncertain especially with regard to the impact of the crude oil prices, Chinese downturn and Eurozone crisis. The true mettle of an organization is tested when it is able to respond to the challenges the environment throws up and turns them into an advantage. The fundamentals of our business remain strong, and therefore we are confident that we will continue to outpace the industry in the years ahead. Staying alert to the dynamics of the global economy and remaining responsive to it, has enabled us to manage the impact of these challenges and come out stronger. We have seeded several initiatives that will bear fruit in the coming years. Our ongoing focus on continuous improvement is helping us to innovate to achieve even greater efficiencies.

We look forward to an exciting and challenging year ahead with new milestones and achievements. We will continue to make efforts to perform and strengthen our leadership in the market and share the benefits of growth with you. Your Company will further consolidate its position and continue to be the market leader by exploring and exploiting new opportunities in Bahrain and in other GCC countries by fully utilizing its strengths, weeding out the weaknesses, exploring and taping new opportunities for expanding business operations and revising the plans and strategies to negate the probable threats. Our Company is fully equipped to face any type of challenge. We have taken a slew of timely measures considering the global economic scenario that should play out positively in the coming years.

The key emphasis of our company is to fortify its market leadership in our line of business. Our Company always endeavors to outstrip its own achievements as Company's new Cineplex comprising six screens and the Rendezvous Restaurant in Wadi Al Sail Mall are expected to become operational in the month of March, 2016. The Company has made all necessary arrangements by installing neces-

sary infrastructure and interior as well as exterior fit out work in the Cineplex and the Rendezvous Restaurant.

Our Company always uncovering new opportunities for the rapid growth as the Company has three new projects in its agenda of development viz., 13 screens Cineplex in Gulf Mall and 3 screens Cineplex in Al Khor Mall and Rendezvous Restaurant in the State of Qatar. The management has successfully made all necessary infrastructures for the functioning of these Cineplexes and restaurant and ready to operate during the first quarter of 2016. These projects are expected to amplify and accelerate success of our Company in the ensuing years.

As part of the Company's strategy to multiply the shareholders' returns, the company has signed the agreement for the construction of new "Awal Plaza" residential cum commercial building in the place of existing Awal Cinema.

To our teams

The Board of Directors join me in extending our warm appreciation to the entire Cineco Team under the guidance of the Chief Executive Officer for their contribution, hard work and commitment for propelling the growth of the Company. They have stayed focused and delivered performance. This exceptional accomplishment of the Company is due to superior levels of competence, efficiency and expertise of the senior management. I thank all our employees for their tenacity and commitment to sustain topline growth and consistent performance year after year.

Board of Directors

I really appreciate the Board of Directors for their successful governance of the Company. The flawless efforts of the Board of directors are the vital ingredient in the overall development of the Company. The directors of the Company have clarity of vision, focus on the new projects undertaken, creative ideas, tactful in handling the problems and ready to accept constructive criticism.

Directors always make honest efforts to upgrade the performance of the Company to take the Company to new heights. The Board of Directors of our Company always works for the welfare of all the stakeholders of the company. Their mandate is to ensure that our Company becomes performance driven and future focused.

Shareholders

On behalf of the Board of Directors, I thank all the share-holders for their invaluable support and cooperation. The Board always makes every effort for accomplishing excellence to protect the interests of the shareholders. I look forward for your constant support for the business of the Company.

With the best of talent in our midst, our strong balance sheets, robust cash flows, the eye on the customer and unrelenting focus on delivering shareholder value, we are confident of the future. The year ahead I believe will be the one when we consolidate and reinforce what we have achieved in recent years. And see the fruition of the several projects and initiatives in both cinema and restaurant businesses that are currently underway.

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

The Board of directors always espoused highest level of Corporate Governance and complies with the reporting regulations and requirements as per Corporate Governance Code. Our Company has made tremendous efforts to comply with the provisions of Corporate Governance Code issued by the Government of Bahrain. The Board of Directors presented its first report on Corporate Governance on 26 February, 2012 as our Company is always aimed to practice supreme level of Corporate Governance in all its activities.

Proposed Appropriations:

The Board of Directors are pleased to recommend for the approval of shareholders the following appropriations:

- Dividend of 50% (BD3,185,725) equal to BD0.050 per share
- Allocation to charity reserve BD116,375

Directors Remuneration:

The Director's remuneration for the year 2015 was BD176,000. Additionally, sitting fees of the directors for attending Board and Committee meetings held during the year 2015 amounted to BD105,000.

Acknowledgements

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

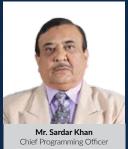
I wish the Company to achieve new heights of development in the future. I welcome you to experience the journey with us.

Yours sincerely,

and the second

Dr. Esam Abdulla Fakhro







Mr. S.K.Chowdhury Chief Operating Officer (Restaurants)



Mrs. Karima Farhad Chief Administrative Officer



Mr. Sunil Bayalan Balan Chief Operating Officer (Cinemas)



Mrs. Anuradha Narasimhan Company Secretary & Corporate Affairs



Mr. Karnam Yugandhar Chief Financial Officer



Mr. Jürgen Geier Chief Projects and Development Officer



CORPORATE GOVERNANCE REPORT

POLICY

The Board of Directors of the Bahrain Cinema Company is entrusted with the responsibility of adhering to Corporate Governance Guidelines and other requirements of Laws promulgated by the Government of Bahrain in order to attain sustainable growth as well as to create optimum value for the shareholders over the long period of time. The Company formulates and practices judicious and best corporate practices and principles which are at par with global best practices viz., germane disclosure of information in the financial statements to assure fairness and transparency in the functioning of the Company, publishing financial statements to the public within the stipulated period as mentioned in the Law, just and equitable treatment of all the shareholders, ethical, transparent and prudent decision making by the Board, maintaining the standard in the quality of service, updating the website as per the requirements of the Law, well defined contours of responsibility and accountability in each level of the organizational hierarchy. The Company imbibes in all its functions the principles of transparency, integrity, propriety and accountability.

The Corporate Governance Code of the Company incorporating the provisions mentioned in High level Controls in Volume 6 of the Central Bank of Bahrain Rule Book were approved by the Board of Directors on 27th September, 2011 with the aim of protecting the well-being of the shareholders.

The company has been constantly adhering to Laws, Rules and Regulations through its 48 years of existence and always endeavors to work for the shareholders, customers, employees of the Company and also work for the welfare of the general public. The Contribution of the Company to the welfare of the Society is attached to this Corporate Governance Report as Corporate Social Responsibility Report.

The Company always strives to uphold the highest standards of corporate governance in all the arenas of the business activities and also address the social, regulatory and environmental requirements.

The Company has revamped its website by publishing the Annual Reports for the financial years from 2009 to 2014 and also the interim Financial Statements for the three quarters of the financial year, 2015 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 pursuant to the requirements of Corporate Governance Code.

MAJOR SHAREHOLDERS AS ON DEC 31, 2015:

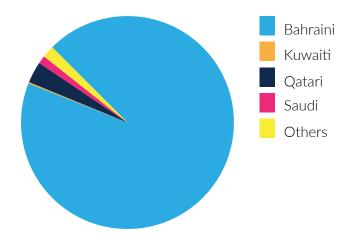
The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. The shares of the Company are listed in Bahrain Bourse and the face value of the share is 100 fils per share. All the shares are fully paid. Major shareholders of the Company as on 31st December, 2015 are as follows:

NAME	NATIONALITY	NUMBER OF SHARES	%OF HOLDINGS
1. Bahrain Family Leisure Company BSC	Bahraini	4,579,256	6.93%
2. Mr. Yousif Abdulla Amin	Bahraini	3,707,480	5.60%

DISTRIBUTION OF OWNERSHIP BY NATIONALITY

NATIONALITY	NO.OF SHAREHOLDERS	NO. OF TOTAL SHARES
Bahraini	460	65,466,472
Kuwaiti	1	120,000
Qatari	16	162,429
Saudi	6	172,579
Others	9	177,280
TOTAL	492	66,098,760

The percentage of shareholding by various nationalities is mentioned below:



OWNERSHIP BY GOVERNMENT:

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

BOARD OF DIRECTORS:

The governance of the Company is conferred to the Board of Directors and therefore the directors provide direction to the management and control the functioning of the company. The Board of directors establishes the objectives of the company, formulates corporate strategies and plans to achieve these objectives, takes strategic initiatives for the efficient running of the business and ensures effective implementation of the plans & strategies by prudent governance. The Board of directors applies due care and diligence in their functioning as directors. The Board monitors the functioning of the executive management of the company. Every director has to appear for reelection 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 at the company's expense.

The Board of directors of the Company always aims to make the organization successful by taking independent and objective decisions by following transparent procedures and practices and arrives at the decisions after evaluating the intricacies of available information. The board of directors of the Company has expertise and experience. The directors also keep abreast of the latest developments in cinema business not only in Bahrain but also globally. The directors also keep themselves updated with developments in regulatory requirements. 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 ensures appropriate balance between long term and short term objectives.

and integrity as they have to discharge their fiduciary responsibilities towards the shareholders.

During the financial year 2015, no new director was elected/appointed to the Board. Therefore, the need for conducting the induction programme did not arise. Since the present term of the Board ends in the year 2016, the induction programme will be held for the newly elected/appointed directors. The Board annually reviews its composition to ensure that composition of the Board is as per both the functional requirements of the Company and the statutory requirements of the Law.

BOARD PROCEDURE

The Board procedure is discernibly defined by the Charter of the Board. 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:

- Disclosure of financial information to the Government Authorities and the public within the stipulated time.
- Recommendation of dividend payable to the shareholders.
- Periodic evaluation of the functional and financial performance of the company and give instructions for improvement.
- Ensure judicious allocation of resources to achieve the goals enshrined in the Corporate Strategy Plan.
- Ensure that financial statements are free from errors and frauds.
- Ensuring integrity and fairness of the financial and accounting system, existence of well-defined internal control system, independence of audit and the system to ensure the compliance of Laws and Regulations.

- Govern the management by issuing rules and formulating policies and procedures.
- Monitoring the performance of the executive management to ensure that compensation packages are in tandem with actual performance.
- 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.
- Periodical review of the Succession Plans of CEO and other members of the management who are directly reporting to CEO.

MATERIAL TRANSACTIONS REQUIRING BOARD APPROVAL:

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



DIRECTORS' PROFILES:

Dr. Esam Abdulla Fakhro- Chairman

Chairman Abdulla Yousif Fakhro & Sons
Board of Advisors AMA (Private University)

Board Director Bahrain Mumtalakat Holding Company
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 BSC

Board DirectorBahrain Live Stock CompanyChairmanBusiness International (Xerox)ChairmanFakhro Electronics (Ericsson)

Board Director Fakhro Restaurants Company (McDonald's)
Chairman Budget Rent – A Car (Bahrain)

ChairmanBudget Rent - A Car (Bahrain)ChairmanFakhro Insurance Services Co.ChairmanFakhro Contracting Co.Board DirectorFakhro ShippingChairmanGo Rent A Car (Qatar)

Chairman Go Rent A Car (Dubai- Abu Dhabi-Sharjah- Fujairah)

Chairman Fakhro Motors (BYD)
Chairman Access Telecom (Dubai)

Chairman Modern Exchange Company BSC (c).

Chairman Kingdom Investments

Mr. Ali Yousif Ubaydli- Vice- Chairman

DirectorAluserv Middle East WLLManaging DirectorYousuf Ali Ubaydli WLLDirectorRoyal University for Women

Director The Malls Real Estate Company

Managing Director Trans Gulf Consult

Mr. Mohammed Ebrahim Kanoo- Director

President & Chairman Ebrahim Khalil Kanoo B.S.C. ©
Chairman Awal Gulf Manufacturing B.S.C ©

Chairman The Malls

Deputy Chairman The Royal University for Women

Mr. Jalal Mohamed Jalal- Director

Managing Director Mohammed Jalal & Sons Group of Companies

ChairmanGulf Business MachinesChairmanBahrain Airport ServicesChairmanBahrain Business MachinesDirectorAwal Readymix Concrete CoDirectorBahrain Duty Free Company

Director BANZ

Director Bahrain Tourism Company

Director BIADCO

Managing Director Awal Printing Press

Mr. Fareed Yousif Almoayed- Director

Deputy Chairman Deputy Chairman

Deputy Chairman

Chairman Director <u>Di</u>rector

Director

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, Executive Committee

Director

Member, Executive Committee

Vice-Chairman Director

Member, Audit Committee

Mr. Shawqi Ali Fakhro- Director

Chairman Chairman Director Director

Director

Chairman & Managing Director

Chairman

Vice- Chairman & Managing Director

Managing Director Managing 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

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 United Insurance Company General Poultry Company BSC National Poultry Company National Poultry Company

General Poultry Company BSC National Poultry Company

Zallaq Resort Co. BSC

BMMI BSC

Bahrain Kuwait Insurance BSC Ali Bin Yousif Fakhroo & Sons W.L.L Shawki Ali Fakhroo & Sons W.L.L Mohammed Fakhroo & Bros W.L.L Fakhroo Trading Agencies W.L.L Fakhroo Investment W.L.L

Fakhroo Information Technology Services WLL Shutdown Maintenance Services W.L.L

STATUS OF DIRECTORSHIPS:

The connotations of the terms Independent, non- independent, executive and non-executive are as per the definitions given for those terms under the Corporate Governance Code. The Constitution of the Board comprises of six non- executive, one executive, three independent and four non-independent directors. 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	Non-Independent	Non- executive
Mr. Jalal Mohamed Jalal	Independent	Non- executive
Mr. Fareed Yousif Almoayed	Independent	Non- executive
Mr. Jehad 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. Jehad Yousif Amin	1958	Bahraini	2016
Mr. Shawqi Ali Fakhro	1953	Bahraini	2016

ELECTION OF DIRECTORS

Article 18 of the Articles of Association of the Company and Articles 175 and 176 of the Bahrain Commercial Companies Law enunciates the procedure for election of directors. The shareholders of the company elect the directors in the Annual General Meeting of the company and in certain circumstances the directors are appointed by the Board. The Executive, Nomination and Remuneration Committee makes recommendation for appointment after considering the experience and expertise of the directors before the Directors are elected/appointed in the Annual General Meeting /by the Board. Directors are elected for a period of three years on renewable basis. All the directors are liable to retire by rotation and are eligible for re-election unless they are disqualified as per the provisions of Bahrain Commercial Law or Articles of Association.

The present incumbents of the Board were elected in the Annual General meeting held in the year 2013 and their tenure expires in the Annual General meeting to be held in the year 2016. As soon as the directors are elected, the written appointment letters enouncing term, powers, duties, remuneration, involvement in committees, time allotment, attendance, access to independent professional advice relating to the affairs of the company or to their individual responsibilities as directors and other matters as required by Corporate Governance Code will be duly issued to all elected directors.

DIRECTORS' OWNERSHIP OF COMPANY'S SHARES

NAMES OF THE DIRECTOR	TYPE OF SHARES	NUMBER OF SHARES
Dr. Esam Abdulla Fakhro	Ordinary	3,187,413
Mr. Ali Yousif Ubaydli	Ordinary	369,176
Mr. Mohammed Ebrahim Kanoo	Ordinary	277,783
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
ТО	6,008,634	

DIRECTORS' TRADING OF COMPANY'S SHARES DURING THE YEAR -2015

Name of Director	Type of Shares	Purchase/Sale	Number of Shares	Date of transaction
Dr. Esam Abdulla Fakhro	Ordinary	Purchase	50,000	13/01/2015
, a.u.n.o		Purchase	648,171	02/04/2015
Mr. Mohammed Fbrahim Kanoo	Ordinary	Purchase	64,040	13/05/2015
Ebrahiii Ranoo		Sale	893,338	08/12/2015

Related parties of Dr. Esam Abdulla Fakhro had purchased 24,500 shares and sold 28,900 shares of the Company during the year, 2015. Likewise, the related parties of Mr. Ali Yousif Ubaydli and Mr. Shawqi Ali Fakhro have sold 175,646 and 174,688 shares respectively during the year 2015. Related party of Mr. Mohammed Ebrahim Kanoo had purchased 893,338 shares during the year, 2015.



BOARD MEETINGS:

As per H.C. 1.3.3 of the Corporate Governance Code, the Board should meet at least four times in a year. In addition to these meetings, the Board of directors takes fast decisions by way of Circular Resolutions and these resolutions are duly ratified by the directors in the duly constituted and convened board meetings. The details regarding the meetings of the Board and the Committees held during the year 2015 and the details of the attendance are provided as below:

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

NAME OF THE DIRECTOR	BOARD		THE DIRECTOR BOARD EXECUTIVE GOVERNANCE AND COMMITTEE 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	5	-	//-//	4	4	9	9	100%
Mr. Fareed Yusif Almoayed	5	4	-	-	4	4	9	8	89%
Mr. Jehad Yousif Amin	5	5	4	4	-	-	9	9	100%
Mr. Shawqi Ali Fakhroo	5	5	-	-	4	4	9	9	100%

Here, attendance includes attendance through conference calls.

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

During the year 2015, all the directors comply with the minimum statutory requirement of 75% attendance. Six out of seven directors attended all the Board & Committee meetings attaining 100% attendance. Notice, agenda and other supporting documents for the meetings are circulated well in advance to enable the directors to make objective decisions.



DATES OF BOARD MEETINGS AND ATTENDANCE DETAILS:

DATES OF MEETINGS

DIRECTORS	25.2.2015	25.03.2015	28.04.2015	15.07.2015	04.11.2015
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	Yes
Mr. Fareed Yousif Almoayed	Yes	Yes	Yes	Yes*	No
Mr. Jehad 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:

Article 188 of Commercial Companies Law No.21 of 2001 explicates the method of payment of remuneration to the directors. 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 construed as attendance in the meeting and the directors are remunerated accordingly. The remuneration paid to the directors is reflective of their participation in the activities of the Board and also to retain the Directors of high caliber by rewarding them for spending their valuable time for the development of the Company. The director's remuneration is paid after getting due approval from the shareholders in the Annual General Meeting. The Remuneration paid to the directors is debited to the Income Statement as an expense as per International Accounting Standards and Regulations formulated by the Central Bank of Bahrain.

Directors' sitting fees (including sitting fees for attending Committee meetings) for the year amounted to BD 105,000.

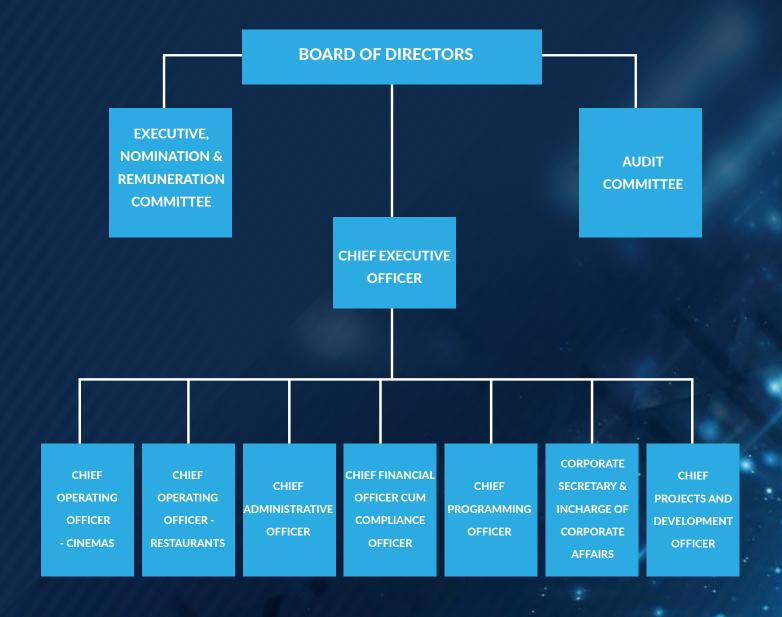
AGGREGATE REMUNERATION TO BOARD OF DIRECTORS:

The amount of aggregate remuneration paid to the directors for the financial years 2014 and 2015 is mentioned in Note Number: 23 of the Financial Statement.

CODE OF CONDUCT/ CODE OF ETHICS:

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

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



COMPLIANCE

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

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

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



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)	-

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 as well as 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:

- Ensure that adequate Policies and procedures are in place for evaluation of the performance of executive management.
- Approving the Budgets and changes thereon for each financial year and reviewing performance against those budgets and key performance indicators.
- Analyzing and Approving the Corporate Strategy Plan for every financial year before presenting the same to the Board.
- Approval of Succession Plans of senior management before the plans is presented to the Board for approval.
- Invest the surplus funds on the basis of the Investment Policy and evaluate the performance of each investment vis-à-vis the expected Return on Investment.
- Reviewing the policies with regards to risk, asset and liabilities.
- 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.

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 mentioned in the following table:

DATES OF MEETING

DIRECTORS	03/03/2015	11/06/2015	27/08/2015	19/11/2015
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	Yes	Yes	Yes
Mr. Mohammed Ebrahim Kanoo	Yes	Yes*	Yes	Yes
Jehad Yousif Amin	Yes	Yes	Yes	Yes

^{*}Denotes attendance through conference call.

Sitting fees of the members of the Executive, Nomination and Remuneration committee for the financial year, 2015 amounted to BD 18,000.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

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

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

As per the terms of reference of the Corporate Governance and Audit Committee, the Company shall conduct at least four Corporate Governance and Audit committee meetings in a year.

During the year 2015, the number of meetings of the Corporate Governance and Audit committee was four. The details of the composition of the committee and attendance of the members in the meetings are set out in the following table:

DATES OF MEETING

DIRECTORS	18/02/2015	28/04/2015	15/07/2015	04/11/2015 and adjourned to 07/12/2015
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes
Mr. Fareed Yousif Almoayed	Yes	Yes	Yes*	Yes
Mr. Jalal Mohamed Jalal	Yes	Yes	Yes	Yes

^{*}Denotes attendance through conference call.

Sitting fees of the members of the Corporate Governance and Audit committee for the financial year, 2015 amounted to BD 14,000.

CONFLICT OF INTEREST:

The Company has well defined Conflict of Interest policy and documented procedure with regards to the transactions involving Conflict of Interest of directors. As per this policy, every director is bound to declare the present and potential conflict of interest, both direct and indirect, to the Company. In case of any motion put before the meeting and if any director is interested in that motion, he will abstain 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 abnegate from the proceedings. The fact of absence is duly documented 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: 28 of the financial statements for the details of related party transactions.

INTERNAL CONTROL

The main objective of establishing Internal Control procedure is to ensure that financial information is free from errors and frauds, maintaining completeness, integrity and accuracy of financial & accounting data, produce reliable financial information, promote the effectiveness & efficiency, protecting the property(machinery, building, trademark, reputation etc.,) and the adherence of policies and procedures. Internal control minimizes the risk and increases the value of the company. The management is vested with the responsibility of day- to- day internal control by implementing continuous controls in the operations. The Corporate Governance and Audit Committee and the management constantly evaluate the adequacy of the Internal Control processes and procedures.

THE ROLES OF THE CHAIRMAN AND EXECUTIVE MANAGEMENT:

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

SUCCESSION PLANS

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

KEY PERSON DEALING POLICY

The Company has formulated Key Person Dealing Policy. The main purpose of this Policy is to prevent the abuse of inside information. Here, Key persons are defined to include the directors, executive management, designated employees and any other person identified as key person. Members of the Board of Directors and key persons are bound by specific regulations relating to Key Person trading policies and are required to disclose the details of their shareholdings and trading of their shareholding in the Company. Compliance Officer is vested with the responsibility of complying with latest Key Person trading regulations of Bahrain Bourse. During the year 2015, 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 with respect to their effectiveness & contribution needs to be disclosed in the Annual Report. During the year, 2015, evaluation was done in the following ways:

- 1. Evaluation of the Board by each director has been done to assess the performance of the Board.
- 2. Evaluation of each committee by each member of the respective committee has also been done for the financial year 2015 to ensure that the respective Committee function to fulfill its specific purposes and responsibilities entrusted to that committee.
- 3. Directors of the Board have done self- evaluation as a director and as a member of each committee to assess themselves vis-a-vis the requirements.
- 4. Chairman of the Board and of each committee have also done self-performance evaluation in order to continue to function with high level of effectiveness.

Chief Executive Officer has done his own evaluation for the financial year 2015.



WHISTLE BLOWER POLICY

The Company has approved Whistle Blower Policy as part of Corporate Governance Policy. It is the policy of the Company to maintain the highest ethical behavior and professionalism in the entire spectrum 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 2015.

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 2016.
- The Company published annual results for each quarter and for the entire financial year, 2015 through newspapers in Arabic and through Bahrain Bourse website in English.
- The shareholders are having easy access to all the financial information and can get proxy and other relevant forms from the Company.

- The Company publishes both interim & final financial statements in its web site.
- The Company also communicates with its staff through internal communication.
- CFO will be the point of contact with Bahrain Bourse and CBB.

BCC currently complies with all the provisions of the Code with the exception of 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 dilute the highest standards of corporate governance that the company maintains as
 - a) Existence of efficient system of management of conflict of interest in Board decisions.
 - b) business transactions are entered into on arms' length basis and
 - c) in case of motions in which some directors are interested, the concerned directors abstain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Dr.Esam Abdulla Fakhro's status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.

- As per the provision of HC1.3.6 of the Corporate Governance Code, no director of the Company should hold more than 3 directorships in public companies in Bahrain, with the provision that no conflict of interest may exist, and the Board should not propose the election/re-election of any such director. Mr. Jehad Yousif Amin, Director of the Company is holding more than three directorships in Bahraini Public shareholding companies and his directorships in more than three Bahraini Public shareholding Companies does not dilute the sanctum sanctorum of the interests of the Company and does not affect the effectiveness and efficiency of the Board of Directors as Mr. Jehad Yousif Amin provides required attention to his responsibilities as a director of the company and there is no conflicts of interest between his other directorships and his directorship in the company.
- Details regarding remuneration paid to executive personnel, profiles of senior managers and the shareholding of senior managers can be obtained from the Company by making request for the same subject to the approval of the Chairman.
- The details regarding fees paid to auditors for audit services and non-audit services can be obtained from the Corporate Office of the company. In the financial year, 2015, the Company availed non-audit services i.e., to get the expert advisory opinion regarding evaluation of accounting treatments for financial instruments under IFRS 9 from the auditors.

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Bahrain Cinema Company has been making unintermittent efforts for the emancipation of under developed strata of the society by providing assistance to various charitable institutions and the people who are in need. BCC, throughout the 48 years of existence, has always been keen on the promotion of the welfare of the Society providing donations to various Charitable Institutions, contributions to the Charity Fund and other institutions which are engaged in philanthropy. Donations made by the company fall in any one of the following categories: i) Health Care ii) spreading awareness about Islam iii) development of children iv) maintenance of old age people & orphans v) Sports & culture & vi) Contribution to Palestinians.

REGULAR CHARITABLE ACTIVITIES:

- BCC screens advertisements with the purpose of educating the public without charging any fees.
- BCC provides free tickets to the differently abled persons and the school children.
- In order to equip young Bahrainis both financially and professionally, BCC assists University students by providing them part time jobs.
- BCC constantly takes steps to upgrade the professional skills of Bahraini employees under
 Tamkeen programme and Vocational training programme.
- BCC has the policy of providing funds to
 4 Muslim employees for getting solemnized by pilgrimage to Holy Makkah.

Accredited Societies and Funds who are Beneficiaries of Donations and Contributions by BCC during the year 2015 are as follows:

- A'Ali Charity Works Fund
- Al Ahli Theatre Production and Distribution
- Al Anfal Society
- Al Eker Charity Fund
 - Al Falah Benevolent Fund- Palestine
- Al Ghad Al Mushreq Generation Centre
- Al Hidd Centre for Quaraan
- Bahrain Badminton and Squash
- Bahrain Development (Bahrain Noor Alain)
- Bahrain Kidney Patients Friendship Society
- Bahrain Philanthropic Society
- Capital Governarate (Ramdan Ghabka)
- Hamad Town Charity Fund
- Indian Community Relief Fund
 - International Ladies Group
- Isa Town Fund for Charity Work
- Majles Fareej Station
- Markh Social Charity Society
- Muharraq Charity Fund
- Muharraq Social Welfare Centre
- Sanabis Charity Fund
- Shaikhan and Sharifa Quran Centre
- Shakhurah Charity Fund
- Special Olympics, Bahrain
- The Capital Charity Association
- UCO Parents Care Centre
- Zakat Fund
- Choice Advertising and Publicity WLL

BCC has been providing donations not only to the various Charitable Societies and Funds but also help the needy individuals. During the year 2015, the total contribution by the Company towards social welfare was BD 20,230.

BCC, in the pursuit of serving the community on a greater scale, has acquired a residential building with the aim of deploying the rental income accrued therefrom in a big Charitable Project by transferring the rental income to the Charity Reserve. As on 31st December, 2015, the Company has accumulated the Charity Reserve of BD 116,375.





CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and 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 2015, 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
- 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) and CBB directives, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2015.



Manama, Kingdom of Bahrain 24 February 2016



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	6	12,945,923	11,618,702
Investment properties	7	7,687,510	2,896,973
Investment in joint ventures	8	3,848,746	2,946,622
Financial assets at fair value through profit or loss	11	14,756,898	16,804,209
		39,239,077	34,266,506
Current assets			
Inventories	9	422,622	455,685
Trade and other receivables	10	3,371,055	2,669,568
Financial assets at fair value through profit or loss	11	390,032	5,529,480
Short-term fixed deposits	12	2,600,000	1,769,855
Cash and bank balances	13	1,122,564	1,060,574
		7,906,273	11,485,162
Total assets		47,145,350	45,751,668
EQUITY AND LIABILITIES			
Capital and reserves	4.4	((00 07 (/ /00 07/
Share capital	14	6,609,876	6,609,876
Share premium	15(i)	1,507,536	4,743,573
Revaluation reserve	15(ii)	4,557,442	4,557,442
Statutory reserve	15(iii)	3,304,938	3,304,938
Charity reserve	15(iv)	116,375	-
Retained earnings Treasury shares	15(v)	25,981,244	23,081,833
ireasury snares	14	(238,429)	(20,914)
		41,838,982	42,276,748
		41,030,702	42,270,740
Non-current liabilities			
Employees' terminal benefits	16	237,281	194,102
Employees terminal benefits	10	257,201	174,102
Current liabilities			
Trade and other payables	17	5,069,087	3,280,818
and other payables	±,		3,200,010
Total equity and liabilities		47,145,350	45,751,668
		,2 15,530	,,.

These consolidated financial statements, set out on pages 31 to 62, were approved and authorised for issue by the Board of Directors on 24 February 2016 and signed on its behalf by:

Dr Esam Abdulla Fakhro

Chairman

Ali Yousif Ubaydli Vice-Chairman



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

	Notes	2015	2014
Operating income	26	21,724,529	19,973,396
Operating costs		(14,115,816)	(13,035,599)
Operating gross profit		7,608,713	6,937,797
Other operating income	19	491,783	373,569
		·	ŕ
General and administrative expenses	20	(2,399,013)	(2,650,124)
Profit from operations		5,701,483	4,661,242
Net share of profit from investment in			
joint ventures	8	820,593	1,449,076
(Loss)/income from investments	21	(816,647)	1,491,937
Unrealised fair value gain on investment properties	7	674,106	-
Finance cost		(69,268)	(40,412)
Net profit and other comprehensive income			
for the year		6,310,267	7,561,843
Basic earnings per share	22	98fils	115fils

These consolidated financial statements, set out on pages 31 to 62, were approved and authorised for issue by the Board of Directors on 24 February 2016 and signed on its behalf by:

Dr Esam Abdulla Fakhro

Chairman

Ali Yousif Ubaydli

Vice-Chairman



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

		Share	Share	Investment	Revaluation	Statutory	Charity	Retained	Treasury	
	Notes	Capital	Premium	Fair Value	Reserve	Reserve	reserve	earnings	shares	Total
				Reserve						
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 in 2014				1,292,646				(1,292,646)		
Restated at 1 January 2014		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)	-
Transferred to retained earnings		-	-	-	-	-	(700,000)	700,000	-	-
Dividends for 2013	23	-	-	-	-	-	-	(2,754,115)	-	(2,754,115)
Net profit and other comprehensive										
income for the year		-	-	-	-	-	-	7,561,843	-	7,561,843
Transfer to statutory reserve		-	-	-	-	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
Dividends for 2014	23	-	-	-	-	-	-	(3,294,481)	-	(3,294,481)
Purchase of treasury shares	14	-	(3,236,037)	-	-	-	-	-	(217,515)	(3,453,552)
Transferred to charity reserve		-	-	-	-	-	116,375	(116,375)	-	-
Net profit and other										
comprehensive income for the year		-	-	-	-	-	-	6,310,267	-	6,310,267
At 31 December 2015		6,609,876	1,507,536		4,557,442	3,304,938	116,375	25,981,244	(238,429)	41,838,982



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

	Notes	2015	2014
Operating activities			
Net profit for the year		6,310,267	7,561,843
Adjustments for:		0,010,207	7,301,010
Depreciation	6	874,109	1,100,716
Unrealised fair value gain on investment properties	7	(674,106)	-
Net share of profit from investment in joint ventures	8	(820,593)	(1,449,076)
Unrealised losses/(gains) on financial assets at fair value			
through profit or loss	21	1,829,094	(303,944)
Dividend income	21	(804,943)	(585,347)
Interest income from trading of bonds	21	(102,926)	(428,387)
Profit from fixed deposits	19	(22,480)	(104,252)
Realised gains on sale of financial assets at			
fair value through profit or loss	21	(94,690)	(132,150)
Realised gain on sale of investment in joint ventures	21	(9,888)	-
Profit on sale of property, plant and equipment	19	-	(8,718)
Gain on sale of investment properties	21	-	(42,109)
Capital work-in-progress written-off	6	-	12,000
Finance costs		69,268	40,412
Changes in operating assets and liabilities:			
Inventories		33,063	(203,166)
Trade and other receivables		(701,487)	1,767
Trade and other payables		1,788,269	(729,906)
Employee terminal benefits net		43,179	77,150
Net cash provided by operating activities		7,716,136	4,806,833
Investing activities			
Purchase of property, plant and equipment	6	(2,201,330)	(636,102)
Proceeds from sale of property, plant and equipment		` _	9,435
Purchase of investment properties	7	(4,116,431)	(2,896,973)
Proceeds from sale of investment properties		-	370,575
Capital contribution to investment in joint venture	8	(157,731)	(104,305)
Proceeds from sale of investment in joint venture		17,888	-
Purchase of financial assets at			
fair value through profit or loss	11	(378,887)	(4,294,117)
Proceeds from sale of financial assets at			
fair value through profit or loss		5,831,242	1,217,423
Net investments in short term deposits		(830,145)	2,838,928
Interest income from bonds and sukuks	21	102,926	428,387
Profits received from fixed deposits	19	22,480	104,252
Reduction in share capital of Saar Cinema Complex	8	31,000	31,000
Dividend received from joint ventures	8	37,200	608,098
Dividend income received	21	804,943	585,347
Net cash used in investing activities		(836,845)	(1,738,052)
Financing activities			
Purchase of treasury shares	14	(3,453,552)	-
Dividends paid	23	(3,294,481)	(2,754,115)
Finance costs paid		(69,268)	(40,412)
Net cash used in financing activities		(6,817,301)	(2,794,527)
Net increase in cash and bank balances		61,990	274,254
Cash and bank balances, beginning of the year		1,060,574	786,320
Cash and bank balances, end of the year	13	1,122,564	1,060,574



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

1 Organisation and activities

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

The principal activities of the Group are the screening of films, advertisements and operation of restaurants 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	Principal activities	Effective	Effective
	incorporation		ownership	ownership
			interest	interest
			2015	2014
Aradous Properties Management W.L.L.*	Kingdom of	Managing and	100%	100%
	Bahrain	leasing of properties		

^{* 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 2015.

Joint ventures

Name of joint venture	Country of incorporation	Principal activities	Effective ownership interest 2015	Effective ownership interest 2014
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%
Qatar Bahrain International Cinema W.L.L.	State of Qatar	Screening of films	23%	23%
Al Murjan Restaurant Management W.L.L.	State of Qatar	Restaurant operations	50%	50%

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (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, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives and rules and procedures of the Bahrain Bourse.

Basis of consolidation

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

Basis of presentation

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

- financial instruments financial assets at fair value through profit or loss
- investment property
- freehold land

These assets have been measured at their fair market values 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 2010/2012 and 2011/2013 cycle

Improvements/amendments to IFRS issued in 2010/2012 and 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 Group's annual audited financial statements beginning on or after 1 January 2015 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations effective, relevant and adopted in 2015

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 2015 and have been adopted in the preparation of the consolidated financial statements:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

3 Basis of preparation (continued)

Standard or	Title	Effective for annual periods beginning on or after
Interpretation		
IAS 16	Property, plant and equipment	1 July 2014
IFRS 8	Operating segments	1 July 2014
IFRS 13	Fair value measurement	1 July 2014

IAS 16 - Property, plant and equipment

Revaluation method - proportionate restatement of accumulated depreciation

The amendment clarifies the computation of accumulated depreciation when items of property, plant and equipment are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either:

- The gross carrying amount is adjusted in a manner consistent with the net carrying amount (e.g. proportionately to the change in the net carrying value, or with reference to observable market data). Accumulated depreciation is then adjusted to equal the difference between the gross and net carrying amounts.
- Accumulated depreciation is eliminated against the gross carrying amount.

IFRS 8 - Operating segments

Aggregation of operating segments

The amendments require additional disclosures regarding management's judgments when operating segments have been aggregated in determining reportable segments, including:

- A description of the operating segments that have been aggregated
- The economic indicators considered in determining that the aggregated operating segments share similar economic characteristics.

Reconciliation of the total of a reportable segment's assets to the entity's assets. The amendment clarifies that a reconciliation of the total of reportable segments assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker.

Standards, amendments and interpretations issued and effective in 2015 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 2015 or subsequent periods, but are not relevant to the Group's operations:

Standard or	Title	Effective for annual periods beginning on or after
Interpretation		
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 payments	1 July 2014
IFRS 3	Business combinations	1 July 2014



Standards, amendments and interpretations issued but not yet effective in 2015

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2015 or subsequent periods have not been early adopted by the Group's management and the Group intends to apply these standards from application date as indicated in the table below:

Standard or	Title	Effective for annual periods beginning on or after
Interpretation		
IAS 1	Presentation of financial statements	1 January 2016
IAS 16	Property, plant and equipment	1 January 2016
IAS 19	Employee benefits	1 January 2016
IAS 27	Separate financial statements	1 January 2016
IAS 34	Interim financial reporting	1 January 2016
IAS 38	Intangible assets	1 January 2016
IAS 41	Agriculture	1 January 2016
IFRS 7	Financial instruments - Disclosures	1 January 2016
IFRS 10	Consolidated financial statements	1 January 2016
IFRS 11	Joint arrangements	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2018

There would have been no change in the operational results of the Group for the year ended 31 December 2015 had the Group early adopted any of the above standards applicable to the Group.

Early adoption of amendments or standards in 2015

The Group did not early-adopt any new or amended standards in 2015.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

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 and other comprehensive income. On disposal of revalued assets, amounts in the revaluation reserve relating to these assets are transferred directly to retained earnings.

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

Buildings on freehold land

Building on leasehold land/leasehold improvements

Fixtures, furniture and office equipment

Motor vehicles

20 years

20 years or the lease period, whichever is lower

3 - 15 years

5 years

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

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

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

Repairs and renewals are charged to the consolidated statement of profit or loss and other comprehensive income when the expenditure is incurred.

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

Investment properties

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

Significant accounting policies (Continued)

Investment properties (Continued)

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

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

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 other comprehensive income, and its share of post acquisition movements in reserves are recognised directly in the consolidated statement of change in shareholder's equity. The equity method is applied from the date on which the Group assumes joint control over an entity, and ceases when joint control is relinquished. 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.

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 fair value through profit or loss.

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

Financial liabilities

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

Trade and other payables

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

Provisions

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

Share-based payment plan

The Group operates an equity-settled share-based payment plan to certain employees. Equity-settled share-based payments are measured at their fair values (excluding the effect of non-market based vesting conditions) at the date of the grant. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted.

The Group estimates the number of shares that will eventually vest and adjust for the effect of non-market based vesting conditions. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium on the grant date of options.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

Significant accounting policies (Continued)

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 and other comprehensive income in the year to which they relate. In respect of this plan, the Group has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

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

Share capital

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

Treasury shares

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

Dividends declared

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

Leases

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

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

5 Critical accounting judgment and key source of estimation uncertainty

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

Critical accounting judgment and key source of estimation uncertainty (Continued)

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.

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 2015 and 2014 are disclosed in Note 29.

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

The Group creates provisions for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2015, in the opinion of the management, a provision of BD11,531 was considered necessary against trade receivables (2014: BD11,531). When evaluating the adequacy of a provision for impaired trade receivables that do not contain a significant financing component, lifetime expected credit losses are recognized because of their short term nature. Management bases its estimate on current overall economic conditions, ageing of the trade receivables 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 impaired other receivables recorded in the financial statements.

The Group also creates an allowance for obsolete and slow-moving inventories. At 31 December 2015, in the opinion of Group's management a provision of BD1,577 (2014: 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

FOR THE YEAR ENDED 31 DECEMBER 2015 (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		<u>-</u>				
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
Additions	-	59,197	258,018	37,367	1,846,748	2,201,330
Transfers from capital						
work-in-progress			1,283,728		(1,283,728)	
At 31 December 2015	5,210,784	2,598,389	13,213,821	189,311	1,199,950	22,412,255
Accumulated depreciation						
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
On disposals			(29,440)	(22,636)		(52,076)
At 31 December 2014	475,198	1,279,192	6,762,167	75,666	-	8,592,223
Charge for the year	8,234	121,518	718,576	25,781		874,109
At 31 December 2015	483,432	1,400,710	7,480,743	101,447	<u>-</u>	9,466,332
Net Book Amount						
At 31 December 2015	4,727,352	1,197,679	5,733,078	87,864	1,199,950	12,945,923
At 31 December 2014	4,735,586	1,260,000	4,909,908	76,278	636,930	11,618,702

The freehold land and building includes freehold land at the carrying value of BD4,670,877 which was revalued by an independent property valuer as at 31 December 2015 at open market values, which reflected the total value amounting to BD4,670,877.

During the year, no revaluation surplus or deficit (2014: 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 29.

Had the revalued land been measured on a historical cost basis, the net book value would have been BD113,435 (2014: BD113,435).

Capital work-in-progress represents cost incurred for the construction of cinemas and a restaurant in a mall at Wadi Al Sail.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

7 Investment properties

	31 December	31 December
	2015	2014
Opening balance	2,896,973	328,466
Additions	4,116,431	2,896,973
Disposals	-	(328,466)
Unrealised fair value gains for the year	674,106	-
Closing balance	7,687,510	2,896,973

Investment properties were valued by an independent property valuer, holding a recognised and relevant professional qualification, as on 31 December 2015 and based on the valuation reports an unrealised fair value gain of BD674,106 (2014: BDNil) has been recorded in the consolidated statement of profit or loss and other comprehensive income.

8 Investment in joint ventures

	31 December	31 December
	2015	2014
Cost		
Opening balance	442,739	369,434
Additions of investment in Al Murjan Restaurants	112,707	007,404
Management W.L.L.	157,731	104,305
Reduction in share capital of Saar Cinema Complex	(31,000)	(31,000)
Disposal of investment in Logistics Company B.S.C. (c)	(8,000)	-
	561,470	442,739
Retained earnings		
Opening balance	2,503,883	1,662,905
Share of profit for the year from Qatar Bahrain International		
Cinema W.L.L. (Note 25)	740,147	1,398,378
Share of profit from Saar Cinema Complex (Note 25)	80,446	50,698
Dividend from Saar Cinema Complex	(37,200)	-
Dividend from Qatar Bahrain International Cinema W.L.L.	-	(608,098)
Closing balance	3,287,276	2,503,883
Closing balance	0,207,270	2,300,000
Net book value		
At 31 December	3,848,746	2,946,622

The above financial information relating to the Group's investments has been extracted from the unaudited management accounts of the joint ventures prepared as at, and for the year ended, 31 December 2015.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

9 Inventories

	31 December	31 December
	2015	2014
Films and spares equipment	424,199	457,262
Provision for obsolete and slow-moving inventories	(1,577)	(1,577)
	422,622	455,685

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

10 Trade and other receivables

	31 December	31 December
	2015	2014
Trade receivables	1,267,953	1,010,684
Provision for impaired trade receivables	(11,531)	(11,531)
	1,256,422	999,153
Interest free loans to employees for purchase of shares		
of the Company (Note 24)	478,997	617,898
Deposits / rental advance	742,907	674,196
Advances to suppliers	759,167	213,263
Amounts due from related parties (Note 28)	5,464	28,740
Prepayments	36,295	36,811
Other receivables	91,803	99,507
	3,371,055	2,669,568

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

Name of joint venture	Total	Less than 30 days	60-30 days	More than 60 days
2015	1,256,422	589,599	230,788	436,035
2014	999,153	180,201	10,439	808,513

^{*}Past due but not impaired

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

In the opinion of the Group's management, the fair values of the trade receivables are not expected to be significantly different from their carrying values as at 31 December 2015.

Deposits include 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11 Financial assets at fair value through profit or loss

	31 December	31 December
	2015	2014
Quoted equity investments	12,843,914	14,856,819
Unquoted investments	1,912,984	1,947,390
Bonds and sukuks	390,032	5,529,480
	15,146,930	22,333,689
Movement during the year		
Opening balance	22,333,689	4,829,324
Reclassification on adoption of IFRS 9 in 2014	-	13,991,577
Additions	378,887	4,294,117
Disposals	(5,736,552)	(1,085,273)
Unrealised fair value (loss)/gain on financial assets		
at fair value through profit or loss (Note 21)	(1,829,094)	303,944
Closing balance	15,146,930	22,333,689
	2015	2014
Non-current assets	14,756,898	16,804,209
Current assets	390,032	5,529,480
Current assets	370,032	3,327,700
	45.444.000	
	15,146,930	22,333,689

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.

In absence of most recent financial information, unquoted equity investments are kept on their carrying values which in the opinion of the Group's management are the best estimate of their fair values.

Financial assets at fair value through profit or loss include debt securities listed on several bond markets valued at their quoted bid prices as of 31 December 2015.

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

Currency	2015	2014
Bahrain Dinar	6,126,795	6,547,131
Kuwait Dinar	3,415,506	4,339,556
United States Dollar	2,435,318	7,076,545
United Arab Emirates Dirham	1,435,845	2,158,061
Qatar Riyal	1,160,787	1,571,001
Saudi Arabia Riyal	561,072	628,268
Oman Riyal	11,607	13,127
	15,146,930	22,333,689



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12 Short-term fixed deposits

These represent short term fixed deposits with banks in conventional instrument and Islamic instruments such as Mudarabah having maturity of 6 months and carry profit rates ranging between 1.8%-2.45% (2014: 1.10%-4.05%).

13 Cash and bank balances

Current account balances with banks
Cash on hand

31 December	31 December
2015	2014
921,343	905,781
201,221	154,793
1,122,564	1,060,574

Current account balances with banks are non-profit bearing.

14 Share capital

	31 December	31 December
	2015	2014
Authorised		
100,000,000 ordinary shares of 100 fils each	10,000,000	10,000,000
(2014: 100,000,000 ordinary shares of 100 fils each)		
Issued, subscribed and fully paid-up:		
66,098,760 ordinary shares of 100 fils each	6,609,876	6,609,876
(2014: 66,098,760 ordinary shares of 100 fils each)		
Treasury shares	238,429	20,914
2,384,279 ordinary shares of 100 fils each		
(2014: 209,140 ordinary shares of 100 fils each)		

Treasury shares

During 2015, 2,175,139 treasury shares were acquired having nominal value of BD217,515 at rates ranging from BD1.35 to BD1.62 for BD3,453,552 according to Article 8 of Articles of Association of the Company which allows a purchase up to 10% of the Company's issued and fully paid-up share capital. The nominal value of these shares has been disclosed as deduction from reserves. Whereas, the difference, between the nominal value of the acquired shares, and the purchase price, amounting to BD3,236,037 has been adjusted against share premium. The Company holds 2,384,279 (3.61% of the total issued and paid-up share capital) as treasury shares as at 31 December 2015 (2014: 0.32% of the total issued and paid-up share capital).

BAHRAIN CINEMA COMPANY B.S.C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

Share Capital (Continued)

Additional information on shareholding pattern

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

31 December 2015	Nationality	Number of shares	Percentage of share-holding interest
Bahrain Family Leisure Company B.S.C.	Bahraini	4,579,256	6.93%
Yusuf Abdulla Amin	Bahraini	3,707,480	5.60%
General public and corporations	Various	57,812,024	87.47%
		66,098,760	100%
31 December 2014	Nationality	Number of shares	Percentage of share-holding interest
31 December 2014 Aradous Properties Management W.L.L.	Nationality Bahraini	Number of shares 4,906,538	share-holding
	,		share-holding interest
Aradous Properties Management W.L.L.	, Bahraini	4,906,538	share-holding interest 7.42%
Aradous Properties Management W.L.L. Bahrain Family Leisure Company B.S.C.	Bahraini Bahraini	4,906,538 4,579,256	share-holding interest 7.42% 6.93%

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 2015	Number of shareholders	Number of shares	Percentage of share-holding interest
Less than 1%	464	30,259,595	45.78%
Between 1% and 5%	24	27,552,429	41.68%
Between 5% and 10%	2	8,286,736	12.54%
	490	66,098,760	100%
31 December 2014	Number of shareholders	Number of shares	Percentage of share-holding interest
31 December 2014 Less than 1%		Number of shares 30,902,252	share-holding
	shareholders		share-holding interest
Less than 1%	shareholders 458	30,902,252	share-holding interest 46.75%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

Share Capital (Continued)

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

Dr Esam Abdulla Yusuf Fakhro Ali Yusuf Ali Ubaydli Mohamed Ebrahim Khalil Kanoo Jalal Mohamed Yusuf Jalal Fareed Yusuf Khalil Almoayyed Jehad Yusuf Abdulla Amin Shawqi Ali Yusuf Fakhro

2015	2014
Number of Shares	Number of Shares
3,187,413	2,489,242
369,176	369,176
277,783	1,107,081
386,127	386,127
380,625	380,625
857,466	857,466
550,044	550,044
6,008,634	6,139,761

15 Reserves

(i) Share premium

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

(ii) Revaluation reserve

The revaluation reserve represents the net surplus arising on revaluation of freehold land (Note 6). This reserve is not available for distribution. During the year, there was no change in revaluation reserve (2014: BDNil).

(iii) Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law Decree number 21 of 2001, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. As the Company has already met the minimum amount requirement in past, during the year, no transfer was made to this reserve (2014: Nil).

(iv) Charity reserve

This represents the reserve set aside for charity. During the year, BD116,375 was transferred to this reserve (2014: BDNil).

(v) Retained earnings

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

BAHRAIN CINEMA COMPANY B.S.C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

16 Employees' terminal benefits

Local employees

The contributions made by the Group towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2015 amounted to BD145,004 (2014: BD119,802).

Expatriate employees

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

	31 December	31 December
	2015	2014
At 1 January	194,102	116,952
Accruals for the year	64,639	162,375
Payments during the year	(21,460)	(85,225)
At 31 December	237,281	194,102
Number of staff employed by the Group	429	382

17 Trade and other payables

	31 December	31 December
	2015	2014
Trade payables	2,761,810	1,027,188
Accruals	1,653,451	1,757,326
Unclaimed dividends	409,353	276,115
Amounts due to related parties (Note 28)	15,196	26,523
Employee benefit provisions	133,311	119,665
Advance from customers	45,010	54,843
Other payables	50,956	19,158
	5,069,087	3,280,818

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 Bank overdraft

The Group has bank overdraft facilities amounting to BD3,500,000 as at 31 December 2015 (2014: BD2,100,000) which have been secured to finance the working capital requirements of the Group. Bank overdrafts are unsecured, bear interest at rates ranging between 3% and 8.75% per annum (2014: between 2.75% and 9% per annum) and are repayable on demand. However, as at 31 December 2015, the bank overdraft facility has not been utilised by the Group.

19 Other operating income

	31 December	31 December
	2015	2014
Profit on sale of property, plant and equipment	-	8,718
Rental income	144,469	31,464
Profit from fixed deposits	22,480	104,252
Vocational training income	9,025	8,325
Management fee	28,320	28,320
Awal car parking collection	20,849	17,266
Foregin exchange gains - net	11,681	24,077
Virtual print fees	127,956	121,077
Income from distribution of movies	81,081	-
Miscellaneous income	45,922	30,070
	491,783	373,569

20 General and administrative expenses

	31 December	31 December
	2015	2014
Staff costs	1,359,727	1,583,986
Director's remuneration and sitting fee	291,000	280,000
Social insurance	151,348	131,795
Rent expenses	108,899	96,171
Maintenance expenses	32,494	94,346
Printing and stationary	98,184	88,338
Donations	62,077	62,519
Professional fee and subscriptions	25,478	61,728
Government fee	85,144	57,108
Vocational training	35,276	31,634
Insurance expenses	9,354	21,167
Other expenses	140,032	141,332
	2,399,013	2,650,124

31 December 31 December

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21 (Loss)/income from investments

	31 December	31 December
	2015	2014
Dividend income	804,943	585,347
Realised gains on sale of financial assets		
at fair value through profit and loss	94,690	132,150
Unrealised (losses)/gains on financial assets at fair value		
through profit or loss (Note 11)	(1,829,094)	303,944
Interest income from bonds and sukuks	102,926	428,387
Gain on disposal of investment in joint venture	9,888	-
Gain on sale of investment properties	-	42,109
	(816,647)	1,491,937

22 Earnings per share

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

	31 December	31 December
	2015	2014
Net profit attributable to the shareholders	6,310,267	7,561,843
Weighted average number of ordinary shares issued	64,448,126	65,889,620
Basic earnings per share	98fils	115fils

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 64,448,126 net of 1,441,494 weighted average treasury shares. There are no potentially dilutive ordinary shares at 31 December 2015 (2014: Nil), hence the diluted and basic earnings per share are the same.

23 Dividends and directors' remuneration

In accordance with resolutions passed at the Annual General Meeting held on 25 March 2015, cash dividends of 50fils per share for the year 2014 (2013: 50fils per share), amounting to a total cash dividend of BD3,294,481 (2013: 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 2015, relating to the year ended 31 December 2015 (2014: BD176,000). Directors' remuneration is expensed in the statement of profit or loss and other comprehensive income to the year which it pertains.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

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 2015 (2014: BD176,000). This is subject to the approval of shareholders in the Annual General Meeting.

24 Employees' share purchase plan

The Group operates an employees' share purchase plan for certain employees of the Company 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.

The installment payments of loan against share purchase plan offered on 1 December 2005 were completed during the year 2015 and accordingly shares were transferred from the nominee, Aradous Properties Management W.L.L. Total carrying value of interest-free loans granted to employees as at 31 December 2015 amounted to BD478,997 (2014: BD617,898).

25 Additional information relating to joint ventures

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

a) Statement of financial position

Long-term assets Current assets Current liabilities Net assets

201	5	2014	4
Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.
81,656	8,976,869	81,843	7,535,744
143,715	4,251,428	147,247	3,497,103
225,371	13,228,297	229,090	11,032,847
(14,693)	(1,859,272)	(16,565)	(1,508,573)
210,678	11,369,026	212,525	9,524,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

b) Statement of profit or loss

Saar Cinema **Qatar Bahrain** Saar Cinema Complex Qatar Bahrain **Complex International Cinema** International Cinema W.L.L. W.L.L. 3,218,036 6,079,906 Operating income 259,504 163,541 80,446 740,147 1,398,378 Share of net profit for the year 50,698 Included in the above amounts are 13,830 570,912 12,869 728,386 Depreciation and amortisation Interest income 12.508 15.816

2014

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 2015.

2015

The financial information of joint venture, Al Murjan Restaurant Management W.L.L., is not presented as the operations have not commenced as at 31 December 2015.

26 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 2015

	Theatre operations	Restaurants / concession Counter	Others	Total
Revenues				
Total external sales	12,864,529	7,345,230	1,514,770	21,724,529
Less: total variable costs	(7,445,512)	(1,690,832)		(9,136,344)
Segment results	5,419,017	5,654,398	1,514,770	12,588,185
Less: fixed costs				(4,979,472)
Operating gross profit				7,608,713
Other operating income				491,783
General and administrative expenses			-	(2,399,013)
Operating profit				5,701,483
Share of profit on joint venture operations				820,593
Unrealised gain on investment properties				674,106
Loss on investments				(816,647)
Finance costs			-	(69,268)
Net profit				6,310,267



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Segmental reporting (Continued)

For the year ended 31 December 2014

	Theatre operations	Restaurants / concession Counter	Others	Total
Revenues				
Total external sales	11,936,212	6,599,662	1,437,522	19,973,396
Less: total variable costs	(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 costs				(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				1,491,937
Finance costs				(40,412)
Net profit			_	7,561,843

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.



27 Commitments

a) Operating lease commitments

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

Not later than one year Later than one year and not later than five years Later than five years

31 December	31 December
2015	2014
1,315,953	1,315,953
5,345,210	5,493,905
2,009,111	3,176,369
8,670,274	9,986,227

The lease expense recognised in the consolidated statement of profit or loss for the year ended 31 December 2015 amounted to BD1,414,134 (2014: BD1,348,511).

b) Capital commitments

Capital expenditure contracted for the Wadi Al Sail Mall Cinema and Restaurant, Awal development project, and head office expansion project at the consolidated statement of financial position date but not recognised in these consolidated financial statements amounted to BD7,802,253 (2014: BD625,936 pertaining to renovation work of Seef Mall multiplex).

28 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.



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Transactions and balances with related parties (Continued)

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

	Related party	Amount due from (Note 10)	Amount due to (Note 17)		
	relationship	31 December	31 December	31 December	31 December
		2015	2014	2015	2014
Saar Cinema Complex	Joint venture	-	20,191	6,629	=
Qatar Bahrain International					
Cinema W.L.L.	Joint venture	3,732	8,549	-	-
Various entities*	Common directorship	1,732		8,567	26,523
		5,464	28,740	15,196	26,523

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

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

A summary of transactions with related parties is as follows:

	31 December	31 December
	2015	2014
Saar Cinema Complex		
Direct expenses	294,629	188,713
Salaries	63,704	55,422
Management fees	6,000	6,000
Other expenses	51,959	91,965
Qatar Bahrain International Cinema W.L.L.		
Salaries	49,133	45,792
Other expenses	24,419	36,359
Management fees	22,320	22,320
Concession counter purchases	66,358	48,608
Entities under common directorship		
Direct expenses	71,780	75,349
Operating income from advertisement	2,000	36,375
Other expenses	259,771	181,364
Rent expense for corporate office	106,248	96,682



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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29 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 2015:

Financial assets	Fair value through profit or loss	Amortised cost
Trade and other receivables, excluding prepayments	-	3,334,760
Investments at fair value through profit or loss Short-term deposits	15,146,930	2,600,000
Cash and bank balances		1,122,564
Total financial assets	15,146,930	7,057,324
Financial liabilities		Financial liabilities at amortised cost
Trade and other payables		4,935,776
Total financial liabilities		4,935,776



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Financial assets and liabilities and risk management (Continued)

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		3,161,153
Total financial liabilities		3,161,153

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

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Risk Management (Continued)

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, Qatari Riyals and Euros. The Bahrain Dinar is effectively pegged to the GCC currencies and United States Dollar. The Group's finance department constantly monitors the fluctuations in foreign currencies and minimises the exposure to foreign currencies.

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

Investment fair value sensitivity analysis is as follows:

	Change	Impact
		on equity/
		Profit
Description		
Financial assets at fair value through profit or loss	+/-5%	+/- 757,347
Financial assets at fair value through profit or loss	+/-10%	+/- 1,514,693

Change

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.

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 2015.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

Financial Assets & Liabilities & Risk Management (Continued)

Fair Value Measurment (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 2015	Fair value at 31 December 2014	Level of Hierarchy	Value technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Freehold land	4,670,877	4,670,877	L2	Independent valuation reports	Current market rates and rate per sq.mtr	Positive correlation between the rate per sq.mtr and the market value
Investment properties	7,687,510	2,896,973	L2	Independent valuation reports	Current market rates and rate per sq.mtr	Positive correlation between the rate per sq.mtr and the market value
Financial assets						
Quoted investments	12,843,914	14,856,819	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted equity investments	1,912,984	1,947,390	L3	Net assets valuation and financial updates recieved 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	390,032	5,529,480	L1	Indicative prices from bloomberg provided by group's brokers	Not applicable	Not applicable

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

		Unquoted equity investments
At 31 December 20)14	1,947,390
Additions during th	e year	136,743
Unrealised fair value	e gain	-
Disposals during the	e year	(171,149)
At 31 December 20)15	1,912,984

There are no transfers between levels during the year.

	• •	
Unanoted	earnity	investments
Onquoteu	cquity	IIIVCJUIICIICJ

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	1,947,390



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in Bahrain Dinars)

Financial Assets & Liabilities & Risk Management (Continued)

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 2015 and 2014.

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 2015, gearing ratio is not required to be calculated and disclosed.

30 Subsequent events

There were no significant events subsequent to 31 December 2015 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.

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, other comprehensive income or total equity.



Graphs

Expressed in Bahraini Dinars

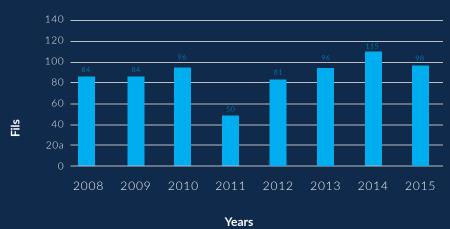
General Trend of Operating Income, Cost & Profit



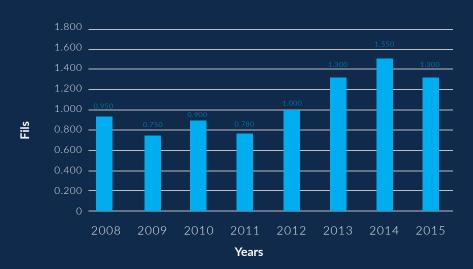
Yearly Dividend Chart from year 1989 to year 2015



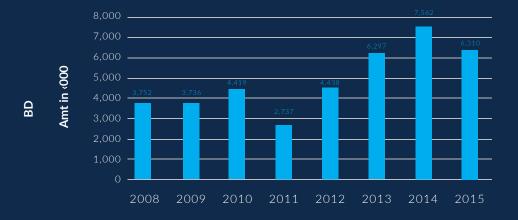
Earnings Per Share



Market Price



Net Profit



Market Capitalistion

