

Cineco

عقود من
الترفيه
المستمر

التقرير السنوي

2019

2019

ANNUAL REPORT

التقرير السنوي 2019

Decades of
Endless
Entertainment

Cineco

Annual Report 2019



Registered office

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

Bankers

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

Share registrar

Bahrain Clear
PO Box 3203
Manama
Kingdom of Bahrain

Auditors

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

Support share registrar

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

المكتب الرئيسي

الطابق ٢٧
بناية ٤٧٠، طريق ١٠١٠
مجمع ٤١٠
برج فخر
ص.ب: ٢٦٥٧٣
المنامة
مملكة البحرين

البنوك

بنك البحرين الوطني
بنك البحرين والكويت
البنك الأهلي المتحد
بنك الكويت الوطني
بنك المشرق
البنك العربي
بنك السلام

مسجلو الأسهم

شركة البحرين للمقاصة ش.م.ب (مقفلة)
ص.ب: ٣٢٠٣
المنامة
مملكة البحرين

مدققو الحسابات

بي دي أو
الطابق ١٧
برج مكاتب المعلومات التجاري
ص.ب: ٧٨٧
المنطقة الحبلوماسية
مملكة البحرين

مساعدو مسجلي الأسهم

كارفي كمبيوتر شير ذ.م.م
ص.ب: ٥١٤
المنامة
مملكة البحرين



His Royal Highness
Prince Khalifa Bin Salman Al-Khalifa

The Prime Minister
of the Kingdom of Bahrain



His Royal Majesty
King Hamad Bin Isa Al-Khalifa

The King of the
Kingdom of Bahrain



His Royal Highness
Prince Salman Bin Hamad Al-Khalifa

The Crown Prince and
Deputy Supreme Commander and
the First Deputy Prime Minister
of the Kingdom of Bahrain

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 Andalus Cinema.

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

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

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

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

1984: Induction of new management force represented by Dr. Esam Abdulla Fakhro as the Managing Director and Mr. Ahmad A. Rehman Rashed, as the General Manager.

1985: Opening of Bahrain Video and Video Matic outlets.

BCC sells its share in Oman Arab Cinema.

1988: Opening of Budaiya Video outlet.

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

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

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

1992: Increase of authorized capital to BD3 million.

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

Split of shares to 100 fils per share.

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

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

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

Opening of Al Seef 6 screens Cineplex at Seef Mall.

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

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

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

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

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

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

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

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

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

2002: Closing of Videomatic Video outlet.

28/02/2003: Closing of Budaiya video.

31/12/2003: Closing of Bahrain video.	10/02/2008: The formation of the BREADTALK joint venture.	14/04/2016: Opening of 6 screens Cineplex in Wadi Al Sail Mall.
31/01/2004: Closing of Delmon video.	03/03/2008: Increasing the paid –up capital to BD4,590,192 by issuance of 20% bonus shares.	19/04/2016: Opening of 3 screens Cineplex in Al Khor Mall in the State of Qatar.
11/04/2004: Increasing the paid-up capital to BD2,297,993 by issuance of 15% bonus share.	30/04/2008: Sale of Central Market land.	26/05/2016: Opening of 13 screens Cineplex in Gulf Mall in the State of Qatar.
29/04/2004: Opening of a new 14 screens Cineplex at the Doha City Center, Qatar.	22/10/2009: The opening of Cineco 13 at the Doha Villagio Mall.	25/08/2016: Opening of Rendezvous Restaurant in Wadi Al Sail Mall.
16/06/2004: Increase of authorized capital to BD10 million.	26/11/2009: The opening of Cineco 20 at the Bahrain City Centre.	28/08/2017: Increasing the number of directors from seven to eight by appointing the CEO Mr. Ahmed A. Rashed, as the eighth Director of the Company.
30/09/2004: Delmon Cinema, at the Gosi Mall shuts down permanently.	21/01/2010: Opening of Awal Banquet Hall	28/08/2017: Increase in the paid-up capital to BD8,262,345 by issuance of bonus shares at the rate of 25% of the paid up capital.
04/01/2005: The signing of a new 20 Screens Cineplex at the Bahrain City Center.	02/09/2010: Opening of the 3rd branch of Bread Talk at the Bahrain City Center	27/09/2017: Sale of 50% of assets of Cineco 20, City Centre.
16/01/2005: Increase in the paid-up capital to BD2,597,734 by issuance of 2,846,843 rights issue shares at the rate of 500 fils per share.	31/12/2010: The Formation of Qatar Bahrain International Cinema W.L.L.	15/3/2018 Opening of Awal Plaza
29/03/2005: Increase in the paid-up capital to BD2,942,430 by issuance of 15% bonus share.	22/03/2011: Increase in the paid-up capital to BD5,508,230 by issuance of 20% bonus shares.	25/10/2018: Opening of 10 Screens Cineplex in Oasis Mall, Juffair
18/03/2006: Increasing the paid-up Capital to BD3,383,795 by issuance of 15% bonus shares.	07/04/2011: The opening of the 2nd branch of Rendezvous in City Center.	31/12/2018: Closing of AL Jazeera Cinema
25/05/2006: Increase in the paid-up Capital to BD3,825,160 by issuance of 4,413,650 rights issue shares at the rate of 600 fils per share.	01/01/2012: Company exits from breadtalk by selling it's shares to the existing shareholders.	30/11/2019: Closing of Saar Cineplex
13/11/2006: Closing down of Snooker Centre.	28/05/2012: Villagio mall in doha shuts down for 115 days as a result of an unfortunate fire incident.	
01/01/2007: Opening of Taka Tak Casual Indian Restaurant in Awal Cinema Complex.	21/03/2013: Re-opening of Rendezvous restaurant after renovation in Seef.	
15/01/2007: The Signing of a 13 Screens Cineplex at the Villagio Mall, Doha, Qatar.	06/10/2013: Shifting of Corporate Office to Fakhro Tower, Sanabis.	
22/10/2007: Reduction of number of directors to seven.	26/03/2014: Increase in the paid-up capital to BD 6,609,876 by issuance of 20% bonus shares.	
24/01/2008: The sad demise of the Chairman Ali Bin Yousif Fakhro, may his soul rest in peace.	27/12/2015: Opening of Takatak Restaurant outlet in Dragon Mall in Diyar Al Muharraaq.	
	03/01/2016: Closing down of Awal Cinema and closing of TakaTak Restaurant in Awal Complex.	

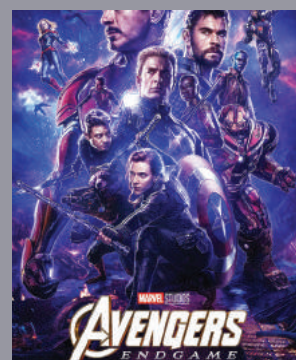
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Cineco



Aladdin



Avengers

Administration and Contact Details as at 31 December 2019

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



Captain Marvel

Board of Directors



Dr. Esam Abdulla Fakhro
Chairman



Ali Yousif Ubaydli
Vice-Chairman



**Ahmed A. Rahman Rashed
AlBastaki**
Managing Director and
Chief Executive Officer



Mohammed Ebrahim Kanoo
Director



Jalal Mohamed Jalal
Director



Fareed Yousif Almoayyed
Director



Jihad Yousif Amin
Director



Shawqi Ali Fakhroo
Director



Over the years Cineco has gained a reputation in the industry by challenging its capabilities to provide its customers with the best wholesome cinematic experience.

Dr. Esam Abdulla Fakhro
Chairman

Dear Shareholders,

On behalf of my colleagues on the Board, I am pleased to present an update on our Company's performance for the financial year, 2019. I feel esteemed to mention that the Company in the last year has shown a stable and a strong track record and continue to be the market leaders of providing holistic entertainment experience to our customers in the Kingdom of Bahrain. Over the years Cineco has gained a reputation in the industry by challenging its capabilities to provide its customers with the best wholesome cinematic experience.

With regard to the future economic outlook, the global economy is expected to continue to grow moderately. However, U.S.-China trade frictions, Britain's exit from EU and geopolitical risks continue to require close monitoring. Furthermore, with such uncertainties, the impact of the business environment continues to preclude optimism. Under these circumstances, Cineco is further strengthening its business foundation and addressing key management issues to raise corporate value by leveraging the Group's comprehensive strengths.

Our immediate task will be to bolster our management platform to respond quickly to drastic changes in the business environment. Specifically, based on our quality first approach, we will strive to build a lean corporate structure. We aim to do this by promoting cost reduction activities throughout the entire Cineco Group, by pursuing excellence in quality and cost and by promoting work styles that eliminate stress and waste and by maximizing work performance/results at respective workplaces. At the same time, we intend to strengthen risk management in order to quickly and appropriately respond to changes in the business environment.

Chairman's Message to shareholders (Continued)

The current economic environment is extremely challenging; competitive intensity remains high and is likely to increase. However, we remain committed to drive the business towards delivering consistent, competitive, profitable and responsible growth. Even though the total cinema admissions in Bahrain dropped 11% in the year 2019 as compared to the year 2018, Cineco registered a growth of 7% in the total admissions due to opening of new 10 screens Oasis Cineplex.

Financial Highlights for the year 2019:

I would now like to present the highlights of our group's performance during the year 2019 which is a reflection of the Company's endurance and perseverance to grow over the years. Operating income for the financial year 2019 was BD 9.02 Million as compared to BD 8.34 Million registered in the previous financial year. The Group had recorded net Profit of BD 4.23 million for the year 2019 in comparison to BD 4.22 million in 2018. The earnings per share for the year 2019 was 54 Fils. The total balance sheet footings stood at BD 92.4 Million.

Besides our strong financial performance, fiscal year 2019 was also marked by important investment achievements, such as further development of our portfolio. We are pleased with how well our Bond and sukuk portfolio contributed to this year's results.

In the light of these positive results, the Board of Directors will submit a proposal to the Annual General Shareholders meeting to pay the dividends at 50% per share, which we have been consistently paying to the shareholders for the last thirteen financial years.



Fast & Furious
Hobbs & Shaw



Dumbo

Future outlook:

Over the course of our journey spanning 50 years, we have clocked an exceptional operational and financial performance record. As Bahrain's largest cinema chain, to maintain a winning value proposition and deliver consistent year-on-year growth has been no mean feat.

Our Group has always tried to expand the boundaries of its functions by embracing any new opportunities or challenges for growth of the organization. As part of our expansion strategy, the Company has ventured into other entertainment activities and earned exclusive franchise for operating electric Go-karts in the entire GCC region. The region has a taste for speed and automobiles and Bahrain being one of the destinations for Formula1 race, the Company is certain that the Go-karting will attract more people and will be very successful in future. Bahrain Cinema Company has entered into an agreement to operate its first indoor electric go-karting in the Bahrain Mall, Kingdom of Bahrain. The proposed project is expected to commence in the mid of year 2020.

Our Group foresees new opportunities in the Kingdom of Saudi Arabia as the Country has opened its arms for cinema business nearly after 35 years. Our Company meets the rules and regulations required to operate cinemas in the region and is in the process of independently acquiring Cinema license to open and operate Cineplex in Saudi Arabia. With Saudi Arabia added to the list, Cineco's reach will spread to 4 countries in the Gulf region.

The Group is also in process of opening Red Dragon restaurant in the Food Village adjacent to the Dragon Mall which will serve Chinese cuisine keeping in mind the food preferences of the people in that area. "The Red Dragon" outlet is expected to commence its operations by April, 2020.



Frozen II



John Wick 3

Chairman's Message to shareholders (Continued)

Cineco has a keen eye for providing world-class cinema experience and to reach out to the far ends of the country to give its customers that very experience in their very neighborhood. To deliver on this commitment, Cineco has entered into an agreement to open 13 screens Cineplex in Al Marassi Galleria Mall, Diyar Al Muharraq, Bahrain and is expected to open for the public in the mid of 2021. This will be the first Cineplex in Bahrain to be located in a shopping mall with a sea front. Cineco will also develop and manage a 4 screen Cineplex in Amwaj Village project, Amwaj Islands which will constitute of restaurants and cinemas and is expected to open in August 2021.

Empowering People:

On behalf of the Board, I extend my appreciation to the entire Cineco Team under the adept leadership of Mr. Ahmed Rashed AlBastaki, Managing Director and Chief Executive Officer of the Company for making strides in achieving our strategic goal of transforming our service offerings. We deeply value our employee's engagement and their commitment to our organization work culture of innovation and performance accountability.

Board of Directors:

I place on record my deepest appreciation to the Board of Directors who bring on table a vast knowledge and experience from all walks of life. The members of the Board of the Company are the persons with expertise knowledge in the business of cinema and entertainment.



Joker



Jumanji
The Next Level

Shareholders:

On behalf of the Board of Directors, I would like to thank you, our shareholders, for your overwhelming trust, confidence and support.

Corporate Governance:

Our governance standards are built on the foundation of systems that support transparency and ethical business conduct. Cinco has always endeavored to adhere to the highest levels of Corporate Governance. Good corporate governance begets trust in the Company and so the Board of Directors has always ensured that Cinco is in compliance with all the rules & regulations and guidelines issued by the Statutory Authorities. The Board of Directors presented its first report on Corporate Governance on 26th February, 2012 and a report on Corporate Governance for year 2019 forms a part of this annual report.

CSR Initiatives:

As our world grows more complex and interconnected, social responsibility is not only a competitive differentiator or a business imperative-it is simply the right thing to do. I truly believe that when we apply the strength of our business resources to the issues that people face, there is so much that we can achieve.

We aim to meet the overall trust of society and grow harmoniously with society and proactively participate in social contribution activities. We aim for sustainable growth of each business and strive to support individuals and social foundations around Bahrain and contribute to making the earth a better place to live, enriched lifestyles and a compassionate society.

Proposed Appropriations:

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

Cash dividend of 50% (BD 3,946,960) equal to 50 Fils per share

Allocation to charity reserve BD 73,493

Chairman's Message to shareholders (Continued)

Directors' Remuneration:

The Directors' remuneration for the year 2019 was BD 224,000/- and the sitting fees paid to the directors for attending Board and Committee meetings held during the year 2019 amounted to BD 114,500/-.

Acknowledgements:

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

For a business that has navigated through technology changes over the last five decades, the ups and downs of short term economic cycles become insignificant blips in the broader sweep of history. Our group has shown itself to be immensely entrepreneurial, agile, adaptive and innovative over the years, and these attributes will continue to serve it well in the years ahead Inshallah.

Yours Sincerely,



Dr. Esam Abdulla Fakhro

Chairman



The Lion King



**Maleficent
Mistress of Evil**



Management Team

Management Team



Mrs. Karima Farhad
Chief Administrative Officer



Mr. Karnam Yugandhar
Chief Financial Officer



Rachita Chauhan
Company Secretary &
Corporate Affairs



Mr. Sunil Bayalan Balan
Chief Operating Officer
(Cinemas)



Mr. Jürgen Geier
Chief Projects and
Development Officer

Corporate Governance Report

for the year 2019

Policy:

The Board of Directors of Bahrain Cinema Company has an un-compromising policy to adhere to the regulatory requirements laid down by the governing authorities in the Country in order to safeguard the interests of the stakeholders of the Company. The Board of directors has always ensured that the Company is in compliance with all the rules and regulations issued by the Ministry of Industry, Commerce and Tourism (MOICT) and the Central Bank of Bahrain and upholds highest standards of Corporate Governance. The Company has adopted the policies and procedures for the adherence of Corporate Governance Regulations issued by the Ministry of Industry, Commerce and Tourism and the Corporate Governance Code issued by Central Bank of Bahrain. The Company dutifully implements the Corporate Governance procedures as prescribed by the Regulatory Authorities to inculcate a sense of confidence in the shareholders that the operations of the Company are carried out in a just and transparent manner. The Corporate Governance Framework adopted by the Bahrain Cinema Company ensures development of well-defined strategies and plans, meticulous implementation of such strategies throughout the organization to comply with all the rules and achieve the Company's goal. The Company has outlined a governance framework to follow best corporate practices at all levels of the organization without any exception. These practices ensures timely and accurate disclosure of financial statements, publishing of financial results on the website for the public in pursuance of the regulatory requirements, disclosing any information of material nature to the Company, organizational structure and flow of authorities within the Company, keeping the website of the Company up-to-date for the stakeholders and facilitating communication with the shareholders to address their queries and complaints.

The Company's foundation is built on achieving corporate excellence through adept use of the Company's resources to maximize the profit of the shareholders, periodic evaluation of the Board to ensure that the management is competent in discharge of its duties, transparent corporate structure driven by principles and of all preservation of shareholders' interest for consistent growth of the Company.

The Corporate Governance Code of the Company incorporating the provisions mentioned in High level Controls in Volume 6 of the Central Bank of Bahrain Rule Book were approved by the Board of Directors on 27th September, 2011 with a vision to increase the confidence of the stakeholders in the Company.

The Company has a continual record of adherence of various laws, rules and regulations and observes the principle of 'comply or explain' since its incorporation and always strives to work for the betterment of its shareholders, customers, employees and the society at large. The initiatives taken by the Company for its service to the society reflects in the Corporate Social Responsibility Report attached to this Corporate Governance Report.

The Company always strives to sustain the highest standards of Corporate Governance and has constituted a well-informed team responsible for taking care of the regulatory requirements of adherence to the laws and Corporate Governance Code.

The Company constantly keeps its website updated by publishing the Annual Reports for the financial years from 2009 to 2018 and also publishes the interim Financial Statements for the three quarters for the financial year, 2019 on its website. In addition to this, the Company has also published the Notice of latest Annual General Meeting and Extra-Ordinary General Meeting & Corporate Governance Guidelines pursuant to the requirements of Corporate Governance Code on its website. Corporate Governance Guidelines allows the Board to take decisions independent of the management.

Corporate Governance Report

for the year 2019 (Continued)

CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR, 2019

MAJOR SHAREHOLDERS AS ON DEC 31, 2019:

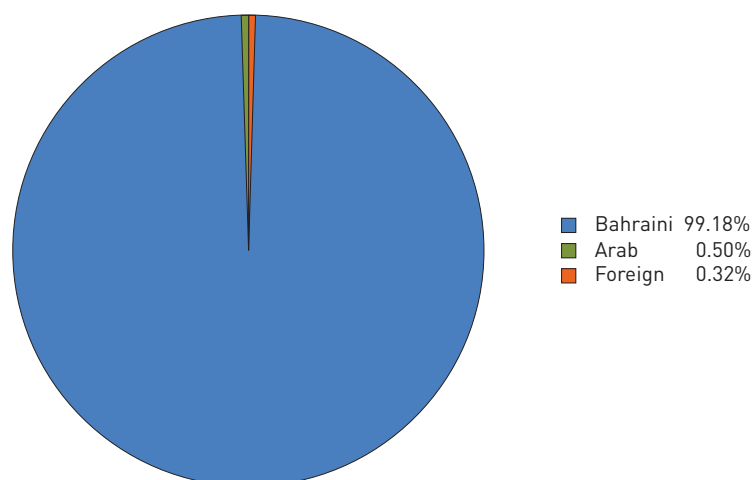
The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. The shares of the Company are listed in Bahrain Bourse and the face value of the share is 100 fils per share. All the shares are fully paid. The major shareholders of the Company as on 31st December, 2019 are as follows:

Name	Nationality	Number of Shares	% of Holdings
1. Bahrain Family Leisure Company BSC	Bahraini	5,719,365	6.92%
2. Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.79%

DISTRIBUTION OF OWNERSHIP BY NATIONALITY

Nationality	No. of Shareholders	Total Shares
Bahraini	475	81,944,967
Arab	21	414,742
Foreign	8	263,741
TOTAL	504	82,623,450

The percentage of shareholding by various nationalities is mentioned below:



Corporate Governance Report

for the year 2019 (Continued)

DISTRIBUTION OF SHAREHOLDERS

No.	Shareholding (share)	No. of Shareholders	Number of Shares held	Shareholding %
1	<50,000	335	4,004,459	4.85
2	50,000 to 500,000	124	18,645,899	22.57
3	500,000 to 5,000,000	44	54,253,727	65.66
4	>5,000,000	1	5,719,365	6.92

OWNERSHIP BY GOVERNMENT:

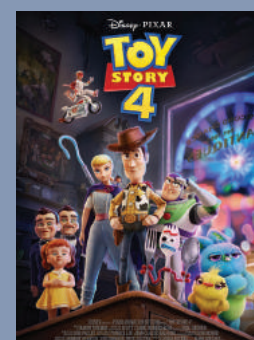
Government of Bahrain does not own any share in the Company.

BOARD OF DIRECTORS:

The Board of the Company is composed of competent and experienced Board of Directors who takes active participation in the day to day working of the Company and always toiling for the betterment of the Company and enhancing the shareholders' value. The Board of Directors of Bahrain Cinema Company is liable for carrying out the operations of the Company in a manner which is true and transparent and in line with the regulatory requirements. The Board of Directors evaluates the performance of the Company periodically and sets short-term and long term goals of the Company. They are also responsible for formulating strategies and plan and overseeing its implementation, forming policies and procedures, allocation of resources within the organization to ensure the efficient use of the resources, defining the responsibilities of the executive management, monitor and direct the executive management to ensure that the actions of the management are aligned with the goals of the Company and if there is any deviation, corrective actions are taken to attain the desired goals and financial well-being of the Company. The Board of Directors is responsible to safeguard the interest of the shareholders of the Company as they act in the fiduciary capacity. The Board of Directors exercises diligence, care and independent judgement in discharge of its duties with an aim to maximize the value of the shareholders. The Chairman of the Board plays a pivotal role and is entrusted with the responsibility to lead the Board towards achieving Company's goals. The Chairman provides independent leadership to the Board and nurtures a culture of trust and harmony. The Board of directors defines the vision and mission of the Company to set the course of actions for current and future development of the Company.



Shazam!



Toy Story 4

Corporate Governance Report

for the year 2019 (Continued)

BOARD OF DIRECTORS: (Continued)

The Board of directors keep themselves abreast with all the recent developments in the cinema business and other related developments in the Kingdom of Bahrain and abroad. They also keep themselves up-to-date about the laws and regulatory requirements imposed by the Regulatory Authorities in Bahrain and any amendments thereto. The Board has always ensured that the BCC is in compliance of all the laws and rules applicable to the Company and adopted best corporate practices in the interest of the Company. The Board of the Company has complete access to all the information needed to take a well informed decision and takes decisions only after careful evaluation of the facts and the best options. The Board has the right and occasionally seeks independent consultation from the professionals outside of the Company for efficient discharge of their responsibilities.

The tenure of the directors of the Company is for a period of three years from the date of their appointment/re-appointment after which every director has to appear for re-election. The Board annually reviews composition of the Board to ensure that the Board is adequately composed to discharge the operational responsibilities of the Company and is in compliance with the Rules and Regulations of the Country.

BOARD PROCEDURE

The Board procedure is detailed in the Charter of the Board. The Company has the practice of sending the agenda alongwith other supporting documents to the directors in advance so as to enable them to deliberate and decide on all matters listed in the agenda in the best interest of the Company.

MANDATE AND THE SPECIFIC RESPONSIBILITIES OF THE BOARD INCLUDE:

- Ensure that financial statements are free from errors and frauds.
- Ensuring integrity and fairness in preparation and reporting 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.
- Disclosure of financial information to the Government Authorities and the public within the stipulated time.
- 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.
- Recommendation of dividend payable to the shareholders.
- Periodic evaluation of the operational performance of the company and give instructions for improvement.
- Periodical review of the Succession Plans of MD/CEO and other members of the management who are directly reporting to MD/CEO.
- Govern the management by issuing rules and formulating policies and procedures.
- Monitoring the performance of the executive management to ensure that the executives are compensated fairly.
- Ensure judicious allocation of resources to achieve the goals enshrined in the Corporate Strategy Plan.
- Evaluate the feasibility and selection of new projects
- Reviewing charitable projects
- Reviewing the credit limits with the Banks

Corporate Governance Report

for the year 2019 (Continued)

MATERIAL TRANSACTIONS REQUIRING BOARD APPROVAL:

- Appointment of MD/CEO of the Company
- Approval of Budgets, Capital Expenditure Budget, major contracts, diversification plans/ divestment.
- Approval of financial statements.
- Approval for acquiring or selling patent rights, trade marks, licenses or other intellectual property rights.
- Approval of investment above the authorized threshold limit of the Executive Committee.
- 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.

DIRECTORS' PROFILES- Directorship in Other Companies:

Dr. Esam Abdulla Fakhro- Chairman

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

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

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

Corporate Governance Report

for the year 2019 (Continued)

DIRECTORS' PROFILES- Directorship in Other Companies: (Continued)

Mr. Ali Yousif Ubaydli- Vice- Chairman

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

Mr. Mohammed Ebrahim Kanoo- Director

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

Mr. Jalal Mohamed Jalal- Director

Managing Director	Mohammed Jalal & Sons Group of Companies
Hon. Chairman	Gulf Business Machines
Chairman	Bahrain Airport Services
Chairman	Bahrain Business Machines
Director	Awal Readymix Concrete Co
Director	Bahrain Duty Free Company
Director	BIADCO
Managing Director	Awal Printing Press

Mr. Fareed Yousif Almoayyed- Director

Deputy Chairman	Y.K.Almoayyed & Sons B.S.C (c)
Deputy Chairman	Y.K.Almoayyed & Sons Properties Co WLL
Deputy Chairman	Ashrafs
Chairman	Bahrain Property Management
Director	Bahrain Foundation Construction Co.
Director	Crown Industries
Director	Bahrain Scrapmould
Chairman	Ematco Flagship Contracting Co. W.L.L.
Chairman	Fareed Almoayyed & Sons Co. W.L.L.
Deputy Chairman	National Concrete Company W.L.L.

Corporate Governance Report

for the year 2019 (Continued)

DIRECTORS' PROFILES- Directorship in Other Companies: (Continued)

Mr. Jehad Yousif Amin- Director

Director	Bahrain National Holding Company B.S.C
Member-Executive &Investment Committee	Bahrain National Holding Company B.S.C
Member- Nominations, Remuneration & Corporate Governance Committee	Bahrain National Holding Company B.S.C
Director	Bahrain National Insurance Company B.S.C(c)
Director	TRAFICO Group B.S.C
Member- Audit Committee	TRAFICO Group B.S.C
Member- Corporate Governance Committee	TRAFICO Group B.S.C
Director	Metro Markets Company S.P.C
Director	BMMI B.S.C
Vice-Chairman- Executive Committee	BMMI B.S.C
Member- Investment Committee	BMMI B.S.C
Member- Nomination, Remuneration Committee	BMMI B.S.C.
Director	Bahrain Live Stock B.S.C (c)
Director	United Insurance Company B.S.C
Director	Bahrain Duty Free Company
Member- Investment Committee	Bahrain Duty Free Company

Mr. Shawqi Ali Fakhro- Director

Director	Zallaq Resort Co. BSC
Vice Chairman	BMMI BSC
Chairman – Executive Committee	BMMI BSC
Director	Bahrain Kuwait Insurance BSC
Vice Chairman- Audit Committee	Bahrain Kuwait Insurance BSC
Chairman & Managing Director	Ali Bin Yousif Fakhroo & Sons W.L.L
Chairman & Managing Director	Shawki Ali Fakhroo & Sons W.L.L
Chairman	Mohammed Fakhroo & Bros W.L.L
Chairman & Managing Director	Fakhroo Trading Agencies W.L.L
Chairman & Managing Director	Fakhroo Investment W.L.L
Chairman	Fakhroo Information Technology Services W.L.L.
Chairman	Shutdown Maintenance Services W.L.L

Corporate Governance Report

for the year 2019 (Continued)

STATUS OF DIRECTORSHIPS:

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

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

BOARD COMPOSITION:

Name of the Director	Year of Birth	Nationality	Year of First Election as a Director	Expiry of the Present Term
Dr. Esam Abdulla Fakhro	1947	Bahraini	1982	2022
Mr. Ahmed A. Rashed AlBastaki	1951	Bahraini	2017	2020
Mr. Ali Yousif Ubaydli	1942	Bahraini	1967	2022
Mr. Jalal Mohamed Jalal	1948	Bahraini	1982	2022
Mr. Mohammed Ebrahim Kanoo	1940	Bahraini	1986	2022
Mr. Fareed Yousif Almoayed	1953	Bahraini	1992	2022
Mr. Jehad Yousif Amin	1958	Bahraini	1998	2022
Mr. Shawqi Ali Fakhro	1953	Bahraini	2008	2022

ELECTION OF DIRECTORS

Articles 175 and 176 of the Bahrain Commercial Companies Law and Article 27 of the Articles of Association of the Company illustrates the procedure for election of directors. The Nomination and Remuneration Committee makes recommendation to the Board for appointment of the directors after careful assessment of their experience and expertise and then the shareholders of the Company elect the directors in the Annual General Meeting of the company. The directors may also be appointed by the Board under certain circumstances. The directors are elected for a period of three years and can be re-elected upon expiration of the term. All the directors of the Company are liable to retire by rotation after 3 years and are eligible for re-election unless they are disqualified as per the provisions of Bahrain Commercial Law or Articles of Association.

Mr. Ahmed A. Rashed AlBastaki, MD & CEO of the Company was elected by the shareholders in the EGM held on 28th August, 2017 and his tenure expires in the year 2020. Mr. Ahmed A. Rashed AlBastaki seeks his re-election for a term of 3 years from 2020-2023.

Corporate Governance Report

for the year 2019 (Continued)

INDUCTION OF NEW DIRECTORS

The Company carries induction programme for the new directors which elucidates the businesses carried by the Company, details of all Cineplex and restaurants operated by the Company, subsidiaries & Joint Ventures, introduction to the members of the management team, internal auditors, external auditors, lawyers, etc. to acquaint themselves with the Company. The directors are also provided with a questionnaire to ascertain their level of acquaintance with the Group. In certain cases, the Company may undertake training program for the directors to provide them with requisite knowledge in entertainment and hospitality industry.

DIRECTORS' OWNERSHIP OF COMPANY'S SHARES

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

DIRECTORS' TRADING OF COMPANY'S SHARES DURING THE YEAR - 2019

Name of Director	Type of Shares	Purchase / Sale	Number of Shares	Date of transaction
Mohammed Ebrahim Kanoo Holdings B.S.C. (c) (Related Party of Mr. Mohammed Ebrahim Kanoo)	Ordinary	Purchase	71,000	04-02-2019

Corporate Governance Report

for the year 2019 (Continued)

BOARD MEETINGS:

The Company adheres to the H.C. 1.3.3 of the Corporate Governance Code which mandates that the Board should meet at least four times in a year. In addition to the Board meetings, the Board of directors also takes decisions by way of Circular Resolutions for matters of urgency and these resolutions are ratified by the directors in the subsequent meeting of the Board of directors. The details in respect of the meetings of the Board and the Committees held during the year 2019 and the details of the attendance of the directors are provided hereinunder:

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

Name of Directors	Board		Executive Committee		Corporate Governance and Audit Committee		Nomination & Remuneration Committee		Total		
	Total No. of meet-ings	Meetings attended	Total No. of meet-ings	Meetings attended	Total No. of meet-ings	Meetings attended	Total No. of meet-ings	Meetings attended	Total No. of meet-ings	Meetings attended	% of meet-ings attended
Dr. Esam Abdulla Fakhro	5	5	4	4			2	2	11	11	100%
Mr. Ahmed A. Rashed AlBastaki	5	3	4	4					9	7	78%
Mr. Ali Yousuf Ubaydli	5	5	4	4			2	2	11	11	100%
Mr. Mohamed Ebrahim Khalil Kanoo	5	4	4	2			2	1	11	7	64%
Mr. Jalal Mohamed Yusuf Jalal	5	5			4	4			9	9	100%
Mr. Fareed Yusuf Khalil Almoayyed	5	4			4	3			9	7	78%
Mr. Jehad Yousif Amin	5	5	4	4			2	2	11	11	100%
Mr. Shawqi Ali Yusuf Fakhro	5	5			4	4	2	2	11	11	100%

The Board meeting can be summoned by any two directors or by the Chairman/Vice- Chairman of the Company. A duly convened meeting of Board of directors shall be valid if it is attended by the majority of the directors either in person or through a conference.

The notice, agenda and relevant documents for the meetings are circulated in advance to enable the directors to ponder and take the decisions prudently.

DATES OF BOARD MEETINGS AND ATTENDANCE DETAILS:

Directors	12-02-2019	24-03-2019	29-04-2019	31-07-2019	05-11-2019
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes	Yes
Mr. Ahmed A. Rashed AlBastaki	No	No	Yes	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	Yes	Yes	Yes	Yes
Mr. Jalal Mohamed Jalal	Yes	Yes	Yes	Yes	Yes
Mr. Mohammed Ebrahim Kanoo	Yes	Yes	Yes	Yes	No
Mr. Fareed Yousif Almoayyed	Yes	Yes	Yes	No	Yes
Mr. Jehad Yousif Amin	Yes	Yes	Yes	Yes	Yes
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes	Yes

Corporate Governance Report

for the year 2019 (Continued)

REMUNERATION POLICY OF BOARD OF DIRECTORS:

The method of payment of remuneration to the directors is enunciated in Article 188 of Commercial Companies Law No.21 of 2001. The Board of directors is compensated on the basis of their attendance in the Board and the Committee meetings and also paid the annual remuneration. The participation in the meeting via Telephone/ Video Conference is also accepted as attendance and the directors are paid fees accordingly. The remuneration is paid to the directors for their participation and contribution in the activities of the Board and the Company. A fairly remunerated Board will help the Company to retain its directors who possess experience, knowledge and caliber by acknowledging their efforts and valuable time they give to the Company for its development. The remuneration of the directors is approved by 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 Financial Reporting Standards.

Directors' sitting fees (including sitting fees for attending Committee meetings) for the year amounted to BD114,500.

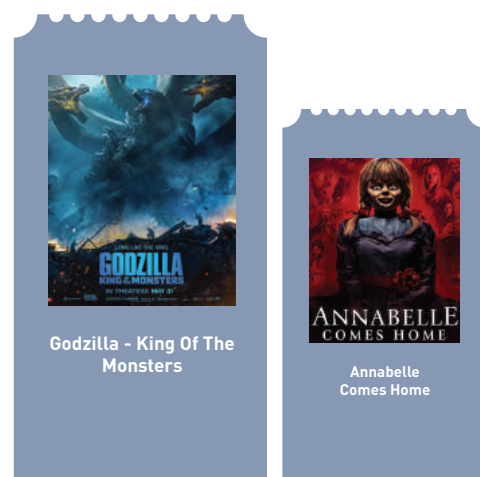
AGGREGATE REMUNERATION TO BOARD OF DIRECTORS:

The amount of aggregate remuneration paid to the directors for the financial year 2018 and 2019 is mentioned in Note Number: 28 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.

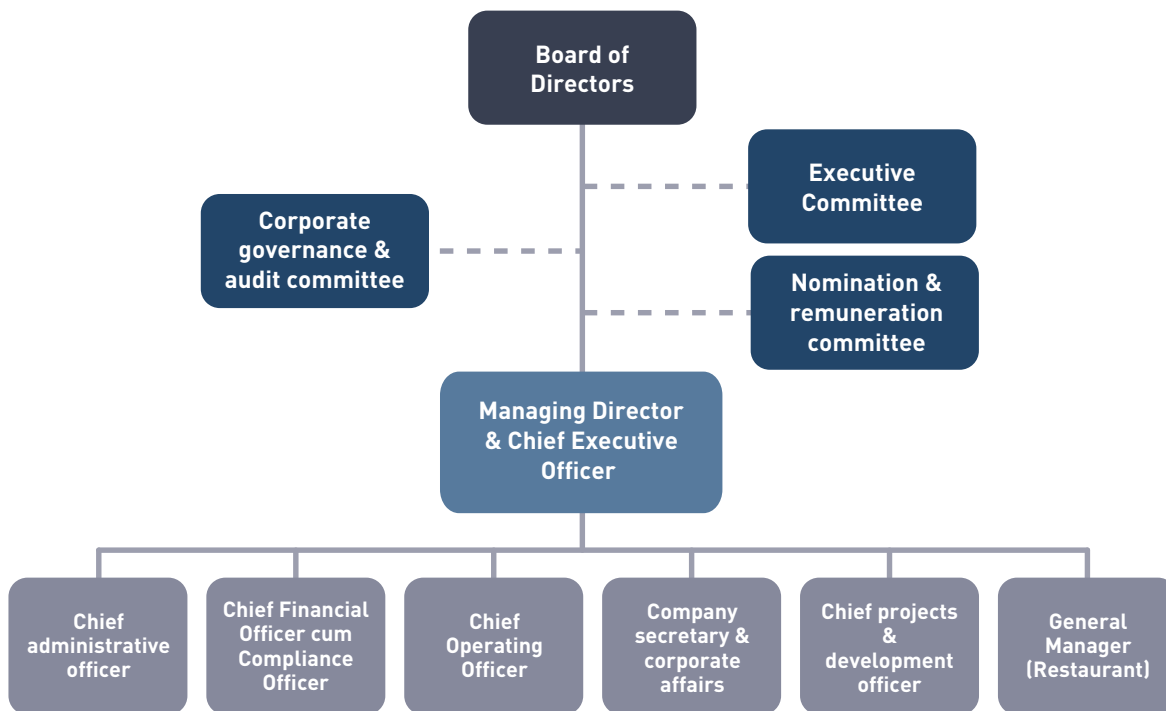
- Company has to act on the customers' complaints promptly and courteously.
- The Company will not disclose the information about the customers/business associates to any other person/entities.
- Each and every employee should protect the assets of the Company.
- No employee should take bribe from any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



Corporate Governance Report

for the year 2019 (Continued)

ORGANISATIONAL STRUCTURE



COMPLIANCE

The Company has duly complied with all the rules and regulations of the Country and there is no procedural non-compliance of any provisions of the Law applicable to the Company. The Chief Financial Officer is also the Compliance Officer of the Company. The Company has well defined Compliance Policy Manual which covers all the aspects of the 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

The Compliance officer is responsible to assess the compliance risks associated with Company's business activities and assist the MD/CEO to effectively manage and mitigate compliance risks faced by the Company. The Board of Directors has the responsibility to oversee the management of the compliance risk of the Company.

Corporate Governance Report

for the year 2019 (Continued)

ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS:

Name of the Director	Designation	Corporate Governance and Audit Committee	Executive Committee	Nomination and Remuneration Committee
Dr. Esam Abdulla Fakhro	Chairman	-	(CHAIR)	(CHAIR)
Mr. Ahmed A. Rashed AlBastaki	Managing Director and Chief Executive Officer	-	Yes	-
Mr. Ali Yousif Ubaydli	Vice- Chairman	-	Yes	Yes
Mr. Mohammed Ebrahim Kanoo	Director	-	Yes	Yes
Mr. Jalal Mohamed Jalal	Director	Yes	-	-
Mr. Fareed Yousif Almoayed	Director	Yes	-	-
Mr. Jihad Yousif Amin	Director	-	Yes	Yes
Mr. Shawqi Ali Fakhro	Director	(CHAIR)	-	Yes

BOARD COMMITTEES:

The Committees are constituted by the Board of directors to facilitate better governance in the Company. The Board has delegated some of their responsibilities to the Committees but they continue to remain responsible and accountable for the actions taken by the committees. The main purpose of forming the committees is to enable the Board to attend to the matters of operation of the Company and make recommendations to the Board whenever necessary. The board periodically evaluates the performance of the committee and the minutes of the committee meetings are taken on record at the Board meeting of the Company. The formulation of Committee is also done keeping in view the requirements of the Law.

EXECUTIVE COMMITTEE:

Dr. Esam Abdulla Fakhro is the Chairman of the Executive Committee. The Executive Committee currently comprises of five directors. The Company has a well-defined Charter of the Executive Committee which defines the responsibilities assigned to the Committee.

Functions of the Executive Committee:

- Analyzing and approving the Corporate Strategy Plan for every financial year before presenting the same to the Board.
- Reviewing the policies with regards to risk, asset and liabilities.
- Approving the Budgets and changes therein for each financial year and reviewing performance against those budgets and key performance indicators.
- 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.

Corporate Governance Report

for the year 2019 (Continued)

In accordance with the terms of Charter of the Executive Committee, the minimum number of Executive Committee meeting is three in a year. The actual number of meetings of Executive Committee held during the year is 4. The details of the composition of the Executive committee and attendance of the members in the meetings are tabled below:

DATES OF MEETING

Directors	30-01-2019	18-06-2019	23-09-2019	12-12-2019
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes
Mr. Ali Yousuf Ubaydli	Yes	Yes	Yes	Yes
Mr. Mohamed Ebrahim Khalil Kanoo	Yes	No	No	Yes
Mr. Jehad Yousif Amin	Yes	Yes	Yes	Yes
Mr. Ahmed A. Rashed AlBastaki	Yes	Yes	Yes	Yes

The sitting fees paid to the members of the Executive committee for attending the Committee meeting for the financial year, 2019 amounted to BD 20,000.

NOMINATION AND REMUNERATION COMMITTEE

Dr. Esam Abdulla Fakhro is the Chairman of the Nomination & Remuneration Committee. The Nomination & Remuneration Committee currently comprises of five directors. The charter of the Nomination Committee was amended and approved in the Board meeting held on July 31, 2019 to include the manner of nomination and election/re-election of the directors. The Charter is amended to define that the minimum number of meeting of the Nomination and Remuneration Committee in a year shall be two[2]. The Charter of the Nomination & Remuneration Committee describes the specific responsibilities assigned to this Committee.

Functions of the Nomination and Remuneration Committee:

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

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

DATES OF MEETING

Name	30-01-2019	23-09-2019
Dr. Esam Abdulla Fakhro	Yes	Yes
Mr. Ali Yousuf Ubaydli	Yes	Yes
Mr. Mohamed Ebrahim Khalil Kanoo	Yes	No
Mr. Jehad Yousif Amin	Yes	Yes
Mr. Shawqi Ali Yusuf Fakhroo	Yes	Yes

The sitting fees paid to the members of the Nomination & Remuneration Committee for attending the meeting during the year, 2019 was BD4,500 and no fees was paid for the meeting held on 30-01-2019.

Corporate Governance Report

for the year 2019 (Continued)

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Mr. Shawqi Ali Fakhro is the Chairman of the Corporate Governance and Audit Committee. The Corporate Governance and Audit Committee currently comprises of three directors. The Charter of the Corporate Governance and Audit Committee was amended and approved in the Board meeting held on 31-07-2019 to add the responsibilities of the Committee keeping in mind the need of the Company. The duties of the Corporate Governance and Audit Committee are:

- 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 external and internal Auditors and the response from the management.
- Discuss the significant accounting and financial policies and reporting issues for the financial year.
- Review and approve the integrity of interim and annual financial statements before presenting the same to the Board.
- Discuss the management letter of external auditors.
- Review the risk management and internal audit functions.
- Ensure existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.
- Analyze impact of any change in Accounting Standards on the financial statements.
- Examine and review the internal control system and submit a written report on its opinion and recommendations on an annual basis
- Review and discuss the efficiency of the internal audit staff, internal control procedures, compliance control, any risk management systems and any changes therein.
- Review the compliance of the Company with the legal requirements

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 2019, the number of meetings of the Corporate Governance and Audit committee was four. The details of the composition of the Corporate Governance and Audit Committee and attendance of the members in the meetings are tabled below:

Directors	Date of Meetings			
	11-02-2019	29-04-2019	31-07-2019	05-11-2019
Mr. Shawqi Ali Yusuf Fakhroo	Yes	Yes	Yes	Yes
Mr. Jalal Mohamed Yusuf Jalal	Yes	Yes	Yes	Yes
Mr. Fareed Yusuf Khalil Almoayyed	Yes	Yes	No	Yes

Sitting fees of the members of the Corporate Governance and Audit committee for the financial year, 2019 amounted to BD13,000.

CONFLICT OF INTEREST:

The Company has a strict Conflict of Interest policy and has elaborately described the procedure if a conflict of Interest occurs for any transaction involving the directors. As per this policy, every director is bound to declare his present and potential conflict of interest, both direct and indirect, to the Company. A director shall refrain from discussion and voting in the matters put forth in the meeting in which he has an interest so that the decisions taken are free from any prejudice and conflict of interest. During the year 2019, there was no instance of abstention of any director from voting due to conflict of interest.

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

Corporate Governance Report

for the year 2019 (Continued)

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 in possession of material information which is not available to the public can trade in the shares of the Company. Please refer Note No: 32 of the financial statements for the details of related party transactions.

INTERNAL CONTROL

The Company has a well-placed Internal Control system to assure that the operations of the Company are conducted in an orderly and efficient manner. Internal control ensure the accuracy and completeness of the financial resources, prevention and detection of frauds and errors, safeguard the resources, ensure optimum utilization of the organizational resources, taking corrective actions in case of discrepancy, achieve operational or strategic goals, mitigating risks and ensure compliance of the policies and procedures. The management is responsible for monitoring the implementation of the sufficiency of the internal control system in the organization by conducting concurrent audits, standardizing the processes, implementation of policies and procedures, defining the responsibilities of the employees, etc., The Corporate Governance and Audit Committee and the management periodically evaluates the adequacy of the Internal Control policies and procedures.

THE ROLES OF THE CHAIRMAN AND EXECUTIVE MANAGEMENT:

The Board of Directors provides governance, guidance and supervision to the management. The Managing Director and Chief Executive Officer of the Company and the other members of the senior management are entrusted with the day to day affairs of the Company. The Chairman is responsible for providing a roadmap and strategic direction to the management to achieve the organization goals while the executive management is responsible for the financial and operational performance of the Company. The duties and responsibilities of the Chairman and the MD/CEO are clearly defined with no room for co-incidences or duplication of duties and authorities. Furthermore, the duties and responsibilities of all departmental heads are well-defined.

SUCCESSION PLANS

The company has formulated the Succession Plans for MD/CEO and all head of departments i.e., CAO, CFO and COO-Operations, CPDO to maintain continuous functioning and to maintain highest level of efficiency of executive management without being affected by short term and long term absence of executive personnel. The Board annually reviews adequacy of Succession Plans to ensure that the Succession plans are in line 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. The 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 rules and code of conduct relating to Key Person trading policies and are required to disclose their shareholdings and any change in their existing shareholding in the Company. The Compliance Officer is vested with the responsibility of compliance of the latest Key Person trading regulations of Bahrain Bourse. During the year 2019, the Company has duly filed all forms and documents required to be filed with Bahrain Bourse/ Bahrain Clear.

Corporate Governance Report

for the year 2019 (Continued)

PERFORMANCE EVALUATION:

H.C.8.3.9 of the Corporate Governance Code pronounces that the evaluation of directors with respect to their effectiveness and contribution needs to be disclosed in the Annual Report. During the year, 2019, evaluation was done as follows:

1. 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.
2. Evaluation of the Board by each director has been done to assess the functioning of the Board.
3. Chairman of the Board and of each committee have also done self-performance evaluation in order to continue to function with high level of efficiency.
4. Evaluation of each committee by each member of the respective committee has also been done for the financial year 2019 to ensure that the respective Committee functions to accomplish its specific purposes and responsibilities that are assigned to that committee.

WHISTLE BLOWER POLICY

The Company has established Whistle Blower Policy as part of its Corporate Governance Policy. The Company ensures to maintain the high level of ethical behavior and professionalism throughout 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 their immediate boss or to any person designated by the Company in this regard. The report will be confidential, un-bias and will not be 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 2019.

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 raised by any attendant as the Company is statutorily obliged to comply with the Regulations and Laws regarding dissemination of information.
- The Company has appointed Bahrain Clear as the Registrar and Share transfer agent and Karvy Fintech (Bahrain) W.L.L. as the sub-registrar and the Board of directors of the Company recommended their reappointment for the financial year 2020.
- The Company published annual results for each quarter and for the entire financial year, 2019 through newspapers in Arabic and on the Bahrain Bourse website in English.
- The shareholders have easy access to all the financial information and can get proxy and other relevant forms from the Company.
- The Company publishes both interim & final financial statements on its website.
- CFO will be the point of contact with Bahrain Bourse and CBB.
- The Company also communicates with its staff through internal communication.

Corporate Governance Report

for the year 2019 (Continued)

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 as the Company has business transactions with the entities in which Dr. Esam Abdulla Fakhro is a director. However, this does not dilute the highest standards of corporate governance that the company maintains as a) business transactions are entered into arms' length basis, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the concerned directors refrain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Dr. Esam Abdulla Fakhro's status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
- The provision of HC1.3.6 of the Corporate Governance Code provides that no director of the Company shall 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 holds more than three directorships in Bahraini Public shareholding companies but 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 is an active member of the Board and provides required attention in discharge of his responsibilities as a director of the company and there exists no conflict of interest between his directorships in other Companies and his directorship in BCC.
- Details regarding remuneration paid to executive personnel, profiles of senior managers and the shareholding of senior managers can be obtained from the Company by making request for the same subject to the approval of the Chairman.
- The details regarding fees paid to auditors for audit services and non-audit services can be obtained from the Corporate Office of the company.

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

Details of Corporate Governance Officer:

The Company appointed Mr. Ahmed A. Rashed AlBastaki, as the Corporate Governance Officer of the Company in the year 2018. Mr. Ahmed A. Rashed AlBastaki has been leading the operations of Bahrain Cinema Company for more than three decades and he has expertise in entertainment and restaurant industry.

Evaluation of the Board and Committee:

The Nomination and Remuneration Committee has done the evaluation of the efficacy of the Board, Board Committees and the members of the Board for the financial year 2019 as per the format recommended by the MOICT.

Corporate Governance Report

for the year 2019 (Continued)

Profile of the statutory auditors of the Company:

The following table shows the details regarding the external auditor:

Name of the Audit Firm	BDO
Years of service as the Company's external auditor	Since 2002, 18 years
Name of the partner in charge of the Company's audit	Mr. Arshad Gadit
The partner's year of service as the partner in charge of the Company's audit	Seven years
Total audit fees for the financial year 2019	The information is kept at the corporate office and will be produced upon request, after the approval of the Board of Directors
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2019.	None

Compliance with the provisions of the Corporate Governance Code:

Principle	Non - Compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board	-	-	Yes	-
Principle 2: The directors and executive management shall have full loyalty to the Company.	-	-	Yes	-
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.	-	-	Yes	-
Principle 4: The Company shall have effective procedures for appointment, training and evaluation of directors	-	-	Yes	-
Principle 5: The Board shall remunerate directors and senior officers fairly and responsibly.	-	-	Yes	-
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.	-	-	Yes	-
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.	-	-	Yes	-
Principle 8: The Company shall disclose its corporate governance	-	-	Yes	-
Principle 9: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors	-	-	Yes	-
Principle 10: The Company shall seek through social responsibility to exercise its role as a good citizen,	-	-	Yes	-
Principle 11: Companies which offer Islamic services shall adhere to the principles of Islamic Sharia	N.A	N.A	N.A	N.A

Corporate Governance Report

for the year 2019 (Continued)

CORPORATE SOCIAL RESPONSIBILITY REPORT

Bahrain Cinema Company (BCC) has always endeavored to contribute to the social well-being of the Bahrainis. For over 50 years, BCC has continuously engaged itself in the philanthropic activities for eradicating the inequalities and betterment of the society and held itself socially accountable to build a better Country. The Corporate Social Responsibility of the Company strives to contribute towards the socio-economic development of the nation and developing a sense of awareness for the environment. BCC has acted for the benefit of the society since its inception by taking welfare initiatives for community's development.

BCC has always been committed for the improvement of the deprived and neglected section of the Society by granting donations to the Charitable Institutions, Charity Funds and organizations working towards the upliftment of the standard of living of the poor, promoting education, better health care facilities, social services, etc. and to individuals in need to instill a sense of belonging in them.

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

Regular Charitable activities:

Religion & Arab Culture

BCC has the policy of sponsoring pilgrimage to Holy Makkah to the Muslim employees each year under Employee Gift Scheme. In the year 2019 two Muslim employees were provided funds for getting solemnized by pilgrimage to Holy Makkah amounting to BD 5,000.

BCC donated BD 7,200 to the employees as Gift on the holy occasion of Ramadan Kareem.

Development of Bahraini Youth and Children

- BCC offers employment opportunities to University students and other deserving Bahraini Youths to enable them to earn while learning. This will enable them to have hands on experience of application of theoretical knowledge.
- Education is the bed rock of the culture and is a path way to progress. Therefore, BCC is constantly sponsoring training programme to Bahraini employees under Tamkeen programme to nurture the home grown talent.
- BCC provides free tickets to the differently abled persons, orphans and the school children. The total amount of free tickets granted during the year 2019 was BD 7,919.
- Advertisements for educational and informative purposes and advertisements in the national interest are allowed to be screened free of cost.

Environmental sustainability

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

Corporate Governance Report

for the year 2019 (Continued)

Accredited Societies and Funds who are Beneficiaries of Donations and Contributions by BCC during the year 2019 are as follows:

- AL BU KUWARA CHARITY SOCIETY
- ALANFAL SOCIETY
- ALEHSAN WELFARE SOCIETY
- AL HAMALA SOCIAL CHARITY CULTURAL SOCIETY
- ALVARIUM FOR EVENTS (KIDS BOOK FAIR)
- BAHRAIN CHAPTER OF ICAI EVENTS
- BAHRAIN DOWN SYNDROME SOCIETY
- BAHRAIN JOURNALISTS ASSOCIATION
- BAHRAIN KIDNEY PATIENTS FRIENDSHIP SOCIETY
- BAHRAIN PHILANTHROPIC SOCIETY
- BATELCO CARE CENTER FOR FAMILY VIOLENCE
- BEIT AL QUR'AN
- CATHOLIC CHURCH FUND
- CHILDREN & MOTHERS WELFARE SOCIETY
- FUTURE SOCIETY FOR YOUTH
- GOOD WORD SOCIETY
- GULF DISABILITY SOCIETY
- HAMAD TOWN CHARITY FUND
- HIDD CHARITY SOCIETY
- INTERNATIONAL LADIES GROUP
- ISA TOWN FUND FOR CHARITY WORK
- JIDHAFS CHARITY SOCIETY
- KERALA CATHOLIC ASSOCIATION
- MANAMA CHARITY SOCIETY
- MUHARRAQ CHARITY SOCIETY
- RIFFA CHARITY SOCIETY
- ROYAL CHARITY ORGANISATION (WATANI AL JAMEEL BOOKS)
- PRO TAKE PRODUCTION (SAHR AL ASWAD -PLAY)
- SANABIS CHARITY FUND
- SHAKHURAH SOCIETY CHARITY FUND
- THE INDIAN CLUB
- THE SHREE NARAYANA CULTURAL SOCIETY
- TUBLI CHARITY SOCIETY
- UCO PARENTS CARE CENTER



Aquaman



How To Train
Your Dragon 3

Corporate Governance Report

for the year 2019 (Continued)

Remarkable Charitable Initiatives of the Company during the year 2019:

Apart from the above, the Company has donated one Philips Ultrasound CX50 imaging machine for cardiology amounting BD 32,592 and one Echocardiography ultrasound system amounting BD 13,500 to Bahrain Defense Force -Royal Medical Services Military Hospital during the year 2019.

BCC has been providing donations not only to various Charitable Societies and Funds but also help the individuals in need. During the year 2019, the total contribution to various Charitable Societies and the individuals was BD 17,130.

The Company has contributed a total amount of BD 63,222 towards various charitable purposes during the year 2019.

Charity Reserve as on 31st December, 2019:

To serve the Society on a bigger scale, BCC had acquired a residential building in the year 2014 with the aim of utilizing the rental income accrued therefrom only for a big Charitable Project by transferring the rental income to the Charity Reserve. As on 31st December, 2019, the Company has BD 310,695 in the Charity Reserve.

Future charitable project:

"The Group is committed to sponsoring a Charitable Project to serve in the area of community health through the Ministry of Health for an amount of around BD1.5 million."



Dr. Esam Abdulla Fakhro

Chairman

Date: 20/02/2020



Angel Has Fallen



Spiderman
Far From Home

Consolidated Financial Statements

For the year ended 31 December 2019

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Independent Auditor's Report

to the Shareholders of Bahrain Cinema Company B.S.C

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bahrain Cinema Company B.S.C. ("the Company") and its subsidiary (collectively referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition

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

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

Independent Auditor's Report

to the Shareholders of Bahrain Cinema Company B.S.C (Continued)

Valuation of investment properties

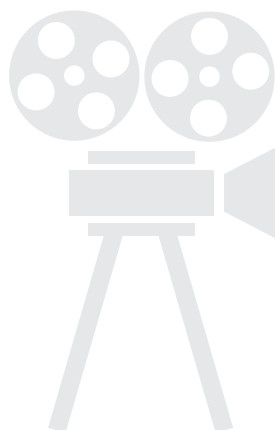
The Group has investment properties as disclosed in Note 8 of the consolidated financial statements which forms a material balance in the consolidated financial statements and are subject to changes in fair value. The fair value of the Group's investment properties is based on valuation by the Group's management, through their use of independent external experts. Valuation techniques include a combination of using discounted net rental yield and market evidence of transaction prices for similar properties. There is significant measurement uncertainty involved in this valuation.

Our audit procedures included an assessment of the independence, competence, capabilities and objectivity of management's valuation expert, and a critical evaluation of the appropriateness of the method and assumptions used by the expert.

Valuation of financial assets at fair value through profit or loss

As at 31 December 2019, the Group has investments in both listed and unlisted financial instruments as disclosed in Note 14. Listed financial instruments are fair valued at their quoted price. Management applies significant judgment in the determination of fair values of unlisted investments. Valuation of unlisted financial instruments is achieved using techniques including net asset valuation of the underlying investee companies or the financial information provided by the fund managers. There is significant measurement uncertainty involved in this valuation.

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



Independent Auditor's Report

to the Shareholders of Bahrain Cinema Company B.S.C (Continued)

Other information

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

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

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

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

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

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

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

Independent Auditor's Report

to the Shareholders of Bahrain Cinema Company B.S.C (Continued)

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

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

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

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

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

Independent Auditor's Report

to the Shareholders of Bahrain Cinema Company B.S.C (Continued)

Report on other legal and regulatory requirements

(A) As required by the Bahrain Commercial Companies Law, in case of the Company, we report that:

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

(B) As required by the Ministry of Industry, Commerce and Tourism in its letter dated 30 January 2020. In respect of the requirements Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that:

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

In addition, we report that, nothing has come to our attention which causes us to believe that the Group has breached any of the applicable provisions of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2019.

BDO

Manama, Kingdom of Bahrain

20 February 2020




Consolidated Statement of Financial Position


Of Bahrain Cinema Company B.S.C as at 31 December 2019


(Expressed in Bahraini Dinars)

	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,345,249	7,382,410
Capital work-in-progress	7	389,380	389,380
Investment properties	8	23,409,302	23,012,531
Right-of-use assets	9	4,332,820	-
Investment in joint ventures	10	15,607	47,796
Investment in an associate	11	22,805,870	26,198,379
Non-current portion of receivable on disposal of business operations	13	9,457,056	12,609,409
Financial assets at fair value through profit or loss	14	9,033,470	7,795,797
		75,788,754	77,435,702
Current assets			
Inventories	12	275,583	327,888
Trade and other receivables	13	5,319,081	4,789,945
Financial assets at fair value through profit or loss	14	10,663,778	9,786,474
Cash and bank balances	15	352,256	461,142
		16,610,698	15,365,449
Total assets		92,399,452	92,801,151
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	8,262,345	8,262,345
Share premium	17(i)	927,728	987,241
Revaluation reserve	17(ii)	4,557,442	4,557,442
Statutory reserve	17(iii)	4,131,173	4,131,173
Charity reserve	17(iv)	310,695	283,292
Retained earnings	17(v)	57,017,385	56,811,461
Treasury shares	16	(368,426)	(359,103)
		74,838,342	74,673,851
Non-current liabilities			
Non-current portion of Murabaha facility	18	1,291,180	1,773,849
Non-current portion of lease liabilities	20	3,379,649	-
Employees' terminal and other benefits	19	2,687,033	3,222,133
		7,357,862	4,995,982
Current liabilities			
Current portion of Murabaha facility	18	5,461,036	5,423,934
Current portion of lease liabilities	20	902,250	-
Trade and other payables	21	2,941,997	6,890,806
Bank overdrafts	22	897,965	816,578
		10,203,248	13,131,318
Total equity and liabilities		92,399,452	92,801,151

These consolidated financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf by:


Dr Esam Abdulla Fakhro
Chairman


Ali Yousuf Ali Ubaydli
Vice-Chairman


Ahmed Abdul Rahman Rashed AlBastaki
Managing Director

Consolidated Statement of Profit or Loss and other Comprehensive Income

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019

(Expressed in Bahraini Dinars)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Operating income	30	9,019,933	8,343,718
Operating costs		(7,486,830)	(6,958,320)
Operating gross profit		1,533,103	1,385,398
Income from investments, net	25	4,486,647	4,909,215
Other income	23	1,186,470	1,009,823
General and administrative expenses	24	(2,537,251)	(3,012,097)
Impairment in investment in joint ventures	10	(5,548)	-
Finance costs	26	(432,383)	(71,835)
Net profit and other comprehensive income for the year		4,231,038	4,220,504
Basic earnings per share	27	54fils	53fils

These consolidated financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Dr Esam Abdulla Fakhro
Chairman

Ali Yousuf Ali Ubaydli
Vice-Chairman

Ahmed Abdul Rahman Rashed AlBastaki
Managing Director

Consolidated Statement of Changes in Shareholder's Equity

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019

(Expressed in Bahraini Dinars)

	Notes	Share capital	Share premium	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
At 31 December 2017		8,262,345	1,084,396	4,557,442	4,131,173	266,134	56,640,392	(345,976)	74,595,906
Dividends for 2017	28	-	-	-	-	-	(3,958,185)	-	(3,958,185)
Transferred to charity reserve	17	-	-	-	-	91,250	(91,250)	-	-
Charity paid		-	-	-	-	(74,092)	-	-	(74,092)
Purchase of treasury shares	16	-	(97,155)	-	-	-	-	(13,127)	(110,282)
Net profit and other comprehensive income for the year		-	-	-	-	-	4,220,504	-	4,220,504
At 31 December 2018		8,262,345	987,241	4,557,442	4,131,173	283,292	56,811,461	(359,103)	74,673,851
Dividends for 2018	28	-	-	-	-	-	(3,951,621)	-	(3,951,621)
Transferred to charity reserve	17	-	-	-	-	73,493	(73,493)	-	-
Charity paid		-	-	-	-	(46,090)	-	-	(46,090)
Purchase of treasury shares	16	-	(59,513)	-	-	-	-	(9,323)	(68,836)
Net profit and other comprehensive income for the year		-	-	-	-	-	4,231,038	-	4,231,038
At 31 December 2019		8,262,345	927,728	4,557,442	4,131,173	310,695	57,017,385	(368,426)	74,838,342



Consolidated Statement of Cash Flows

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019

(Expressed in Bahraini Dinars)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Operating activities			
Net profit for the year		4,231,038	4,220,504
Adjustments for:			
Depreciation	6	968,072	815,582
Amortisation of cost to right-of-use assets	9	1,146,186	-
Write-off of property, plant and equipment, net	6	84,095	13,460
Unrealised fair value (gain)/loss on investment properties	8	(3,689)	(2,444,966)
Reversal of impairment loss from investment in joint venture	10	-	(115,985)
Net share of (loss)/profit from investment in joint ventures	10	10,382	(16,259)
Impairment loss on investment in joint ventures	10	5,548	-
Net share of profit from investment in an associate	11	(1,602,526)	(1,774,485)
Unrealised gain on financial assets at fair value through profit or loss	25	(1,919,695)	(34,795)
Dividend income	25	(418,035)	(385,955)
Interest income from trading of bonds	25	(509,258)	(77,158)
Interest income	25	(11,615)	(25,997)
Realised gain on sale of financial assets at fair value through profit or loss	25	(32,211)	(33,615)
Profit on sale of property, plant and equipment	23	(4,761)	-
Interest income on long term receivable	23	(673,815)	(815,671)
Finance costs		432,383	71,835
Changes in operating assets and liabilities:			
Inventories		52,305	(10,221)
Trade and other receivables		(630,332)	855,179
Trade and other payables		(3,706,383)	2,195,868
Other employee benefits		(558,904)	(556,904)
Employee terminal benefits net		23,804	130,527
Net cash (used in)/provided by operating activities		(3,117,411)	2,010,944
Investing activities			
Purchase of property, plant and equipment	6	(86,751)	(668,008)
Additions to capital work-in-progress	7	-	(2,614,470)
Proceeds from sale of property, plant and equipment		4,761	-
Purchase of investment properties	8	(393,082)	(88,833)
Proceeds from disposal of business operations		3,152,353	3,152,353
Purchase of financial assets at fair value through profit or loss	14	(416,639)	(9,650,200)
Proceeds from sale of financial assets at fair value through profit or loss		253,568	235,484
Interest income on long term receivable		673,815	815,671
Interest income from bonds and sukuks	25	509,258	77,158
Profits received from fixed deposits	25	11,615	25,997
Dividend received from joint ventures	10	16,259	140,785
Dividend received from an associate	11	4,995,035	534,860
Dividend income received	25	418,035	385,955
Net cash provided by/(used in) investing activities		9,138,227	(7,653,248)

Consolidated Statement of Cash Flows

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

(Expressed in Bahraini Dinars)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Financing activities			
Purchase of treasury shares	16	(68,836)	(110,282)
Murabaha facility obtained during the year		-	7,478,367
Amount repaid against Murabaha facility		(445,568)	(280,584)
Lease liabilities paid		(1,220,148)	-
Dividends paid	28	(4,158,127)	(3,916,885)
Charity paid		(46,090)	(74,092)
Finance costs paid		(272,320)	(71,835)
Net cash (used in)/provided by financing activities		(6,211,089)	3,024,689
Net decrease in cash and bank balances		(190,273)	(2,617,615)
Cash and cash equivalents, beginning of the year		(355,436)	2,262,179
Cash and cash equivalents, end of the year		(545,709)	(355,436)
Comprising: Cash and bank balances	15	352,256	461,142
Bank overdrafts	22	(897,965)	(816,578)
		(545,709)	(355,436)



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Khayal Ma'ata

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019

(Expressed in Bahraini Dinars)

1 Organisation and activities :

Bahrain Cinema Company B.S.C. ("the Company") and its subsidiary (collectively referred as "the Group") is a public Bahraini shareholding company incorporated under Royal Decree dated 30 November 1967, is registered with the Ministry of Industry, 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 consolidated financial statements include assets liabilities and the result of operations of the branches which operate under commercial registration numbers 1192-1, 1192-9, 1192-16, 1192-18, 1192-19, 1192-20, 1192-22, 1192-24, 1192-25, 1192-26, 1192-27 and 1192-28.

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

The audited consolidated financial statements, set out on pages 12 to 56, were approved and authorised for issue by the Board of Directors on 20 February 2020.

2 Structure of the Group

The structure of the Group is as follows:

Subsidiary company

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

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

** The Company has not yet started its operations.

The total assets and net profit/(loss) for the year of the above subsidiaries have been extracted for the purpose of consolidation from the unaudited management accounts prepared as at, and for the year ended, 31 December 2019.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

2 Structure of the Group (Continued)

Joint ventures

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

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

Associate

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

The Group has entered in to an agreement with Majid Al Futtaim Cinemas Bahrain Co. S.P.C. on 27 September 2016 to form a new company, Vox Cineco Cinemas Company W.L.L. (commercial registration number 108609-1 obtained on 21 December 2016). On completion of conditions of this transaction as mutually agreed by the parties in the agreement, the Group recorded this an investment in associate and the resultant gain on disposal of business operations was recorded on 30 June 2017.

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

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

3 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives and rules and procedures of the Bahrain Bourse.

Basis of consolidation

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

Basis of presentation

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

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

These assets have been measured at their fair market values except for joint ventures and associates which have been accounted under equity method at the consolidated statement of financial position date.

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

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

Improvements/amendments to IFRS/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 Company's future accounting period with earlier adoption.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

3 Basis of preparation (Continued)

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 these consolidated financial statements:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
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 consolidated financial statements the total commitment.

The Group has adopted and implemented IFRS 16 from 1 January 2019 and therefore the Group has recognised leases on 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 9) and BD5,467,980 was recognised as lease liabilities (Note 20) and also a 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%.

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

	Leasehold
Operating lease commitments at 31 December 2018	6,067,286
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(599,306)
Lease liabilities recognised under IFRS 16 at 1 January 2019	5,467,980

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

3 Basis of preparation (Continued)

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:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 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 year ended 31 December 2019. They have not been adopted in preparing the consolidated financial statements for the year ended 31 December 2019 and will or may have an effect on the Group's future consolidated financial statements. In all cases, the Group intends to apply these standards from application date as indicated in the table below:

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

There would have been no change in the operational results of the Group for the year ended 31 December 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

A summary of the significant accounting policies adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, except for the changes arising due to adoption of IFRS 16.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

4 Significant accounting policies (Continued)

Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Group obtains substantially all the economic benefits from use of the asset; and
- (c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

4 Significant accounting policies (Continued)

Leases (Continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Based on the exemptions available in IFRS 16, low value and short-term leases are not capitalised in the statement of financial position. All payments made towards such leases 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.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. 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.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

4 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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

Buildings on freehold land	20 years
Building on leasehold land/leasehold improvements	20 years or the lease period, whichever is lower
Fixtures, furniture and office equipment	3 – 15 years
Motor vehicles	5 years

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

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

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

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

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

Investment properties

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

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

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

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

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

4 Significant accounting policies (continued)

Joint ventures

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

The group classifies its interests in joint arrangements as either:

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

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

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

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

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

Investment in an associate

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

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

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

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

4 Significant accounting policies (continued)

Financial assets

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

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

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

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

Financial assets at amortised cost

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

Trade and other receivables

Trade and other receivables are carried at their anticipated realisable values. An estimate is made for impaired trade receivables based on a review of all outstanding amounts at the year-end. Bad debts are written-off during the year in which they are identified. Impairment provision is recognised based on expected losses over the entire life of the trade and other receivables unless these are collectable over more than 12 months, in which case impairment losses are recognised on three stage expected credit losses model developed internally by the Group.

Cash and cash equivalents

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

Financial liabilities

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

Trade and other payables

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

4 Significant accounting policies (continued)

Murabaha facility

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

Provisions

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

Share-based payment plan

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

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

Inventories

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

Employees' terminal benefits

a) Short-term benefits

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

b) Post-employment benefits

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

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

4 Significant accounting policies (continued)

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.

Revenue recognition

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

Revenue recognition under IFRS 15

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

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

Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

5 Critical accounting judgment and key source of estimation uncertainty

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

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

- economic useful lives of property, plant and equipment;
- economic useful life of right of use assets;
- classification of investments;
- fair value measurement;
- joint venture;
- going concern;
- power to exercise significant influence;
- legal proceedings;
- determination of lease term and the borrowing rates for leases;
- 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.

Economic useful life of right of use assets

Right of use assets are amortised over their 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 consolidated statement of profit or loss in specific periods.

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.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

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

Fair value measurement

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

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

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

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

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

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

The financial assets and financial liabilities of the Group that either require fair value measurements or only fair value disclosures as at 31 December 2019 and 2018 are disclosed in Note 33.

Joint venture

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

Factors the group must consider include:

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

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

Going concern

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

Power to exercise significant influence

When the Group holds less than 20% of the voting rights in an investment but has the power to exercise significant influence, such an investment is treated as an associate. In the opposite situation where the Group holds more than 20% of the voting rights and the Group does not exercise significant influence, the investment is treated as a financial asset at fair value through profit or loss or through other comprehensive income, since the Group's control is considered temporary in nature. The Group exercises control over all its subsidiaries where the Group's investments are more than 50% of the voting rights.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

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

Legal proceedings

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

Determination of lease term and the borrowing rates for leases

The management of the Group exercises judgment while determining if it is reasonably certain while exercising the lease options at the commencement as well as during the lease term. The carrying value of lease liabilities are revised based on certain the variable elements of the future lease payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of lease liabilities and the discount rates used to determine the carrying value of right-of-use of lease rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the lease assets and liabilities.

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 2019, in the opinion of the management, a provision of BD438,380 was considered necessary against trade receivables (2018: BD392,819). Under IFRS 9 a forward-looking expected credit loss (ECL) approach has been used. The Group is required to record an allowance for expected losses for all loans and other debt type financial assets not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

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

The Group also creates an allowance for obsolete and slow-moving inventories. At 31 December 2019, in the opinion of Group's management a provision of BD1,577 (2018: BD1,577) was required for obsolete and slow-moving inventories. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

Contingencies

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

6 Property, plant and equipment

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Total
Cost or revaluation					
At 31 December 2017	5,492,594	1,303,015	7,678,703	195,671	14,669,983
Additions	-	-	644,772	23,236	668,008
Transfers from capital work-in-progress (Note 7)	-	-	2,174,989	-	2,174,989
Transfers to investment properties (Note 8)	(4,670,878)	-	-	-	(4,670,878)
Write-off*	-	-	(94,652)	-	(94,652)
At 31 December 2018	821,716	1,303,015	10,403,812	218,907	12,747,450
Additions	-	-	86,751	-	86,751
Disposals	-	-	(35,825)	(17,300)	(53,125)
Cost adjustment**	-	-	(35,920)	-	(35,920)
Write-off***	-	-	(113,996)	-	(113,996)
At 31 December 2019	821,716	1,303,015	10,304,822	201,607	12,631,160
Accumulated depreciation					
At 31 December 2017	52,455	1,146,412	3,290,266	141,517	4,630,650
Charge for the year	41,086	49,636	697,913	26,947	815,582
Write-off*	-	-	(81,192)	-	(81,192)
At 31 December 2018	93,541	1,196,048	3,906,987	168,464	5,365,040
Charge for the year	41,086	38,598	868,205	20,183	968,072
On disposals	-	-	-	(17,300)	(17,300)
Write-off***	-	-	(29,901)	-	(29,901)
At 31 December 2019	134,627	1,234,646	4,745,291	171,347	6,285,911
Net book amount					
At 31 December 2019	687,089	68,369	5,559,531	30,260	6,345,249
At 31 December 2018	728,175	106,967	6,496,825	50,443	7,382,410

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

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

*** During the year, the Group closed down its operations of Takatak Chat & Chai resulting in transfer of assets and accumulated depreciation to other cinemas and write-off of some old assets amounting to BD113,996 in costs and BD29,901 in accumulated depreciation. The corresponding net loss on write-off amounted to BD84,095 was charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

7 Capital work-in-progress

	31 December 2019	31 December 2018
Opening balance	389,380	8,005,238
Additions	-	2,614,470
Transfer to property, plant and equipment (Note 6)	-	(2,174,989)
Transfer to investment properties (Note 8)	-	(8,055,339)
Closing balance	389,380	389,380

Capital work-in-progress represents amounts incurred towards the development of Electric Kart Track in Bahrain Mall, Bahrain. Initially this project was to be set up in Kingdom Mall, Bahrain but during the year Group decided to shift this project in Bahrain Mall, Bahrain. The project is expected to be completed in 2020.

8 Investment properties

	31 December 2019	31 December 2018
Opening balance	23,012,531	7,752,515
Additions	393,082	88,833
Transfer from property, plant and equipment (Note 6)	-	4,670,878
Transfer from capital work-in-progress (Note 7)	-	8,055,339
Unrealised fair value gains	3,689	2,444,966
Closing balance	23,409,302	23,012,531

Investment property representing Awal property was fair valued by independent property valuers namely Nasser real estate, Capital Estate and Assas-II, holding recognised and relevant professional qualifications. The Group used the lowest and most conservative values. Based on these valuation reports an unrealised fair value gain of BD3,689(2018: BD2,444,966) was recorded during the year ended 31 December 2019 in the consolidated statement of profit or loss and other comprehensive income.

9 Right-of-use assets

	Theatres	Restaurants	Office building	Others	Total
Recognition on adoption of IFRS 16	4,594,229	672,567	317,750	20,456	5,605,002
Adjustments/amendments	(56,655)	-	-	-	(56,655)
Termination	-	(41,148)	(28,193)	-	(69,341)
Closing balance	4,537,574	631,419	289,557	20,456	5,479,006
Amortisation charge for the year	(905,334)	(126,804)	(104,229)	(9,819)	(1,146,186)
Balance as at 31 December 2019	3,632,240	504,615	185,328	10,637	4,332,820

Amortisation on right-to-use asset charged to the consolidated statement of profit or loss and other comprehensive income is as follows:

	Year ended 31 December 2019
Operating cost	1,041,957
General and administrative expenses (Note 24)	104,229
	1,146,186

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

10 Investment in joint ventures

	31 December 2019	31 December 2018
Cost		
Opening balance	790,596	790,596
Accumulated losses		
Opening balance	(742,800)	(734,259)
Share of (losses)/profits for the year:		
- Saar Cinema Complex (Note 25)	(10,382)	16,259
	(10,382)	16,259
Impairment loss for the year:		
- Saar Cinema Complex	(5,548)	-
	-	-
Reversal of impairment loss during the year:		
- Qatar Bahrain International Cinema W.L.L.	-	115,985
Dividend for the year:		
- Qatar Bahrain International Cinema W.L.L.	-	(115,985)
- Saar Cineplex	(16,259)	(24,800)
	(16,259)	(140,785)
Closing balance	(774,989)	(742,800)
Net book value		
At 31 December	15,607	47,796

The above financial information relating to the Group's investment in joint ventures has been extracted from unaudited management accounts of these companies prepared as at, and for the year ended 31 December 2019.

11 Investment in an associate

	31 December 2019	31 December 2018
Cost		
Opening balance	26,198,379	24,958,754
Share of profits for the year (Note 25)	1,602,526	1,774,485
Dividend received	(4,995,035)	(534,860)
Closing balance	22,805,870	26,198,379

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

11 Investment in an associate (continued)

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

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

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

The carrying value of Group's investment in associate includes goodwill on acquisition amounting to BD19,884,431. The management has performed an impairment assessment of goodwill as at 31 December 2019 and concluded that no impairment is required for the year.

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

The Group's share in the net profit or loss of the associates has been extracted from audited financial statements prepared as at, and for the year ended:

	31 December 2019	31 December 2018
	(Audited)	(Audited)
Non-current assets	4,265,153	2,425,549
Current assets	6,303,945	12,555,420
Non-current liabilities	(2,522,657)	(252,479)
Current liabilities	(2,153,398)	(2,046,381)
Net assets	<u>5,893,043</u>	<u>12,682,109</u>
Group's share of net assets of the associates	<u>2,946,522</u>	<u>6,341,055</u>
Operating revenue	<u>10,850,261</u>	<u>12,942,193</u>
Net profit for the year	<u>3,205,053</u>	<u>3,548,969</u>
Group's share of net profits of the associates	<u>1,602,526</u>	<u>1,774,485</u>

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

12 Inventories

	31 December 2019	31 December 2018
Films and spares equipment	277,160	329,465
Provision for obsolete and slow-moving inventories	(1,577)	(1,577)
	275,583	327,888

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

13 Trade and other receivables

	31 December 2019	31 December 2018
Trade receivables	754,968	551,710
Provision for impaired trade receivables	(438,380)	(392,819)
	316,588	158,891
Interest free loans to employees	14,782	-
Deposits / rental advance	304,605	190,861
Advances to suppliers	1,034,712	563,169
Amounts due from related parties (Note 32)	10,250	120,959
Prepayments	153,289	278,894
Receivable on disposal of business operations*	3,152,353	3,152,353
Other receivables	332,502	324,818
	5,319,081	4,789,945

*Receivable on disposal of business operations represent current portion of total net cash consideration receivable against the sale of 50% interest in City Centre Cinema Operations of the Group, as disclosed in Note 11. Part of the net consideration amounting to BD12,609,409 that is receivable beyond 12 months from the date of consolidated financial statements is presented as non-current portion in the consolidated statement of financial position. In the opinion of the Group's management, the fair values of these receivable balances are not expected to be significantly different from the carrying value as at 31 December 2019 as impact of discounting is not considered to be material.

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

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

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

13 Trade and other receivables (continued)

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

As at 31 December 2019, trade receivables of amounting to BD438,380 (2018: BD388,699) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the financial year relate to one customer from which the Group was earning advertisement income. This Company has been facing financial difficulties and therefore have defaulted on payments. The Group therefore considered 100% provision against the balance.

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

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

	31 December 2019	31 December 2018
Opening balance	392,819	11,531
Provision made during the year (Note 24)	45,561	388,699
Bad debts written off	-	(7,411)
Closing balance	438,380	392,819

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

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



Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

14 Financial assets at fair value through profit or loss

	31 December 2019	31 December 2018
Quoted equity investments	8,345,633	6,903,902
Unquoted investments and managed funds	687,837	891,895
Bonds and sukuku	10,663,778	9,786,474
	<u>19,697,248</u>	<u>17,582,271</u>
Movement during the year		
Opening balance	17,582,271	8,099,145
Additions	416,639	9,650,200
Disposals	(221,357)	(201,869)
Unrealised fair value gain on financial assets at fair value through profit or loss, net (Note 25)	<u>1,919,695</u>	<u>34,795</u>
Closing balance	<u>19,697,248</u>	<u>17,582,271</u>
	31 December 2019	31 December 2018
Non-current assets	9,033,470	7,795,797
Current assets	<u>10,663,778</u>	<u>9,786,474</u>
	<u>19,697,248</u>	<u>17,582,271</u>

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 sukuku are classified as current as the purpose of holding these assets is to obtain short-term gains from routine buying and selling.

For unquoted and managed funds fair values are assessed on the basis of the project valuation reports by the independent fund managers and latest audited consolidated financial statements of the investee companies wherever applicable.

Financial assets at fair value through profit or loss also include debt securities listed on bond markets valued at their quoted bid prices as of 31 December 2019.

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

Currency	31 December 2019	31 December 2018
Bahrain Dinar	7,763,400	6,474,392
Kuwait Dinar	258,727	256,186
United States Dollar	11,674,240	10,850,885
Oman Riyal	881	808
	<u>19,697,248</u>	<u>17,582,271</u>

Bonds and Sukuku amounting to BD10,606,175 (2018: BD9,530,147) are held as collateral against the murabaha facility (Note 18).

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

15 Cash and bank balances

	31 December 2019	31 December 2018
Current account balances with banks	261,727	356,489
Cash on hand	90,529	104,653
	<u>352,256</u>	<u>461,142</u>

Current account balances with banks are non-profit bearing.

16 Share capital

	31 December 2019	31 December 2018
Authorised		
100,000,000 ordinary shares of 100 fils each (2018: 100,000,000 ordinary shares of 100 fils each)	10,000,000	10,000,000
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)	8,262,345	8,262,345
Treasury shares		
3,684,260 ordinary shares of 100 fils each (2018: 3,591,033 ordinary shares of 100 fils each)	368,426	359,103

Treasury shares

During the year, 93,223 treasury shares were acquired having nominal value of BD9,323 at rates ranging from BD0.73 to BD0.74 amounting to BD68,839 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 BD59,513 has been adjusted against share premium. The Company holds 3,684,260 (2018: 3,591,033) (4.46% of the total issued and paid-up share capital) as treasury shares as at 31 December 2019 (2018: 4.35% of the total issued and paid-up share capital).

Additional information on shareholding pattern

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

31 December 2019	Nationality	Number of shares	Percentage of share-holding interest
Bahrain Family Leisure Company B.S.C.	Bahraini	5,719,365	6.92%
Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.80%
General public and corporations	Various	72,114,841	87.28%
		<u>82,623,450</u>	<u>100%</u>
31 December 2018	Nationality	Number of shares	Percentage of share-holding Interest
Bahrain Family Leisure Company B.S.C.	Bahraini	5,729,008	6.93%
Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.80%
General public and corporations	Various	72,105,198	87.27%
		<u>82,623,450</u>	<u>100%</u>

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

16 Share capital (continued)

Additional information on shareholding pattern (continued)

- ii) The Company has only one class of equity shares and the holders of these shares have equal voting rights.
- iii) The distribution of the Company's equity shares analyzed by the number of shareholders and their percentage of shareholding is set out below:

	Number of shareholders	Number of shares	Percentage of total outstanding Shares
31 December 2019			
Less than 1%	474	32,231,512	39.01%
Between 1% and 5%	28	39,883,329	48.27%
Between 5% and 10%	2	10,508,609	12.72%
	504	82,623,450	100%

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

- iv) DETAILS OF THE DIRECTORS' INTERESTS IN THE COMPANY'S SHARES AS AT 31 DECEMBER ARE AS FOLLOWS:

	2019 Number of shares	2018 Number of shares
Dr Esam Abdulla Yusuf Fakhro	4,789,244	4,789,244
Mohamed Ebrahim Khalil Kanoo	347,228	347,228
Jalal Mohamed Yusuf Jalal	482,658	482,658
Fareed Yusuf Khalil Almoayyed	475,781	475,781
Jehad Yusuf Abdulla Amin	2,000,000	2,000,000
Shawqi Ali Yusuf Fakhro	712,555	712,555
Ahmed A. Rashed	1,865,861	1,865,861
	10,673,327	10,673,327

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

17 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 (2018: BDNil).

(iii) Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law Decree number 21 of 2001, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law. As this requirement has been met, no such transfer has been made to the statutory reserve for the year ended 31 December 2019 (2018: BDNil).

(iv) Charity reserve

This represents the reserve set aside for charity. During the year, BD73,493 was transferred to this reserve (2018: BD91,250).

(v) Retained earnings

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

18 Murabaha facility

	Last installment	Note	31 December 2019	31 December 2018
Murabaha facility	30 April 2023	(a)	1,773,849	2,219,416
Commodity murabaha	9 January 2020	(b)	4,978,367	4,978,367
			6,752,216	7,197,783
Current portion of Murabaha facility			(5,461,036)	(5,423,934)
Non-current portion of Murabaha facility			1,291,180	1,773,849

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

18 Murabaha facility (continued)

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

(b) Commodity murabaha represents amount taken from Kuwait Finance House (Bahrain) B.S.C. for purchase of CBB Sukuks on margin. The Sukuks purchased are held as collateral to secure the payment and subject to margin call of 80% and liquidation at 70% (Note 14).

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.

19 Employees' terminal and other benefits

		31 December 2019	31 December 2018
Employees' terminal benefits	(a)	448,494	424,690
Employees' other benefits	(b)	2,238,539	2,797,443
		<u>2,687,033</u>	<u>3,222,133</u>

a) Local employees

The contributions made by the Group towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2019 amounted to BD125,330 (2018: BD132,620).

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

	31 December 2019	31 December 2018
Opening balance	424,690	294,163
Accruals for the year	80,835	141,207
Payments during the year	(57,031)	(10,680)
Closing balance	<u>448,494</u>	<u>424,690</u>
Number of staff employed by the Group	<u>360</u>	<u>424</u>

b) Other benefits

During the year 2017, Group had provided an amount of BD3,913,056 (10% of gain on sale of City Centre operations) as ex-gratia for their existing employees, of which BD1,674,517 were paid to them as at 31 December 2019 (2018: BD1,115,709).

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

20 Lease liabilities

	31 December 2019
Lease liabilities on adoption of IFRS 16	5,467,980
Lease payments	(1,220,148)
Adjustments/amendments	(56,655)
Termination	(69,341)
Finance charges	160,063
	4,281,899
Less: Current portion of lease liabilities	(902,250)
Non-current portion of lease liabilities	3,379,649
Maturity analysis - contractual undiscounted cash flows	
	31 December 2019
Less than one year	1,057,670
One to five years	2,541,265
More than five years	1,095,113
Total undiscounted lease liabilities	4,694,048

21 Trade and other payables

	31 December 2019	31 December 2018
Trade payables	711,406	1,925,799
Accruals	1,196,475	1,147,855
Unclaimed dividends	280,711	487,217
Amounts due to related parties (Note 32)	82,693	3,112,971
Employees benefit provisions	112,769	119,320
Advance from customers	404,195	4,017
Other payables	153,748	93,627
	2,941,997	6,890,806

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.

22 Bank overdrafts

	31 December 2019	31 December 2018
Bank overdrafts	897,965	816,578
Bank overdraft facilities limit	5,750,000	4,500,000

The Group has bank overdraft facilities amounting to BD5,750,000 as at 31 December 2019 (2018: BD BD4,500,000) which have been secured to finance the working capital requirements of the Group. Bank overdrafts are unsecured, bear interest at rates ranging between 4.45% to 5.5% per annum (2018: between 3% and 8.75% per annum) and are repayable on demand.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

23 Other income

	Year ended 31 December 2019	Year ended 31 December 2018
Interest income on long-term receivables	673,815	815,671
Income from legal settlement*	331,897	-
Virtual print fees	151	9,373
Management fee	60,370	61,800
Foreign exchange gains – net	4,019	4,695
Vocational training income	216	1,330
Profit on sale of property, plant and equipment	4,761	-
Miscellaneous income	111,241	116,954
	<u>1,186,470</u>	<u>1,009,823</u>

* The income from legal settlement represents the settlement received from Yusuf Almuzaini against the very old Kuwait Land case in which the Group was the plaintiff among other creditors, which was finalised during in last year.

24 General and administrative expenses

	Year ended 31 December 2019	Year ended 31 December 2018
Staff costs	1,401,986	1,578,680
Directors' remuneration and sitting fee	338,500	312,000
Provision for doubtful receivables (Note 13)	45,561	388,699
Property, plant and equipment written off (Note 6)	13	13,460
Social insurance	148,488	132,620
Rent expenses	-	132,252
Amortization on right-to-use (Note 9)	104,229	-
Maintenance expenses	43,685	14,732
Printing and stationary	42,633	36,858
Donations	29,399	30,664
Professional fee	17,325	7,001
Government fees	71,717	62,311
Insurance expenses	8,385	7,563
Loss on closure of business operation	91,761	-
Other expenses	193,569	295,257
	<u>2,537,251</u>	<u>3,012,097</u>

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

25 Income from investments, net

	Year ended 31 December 2019	Year ended 31 December 2018
Unrealised fair value gain on investment properties	3,689	2,444,966
Net share of profit from investment in associate (Note 11)	1,602,526	1,774,485
Reversal of impairment loss from Investment in joint venture (Note 10)	-	115,985
Net share of (loss)/profit from investment in joint ventures (Note 10)	(10,382)	16,259
Dividend income	418,035	385,955
Realised gain on sale of financial assets at fair value through profit and loss	32,211	33,615
Unrealised gain on financial assets at fair value through profit or loss, net (Note 14)	1,919,695	34,795
Interest income	11,615	25,997
Interest income from bonds and sukuks	509,258	77,158
	<u>4,486,647</u>	<u>4,909,215</u>

26 Finance costs

	Year ended 31 December 2019	Year ended 31 December 2018
Interest on long term loan	49,077	61,485
Interest on lease liability (Note 20)	160,063	-
Interest on bank overdraft	223,243	10,350
	<u>432,383</u>	<u>71,835</u>

27 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 2019	31 December 2018
Net profit attributable to the shareholders	<u>4,231,038</u>	<u>4,220,504</u>
Weighted average number of ordinary shares issued	<u>78,939,190</u>	<u>79,032,417</u>
Basic earnings per share	<u>54fils</u>	<u>53fils</u>

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 78,939,190 net of 3,684,260 weighted average treasury shares. There are no potentially dilutive ordinary shares at 31 December 2019 (2018: Nil), hence the diluted and basic earnings per share are the same.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

28 Dividends and directors' remuneration

Dividends

Declared and paid

In accordance with resolutions passed at the Annual General Meeting held on 12 February 2019, cash dividends of 50 fils per share for the year 2018 (2017: 50 fils per share), amounting to a total cash dividend of BD3,951,621 (2017: BD3,958,185) was approved by the shareholders.

Proposed by the Board of Directors

The Board of Directors of the Group have proposed dividend for the year ended 31 December 2019 amounting to BD3,946,960 (2018: BD3,951,621). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and, accordingly, the proposed dividend has not been accounted for in these consolidated financial statements.

Directors' remuneration

Accrued and expensed

An amount of BD224,000 has been accrued and expensed as directors' remuneration in 2019, relating to the year ended 31 December 2019 (2018: BD224,000). Directors' remuneration is expensed in the consolidated statement of profit or loss and other comprehensive income to the year which it pertains.

Proposed by the Board of Directors

The Board of Directors of the Group have proposed to pay directors' remuneration of BD224,000 for the year ended 31 December 2019 (2018: BD224,000). This is subject to the approval of shareholders in the Annual General Meeting.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

29 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

	31 December 2019	31 December 2018
	Saar Cinema Complex	Saar Cinema Complex
Long-term assets	57,863	131,524
Current assets	27,382	122,807
	85,245	254,331
Current liabilities	(17,004)	(100,151)
Net assets	68,241	154,180
Group's share of net assets	21,155	47,796
Impairment	(5,548)	-
Closing balance	15,607	47,796

b) Statement of profit or loss

	31 December 2019	31 December 2018
	Saar Cinema Complex	Saar Cinema Complex
Operating income	33,489	52,449
Share of net (loss)/ profit for the year	(10,382)	16,259
Included in the above amounts are depreciation and amortisation	66,215	24,619

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 2019.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

30 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 2019

	Theatre operations	Restaurants/ concession counters	Others	Total
Revenues				
Total external sales	4,361,605	3,445,075	1,213,253	9,019,933
Less: total variable cost	(2,238,749)	(978,909)	-	(3,217,658)
Segment results	2,122,856	2,466,166	1,213,253	5,802,275
Less: fixed cost				(4,269,172)
Operating gross profit				1,533,103
Other income				1,186,470
Income from investments, net				4,486,647
General and administrative expenses				(2,537,251)
Impairment in investment in joint ventures				(5,548)
Finance cost				(432,383)
Net profit for the year				4,231,038

For the year ended 31 December 2018

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

30 Segmental reporting (continued)

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 segment information has been disclosed.

31 Capital commitments

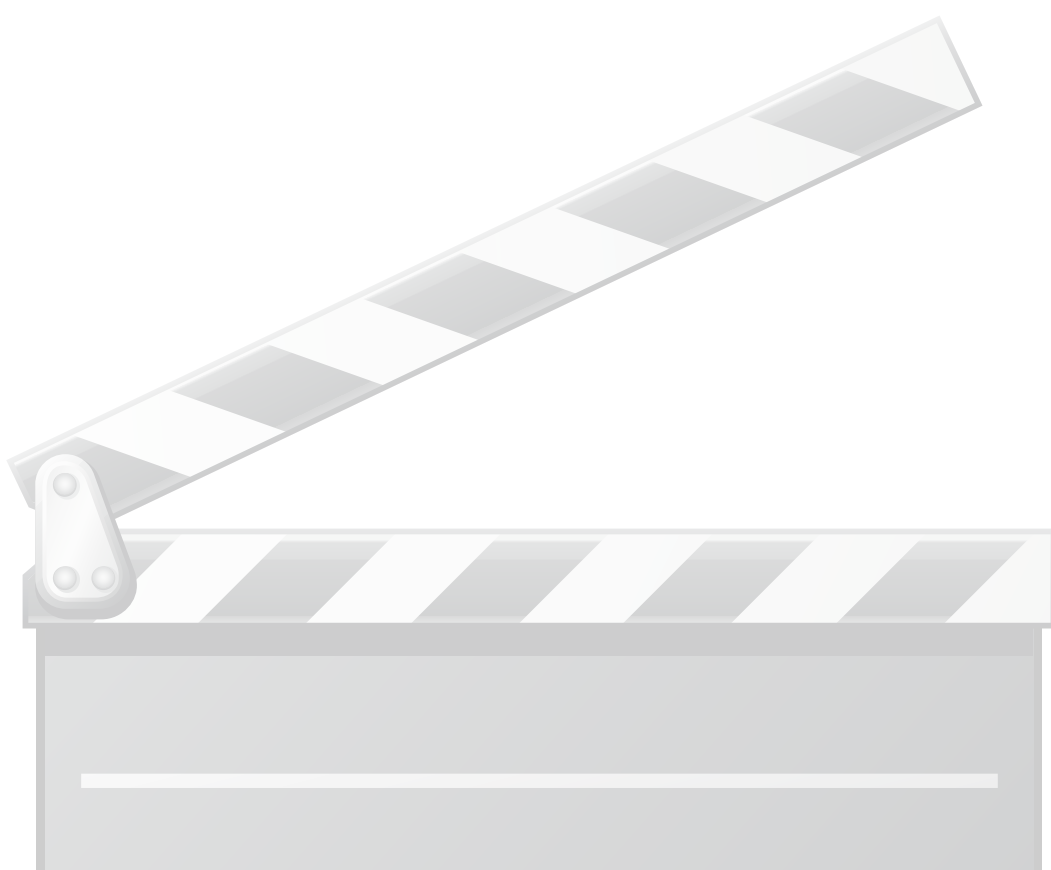
Capital expenditure contracted for various projects at the consolidated statement of financial position date but not recognised in these consolidated financial statements amounted to BD366,879 (2018: BD160,354).

32 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.



Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

32 Transactions and balances with related parties (continued)

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

	Related party relationship	Amount due from (Note 13)		Amount due to (Note 21)	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Saar Cinema Complex	Joint venture	-	60,257	-	-
Qatar Bahrain International Cinema W.L.L.	Joint venture	3,254	60,702	-	-
Al Murjan Restaurant Management W.L.L.	Joint venture	3,292	-	-	-
Vox Cineco Cinema Company W.L.L.	Associate company	3,704	-	-	3,036,178
Various entities*	Common directorship	-	-	82,693	76,793
		10,250	120,959	82,693	3,112,971

* 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:

	Year ended 31 December 2019	Year ended 31 December 2018
<u>Saar Cinema Complex</u>		
Direct expenses	149,040	236,804
Salaries	79,460	98,219
Management fees	5,500	6,000
Other expenses	49,393	67,488
<u>Qatar Bahrain International Cinema W.L.L.</u>		
Salaries	32,247	44,996
Other expenses	62,573	25,267
Management fees	54,870	55,800
<u>Vox Cineco Cinema Company W.L.L.</u>		
Direct expenses	14,384	25,673
Advertisement income	-	217,021
Other expenses	54,106	204,851

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

32 Transactions and balances with related parties (continued)

A summary of transactions with related parties is as follows: (continued)

	Year ended 31 December 2019	Year ended 31 December 2018
<u>Key management personnel*</u>		
Directors' remuneration and sitting fee	338,500	312,000
<u>Entities under common directorship</u>		
Direct expenses	32,158	32,160
Operating income from advertisement	500	1,000
Other expenses	254,349	355,411
Rent expenses for corporate office	122,997	129,481

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

33 Financial assets and liabilities and risk management

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

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

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

A summary of the financial instruments held by category is provided below as at 31 December 2019:

<u>Financial assets</u>	Fair value through profit or loss	Amortised cost
Trade and other receivables, excluding prepayments	-	5,165,792
Financial assets at fair value through profit or loss	19,697,248	-
Cash and bank balances	-	352,256
Total financial assets	19,697,248	5,518,048

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

33 Financial assets and liabilities and risk management (continued)

Financial liabilities

Trade and other payables, net of employee costs
Bank overdrafts
Murabaha facilities
Total financial liabilities

Financial liabilities at amortised cost

2,829,228
897,965
6,752,216
10,479,409

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

Financial assets

Trade and other receivables, excluding prepayments
Financial assets at fair value through profit or loss
Cash and bank balances
Total financial assets

Fair value through profit or loss

-
17,582,271
-
17,582,271

Amortised cost

4,511,051
-
461,142
4,972,193

Financial liabilities

Trade and other payables, net of employee costs
Bank overdrafts
Murabaha facilities
Total financial liabilities

Financial liabilities at amortised cost

6,771,486
816,578
7,197,783
14,785,847

Risk management

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

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

Notes to the Consolidated Financial statements

33 Financial assets and liabilities and risk management (continued)

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

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

Profit rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in market profit rates. The Group's bank overdrafts and murabaha facility bear fixed rates of profit. 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 bonds and sukuks and equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equities and bonds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Investment fair value sensitivity analysis is as follows:

Description	Change	Impact on equity/profit
Financial assets at fair value through profit or loss	+/-5%	+/- 984,862
Financial assets at fair value through profit or loss	+/-10%	+/- 1,969,725

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents as well as credit exposures to the customers, including outstanding receivables. Cash is placed with national and multi-national banks with good credit ratings. Concentration of credit risk with respect to trade receivables is limited due to the Group's diversified customer base. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and amount due from related parties (Note 32). Due to this factor, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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

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

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

33 Financial assets and liabilities and risk management (continued)

Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, murabaha facility, bank overdrafts and trade and other payables. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2019.

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

Non-financial assets	Fair value at 31 December 2019	Fair value at 31 December 2018	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Investment properties	23,409,302	23,012,531	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	8,345,633	6,903,902	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted equity investments/ managed funds	687,837	891,895	L3	Net assets valuation and financial updates received from the respective companies and the fund managers	Expected exit rates, expected future cash flows, net assets and expected profits based taking into account management knowledge and experience of market conditions similar to industry trends	The higher the future cash flows or profits the higher the fair value of net assets and eventually higher exit rates
Bonds and Sukuks	10,663,778	9,786,474	L1	Indicative prices from Bloomberg provided by Group's brokers	Not applicable	Not applicable

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

33 Financial assets and liabilities and risk management (continued)

Fair value measurement (continued)

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

	Unquoted equity investments/ managed funds
At 31 December 2018	891,895
Unrealised fair value loss	(161,451)
Disposals during the year	(42,607)
At 31 December 2019	687,837

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

There are no transfers between levels during the year 2018 and 2019.

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 2019 and 2018.

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

Since the Group's cash and cash equivalents (financial assets at fair value through profit or loss) exceed its debt as at 31 December 2019, gearing ratio is not required to be calculated and disclosed.

Notes to the Consolidated Financial statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2019 (Continued)

34 Notes supporting statement of cash flows

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

	1 January 2019	Obtained during the year	Finance costs accrued	Principal repaid during the year	Finance costs paid	Transferred to current liabilities	Non Current portion 31 December 2019
	BD	BD	BD	BD	BD	BD	BD
Bank overdrafts	816,578	18,544,442	223,218	(18,463,055)	(223,218)	(897,965)	-
Murabaha facility	7,197,783	-	49,077	(445,567)	(49,077)	(5,461,036)	1,291,180
Total	<u>8,014,361</u>	<u>18,544,442</u>	<u>272,295</u>	<u>(18,908,622)</u>	<u>(272,295)</u>	<u>(6,359,001)</u>	<u>1,291,180</u>

35 Events after reporting date

There were no significant events subsequent to 31 December 2019 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.



Graphs



Graphs

(Expressed in Bahraini Dinars)

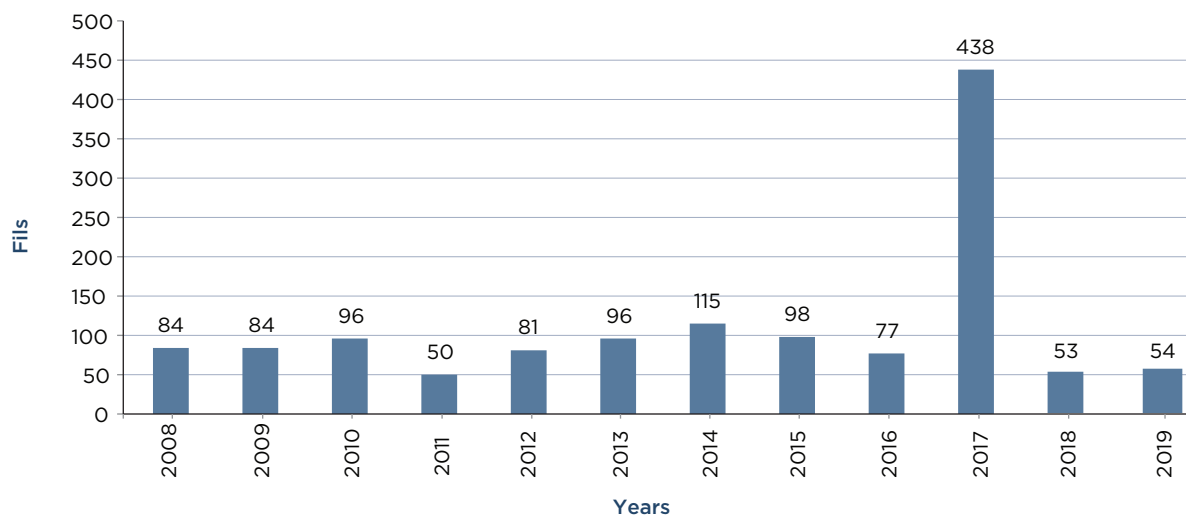
Yearly Dividend Chart from year 1988 to year 2019



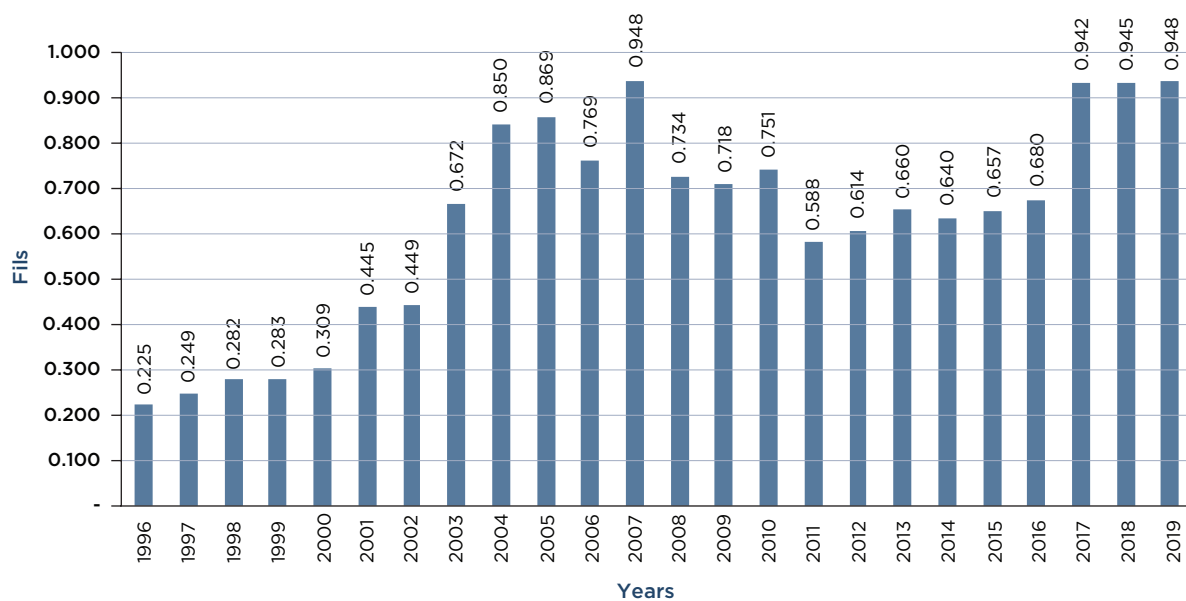
Net worth of the Company (Capital and Reserve)



Earnings per share



Share Book Value



Net profit

