

Bahrain Cinema Company B.S.C.

Condensed consolidated interim financial
information for the quarter and six months
period ended 30 June 2019 (Reviewed)

Bahrain Cinema Company B.S.C.
Condensed consolidated interim financial information for the quarter and six months period
ended 30 June 2019
(Reviewed)

Index	Page
1. Administration and contact details	2
2. Review report by the independent auditor	3
3. Condensed consolidated interim statement of financial position	4
4. Condensed consolidated interim statement of profit or loss and other comprehensive income	5
5. Condensed consolidated interim statement of changes in shareholders' equity	6
6. Condensed consolidated interim statement of cash flows	7-8
7. Selected explanatory notes to the condensed interim financial information	9-25

Bahrain Cinema Company B.S.C.
Administration and contact details as at 30 June 2019

Commercial registration no	1192 obtained on 11 August 1968 (Also refer Note 1)	
Directors	Dr Esam Abdulla Yusuf Fakhro Ali Yusuf Ali Ubaydli Ahmed A. Rashed Fareed Yusuf Khalil Almoayyed Jehad Yusuf Abdulla Amin Jalal Mohamed Yusuf Jalal Mohamed Ebrahim Khalil Kanoo Shawqi Ali Yusuf Fakhro	- Chairman - Vice-Chairman - Managing Director
Chief Executive Officer	Ahmed A. Rashed	
Audit committee	Shawqi Ali Yusuf Fakhro Fareed Yusuf Khalil Almoayyed Jalal Mohamed Yusuf Jalal	- Chairman
Registered office	27 th Floor Building 470, Road 1010 Block 410 Fakhro Tower PO Box 26573 Sanabis Kingdom of Bahrain	
Bankers	National Bank of Bahrain Bank of Bahrain and Kuwait Ahli United Bank National Bank of Kuwait Mashreq Bank Arab Bank Kuwait Finance House Al Salam Bank Khaleeji Commercial Bank Al Baraka Bank	
Auditors	BDO 17 th Floor, Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	
Share Registrar	Bahrain Clear PO Box 3203 Manama Kingdom of Bahrain	
Support Share registrar	Karvy Computer Share W.L.L. PO Box 514 Manama Kingdom of Bahrain	

Review report on the condensed consolidated interim financial information to the Board of Directors of Bahrain Cinema Company B.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Bahrain Cinema Company B.S.C. ("the Company") and its subsidiary (collectively referred as "the Group") as at 30 June 2019, the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in shareholders' equity and the condensed interim consolidated statement of cash flows for quarter and six months period then ended, and selected explanatory notes. The Group's Board of Directors is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the condensed consolidated financial position of the Group as at 30 June 2019, and of its condensed consolidated financial performance and its condensed consolidated cash flows for the quarter and six months period ended in accordance with International Financial Reporting Standard IAS 34 - "Interim Financial Reporting".

BDO


Manama, Kingdom of Bahrain
31 July 2019



Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of financial position as at 30 June 2019
(Reviewed)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>30 June 2019 (Reviewed)</u>	<u>31 December 2018 (Audited)</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,843,733	7,382,410
Capital work-in progress	6	389,380	389,380
Investment properties	7	23,186,765	23,012,531
Right-of-use assets	8	5,017,638	-
Investment in joint ventures	9	35,372	47,796
Investment in an associate	10	22,928,615	26,198,379
Non-current portion of receivable on disposal of business operations		12,609,409	12,609,409
Financial assets at fair value through profit or loss	11	8,597,890	7,795,797
		<u>79,608,802</u>	<u>77,435,702</u>
Current assets			
Inventories		299,317	327,888
Financial assets at fair value through profit or loss	11	10,051,883	9,786,474
Trade and other receivables	12	5,723,379	4,789,945
Cash and bank balances		607,966	461,142
		<u>16,682,545</u>	<u>15,365,449</u>
Total assets		<u>96,291,347</u>	<u>92,801,151</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	8,262,345	8,262,345
Share premium		987,241	987,241
Revaluation reserve		4,557,442	4,557,442
Statutory reserve		4,131,173	4,131,173
Charity reserve		264,947	283,292
Retained earnings		54,951,335	56,811,461
Treasury shares	13	(359,103)	(359,103)
		<u>72,795,380</u>	<u>74,673,851</u>
Non-current liabilities			
Non-current portion of Murabaha facility	14	1,537,054	1,773,849
Non-current portion of lease liabilities	15	3,849,224	-
Employees' terminal and other benefits		3,236,819	3,222,133
		<u>8,623,097</u>	<u>4,995,982</u>
Current liabilities			
Current portion of Murabaha facility	14	5,441,762	5,423,934
Current portion of lease liabilities	15	1,135,449	-
Trade and other payables		3,876,379	6,890,806
Bank overdrafts		4,419,280	816,578
		<u>14,872,870</u>	<u>13,131,318</u>
Total equity and liabilities		<u>96,291,347</u>	<u>92,801,151</u>

The reviewed condensed consolidated interim financial statements, set out on pages 4 to 25, were approved and authorised for issue by the Board of Directors on 31 July 2019 and signed on behalf by:


Dr Esam Abdulla Fakhro
Chairman

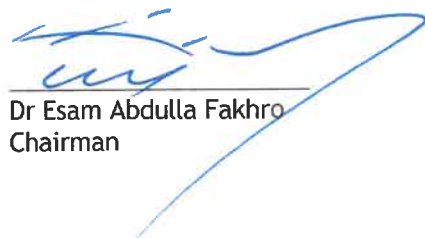

Ali Yusuf Ali Ubaydli
Vice- Chairman


Ahmed A. Rashed
Managing Director

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of profit or loss and other comprehensive income
for the quarter and six months period ended 30 June 2019
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	Quarter ended 30 June 2019	Quarter ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
Operating income	20	2,548,345	2,077,121	4,455,593	3,824,233
Operating costs	20	(2,002,632)	(1,658,437)	(3,837,498)	(3,175,400)
Operating gross profit for the period		545,713	418,684	618,095	648,833
Income from investments, net	16	1,320,730	575,250	2,213,915	5,068,592
Other income	17	214,635	262,018	752,270	520,278
		1,535,365	837,268	2,966,185	5,588,870
General and administrative expenses		(643,114)	(561,851)	(1,238,351)	(1,491,917)
Finance costs		(138,158)	(24,423)	(226,689)	(34,706)
		(781,272)	(586,274)	(1,465,040)	(1,526,623)
Net profit and other comprehensive income for the period		1,299,806	669,678	2,119,240	4,711,080
Basic earnings per share	18	16fils	8fils	27fils	60fils

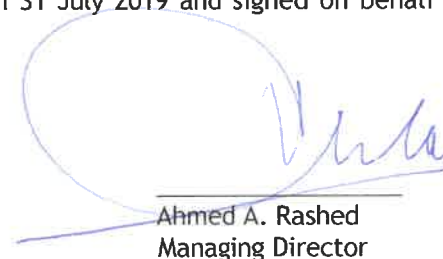
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Dr Esam Abdulla Fakhro
Chairman



Ali Yusuf Ali Ubaydli
Vice-Chairman



Ahmed A. Rashed
Managing Director

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of changes in shareholders' equity for the six months period ended 30 June 2019
(Reviewed)
(Expressed in Bahrain Dinars)

	Share capital	Share premium	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
At 31 December 2017 - audited	8,262,345	1,084,396	4,557,442	4,131,173	266,134	56,640,392	(345,976)	74,595,906
Dividends for 2017 (Note 21)	-	-	-	-	-	(3,958,185)	-	(3,958,185)
Transferred to charity reserve	-	-	-	-	35,943	(35,943)	-	-
Charity paid	-	-	-	-	(28,000)	-	-	(28,000)
Net profit and other comprehensive income for the period	-	-	-	-	-	4,711,080	-	4,711,080
At 30 June 2018 - reviewed	<u>8,262,345</u>	<u>1,084,396</u>	<u>4,557,442</u>	<u>4,131,173</u>	<u>274,077</u>	<u>57,357,344</u>	<u>(345,976)</u>	<u>75,320,801</u>
At 31 December 2018 - audited	8,262,345	987,241	4,557,442	4,131,173	283,292	56,811,461	(359,103)	74,673,851
Dividends for 2018 (Note 21)	-	-	-	-	-	(3,951,621)	-	(3,951,621)
Transferred to charity reserve	-	-	-	-	27,745	(27,745)	-	-
Charity paid	-	-	-	-	(46,090)	-	-	(46,090)
Net profit and other comprehensive income for the period	-	-	-	-	-	2,119,240	-	2,119,240
At 30 June 2019 - reviewed	<u>8,262,345</u>	<u>987,241</u>	<u>4,557,442</u>	<u>4,131,173</u>	<u>264,947</u>	<u>54,951,335</u>	<u>(359,103)</u>	<u>72,795,380</u>

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of cash flows for the six months
period ended 30 June 2019
(Reviewed)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>Six months period ended 30 June 2019</u>	<u>Six months period ended 30 June 2018</u>
Operating activities			
Net profit for the period		2,119,240	4,711,080
Adjustments for:			
Depreciation	5	495,510	387,169
Amortisation of cost to right-of-use assets	8	587,364	-
Write-off of property, plant & equipment		-	13,460
Unrealised fair value gain on investment properties	16	-	(3,573,786)
Net share of profit from investment in joint ventures	9	(3,835)	(8,722)
Net share of profit from investment in an associate	10	(712,995)	(981,268)
Dividend income	16	(349,422)	(330,343)
Unrealised gain on financial assets at fair value through profit or loss	16	(842,990)	(115,203)
Profit from fixed deposit	16	(6,713)	(16,162)
Interest (income)/loss from trading of bonds and sukuk	16	(302,813)	3,045
Realised losses/(gains) on sale of financial assets at fair value through profit or loss	16	4,853	(35,374)
Interest income on long term receivable		(354,640)	(425,568)
Gain on sale of property, plant and equipment	17	(4,761)	-
Finance costs		226,689	34,706
Changes in operating assets and liabilities:			
Inventories		28,571	9,634
Trade and other receivables		(1,034,631)	(1,458,448)
Employees' terminal and other benefits		14,686	29,417
Trade and other payables		(3,068,599)	(1,130,901)
Net cash used in operating activities		(3,204,486)	(2,887,264)
Investing activities			
Purchase of property, plant and equipment	5	(28,578)	(54,792)
Additions to capital work-in progress	6	-	(702,053)
Additions to investment properties	7	(174,234)	(26,137)
Purchase of financial assets at fair value through profit or loss	11	(416,639)	(1,232)
Proceeds from sale of financial assets at fair value through profit or loss		187,274	225,355
Proceeds from sale of property, plant and equipment		4,761	-
Interest income on long term receivable		354,640	425,568
Profit from fixed deposit received	16	6,713	16,162
Interest income/(loss) from bonds and sukuk	16	302,813	(3,045)
Dividend received from joint ventures	9	16,259	24,800
Dividend received from associate	10	3,982,759	3,062,517
Dividend income received	16	349,422	330,343
Net cash provided by investing activities		4,585,190	3,297,486

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of cash flows for the six months
period ended 30 June 2019 (continued)
(Reviewed)
(Expressed in Bahrain Dinars)

	Six months period ended 30 June 2019	Six months period ended 30 June 2018
Financing activities		
Net movement in Murabaha facility	(218,967)	2,428,224
Lease liabilities paid	(567,952)	-
Dividends paid	(3,861,529)	(3,694,088)
Charity paid	(46,090)	(28,000)
Finance costs paid	<u>(142,044)</u>	<u>(34,706)</u>
Net cash used in financing activities	<u>(4,836,582)</u>	<u>(1,328,570)</u>
Net decrease in cash and cash equivalents	(3,455,878)	(918,348)
Cash and cash equivalents, beginning of the period	<u>(355,436)</u>	<u>2,262,179</u>
Cash and cash equivalents, end of the period	<u>(3,811,314)</u>	<u>1,343,831</u>
Comprising:		
Cash and bank balances	607,966	1,343,831
Bank overdrafts	<u>(4,419,280)</u>	<u>-</u>
	<u>(3,811,314)</u>	<u>1,343,831</u>

Non-cash transactions

Adjustments made to property, plant & equipment (Note 5) were not included in the condensed consolidated interim statement of cash flows being non-cash transactions.

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2019

(Reviewed)

(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 Commerce and Tourism in the Kingdom of Bahrain and operates under commercial registration number 1192 obtained on 11 August 1968.

The principal activities of the Group are the screening of films, advertisements and operation of restaurants, providing leisure and amusement related services, real estate activities with own or leased property and sale/trade of furnisher and all household articles and sale/trade in other machinery and equipments and parts.

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

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

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

2 Structure of the Group

The structure of the Group is as follows:

Subsidiary companies

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2019</u>	<u>Effective ownership interest 2018</u>
Aradous Properties Management W.L.L.*	Kingdom of Bahrain	Managing and leasing of properties	100%	100%
Red Dragon Company S.P.C. **	Kingdom of Saudi Arabia	Restaurant operations and Go-karting business	100%	100%

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

** This entity has not started its operation during the period ended 30 June 2019 and 2018.

The total assets and net profit/(loss) for the period of the above subsidiary have been extracted from the unaudited management accounts prepared as at, and for the period ended, 30 June 2019.

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019

(Reviewed)

(Expressed in Bahrain Dinars)

2 Structure of the Group (continued)

Joint ventures

<u>Name of joint ventures</u>	<u>Country of Incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2019</u>	<u>Effective ownership interest 2018</u>
Saar Cinema Complex	Kingdom of Bahrain	Screening of films	31%	31%
Qatar Bahrain International Cinema W.L.L.	State of Qatar	Screening of films	23%	23%
Al Murjan Restaurant Management W.L.L.	State of Qatar	Restaurant operations	50%	50%

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

Associate

<u>Name of Associate</u>	<u>Country of Incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2019</u>	<u>Effective ownership interest 2018</u>
Vox Cineco Cinemas Company W.L.L.	Kingdom of Bahrain	Screening of films, sale of food and beverages	50%	50%

3 Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the annual audited consolidated financial statements of the Group for the year ended 31 December 2018. The interim condensed consolidated financial information should be read in conjunction with the 2018 annual audited consolidated financial statements.

3 Basis of preparation (continued)

Improvements/amendments to IFRS/IAS

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS 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 future accounting period with earlier adoption.

Standards, amendments and interpretations effective and adopted in 2019

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2019 and has been adopted in the preparation of the condensed consolidated interim financial information:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 16	Leases	1 January 2019

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases. As a result of adoption of IFRS 16, the Group has recognised right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under previous accounting requirements, the Group did not recognise related assets or liabilities, and instead spread the lease payments on a straight-line basis over the lease term, disclosing in its condensed consolidated interim financial information the total commitment.

The Group has adopted and implemented IFRS 16 from 1 January 2019 and therefore the Group has recognised leases on condensed consolidated statement of financial position as at 1 January 2019. In addition, it also decided to measure right-of-use assets by reference to the measurement of the lease liability on that date.

In accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Group has recognised finance costs on its lease liabilities and amortisation charge on its right-of-use assets. This will increase reported EBITDA by the amount of its operating lease cost.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. As a result of the adoption of this standard, BD5,605,002 was recognised as right of use assets (Note 8) and BD5,467,980 was recognised as lease liabilities (Note 15) resulting in reduction in the prepayment by BD137,022 at the application date i.e. 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.33%.

3 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2019 (continued)

IFRS 16 Leases (continued)

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	<u>Leasehold</u>
Operating lease commitments at 31 December 2018	6,204,308
Less : Prepaid rent as at 31 December 2018	<u>(137,022)</u>
	6,067,286
Discounted using the lessee's incremental borrowing rate of at the date of initial application	<u>(599,306)</u>
Lease liabilities recognised under IFRS 16 at 1 January 2019	<u>5,467,980</u>

Standards, amendments and interpretations issued and effective in 2019 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2019 or subsequent periods, but is not relevant to the Group's operations:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 9	Financial instruments	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

Standards, amendments and interpretations issued but not yet effective in 2019

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 June 2019. They have not been adopted in preparing the condensed consolidated interim financial statements for the period ended 30 June 2019 and will or may have an effect on the Group's future financial statements. In all cases, the Group intends to apply these standards from application date as indicated in the table below:

3 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2019 (continued)

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17	Insurance contracts	1 January 2021

There would have been no change in the operational results of the Group for the period ended 30 June 2019 had the Group early adopted any of the above standards applicable to the Group.

Early adoption of amendments or standards in 2019

The Group did not early-adopt any new or amended standards in 2019.

4 Significant accounting policies and critical accounting judgments, estimates and assumptions

Significant accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements of the Group prepared as at, and for the year ended 31 December 2018, as described in those annual audited consolidated financial statements except for those changed due to adoption of IFRS 16.

Right of use assets

As explained in Note 2, the Group has implemented IFRS 16 and intends to adopt this standard from 1 January 2019 and therefore the Group has recognised a right-of-use assets and lease liability in the consolidated financial statements. In accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Group has recognised finance cost on its lease liabilities and amortisation on its right-of-use assets.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently amortised using the straight line method from the commencement date to the earlier of the end of the useful life of the right use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of equipment and furniture. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

**4 Significant accounting policies and critical accounting judgments, estimates and assumptions
(continued)**

Significant accounting policies (continued)

Right of use assets (continued)

Amortisation is calculated on a straight line basis over the estimated useful lives of the right of use assets is as follows:

Theatres	2 to 10 years
Restaurants	1 to 8 years
Office building	2 to 3 years
Others	2 years

Lease liability

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in equipment and furniture and lease liabilities in loans and borrowings in the condensed consolidated interim statement of financial position.

Preparation of the condensed consolidated interim 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 condensed consolidated interim 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.

4 Significant accounting policies and critical accounting judgments, estimates and assumptions (continued)

Significant accounting policies (continued)

Lease liability (continued)

The most significant area requiring the use of management estimates and assumptions in the condensed consolidated interim financial information relate to economic useful life of right of use assets.

Critical accounting judgements, estimates and assumptions

Economic useful life of right of use assets

Right of use assets are amortised over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of profit or loss in specific periods.

The Group's right of use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

Economic useful lives of right of use assets are reviewed by management periodically. 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.

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2019

(Reviewed)

(Expressed in Bahrain Dinars)

5 Property, plant and equipment

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Total
<i>Cost or valuation</i>					
At 31 December 2017 (audited)	5,492,594	1,303,015	7,678,703	195,671	14,669,983
Additions	-	-	644,772	23,236	668,008
Transferred from capital work-in-progress (Note 6)	-	-	2,174,989	-	2,174,989
Transferred to investment properties (Note 7)	(4,670,878)	-	-	-	(4,670,878)
Write-off*	-	-	(94,652)	-	(94,652)
At 31 December 2018 (audited)	821,716	1,303,015	10,403,812	218,907	12,747,450
Additions	-	-	28,578	-	28,578
Cost adjustment**	-	-	(35,920)	-	(35,920)
Disposals	-	-	(35,825)	(17,300)	(53,125)
At 30 June 2019 (reviewed)	<u>821,716</u>	<u>1,303,015</u>	<u>10,360,645</u>	<u>201,607</u>	<u>12,686,983</u>
<i>Accumulated depreciation</i>					
At 31 December 2017 (audited)	52,455	1,146,412	3,290,266	141,517	4,630,650
Charge for the year	41,086	49,636	697,913	26,947	815,582
Write-off*	-	-	(81,192)	-	(81,192)
At 31 December 2018 (audited)	93,541	1,196,048	3,906,987	168,464	5,365,040
Charge for the period	20,543	19,421	444,478	11,068	495,510
Disposals	-	-	-	(17,300)	(17,300)
At 30 June 2019 (reviewed)	<u>114,084</u>	<u>1,215,469</u>	<u>4,351,465</u>	<u>162,232</u>	<u>5,843,250</u>
<i>Net book value</i>					
At 30 June 2019 (reviewed)	<u>707,632</u>	<u>87,546</u>	<u>6,009,180</u>	<u>39,375</u>	<u>6,843,733</u>
At 31 December 2018 (audited)	<u>728,175</u>	<u>106,967</u>	<u>6,496,825</u>	<u>50,443</u>	<u>7,382,410</u>

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

** During the period, the Group has reached to a settlement arrangement with a counterparty against decoration work carried out by them in Seef Multiplex which has led to reversal of BD35,920 in cost.

Bahrain Cinema Company B.S.C.**Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019****(Reviewed)****(Expressed in Bahrain Dinars)****6 Capital work-in-progress**

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Opening balance	389,380	8,005,238
Additions during the period/year	-	2,614,470
Transferred to property, plant and equipment (Note 5)	-	(2,174,989)
Transferred to investment properties (Note 7)	-	(8,055,339)
Closing balance	<u>389,380</u>	<u>389,380</u>

Capital work-in-progress represents amounts incurred towards the development of Electric Kart Track in Kingdom Mall, Bahrain. The project is expected to be completed in the next year.

7 Investment properties

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Opening balance	23,012,531	7,752,515
Additions	174,234	88,833
Transferred from property, plant and equipment (Note 5)	-	4,670,878
Transferred from capital work-in-progress (Note 6)	-	8,055,339
Unrealised fair value gains for the period/year	-	2,444,966
Closing balance	<u>23,186,765</u>	<u>23,012,531</u>

Investment properties representing Awal property was transferred from capital work-in-progress during 2018 upon completion. At the time of transfer it was fair valued by two independent property valuers, Capital Estate and Assas-II, qualified and recognised independent real estate valuers. Based on their valuation an unrealised fair value gain of BD2,444,966 was recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income last year. No significant fair valuation changes were noted since the year end. An independent valuation will be carried out for the year ending 31 December 2019.

8 Right-of-use asset

	<u>Theatres</u>	<u>Restaurants</u>	<u>Office building</u>	<u>Others</u>	<u>Total</u>
Recognition on adoption of IFRS 16	4,594,229	672,567	317,750	20,456	5,605,002
Amortisation charge for the period	<u>(455,523)</u>	<u>(70,260)</u>	<u>(56,672)</u>	<u>(4,909)</u>	<u>(587,364)</u>
Balance as at 30 June 2019	<u>4,138,706</u>	<u>602,307</u>	<u>261,078</u>	<u>15,547</u>	<u>5,017,638</u>

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019

(Reviewed)

(Expressed in Bahrain Dinars)

9 Investment in joint ventures

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Cost		
Opening and closing balance	<u>790,596</u>	<u>790,596</u>
Accumulated losses		
Opening balance	(742,800)	(734,259)
Share of profits for the period/year:		
- Saar Cinema Complex	<u>3,835</u>	<u>16,259</u>
Reversal of impairment loss during the period/year:		
- Qatar Bahrain International Cinema W.L.L.	<u>-</u>	<u>115,985</u>
Dividend received for the period/year:		
- Qatar Bahrain International Cinema W.L.L.	-	(115,985)
- Saar Cinema Complex	<u>(16,259)</u>	<u>(24,800)</u>
	<u>(16,259)</u>	<u>(140,785)</u>
Closing balance	<u>(755,224)</u>	<u>(742,800)</u>
Net book value	<u>35,372</u>	<u>47,796</u>

The above financial information relating to the Group's investment in joint ventures has been extracted from unaudited management accounts prepared as at, and for the period ended 30 June 2019.

10 Investment in an associate

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Opening balance	26,198,379	24,958,754
Share of profits for the period/year	712,995	1,774,485
Dividend received	<u>(3,982,759)</u>	<u>(534,860)</u>
Closing balance	<u>22,928,615</u>	<u>26,198,379</u>

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019
(Reviewed)
(Expressed in Bahrain Dinars)

11 Financial assets at fair value through profit or loss

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Quoted equity investments	7,719,372	6,903,902
Unquoted equity investments and managed funds	878,518	891,895
Bonds and Sukuks	<u>10,051,883</u>	<u>9,786,474</u>
	<u>18,649,773</u>	<u>17,582,271</u>
Movement during the period/year		
Opening balance	17,582,271	8,099,145
Additions	416,639	9,650,200
Disposals	(192,127)	(201,869)
Unrealised fair value gains on financial assets at fair value through profit or loss	<u>842,990</u>	<u>34,795</u>
Closing balance	<u>18,649,773</u>	<u>17,582,271</u>
	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Non-current assets	8,597,890	7,795,797
Current assets	<u>10,051,883</u>	<u>9,786,474</u>
	<u>18,649,773</u>	<u>17,582,271</u>

12 Trade and other receivables

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Trade receivables	717,392	551,710
Provision for impaired trade receivables	<u>(392,819)</u>	<u>(392,819)</u>
	324,573	158,891
Deposits / rental advance	223,961	190,861
Advances to suppliers	1,102,543	563,169
Amounts due from related parties (Note 19)	61,267	120,959
Prepayments	114,259	278,894
Receivable on disposal of business operations	3,152,353	3,152,353
Other receivables	<u>744,423</u>	<u>324,818</u>
	<u>5,723,379</u>	<u>4,789,945</u>

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

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

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2019

(Reviewed)

(Expressed in Bahrain Dinars)

13 Share capital

	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Authorised		
100,000,000 ordinary shares of 100 fils each (2018: 100,000,000 ordinary shares of 100 fils each)	<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and fully paid-up:		
82,623,450 ordinary shares of 100 fils each (2018: 82,623,450 ordinary shares of 100 fils each)	<u>8,262,345</u>	<u>8,262,345</u>
Treasury shares		
3,591,033 ordinary shares of 100 fils each (2018: 3,591,033 ordinary shares of 100 fils each)	<u>359,103</u>	<u>359,103</u>

Treasury shares

During 2018, 131,273 treasury shares were acquired having nominal value of BD13,127 at rates ranging from BD0.73 to BD1.02 amounting to BD110,282 according to Article 8 of Articles of Association of the Company which allows a purchase up to 10% of the Company's issued and fully paid-up share capital. The nominal value of these shares has been disclosed as deduction from reserves. Whereas, the difference, between the nominal value of the acquired shares, and the purchase price, amounting to BD97,155 has been adjusted against share premium. The Company holds 3,591,033 (2018: 3,591,033) (4.35% of the total issued and paid-up share capital) as treasury shares as at 30 June 2019 (2018: 4.35% of the total issued and paid-up share capital).

14 Murabaha facility

	Last installment	Note	30 June 2019	31 December 2018
Murabaha facility	30 April 2023	(a)	2,000,449	2,219,416
Commodity murabaha	7 July 2019	(b)	<u>4,978,367</u>	<u>4,978,367</u>
			6,978,816	7,197,783
Current portion of Murabaha facility			<u>(5,441,762)</u>	<u>(5,423,934)</u>
Non-current portion of Murabaha facility			<u>1,537,054</u>	<u>1,773,849</u>

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

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

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

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

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019
(Reviewed)
(Expressed in Bahrain Dinars)

15 Lease liabilities

	30 June 2019 (Reviewed)
Lease liabilities on adoption of IFRS 16	5,467,980
Lease payment	(567,952)
Finance charges	<u>84,645</u>
	4,984,673
Less: Current portion of lease liabilities	<u>(1,135,449)</u>
Non-current portion of lease liabilities	<u>3,849,224</u>
Maturity analysis - contractual undiscounted cash flows	
	30 June 2019 (Reviewed)
Less than one year	1,255,588
One to five years	2,932,536
More than five years	<u>1,294,120</u>
Total undiscounted lease liabilities	<u>5,482,244</u>

16 Income from investments

	Quarter ended 30 June 2019	Quarter ended 30 June 2018	Six months period ended 30 June 2019	Six months period ended 30 June 2018
Unrealised fair value gains on investment properties	-	-	-	3,573,786
Net share of profit from investment in associate	400,997	379,131	712,995	981,268
Dividend income	198,278	48,339	349,422	330,343
Net share of profit from investment in joint ventures	7,833	5,906	3,835	8,722
Unrealised gains on financial assets at fair value through profit or loss	586,612	136,322	842,990	115,203
Profit from fixed deposits	4,475	8,409	6,713	16,162
Realised (losses)/gains on sale of financial assets at fair value through profit or loss	(4,853)	2,715	(4,853)	35,374
Interest income/(expense) from sukuks and bonds	<u>127,388</u>	<u>(5,572)</u>	<u>302,813</u>	<u>7,734</u>
	<u>1,320,730</u>	<u>575,250</u>	<u>2,213,915</u>	<u>5,068,592</u>

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019

(Reviewed)

(Expressed in Bahrain Dinars)

17 Other income

	Quarter ended 30 June 2019	Quarter ended 30 June 2018	Six months period ended 30 June 2019	Six months period ended 30 June 2018
Income from a legal settlement	-	-	331,897	-
Interest income on long-term receivables	177,320	212,784	354,640	425,568
Management fee	15,450	15,450	30,900	30,900
Virtual print fees	-	1,812	151	3,624
Vocational training income	-	-	216	1,330
Foreign exchange gain, net	828	1,154	1,577	2,075
Gain on sale of property, plant and equipment	4,761	-	4,761	-
Miscellaneous income	<u>16,276</u>	<u>30,818</u>	<u>28,128</u>	<u>56,781</u>
	<u>214,635</u>	<u>262,018</u>	<u>752,270</u>	<u>520,278</u>

18 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares issued during the period.

	Quarter period ended 30 June 2019	Quarter period ended 30 June 2018	Six months period ended 30 June 2019	Six months period ended 30 June 2018
Net profit attributable to the shareholders (reviewed)	<u>BD 1,299,806</u>	<u>BD 669,678</u>	<u>BD 2,119,240</u>	<u>BD 4,711,080</u>
Weighted average number of ordinary shares issued	<u>79,032,417</u>	<u>79,032,417</u>	<u>79,032,417</u>	<u>79,032,417</u>
Basic earnings per share	<u>16fils</u>	<u>8fils</u>	<u>27fils</u>	<u>60fils</u>

The Group does not have any potentially dilutive ordinary shares hence the diluted earnings and basic earnings per share are identical.

19 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, associates, the Directors of the Group companies, their close family members and businesses under their control. Key management personnel consist of persons having authority and responsibility for planning, directing and controlling the activities of the Group. 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.

Bahrain Cinema Company B.S.C.

**Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019**

(Reviewed)

(Expressed in Bahrain Dinars)

19 Transactions and balances with related parties (continued)

A summary of related party balances as at 30 June/December is as follows:

	Related party relationship	Amount due from		Amount due to	
		30 June 2019 (Reviewed)	31 December 2018 (Audited)	30 June 2019 (Reviewed)	31 December 2018 (Audited)
Saar Cinema Complex	Joint venture	25,724	60,257	-	-
Qatar Bahrain International Cinema W.L.L.	Joint venture	35,543	60,702	-	-
Vox Cineco Cinema Company W.L.L.	Associate company Common	-	-	37,636	3,036,178
Various entities*	Directorship	-	-	56,447	76,793
		<u>61,267</u>	<u>120,959</u>	<u>94,083</u>	<u>3,112,971</u>

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

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

	Six months period ended 30 June 2019 (Reviewed)	Six months period ended 30 June 2018 (Reviewed)
<u>Saar Cinema Complex</u>		
Direct expenses	84,218	118,048
Salaries	46,062	39,384
Management fees	3,000	3,000
Other expenses	26,818	26,557
<u>Qatar Bahrain International Cinema Co. W.L.L.</u>		
Salaries	18,493	18,761
Other expenses	51,853	9,402
Management Fees	27,900	27,900
<u>Vox Cineco Cinema Company W.L.L.</u>		
Direct expenses	9,903	12,933
Advertisement income	-	313,831
Other expenses	41,030	123,557

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019

(Reviewed)

(Expressed in Bahrain Dinars)

19 Transactions and balances with related parties (continued)

	Six months period ended 30 June 2019 (Reviewed)	Six months period ended 30 June 2018 (Reviewed)
<u>Key management personnel</u>		
Directors' remuneration and sitting fee	176,000	159,000
<u>Entities under common directorship</u>		
Direct expenses	10,582	12,868
Operating income from advertisement	250	750
Other expenses	136,796	132,215
Rent expense for corporate office	60,682	65,567

20 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 period ended 30 June 2019 (reviewed)

	<u>Theatre operations</u>	<u>Restaurants and concession counters</u>	<u>Others</u>	<u>Total</u>
Revenue				
Total external sales	2,185,788	1,798,177	471,628	4,455,593
Less: total variable costs	(1,086,288)	(521,922)	-	(1,608,210)
Segment results	<u>1,099,500</u>	<u>1,276,255</u>	<u>471,628</u>	<u>2,847,383</u>
Less: fixed costs				(2,229,288)
Operating profit				618,095
Other income				752,270
Income from investments, net				2,213,915
General and administrative expenses				(1,238,351)
Finance cost				(226,689)
Net profit for the period				<u>2,119,240</u>

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information
for the quarter and six months period ended 30 June 2019

(Reviewed)

(Expressed in Bahrain Dinars)

20 Segmental reporting (continued)

For the period ended 30 June 2018 (reviewed)

	<u>Theatre operations</u>	<u>Restaurants and concession counters</u>	<u>Others</u>	<u>Total</u>
Revenues				
Total external sales	1,576,507	1,836,024	411,702	3,824,233
Less: total variable cost	<u>(778,364)</u>	<u>(518,426)</u>	<u>-</u>	<u>(1,296,790)</u>
Segment results	<u>798,143</u>	<u>1,317,598</u>	<u>411,702</u>	<u>2,527,443</u>
Less: fixed cost				<u>(1,878,610)</u>
Operating profit				648,833
Other income				520,278
Income from investments, net				5,068,592
General and administrative expenses				<u>(1,491,917)</u>
Finance cost				<u>(34,706)</u>
Net profit for the period				<u>4,711,080</u>

21 Dividends**Declared and paid**

A dividend of BD3,951,621 for the year ended 31 December 2018 (at 50 fils per share) (2018: BD3,958,185 for the year ended 31 December 2017 at 50 fils per share), was approved by the shareholders in the Annual General Meeting of the shareholders.

22 Capital commitments

Capital expenditure contracted for various projects at the condensed consolidated interim statement of financial position date but not recognised in these condensed consolidated interim financial statements amounted to BD766,343 (31 December 2018: BD160,354).

23 Interim results

The interim net profit for the quarter and six months period ended 30 June 2019 may not represent a proportionate share of the annual net profit or loss due to the nature of the Group's activities and potential seasonal changes, timing of the receipt of dividend and investment income.