

The Cineco logo is positioned in the upper right corner. It features the word "Cineco" in a white, sans-serif font, with a blue square icon containing a white stylized 'C' to its right. The background of the entire page is a vibrant, abstract composition of blue and purple geometric shapes, including hexagons and circles, with a film strip winding across it. The film strip contains several movie posters, including "The Matrix", "John Wick", "Enom", "Shang-Chi", and "Spider-Man: No Way Home". In the bottom left corner, there is a large, colorful camera lens graphic. The bottom of the page shows rows of red theater seats, suggesting a cinema environment.

Cineco

ANNUAL REPORT 2021

**Commercial
Registration No.**

1192 obtained on 11 August 1968
(Also refer Note 1)

Directors

Dr Esam Abdulla Yusuf Fakhro - Chairman
Ali Yusuf Ali Ubaydli - Vice-Chairman
Ahmed AbdulRahman Rashed Albastaki - Managing Director

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

Chief Executive Officer

Ahmed AbdulRahman Rashed Albastaki

Audit Committee

Shawqi Ali Yusuf Fakhro - Chairman
Fareed Yusuf Khalil Almoayyed
Jalal Mohamed Yusuf Jalal

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 B.S.C. (c)
PO Box 3203
Manama
Kingdom of Bahrain

Support Share Registrar

KFin Technologies (Bahrain) W.L.L.
PO Box 514
Manama
Kingdom of Bahrain

Cineco



His Royal Highness
Prince Salman bin Hamad Al Khalifa

The Crown Prince, Deputy Supreme Commander &
the Prime Minister of Kingdom of Bahrain



His Majesty
King Hamad bin Isa Al Khalifa

The King of the Kingdom of Bahrain



History

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

Late Ali A. Rahman Al Wazan/ Late Ali Ben Yousif Fakhro/ Late Ezra Ebrahim Nono/ Late A. Rahman Bin Mohamed Al Khalifa/ Mr. Mohamed Yousif 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 it's share in Oman Arab Cinema.

1988: Opening of Budaiya Video outlet.

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

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

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

1992: Increase of authorized capital to BD3 million.

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

Split of shares to 100 fils per share.

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

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

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

Opening of Al Seef 6 screens Cineplex at Seef Mall.

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

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

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

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

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

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

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

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

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

2002: Closing of Videomatic Video outlet.

28/02/2003: Closing of Budaiya video.

31/12/2003: Closing of Bahrain video.

31/01/2004: Closing of Delmon video.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21/01/2010: Opening of Awal Banquet Hall

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

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

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

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

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

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

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

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

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

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

03/01/2016: Closing down of Awal Cinema and closing of TakaTak Restaurant in Awal Complex.

14/04/2016: Opening of 6 screens Cineplex in Wadi Al Sail Mall.

19/04/2016: Opening of 3 screens Cineplex in Al Khor Mall in the State of Qatar.

26/05/2016: Opening of 13 screens Cineplex in Gulf Mall in the State of Qatar.

25/08/2016: Opening of Rendezvous Restaurant in Wadi Al Sail Mall.

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.

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.

27/09/2017: Sale of 50% of assets of Cineco 20, City Centre.

15/3/2018 Opening of Awal Plaza

25/10/2018: Opening of 10 Screens Cineplex in Oasis Mall, Juffair

31/12/2018: Closing of AL Jazeera Cinema

30/11/2019: Closing of Saar Cineplex

18/03/2020: The Closure of Cinemas and Restaurants as per Government Order due to COVID-19

25/02/2021: Opening of 2 screens Cineplex in Galleria Mall, Dubai

23/07/2021: Re-opening of cinemas after temporary opening and closure of cinemas from May, 2021

25/12/2021: Closure of cinema in Galleria Mall, Dubai





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Administration and Contact Details as at 31 December 2021

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





Board of Directors



Dr. Esam Abdulla Fakhro
Chairman



Ali Yousif Ubaydli
Vice-Chairman



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



Mohamed Ebrahim Kanoo
Director



Board of Directors



Jalal Mohamed Jalal
Director



Fareed Yousif Almoayyed
Director



Jehad Yousif Amin
Director



Shawqi Ali Fakhroo
Director





Chairman's Message to the Shareholders

Dear Shareholders,

On behalf of the Board of Directors, I take this opportunity to present the Annual Report of the Group's performance for the financial year, 2021, where the backdrop is unfortunately not as ideal as we would like it to be. The ongoing COVID-19 pandemic has clouded over most of FY 21 and catalyzed unprecedented challenges on the humanity, and I take this opportunity to send thoughts and prayers to all stakeholders affected by this crisis, including the families, friends and relatives of the valued members of our Company. We have not suffered a global health crisis of this magnitude in generations, and are more than grateful to the leadership of Kingdom of Bahrain for their effective management of this Pandemic relief measures. The cinemas not just in Bahrain but across the globe continue to suffer from the temporary lockdowns, restrictions and uncertainties. As we slowly recover from the disruptions of the pandemic, the cinema industry is no longer the same as it used to be before COVID-19.

After successive closures and re-openings, the cinemas finally re-opened in July 2021 but with subdued capacity. Our Group's priority was to ensure the health and safety of our customers as the cinemas were re-opened. The cinema attendance, however, has not been encouraging as many of the movie releases were either postponed or released directly on the Over-The-Top (OTT) platforms such as Netflix, Amazon Prime Video & Disney+Hotstar. The theatrical screening of the movies in Kingdom of Saudi Arabia has also affected the attendance in the cinemas across Bahrain.

Our immediate focus in response to the pandemic was to mitigate the risk and losses and to observe cost control to ensure that the liquidity of the Company was adequate. The income from the investment in real estate and capital market helped us to meet the operational expenses and survive through the unprecedented times.

The continuing effects of COVID-19 presented serious operational challenges for the Company as we were compelled to take some difficult decisions. Consequently, the agreement with Eagle Hills Diyar Company for development of 13 screens Cineplex in Marassi Al Bahrain was terminated. Further, the management of the 2 screen Cineplex in Galleria Mall in Dubai was also transferred to the third party and the management agreement with the landlord was terminated.

Financial Highlights for the year 2021:

I would now like to present the highlights of our Group's performance during the year 2021. From a results perspective, the pandemic and related restrictions heavily impacted our performance in comparison with pre-COVID-19 times. However, implementing cost cutting initiatives at all levels of the organization played a key role in the Group's resilience and the Group reported profits within one year. Operating income for the financial year 2021 was BD 2.31 million as compared to BD 2.24 million registered in the previous financial year. The Group had recorded net profit of BD 1.04 million for the year 2021 in comparison to the Net loss of BD 14.13 million in the year 2020. The earning per share for the year 2021 was 13 fils. The total balance sheet footings stood at BD 72.34 million.

Future outlook:

The Group has experienced financial and operational constraints due to COVID-19 which caused inadvertent delays in some of the projects. We are happy to share the news that the Go-karting project in Bahrain Mall will be open for public in the first quarter of 2022. Go-karting in Bahrain Mall will have four sections viz., Indoor Go-karting, mirror maze, roller skate track and rope climbing game which will mark as a new entertainment hub for the people.

The pandemic is a great reminder that change is inevitable and therefore the Group remains dedicated to respond and transform in response to the evolving market conditions. The Group is focused to improve the performance of its core competencies and assets in line with our asset light strategy. The Group is evaluating the possibility of managing and running the cinemas on behalf of the Mall owners rather than entering into the lease agreements and making huge investments until challenges related COVID-19 subsides.

Chairman's Message

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

The Group is focused on creating new revenue streams considering the effects of the pandemic on the cinema and restaurant business and we will update our new investment plans in the coming year.

Corporate Governance:

The Board of Directors presented its first report on Corporate Governance on 26th February, 2012 and a report on Corporate Governance for year 2021 forms a part of this annual report.

CSR Initiatives & ESG Reporting:

We believe that a business cannot thrive on its own and the corporate actions impact the lives of all and so it is imperative for the businesses to be socially responsible. We believe in harmonious growth and sustainable development of the society and environment. During the year, we engaged in some CSR activities which are detailed in the Corporate Governance Report and we have attached first ESG report for the year 2021 in the Corporate Governance Report.

Proposed Appropriations:

Last year due to our focus on protecting liquidity and considering the loss for the year, we had not proposed any dividends for the year 2020. This was a severe blow to our Company's commitment for uninterrupted dividend history. We are happy to propose a nominal dividend for the current year 2021 based on the current year performance.

The Board of Directors would like to recommend the approval of the following appropriations to the shareholders:

Cash Dividend of 15% BD 1,183,706 equal to 15 fils per share.

Directors' Remuneration & Executive Salaries:

The Board of Directors of the Group have unanimously proposed to distribute the remuneration amounting to BD 104,000 and waive the sitting fees for attending Board and Committee meetings for the year 2021 to alleviate some financial burden of the Group.

In accordance with the Article 188 of Bahrain Commercial Law and amendment decree No.28/2020, the details of salaries, bonuses, share in profits, attendance allowances, representation allowances, expenses, etc. towards administrative, advisory or any other business paid to the Board of Directors during the year 2021 are disclosed as under:

“

The Group is focused to improve the performance of its core competencies and assets in line with our asset light strategy.

”



Dr. Esam Abdulla Fakhro
Chairman



Chairman's Message

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

Disclosure forms for the remuneration of members of the Board of Directors and the Executive management in the report of the Board of Directors											
First: Board of directors' remuneration details:											
Name	Fixed remuneration			Variable remuneration					End-of-service award	Aggregate amount	Expenses Allowance
	Remunerations of the Chairman and BOD	Total allowance for attending Board and Committee meetings	Salaries	Others*	Total	Remunerations of the Chairman and BOD	Bonus	Incentive plans			
First: Independent Directors:											
1. Ali Yusuf Ali Ubaydli	13,000	-	-	-	13,000	-	-	-	-	-	-
2. Mohamed Ebrahim Khalil Kanoo	13,000	-	-	-	13,000	-	-	-	-	-	-
3. Shawqi Ali Yusuf Fakhro	13,000	-	-	-	13,000	-	-	-	-	-	-
4. Jalal Mohamed Yusuf Jalal	13,000	-	-	-	13,000	-	-	-	-	-	-
5. Fareed Yusuf Khalil Almoayyed	13,000	-	-	-	13,000	-	-	-	-	-	-
Second: Non-Executive Directors:											
1. Jehad Yusuf Abdulla Amin	13,000	-	-	-	13,000	-	-	-	-	-	-
Third: Executive Directors:											
1. Dr Esam A. Fakhro	13,000	-	84,000	-	97,000	-	-	-	-	-	-
2. Ahmed A. Rashed AlBastaki	13,000	-	120,000	9,210	142,210	-	-	-	-	-	-
Total	104,000		204,000	9,210	317,210						
Note(1) : All amounts are stated in Bahraini Dinars.											
Note (2) : No sitting fees was paid to the Directors for the year 2021											
Note (3) : Proposed Board remuneration for the year 2021 amounting to BD 104,000 is subject to the approval at the AGM											
Other remunerations:											
* It includes in-kind benefits-specific amount - remuneration for technical, administrative and advisory works (if any).											
** It includes the Board member's share of the profits - Granted shares (insert the value) (if any).											

Chairman's Message

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

The details of the remuneration paid during the year 2021 to the executive management, including salaries, benefits, ESOPs etc. are disclosed as under:

Executive management	Aggregate Amount	Any other cash /in kind remuneration for 2021	Total paid remuneration (Bonus)	Total paid salaries and allowances
Top 6 remunerations for executives including CEO* and CFO**	271,234	42,782	-	314,017
Note: All amounts are stated in Bahraini Dinars. * The highest authority in the executive management of the Company ** The Company's highest financial officer				

Acknowledgements:

I would like to thank all our team members for their dedication and the Board of Directors for their continued guidance and support. We deeply value the faith, guidance and support of all our shareholders.

On behalf of the Board of Directors and the blessing of Almighty God, 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 Salman bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander and Prime Minister, for their continuous co-operation and constant support. I would like to thank all the Heads and officials from the Ministries and institutions of the Kingdom of Bahrain for their invaluable support extended to the Group.

Conclusion:

As we stride through yet another year of the pandemic, the uncertainty involving the extent and repercussions of COVID-19 remains and our reaction in face of these extraordinary times and the Companies' approach to adapt and evolve through the turbulence will define our success story. Cinema has survived the onslaught of home entertainment which only changed in its format over the years from TV to satellite to VCRs, DVDs, etc. and now to streaming. Over-The-Top (OTT) platforms and Cinema will continue to coexist as both are differentiated by content. While the Over-The-Top (OTT) is long form storytelling, Cinemas are a 3 hours outing for moviecation experience.

Your Company has always persevered and survived through the thick and thin over the years. We are confident that the cinema business will thrive, not now, but later when life will come back to normal once the virus scare is over and people will look at this as a phase in their lives.

Yours sincerely,

Dr. Esam Abdulla Fakhro
CHAIRMAN



Team MANAGEMENT

Management Team

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Corporate Governance Report

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Management Team



Mrs. Karima Farhad
Chief Administrative Officer



Mr. Karnam Yugandhar
Chief Financial Officer



Mrs. 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 2021

POLICY:

Bahrain Cinema Company has been an early adopter of Corporate Governance Code and aspires to adhere to the highest standards of Good Corporate Governance and Ethics. The Company achieves its objective of good corporate governance through incessant adherence of the rules and regulations laid down by the Regulatory Authorities and continuously remodel policies and practices in line with the best practices.

The Company adopted the Corporate Governance Code pursuant to the provisions stipulated in High level Controls in Volume 6 of the Central Bank of Bahrain Rule Book and Corporate Governance guidelines issued by Ministry of Industry, Commerce and Tourism (MOICT) to facilitate transparency and efficacy in the Company. The Company has well-defined framework for good corporate practices at all levels of the organization which ensures seamless implementation of organizational plans, effective use of organizational resources and fair practices. This enables the Company to meet regulatory requirements related to public disclosure of financial statements, disclosure of any material information and other relevant information in a timely fashion. This facilitates fair and swift dissemination of information to the stakeholders to enable them to make an informed decision.

A well-established Corporate Governance policy and procedure has allowed the Company to respond quickly to the growing challenges and changes presented by the pandemic. The Company has meticulously adapted to handle the business risk posed by the pandemic which included increase in the frequency of the Board of directors' meetings, regular interaction with the landlords to bring down the rental costs and effective cost control.

The Board of Directors of the Company believes that Corporate Excellence can only be achieved through incessant compliance with the rules and regulations and imbibing it as a habit within the corporate culture. The Board of Directors of the Company observes the highest level of Corporate Ethics and Effective Governance in all its dealings. The Board focuses on the long term goals and success of the Company while balancing the needs of its stakeholders. The Company performs Performance Evaluation of the Board to ensure its competency and efficiency of the Board. The Company also evaluates the Qualification and Independence of the Directors to warrant transparent and unbiased operations of the Company.

The Company regularly publishes the Annual Reports and quarterly interim Financial Statements on its website. Further, in adherence of the Corporate Governance Code, the Company also publishes the Notices of the Annual General Meeting and Extra-Ordinary General Meeting, other relevant information and Corporate Governance Guidelines for stakeholders.

The Company has a qualified team responsible for meeting the regulatory requirements stipulated by Central Bank of Bahrain, Ministry of Industry, Commerce and Tourism (MOICT) and other Regulators. The Company complies with the principle of 'comply or explain' and endeavors to maintain the highest standards of Governance within the organization and keep its shareholders, customers and stakeholders well up-to-date with the Company's operations to enable them to take informed decisions.

Corporate Governance Report

for the year 2021 (Continued...)

CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR, 2021

MAJOR SHAREHOLDERS AS ON DEC 31, 2021:

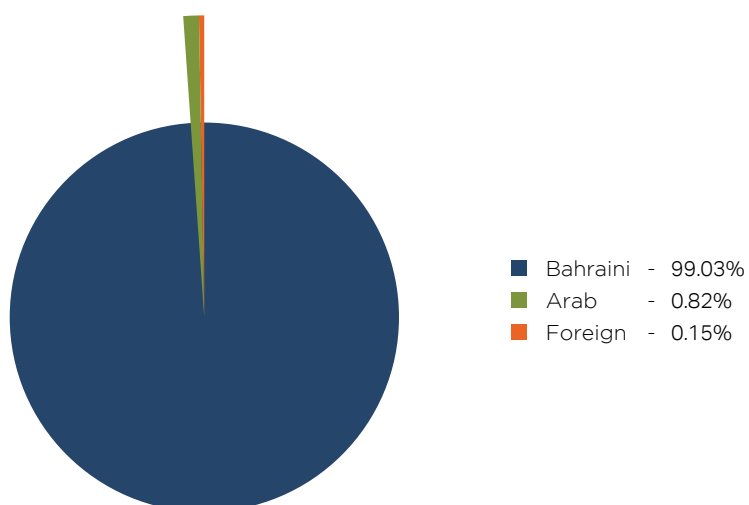
The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. The shares of the Company are listed on Bahrain Bourse and the face value of the share is 100 fils per share. All the shares are fully paid. The major shareholders of the Company as on 31st December, 2021 are as follows:

Name	Nationality	Number of Shares	% of Holdings
1. Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.80%
2. Bahrain Family Leisure Company BSC	Bahraini	4,185,137	5.07%

DISTRIBUTION OF OWNERSHIP BY NATIONALITY

Nationality	Number of Shareholders	Total Shares
Bahraini	544	81,824,671
Arab	24	679,525
Foreign	7	119,254
TOTAL	575	82,623,450

The percentage of shareholding by various nationalities is mentioned below:



Corporate Governance Report

for the year 2021 (Continued...)

DISTRIBUTION OF SHAREHOLDERS

No.	Shareholding (share)	Number of shareholders	Number of shares held	Shareholding %
1	<50,000	407	4,928,955	6.0%
2	50,000 to 500,000	124	17,556,350	21.2%
3	500,001 to 5,000,000	44	60,138,145	72.8%
4	>5,000,000	-	-	-

OWENERSHIP BY GOVERNMENT:

The Government of Bahrain does not own any shares in the Company.

BOARD OF DIRECTORS:

The Board of Directors of the Company plays an important role in steering the Company. The leadership of Bahrain Cinema Company rests with the members of the Board who are highly experienced and competent. They are responsible for governing the Company in fair and transparent manner in accordance with the regulatory requirements. They are committed to take decisions which are in the best interest of the Company in order to maximize shareholders' value and betterment of the society. The Board follows equitable and balanced approach and set an example to be followed throughout the organization.

The Board of Directors of the Company are responsible for formulation of the policies and plans and setting long term and short term goals in line with the Company's objectives. They are entrusted to oversee the implementation of organizational goals and ensure that corrective actions are taken in case of deviation. The Board also outlines the responsibilities of the executive management to ensure that the actions of the management are aligned with the well-being of the Company. The Board has complete access to all the information to enable them to take a well informed decision. The Board sets short-term and long-term objectives of the Company. The short term objectives are aligned with the Company's long term goals.

The Board regularly monitors the efficacy of the management team and makes suggestion for the better and effective control of the Company's affair. The Board of Directors keep themselves abreast with the latest development in technologies in cinema business in Bahrain and abroad to improve the customers' experience. The Board however, sometimes seeks independent consultation from the professionals for efficient discharge of their responsibilities.

Corporate Governance Report

for the year 2021 (Continued...)

The Chairman of the Board is responsible to lead and encourage the Board in accomplishing Company's goals while promoting trust and harmony within the members. 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 reviews the composition of the Board on an annual basis to ensure that it is competent in shouldering their responsibilities towards the Company.

BOARD PROCEDURE

The Board procedure is detailed in the Charter of the Board. The Company has the practice of sending the agenda alongwith the supporting documents to the directors in advance to allow them enough time to review and deliberate on all matters listed in the agenda.

MANDATE AND THE SPECIFIC RESPONSIBILITIES OF THE BOARD INCLUDE:

- Evaluate the feasibility and selection of new projects
- Disclosure of financial information to the Government Authorities and the public within the stipulated time.
- Ensure that financial statements are free from errors and frauds.
- 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.
- 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.
- Recommendation of dividend payable to the shareholders.
- Ensure judicious allocation of resources to achieve the goals enshrined in the Corporate Strategy Plan.
- Reviewing the credit limits with the Banks
- Periodic evaluation of the operational performance of the company and give instructions for improvement.
- Periodical review of the Succession Plans of CEO and other members of the management who are directly reporting to 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.
- Reviewing charitable projects



Corporate Governance Report

for the year 2021 (Continued...)

MATERIAL TRANSACTIONS REQUIRING BOARD APPROVAL:

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

DIRECTORS' PROFILES- Directorship in Other Companies:

Dr. Esam Abdulla Fakhro- Chairman

Chairman	Abdulla Yousif Fakhro & Sons
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.
Board Director	Fakhro Shipping
Chairman	Go Rent A Car (Qatar)
Chairman	Fakhro Motors (BYD)
Chairman	Access Telecom (Dubai)
Chairman	Kingdom Investments SPC
Chairman	Bahrain Islamic Bank B.S.C (BisB)
Chairman	Jouri Gardening
Honorary Chairman	VOX Cineco Cinemas Company WLL

Corporate Governance Report

for the year 2021 (Continued...)

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

Mr. Ali Yousif Ubaydli- Vice- Chairman

Director	Trans Gulf Consult
Managing Director	Yousuf Ali Ubaydli WLL
Managing Director	Yousuf Ali Ubaydli Ventures WLL
Director	Royal University for Women
Director	The Malls Real Estate Company
Director	Paradise Reality Holding Company B.S.C. (c)

Mr. Jalal Mohamed Jalal- Director

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

Mr. Mohamed Ebrahim Kanoo- Director

President & Chairman	Ebrahim Khalil Kanoo B.S.C. (c)
Director	The Royal University for Women B.S.C. (c)

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	Fareed Almoayyed & Sons Co. W.L.L.
Deputy Chairman	National Concrete Company W.L.L.



Corporate Governance Report

for the year 2021 (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)
Member-Executive and Investment Committee	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	BMMI B.S.C
Vice-Chairman- Executive Committee	BMMI B.S.C
Chairman- 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
Member-Executive and Investment Committee	United Insurance Company B.S.C
Director	Bahrain Duty Free Company
Member- Investment Committee	Bahrain Duty Free Company
Vice Chairman	Banader Hotels Company BSC

Mr. Shawqi Ali Fakhro- Director

Director	Zallaq Resort Co. BSC
Chairman-Audit and Compliance Committee	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 & Managing Director	Areej Trading Establishment W.L.L.
	Amwaj Water Equipment W.L.L.
	(Subsidiaries of Fakhroo Investment W.L.L.)
Chairman	Fakhroo Information Technology Services W.L.L.
Chairman	Shutdown Maintenance Services W.L.L
Member-Board of Trustees	Alosra Charity Foundation
Member-Board of Trustees	Yusuf Abdulrahman Fakhro Charitable Foundation
Director	Bahrain Philanthropic Society
Chairman- Investment Committee	Bahrain Philanthropic Society

Corporate Governance Report

for the year 2021 (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 two Executive Non-Independent directors, five Non-executive Independent directors and one non-executive Non-Independent director. The independence of directors is reviewed annually as per the criteria mentioned in the Code.

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

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	1984	2022
Mr. Ahmed A. Rashed AlBastaki	1951	Bahraini	2017	2023
Mr. Ali Yousif Ubaydli	1942	Bahraini	1967	2022
Mr. Jalal Mohamed Jalal	1948	Bahraini	1982	2022
Mr. Mohamed Ebrahim Kanoo	1940	Bahraini	1986	2022
Mr. Fareed Yousif Almmoayyed	1953	Bahraini	1992	2022
Mr. Jehad Yousif Amin	1958	Bahraini	1998	2022
Mr. Shawqi Ali Fakhroo	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 enumerates the procedure for election of directors. The Nomination and Remuneration Committee after careful assessment of the candidate's experience and competence makes recommendation to the Board for appointment of the directors. The shareholders of the Company have ultimate authority to elect the members of the Board in the Annual General Meeting of the Company. The directors are elected for a period of three years and are liable to retire by rotation. The directors may be re-elected upon expiration of the 3 years unless they are disqualified as per the provisions of Bahrain Commercial Law or Articles of Association.

The present members of the Board (except Mr. Ahmed A. Rashed AlBastaki) were elected in the Annual General meeting held in the year 2019 and their tenure expires in the Annual General meeting to be held in the year 2022. Therefore, they seek their re-appointment for a further term of 3 years from the conclusion of AGM to be held in 2022 till the ensuing AGM to be held in 2025.



Corporate Governance Report

for the year 2021 (Continued...)

INDUCTION OF NEW DIRECTORS

The Company carries induction programme for the new directors which details the businesses carried by the Company, details of all cinemas and restaurants operated by the Company, subsidiaries & Joint Ventures, introduction to the members of the management team, internal auditors, external auditors, lawyers, etc. to enable them to discharge their duties efficiently. 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. Jalal Mohamed Jalal	Ordinary	482,658
Mr. Mohamed Ebrahim Kanoo	Ordinary	358,094
Mr. Fareed Yousif Almoayyed	Ordinary	475,781
Mr. Jehad Yousif Amin	Ordinary	2,000,000
Mr. Shawqi Ali Fakhroo	Ordinary	712,555
Total		10,684,193

BOARD MEETINGS:

The Company adheres to the H.C. 1.3.3 of the Corporate Governance Code which mandates the Board to convene at least four meetings in a financial 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 and taken on record by the directors in the subsequent Board meeting. The details in respect of the meetings of the Board and the Committees held during the year 2021 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 the Director	Board			Executive Committee		Corporate Governance and Audit Committee		Nomination & Remuneration Committee		Sub-committee of Executive Committee		Total		
	Total No. of meetings	Meetings attended	% of attendance	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	% of meetings attended
Dr. Esam Abdulla Fakhro	4	4	100%	4	4			2	2	9	9	19	19	100%
Mr. Ahmed A. Rashed Albastaki	4	4	100%	4	4					9	9	17	17	100%
Mr. Ali Yousuf Ubaydli	4	3	75%	4	4			2	2			10	9	90%
Mr. Jalal Mohamed Jalal	4	4	100%			4	4					8	8	100%
Mr. Mohamed Ebrahim Kanoo	4	2	50%	4	3			2	2			10	7	70%
Mr. Fareed Yousif Almoayyed	4	4	100%			4	4					8	8	100%
Mr. Jehad Yousif Amin	4	4	100%	4	4			2	2	9	8	19	18	94.7%
Mr. Shawqi Ali Yousuf Fakhroo	4	4	100%			4	4	2	2			10	10	100%

Corporate Governance Report

for the year 2021 (Continued...)

The Board meeting may be summoned either 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 videoconference/phone.

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

DATE OF BOARD MEETINGS AND ATTENDANCE DETAILS:

DIRECTORS	16/02/2021	28/04/2021	05/08/2021	03/11/2021
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes
Mr. Ahmed A. Rashed AlBastaki	Yes	Yes	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	No	Yes	Yes
Mr. Jalal Mohamed Jalal	Yes	Yes	Yes	Yes
Mr. Mohamed Ebrahim Kanoo	Yes	No	Yes	No
Mr. Fareed Yousif Almoayyed	Yes	Yes	Yes	Yes
Mr. Jehad Yousif Amin	Yes	Yes	Yes	Yes
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes

REMUNERATION POLICY OF BOARD OF DIRECTORS:

The method of payment of remuneration to the directors is enunciated in Article 188 of Commercial Companies Law No.21 of 2001. The Board of directors is compensated on the basis of their attendance in the Board and the Committee meetings and 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 towards 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.

The Board of Directors of the Company decided to waive their sitting fees and 50% of their remuneration for the year 2021.

AGGREGATE REMUNERATION TO BOARD OF DIRECTORS:

The amount of aggregate remuneration paid to the directors for the financial year 2020 and 2021 is mentioned in Note Number: 29 of the Financial Statement.

CODE OF CONDUCT/ CODE OF ETHICS:

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

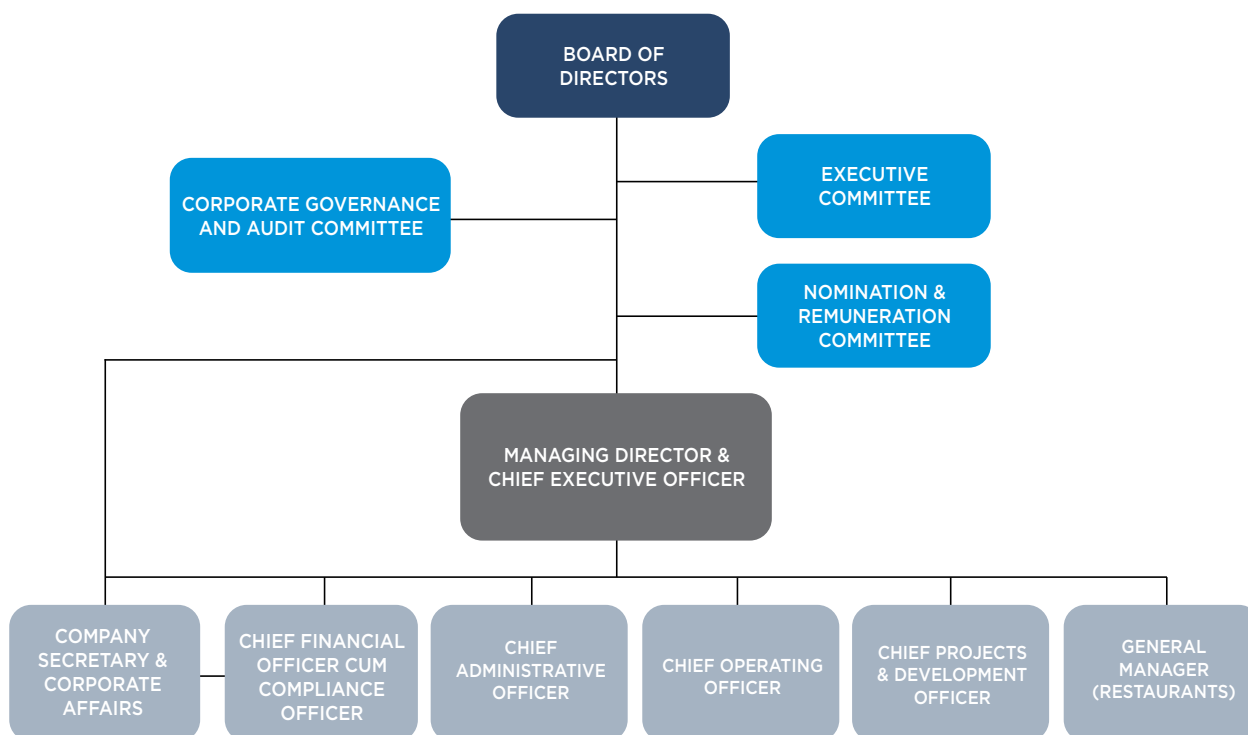
- The employees are not supposed to disclose the confidential information about the Company either during or after the service to any outside person/entities.
- The Company will not disclose the information about the customers/business associates to any other person/entities.
- Company has to act on the customers' complaints promptly and courteously.
- 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.



Corporate Governance Report

for the year 2021 (Continued...)

ORGANISATIONAL STRUCTURE



COMPLIANCE

The Chief Financial Officer is also the Compliance Officer of the Company. The Company has dutifully complied with all the rules and regulations applicable to the Company and there was no instance of any procedural non-compliance of any provisions of the applicable Law. The Company has a well defined Compliance Policy Manual which elaborately covers the compliance procedure and functions. Some of the salient features of Compliance Manual are described below:

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

The Compliance officer is responsible to assess the compliance risks associated with the 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 2021 (Continued...)

ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS:

Name	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	-	Member	-
Mr. Ali Yousif Ubaydli	Vice- Chairman	-	Member	Member
Mr. Jalal Mohamed Jalal	Director	Member	-	-
Mr. Mohamed Ebrahim Kanoo	Director	-	Member	Member
Mr. Fareed Yousif Almoayyed	Director	Member	-	-
Mr. Jihad Yousif Amin	Director	-	Member	Member
Mr. Shawqi Ali Fakhro	Director	(Chair)	-	Member

BOARD COMMITTEES:

The Board has constituted various Committees for effective governance in the Company. The Board has delegated some of their responsibilities to the Committees but continues to remain responsible and accountable for the decisions taken by the Committee. The main purpose of forming the committees is to enable the Board to attend to the more pressing matters of operation of the Company. The Committees make recommendations to the Board whenever necessary and 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 done in line with 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:

- 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.
- Analyzing and approving the Corporate Strategy Plan for every financial year before presenting the same to the Board.



Corporate Governance Report

for the year 2021 (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:

DATE OF MEETINGS

MEMBERS	27/01/2021	15/06/2021	22/09/2021	07/12/2021
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes
Mr. Ahmed A. Rashed AlBastaki	Yes	Yes	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	Yes	Yes	Yes
Mr. Mohamed Ebrahim Kanoo	Yes	No	Yes	Yes
Mr. Jihad Yousif Amin	Yes	Yes	Yes	Yes

The members waived the payment of the sitting fees for attending the Executive Committee for the year 2021.

The Company also has a Sub Committee of Executive Committee comprising of three members, chaired by Dr. Esam Abdulla Fakhro to assist the Executive Committee and to make recommendations on matters of urgent nature. In the year, 2021 nine meetings of Sub Committee of Executive Committee were held to attend to the matters requiring immediate action. The details of the meetings and attendance of the Sub Committee of Executive Committee held during the year are as follows:

DATE OF MEETINGS

MEMBERS	04/01/2021	12/01/2021	21/02/2021	22/03/2021	01/04/2021
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes	Yes
Mr. Ahmed A. Rashed AlBastaki	Yes	Yes	Yes	Yes	Yes
Mr. Jihad Yousif Amin	No	Yes	Yes	Yes	Yes
	15/06/2021	22/08/2021	23/08/2021	12/09/2021	
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes	
Mr. Ahmed A. Rashed AlBastaki	Yes	Yes	Yes	Yes	
Mr. Jihad Yousif Amin	Yes	Yes	Yes	Yes	

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 and the minimum number of meeting of the Nomination and Remuneration Committee in a year is two (2). The Charter of the Nomination & Remuneration Committee describes the specific responsibilities assigned to this Committee.

Functions of the Nomination and Remuneration Committee:

- Approval of Succession Plans of senior management before the plans is presented to the Board for approval.
- Review of remuneration and sitting fees of the directors and making recommendations to the Board about their decisions.

Corporate Governance Report

for the year 2021 (Continued...)

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

As per the terms of Charter of the Nomination & Remuneration Committee, the minimum number of meetings is two in a year. The actual number of meetings held during the year is 2. The details of the composition of the Nomination and Remuneration committee and attendance of the members in the meeting of this Committee are mentioned in the following table:

DATE OF MEETINGS

MEMBERS	27/01/2021	22/09/2021
Dr. Esam Abdulla Fakhro	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	Yes
Mr. Mohamed Ebrahim Kanoo	Yes	Yes
Mr. Jehad Yousif Amin	Yes	Yes
Mr. Shawqi Ali Fakhro	Yes	Yes

The members of the Nomination & Remuneration Committee waived the payment of sitting fees for attending the meeting during the year, 2021.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

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

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

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.



Corporate Governance Report

for the year 2021 (Continued...)

During the year 2021, 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:

DATE OF MEETINGS

MEMBERS	14/02/2021	28/04/2021	05/08/2021	03/11/2021
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes
Mr. Jalal Mohamed Jalal	Yes	Yes	Yes	Yes
Mr. Fareed Yousif Almoayyed	Yes	Yes	Yes	Yes

The members waived their sitting fees for the year 2021.

CONFLICT OF INTEREST:

The Company has a strict policy for Conflict of Interest which describes in detail the procedure to be followed 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 fair and free from any prejudice. During the year 2021, 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.

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 ensure that the operations of the Company are conducted efficiently and fairly. Internal control ensure the accuracy and completeness of the financial resources, achieve operational or strategic goals, prevention and detection of frauds and errors, safeguarding the organizational resources, ensure optimum utilization of the organizational resources, taking corrective actions in case of discrepancy, mitigating risks and ensure compliance of the policies and procedures. The management of the Company is responsible for monitoring the implementation of the adequacy 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 effective 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

Corporate Governance Report

for the year 2021 (Continued...)

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 CEO and all head of departments i.e., CAO, CFO, COO-Operations, CPDO and General Manager-Restaurants 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 insider 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 to the Bahrain Bourse. The Compliance Officer is vested with the responsibility of compliance of the latest Key Person trading regulations stipulated by Bahrain Bourse. During the year 2021, the Company has duly filed all forms and documents required to be filed with Bahrain Bourse/ Bahrain Clear.

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. For the year, 2021, evaluation was done as follows:

- 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.
- Evaluation of the Board by each director has been done to assess the functioning of the Board.
- Evaluation of each committee by each member of the respective committee has also been done for the financial year 2021 to ensure that the respective Committee functions to accomplish its specific purposes and responsibilities that are assigned to that committee.
- The Chairman of the Board and the Chairman of each committee have done self-performance evaluation in order to continue to function with high level of efficiency.

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 2021.



Corporate Governance Report

for the year 2021 (Continued...)

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 KFin Technologies (Bahrain) WLL (KFTWLL) as the sub-registrar and the Board of directors of the Company recommended their reappointment for the financial year 2021.
- The Company published annual results for each quarter and for the entire financial year, 2021 through newspapers in Arabic and English and on the Bahrain Bourse website.
- 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.

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 2021 as per the format recommended by the MOICT.

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, 20 years
Name of the partner in charge of the Company's audit	Mr. Nath Venkitachalam
The partner's year of service as the partner in charge of the Company's audit	Two years
Total audit fees for the financial year 2021	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 2021.	None

Corporate Governance Report

for the year 2021 (Continued...)

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 Shari'a	N.A	N.A	N.A	N.A

Bahrain Cinema Company B.S.C. currently complies with all the provisions of the Code with the exception of following:

Principle 1: The Company shall be headed by an effective, qualified and expert board.

Principle 1 requires that the Company's Chairman of the Board of Directors is an independent director and that he is not the Company's CEO. The Chairman of the BOD is a non-independent director whereas he is not a Company's CEO. However, this does not dilute the highest standards of corporate governance that the company maintains as a) business transactions are entered into on arms' length basis, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the concerned directors refrain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Dr. Esam Abdulla Fakhro's status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.



Corporate Governance Report

for the year 2021 (Continued...)

Principle 1 requires that the Company's directors shall not hold directorship in more than three companies. However, 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.

Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors

Principle 4 requires that the Nomination Committee ("NC") consists of at least 3 directors, all of whom are independent or non-executive. However, the Nomination Committee ("NC") consists of five directors. Out of five directors, three directors are independent and non-executives, one director is non-independent and non-executive and one director is non-independent and executive. The Chairman of committee is not an independent director. However, this does not dilute the highest standards of corporate governance that the company maintains for effective discharge of duties for appointment, training, and evaluation of the directors.

Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.

Principle 5 requires that Remuneration Committee ("RC") consists of at least 3 directors, the majority of whom are independent or non-executive and that the Chairman is an independent director. However, the Remuneration Committee ("RC") consists of five directors. Out of five directors, three directors are independent and non-executives, one director is non-independent and non-executive and one director is non-independent and executive. The Chairman of committee is not an independent director. However, this does not dilute the highest standards of corporate governance that the company maintains in respect of fairly remunerating the directors and senior officers.

Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.

Principle 7 requires from the Company to assign a specific section on their website thereof to describe shareholders' right to participate and vote at each shareholder's meeting, and post significant documents relating to meetings including invitations and minutes. However, the Company has not assigned a specific section on their website thereof to describe shareholders' rights to participate and vote at each shareholders' meeting, however, these rights are mentioned in notice of meetings which are uploaded on website. The Company does not have electronic means of submission of proxies for the shareholders' meeting. However, the notice of the shareholders' meeting and minutes thereto are uploaded on the Company's website and Bahrain Bourse website for the information of the shareholders.

Bahrain Cinema Company B.S.C. currently complies with all the provisions of the Code with the exception of following:

- HC1.4.5 of the High Level Controls (Corporate Governance) issued by CBB 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 on arms' length basis, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the

Corporate Governance Report

for the year 2021 (Continued...)

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 High Level Controls (Corporate Governance) issued by CBB 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.
- The provision of HC 4.2.2 and HC 5.3.2 of the High Level Controls (Corporate Governance) issued by CBB provides that the Chairman of the Nomination and Remuneration Committee 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. 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 HC 1.3.7 of the High Level Controls (Corporate Governance) issued by CBB requires that the Board members to attend at least 75% of all the Board meetings in a financial year. The attendance of Mr. Mohamed Ebrahim Kanoo (Director) in the Board meeting held during the year 2021 was 50%. In adherence to HC 1.3.10, the Company had duly intimated CBB about his level of attendance and circumstances affecting his non-attendance.
- The Company has not assigned a specific section on their website thereof to describe shareholders' rights to participate and vote at each shareholder's meeting. However, these rights are mentioned in notice of meetings which are uploaded on website. The Company does not have electronic means of submission of proxies for the shareholders' meeting. However, the notice of the shareholders' meeting and minutes thereto are uploaded on the Company's website and Bahrain Bourse website for the information of the shareholders.
- 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.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Bahrain Cinema Company (BCC) has been an early adopter of Corporate Social Responsibility (CSR) activities and for over 5 decades it has created a legacy of promoting social well-being and sustainable living. The Group's focus has always been to contribute to the development of the society and environment. The Company is mindful of the impact of its actions on the society and environment and therefore believes in doing its bit for the socio economic development. The Company is committed to minimize the impact of its operations on the environment. The Company truly believes in building a better future by undertaking activities for eradicating disparity, equitable development of the society and creating awareness about the environmental issues.



Corporate Governance Report

for the year 2021 (Continued...)

BCC has always been committed for the improvement of the 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. The corporate social responsibility initiatives related to education and care for children, culture and religion, sustainability and charities and donations are reviewed and approved periodically.

The Company has a well-defined Corporate Social Responsibility Policy which was approved by the Board on 5th August, 2021. The CSR Policy specifies the objectives, focus areas, Committee members and responsibility of the Committee.

Bahrain Cinema Company partners with non-government organizations (NGOs), Charitable Institutions and Charity Funds to make a difference among the local communities and society by granting donations. The contributions made by the Group are expended for the following CSR activities: (1) improvement of health care facilities in the Country, (2) educational development of youth and children, (3) caring senior citizens, orphans, destitute and indigents, (4) edification of the society by spreading awareness about Islam, (5) promotion of sports & culture, (6) mother care, (7) welfare of the people affected by war, (8) environment sustainability, and (9) promotion of art and culture.

REGULAR CHARITABLE ACTIVITIES:

Religion & Arab Culture

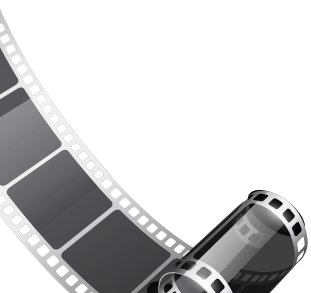
The Company also has the policy of sponsoring pilgrimage to Holy Makkah to the Muslim employees each year under Employee Gift Scheme. However, in the year 2021, due to travel restrictions imposed by the Government to combat coronavirus, the Company could not grant this privilege to its employees.

Development of Bahraini Youth and Children

- The Company 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, Company is constantly sponsoring training programme to Bahraini employees under Tamkeen programme to nurture the home grown talent.
- The Company provides free tickets to the differently abled persons, orphans and the school children.
- Advertisements for educational and informative purposes and advertisements in the national interest are allowed to be screened free of cost.

Environmental sustainability

Bahrain Cinema Company has deep values and ethics towards environment sustainability and protection. The Company 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, the Company 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 2021 (Continued...)

Accredited Societies and Funds who are Beneficiaries of Donations and Contributions by Bahrain Cinema Company during the year 2021 are as follows:

- AL BU KWARA CHARITY SOCIETY
- MALKIYA CHARITY SOCIETY
- AL MUSALLA CHARITY SOCIETY
- MANAMA CHARITY SOCIETY
- THE HOLY QURAN CUSTODY SOCIETY
- DAR YUKO PARENTS CARE CENTER
- INTERNATIONAL LADIES GROUP
- MUHARRAQ PARENTS CARE HOME
- BAHRAINI ASSOCIATION FOR PARENTS & FRIENDS OF DISABLED
- HIDD CHARITY SOCIETY
- SHAKHURAH SOCIETY CHARITY FUND
- RIFFA CHARITY SOCIETY
- GULF DISABILITY SOCIETY
- MUHARRAQ CHARITY SOCIETY
- AL BAYAN SOCIETY
- BAHRAIN DEAF SOCIETY
- TUBLI CHARITY SOCIETY
- AL ANFAL SOCIETY
- ROYAL HUMANITARIAN FOUNDATION
- MINISTRY OF HEALTH
- BAHRAIN ATHLETICS ASSOCIATION
- BCICAI

Remarkable Charitable Initiatives of the Company during the year 2021:

BCC has been providing donations not only to various Charitable Societies and Funds but also help the individuals in need. The Company has contributed a total amount of BD 16,996 towards various charitable purposes during the year 2021.

Charity Reserve as on 31st December, 2021:

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, 2021, the Company has BD 305,695 in the Charity Reserve.



Corporate Governance Report

for the year 2021 (Continued...)

ESG REPORT 2021

Bahrain Cinema Company B.S.C. (Cineco) is a public shareholding company engaging in operating in cinema and managing cinemas, film distribution as well as running restaurants and investment in real estate. Being fully dedicated, the ultimate goal of Cineco is to value both, the business reputation and our customer's satisfaction without compromising our responsibilities towards the environment or the society we are part of. We at Cineco strive for excellence and transparency across all our operations and placing ESG responsibilities at the heart of the business. This report contains future goals and ESG related data for the financial year 2021.

ESG	Focus Areas	Details
Environmental	Energy Usage	<ul style="list-style-type: none"> To contribute to the HRH Crown Prince's vision to make Bahrain net zero carbon emissions by 2060 Emphasis on use of renewable source of energy Monitor the consumption of water usage and effective management
	Operations and management of resources	<ul style="list-style-type: none"> Focus reuse and recycle of resources and minimize the footprint Develop policies for effective management and promoting sustainability Identify and invest in climate related issues in 2022
	Green Initiatives	<ul style="list-style-type: none"> Increase digitization and automation of process to reduce usage of paper throughout the organization Emphasis on online ticket bookings for cinema and digital tickets in future to reduce paper waste
Social	Gender Diversity and Equality	<ul style="list-style-type: none"> Of the 227 total employees, 204 numbers are men and 23 are women 30% of the executive level position is occupied by women 13% of the total salary is drawn by women working in the organization Improve women headcount and embrace diversity
	Health and Safety	<ul style="list-style-type: none"> Adherence to the highest level Health and Safety Programs throughout the organization Regularly review H&S Policy of the Company to be in line with the best standards and reduce the risks To inspire people to focus on improving their health and wellness through several initiatives and awareness camps
	Employee satisfaction and non-discrimination	<ul style="list-style-type: none"> Training programs for development of employees' skill and career advancement Monthly complimentary cinema tickets are given to the employees for them and their family's entertainment and recreational activity We have strict non-discrimination policy and channels to report any employee related issue discreetly and address their concerns Company provides medical insurance to all the employees to reduce their medical expenses to promote better health and prevention.
	Sustainable Supplier engagement	<ul style="list-style-type: none"> Encourage our suppliers to implement ESG initiatives, share our commitments and observe best practices
	Social Welfare and Culture preservation	<ul style="list-style-type: none"> During 2021, Cineco donated BD 16,996 to various charities for social welfare We are preserving and maintaining a heritage building (Al Hamra cinema) in Bahrain to showcase our culture to future generations

Corporate Governance Report

for the year 2021 (Continued...)

Governance	Board Diversity	<ul style="list-style-type: none"> • Eight directors came with vast experience background guiding the company. • 62% of the Board seats are occupied by Independent Directors
	Code of Conduct and Ethics	<ul style="list-style-type: none"> • The Company has formal Code of Conduct and Ethics Policy and Whistle Blower mechanism to report any unethical practice • To encourage the suppliers of the Company to adhere to the Company Code of Conduct Policy • Promote ethical decision making and effective risk management in adherence to the policies of the Company
	Corporate Governance and CSR	<ul style="list-style-type: none"> • Annual disclosure of Corporate governance and CSR in the Annual Report • Board Committees to oversee and monitor adherence to best Corporate governance practices and CSR activities • Fostering transparency and business ethics
	Sustainability	<ul style="list-style-type: none"> • To broaden portfolio and invest in green bonds, renewable energy and sustainable bonds • To invest in sustainable living • The first report on sustainability on ESG will form a part of Annual Report for FY 21

The COVID-19 presented several financial and operational challenges to the Company in FY-21 due to which the Company could not undertake initiatives we initially intended for. The pandemic is a reminder and places more importance on ESG activities now more than ever. The climate change is a serious issue and we at Cineco are committed to build a better future for the next generations.



Dr. Esam Abdulla Fakhro
Chairman

Date: 17-02-2022



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Consolidated **FINANCIAL STATEMENTS**

For the year ended 31st December 2021

Cineco

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 2021, 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 2021, 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 2021. 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 (Contd...)

Valuation of investment properties

The Group has investment properties as disclosed in Note 9 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

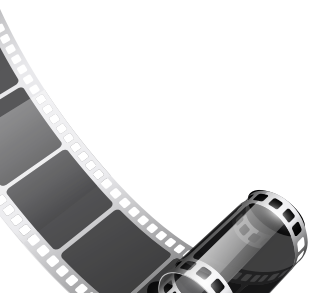
As at 31 December 2021, the Group has investments in both listed and unlisted financial instruments as disclosed in Note 15. Listed financial instruments are fair valued at their quoted price. Management applies significant judgment in the determination of fair values of unlisted investments. Valuation 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.

Valuation of the property, plant and equipment and investment in associate

Property, plant and equipment and investment in an associate represents a significant portion of the group's consolidated financial statements. The management applies significant judgment in assessing the requirement for impairment of property, plant and equipment and investment in an associate. The management considers the below factors in its assessment:

- COVID-19 induced pressure on the economy going forward, the estimated growth rates in revenue that reflect the revised projections and market outlook;
- Anticipated revenue from restaurants and cinemas not being achieved due to mandatory closure and lockdown in the current and the post-year end periods; and
- Significant estimates used in determining the key assumptions supporting the expected future cash flows, forecasted revenue and discount rates in the overall evaluation of the value in use and recoverable amount of property, plant and equipment and investment in associate.



Independent Auditor's Report

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

Our audit procedures included testing of the reasonableness of the recoverable amount of the property, plant and equipment and investment in an associate, based on judgements, assumption and approach adopted by the management. We critically evaluated judgements, assumption and approach used by the management for determining the value in use and recoverable amount of property, plant and equipment and investment in associate and performed sensitivity analyses on the key assumptions used in the model. We also evaluated the completeness and accuracy of disclosure relating to the impairment assessment to assess compliance with the requirements of the relevant accounting standards.

Other information

Management is responsible for the other information. The other information in the annual report comprises of 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 (Contd...)

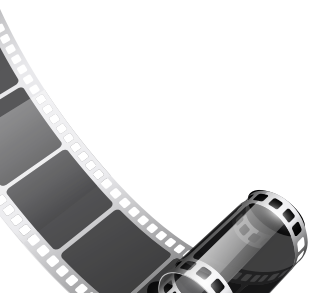
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Group 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 (Contd...)

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 of Article 8 of Section 2 of Chapter 1 of the 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 Company 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) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2021.

BDO

Manama, Kingdom of Bahrain

17 February 2022



Consolidated Statement of Financial Position

of Bahrain Cinema Company as at 31 December 2021

(Expressed in Bahrain Dinars)

	Notes	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,716,409	4,425,862
Capital work-in-progress	8	1,969,736	1,610,429
Investment properties	9	22,314,085	21,910,000
Right-of-use assets	10	3,082,592	2,871,953
Investment in an associate	12	9,677,134	9,692,624
Non-current portion of receivable on disposal of business operations	14	3,152,351	6,304,703
Financial assets at fair value through profit or loss	15	9,952,285	9,337,976
		53,864,592	56,153,547
Current assets			
Inventories	13	153,968	126,582
Trade and other receivables	14	4,157,779	4,030,108
Financial assets at fair value through profit or loss	15	10,204,842	10,589,855
Cash and bank balances	16	3,966,736	3,702,229
		18,483,325	18,448,774
Total assets		72,347,917	74,602,321
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	8,262,345	8,262,345
Share premium	18(i)	911,442	911,442
Revaluation reserve	18(ii)	4,557,442	4,557,442
Statutory reserve	18(iii)	4,131,173	4,131,173
Charity reserve	18(iv)	305,695	310,695
Retained earnings	18(v)	41,956,873	40,913,683
Treasury shares	17	(370,975)	(370,975)
		59,753,995	58,715,805
Non-current liabilities			
Non-current portion of Murabaha facility	19	199,645	767,460
Employees' terminal and other benefits	20	1,437,264	2,010,793
Non-current portion of lease liabilities	21	2,442,960	2,360,402
		4,079,869	5,138,655
Current liabilities			
Current portion of Murabaha facility	19	5,546,182	5,502,087
Current portion of lease liabilities	21	1,338,018	1,287,206
Trade and other payables	22	1,629,853	964,583
Bank overdrafts	23	-	2,993,985
		8,514,053	10,747,861
Total liabilities		12,593,922	15,886,516
Total equity and liabilities		72,347,917	74,602,321

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 Yusuf Ali Ubaydli
Vice- Chairman



Ahmed A. Rashed AlBastaki
Managing Director

Consolidated Statement of Profit or Loss & other comprehensive income

of Bahrain Cinema Company for the year ended 31 December 2021

(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Operating income	30	2,317,011	2,242,316
Operating costs		(2,883,411)	(3,218,472)
Operating gross loss		(566,400)	(976,156)
Income/(loss) from investments, net	26	2,010,464	(447,807)
Other income	24	976,632	1,317,271
General and administrative expenses	25	(963,742)	(2,847,392)
Impairment loss on investment in associate	12	-	(10,905,664)
Finance costs	27	(244,425)	(270,474)
Net profit/(loss) and other comprehensive income/(loss) from continuing operations		1,212,529	(14,130,222)
Loss on discontinued operations	11	(169,339)	-
Net profit/(loss) and other comprehensive income/(loss) for the year		1,043,190	(14,130,222)
Basic earnings/(loss) per share	28	Fils 13	Fils (179)

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 Yusuf Ali Ubaydli
Vice- Chairman



Ahmed A. Rashed AlBastaki
Managing Director

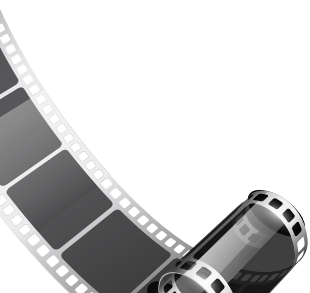


Consolidated Statement of Changes in Shareholder's Equity

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021

(Expressed in Bahrain Dinars)

	Notes	Share capital	Share premium	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
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
Dividends for 2019	29	-	-	-	-	-	(1,973,480)	-	(1,973,480)
Purchase of treasury shares	17	-	(16,286)	-	-	-	-	(2,549)	(18,835)
Net loss and other comprehensive loss for the year		-	-	-	-	-	(14,130,222)	-	(14,130,222)
At 31 December 2020		8,262,345	911,442	4,557,442	4,131,173	310,695	40,913,683	(370,975)	58,715,805
Charity paid	18(iv)	-	-	-	-	(5,000)	-	-	(5,000)
Net profit and other comprehensive income for the year		-	-	-	-	-	1,043,190	-	1,043,190
At 31 December 2021		8,262,345	911,442	4,557,442	4,131,173	305,695	41,956,873	(370,975)	59,753,995



Consolidated Statement of Cash Flows

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021

(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Operating activities			
Net profit/(loss) for the year		1,043,190	(14,130,222)
Adjustments for:			
Depreciation	7	655,949	965,642
Amortisation of cost to right-of-use assets	10	581,746	1,073,442
Impairment loss on property, plant and equipment	25	-	1,060,971
Impairment loss on property, plant and equipment relating to discontinued operations	11	76,513	-
Gain on termination of lease liability		-	(1,214)
Impairment loss on right-of-use assets	25	-	354,990
Lease liability no longer payable written-off	24	-	(277,543)
Pre-operating projects cost written-off		-	158,827
Trade and other receivables written-off	25	-	122,165
Unrealised fair value (gain)/loss on investment properties	9	(402,808)	1,514,749
Loss on disposal of investment properties	25	-	99,670
Impairment loss on investment in associate	12	-	10,905,664
Inventories written-off	25	-	33,079
(Written-off)/provision for obsolete inventories	13	(15,930)	123,643
Rent concession on lease liabilities	21	(380,659)	(319,805)
Net share of loss from investment in joint ventures		-	9,407
Net share of loss from investment in an associate	12	15,490	5,821
Net unrealised gain on financial assets at fair value through profit or loss	26	(615,062)	(265,292)
Dividend income	26	(388,000)	(387,929)
Interest income from trading of bonds	26	(528,145)	(368,944)
Interest income on bank current accounts balances	26	(80,817)	(19,315)
Realised gain on sale of financial assets at fair value through profit or loss	26	(11,122)	(40,690)
Interest income on long term receivable	24	(390,104)	(531,957)
Finance costs	27	244,425	270,474
Capital work in progress written-off	8	85,752	-
Changes in operating assets and liabilities:			
Inventories		(11,456)	(7,721)
Trade and other receivables		(127,671)	523,310
Trade and other payables		665,270	(1,760,738)
Other employee benefits		(557,904)	(557,904)
Employee terminal benefits, net		(15,625)	(118,336)
Net cash used in operating activities		(156,968)	(1,565,756)
Investing activities			
Purchase of property, plant and equipment	7	(23,009)	(107,227)
Purchase of investment properties	9	(1,277)	(120,117)
Proceeds from disposal of business operations		3,152,352	3,152,353
Distribution received from an associate	12	-	1,920,294
Addition in capital work-in-progress		(445,059)	(736,377)
Proceeds from joint venture		-	6,200
Proceeds from sale of investment properties		-	5,000
Proceeds from sale of financial assets at fair value through profit or loss		396,888	75,399
Interest income on long term receivable	24	390,104	531,957
Interest income from bonds and sukuks	26	528,145	368,944
Interest income received on bank current accounts balances	26	80,817	19,315
Dividend received from an associate	12	-	281,467

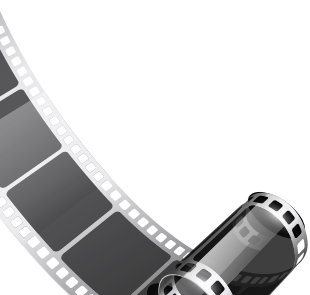


Consolidated Statement of Cash Flows

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Investing activities (continued)			
Dividend income received	26	388,000	387,929
Net cash provided by investing activities		4,466,961	5,785,137
Financing activities			
Purchase of treasury shares	17	-	(18,835)
Amount repaid against Murabaha facility		(523,720)	(482,669)
Lease liabilities paid	21	(370,530)	(144,180)
Dividends paid		-	(2,190,156)
Charity paid	18(iv)	(5,000)	-
Finance costs paid		(152,251)	(129,588)
Net cash used in financing activities		(1,051,501)	(2,965,428)
Net increase in cash and bank balances		3,258,492	1,253,953
Cash and cash equivalents, beginning of the year		708,244	(545,709)
Cash and cash equivalents, end of the year		3,966,736	708,244
Comprising:			
Cash and bank balances	16	3,966,736	3,702,229
Bank overdrafts	23	-	(2,993,985)
		3,966,736	708,244



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021

1 ORGANISATION AND ACTIVITIES

Bahrain Cinema Company B.S.C. ("the Company") and its subsidiaries (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 furniture 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, 1192-20, 1192-22, 1192-24, 1192-25, 1192-26, 1192-27 and 1192-28.

The audited consolidated financial statements, set out on pages 13 to 59, were approved and authorised for issue by the Board of Directors on 17 February 2022.

2 STRUCTURE OF THE GROUP

The structure of the Group is as follows:

Subsidiary company

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2021	Effective ownership interest 2020
Red Dragon Company S.P.C. *	Kingdom of Saudi Arabia	Restaurant operations and Go-karting business	100%	100%
Cineco Cinema L.L.C.**	United Arab Emirates	Screening of films	100%	100%

* The Company has not yet started its operations.

** On 5th August 2021, the Company's Board of Directors has passed the resolution for the closure of activity of Cineco Cinema L.L.C. Accordingly, the Company has disclosed the operation as discontinued operations in the statement of profit or loss and other comprehensive income during the year 2021 and disclosed the results in Note 11.

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 2021.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

2 STRUCTURE OF THE GROUP (CONTINUED)

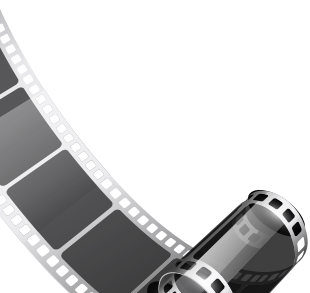
Associate

Name of Associate	Country of incorporation	Principal activities	Effective ownership interest 2021	Effective ownership interest 2020
Vox Cineco Cinemas Company W.L.L.	Kingdom of Bahrain	Screening of films, sale of food and beverages	50%	50%

The Group has entered into an agreement with Majid Al Futtain Cinemas Bahrain Co. W.L.L. 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 Futtain 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 2021 (Contd...)

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
- associate

These assets have been measured at their fair market values except for associate which has 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 Group'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 2021 (Contd...)

Standards, amendments and interpretations effective and adopted in 2021

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 2021 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	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from January 2021 to October 2021.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

On 31 March 2021, the IASB issued another amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment COVID-19-Related Rent Concessions. Accordingly, the Group has applied the amendment Covid-19-Related Rent Concessions beyond 30 June 2021 in the current annual financial statements.

The effect of applying the practical expedient is disclosed in Note 6(a).

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

Standards, amendments and interpretations issued and effective in 2021 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting year beginning on or after 1 January 2021 or subsequent year, but is not relevant to the Group's operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 32, IFRS 4, 7, 9 and 16	Interest rate benchmark reform – IBOR 'phase 2'	1 January 2021

Standards, amendments and interpretations issued but not yet effective in 2021

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2021. They have not been adopted in preparing the consolidated financial statements for the year ended 31 December 2021 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 3	Reference to the conceptual framework	1 January 2022
IAS 16	Property, plant and equipment - proceeds before intended use	1 January 2022
IAS 37	Onerous contracts - cost of fulfilling a contract	1 January 2022
IAS 1	Disclosure of accounting policies	1 January 2023
IAS 1	Classification of liabilities as current or non-current	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

Early adoption of amendments or standards in 2021

The Group did not early-adopt any new or amended standards in 2021. There would have been no change in the operational results of the Group for the year ended 31 December 2021 had the Group early adopted any of the above standards applicable to the Group.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

4 SIGNIFICANT ACCOUNTING POLICIES

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

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Increases in carrying amounts arising on revaluation of freehold land are credited to the revaluation reserve in the consolidated statement of other comprehensive income. Decreases that off-set previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the consolidated statement of profit or loss and other comprehensive income. On disposal of revalued assets, amounts in the revaluation reserve relating to these assets are transferred directly to retained earnings.

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

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

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

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

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

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

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

Investment properties

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

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

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.

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.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

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:

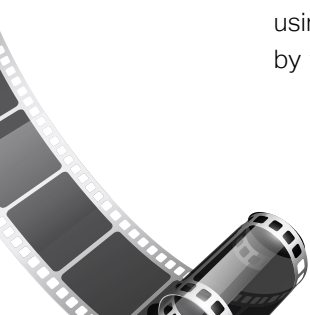
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

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;



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

- 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.

Investment in an associate

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

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

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

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

Financial assets

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

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

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

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



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

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:

(a) 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.

(b) 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, net of bank overdraft which are subject to insignificant risk of fluctuation in its realisable value.

Financial liabilities

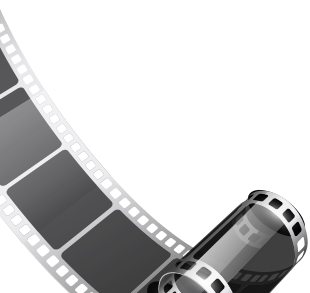
The financial liabilities of the Group consist of trade and other payables. These financial liabilities are initially recognised at fair value and are subsequently re-measured at amortised cost using the effective interest method.

Trade and other payables

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

Murabaha facility

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



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

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.

Inventories

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

Employees' terminal benefits

a) Short-term benefits

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

b) Post-employment benefits

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

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

Share capital

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

Treasury shares

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



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

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:

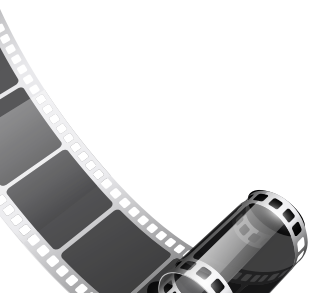
Revenue recognition under IFRS 15

- 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 2021 (Contd...)

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;
- revenue recognition;
- fair value measurement;
- going concern;
- power to exercise significant influence;
- legal proceedings;
- determination of lease term and the borrowing rates for leases;
- Impairment of assets; 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.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

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 2021 and 2020 are disclosed in Note 33.

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.

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.

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

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 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.

Impairment of assets

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 2021, in the opinion of the management, a provision of BD17,898 was considered necessary against trade receivables (2020: BD17,898). 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 2021, in the opinion of Group's management a provision of BD109,290 (2020: BD125,220) 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.

The Group reviews the carrying amounts of its assets, excluding goodwill, to determine whether there is any indication that those assets are impaired. In making the assessment of impairment, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgment in allocating assets that do not generate independent cash flows to an appropriate cash-generating unit, and also in estimating the timing and value of the underlying cash flows within the value-in-use calculation. Subsequent changes to the cash-generating unit allocation or to the timing of cash flows could impact the carrying value of the respective assets.

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 2021 (Contd...)

6 SIGNIFICANT EVENTS AND TRANSACTIONS

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, a Group has experienced significant disruption to its operations in the following respects:

- The closure of cinema and restaurants locations due to local governments mandating that shopping centres and other 'non-essential' businesses cease normal operations;
- Disruptions in the supply of inventory from major suppliers;
- Decreased demand for movies in cinema halls and dine-in restaurants as a consequence of social distancing requirements and recommendations;
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for a Group's primary products.

Based on the nature of operations and the industry in which it operates, the Group's management assessed the significant impact of COVID-19 in the below areas:

- Rent concessions;
- Government grants;
- Going concern; and
- Commitments and contingencies.

(a) Rent concessions

As discussed in Note 4, the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the year ended 31 December 2021 satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of BD380,659 (2020: BD319,805). The effect of this reduction has been recorded in the consolidated statement of profit or loss and other comprehensive income in the year in which the event or condition that triggers those payments occurs.

(b) Government grants

The Group has applied for government support programs introduced in response to the global pandemic. The Group has received a government grant of BD98,662 (2020: BD304,719) relating to supporting the payroll of the Group's employees. The Group has elected to present this government grant by reducing the related staff cost. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified year of time. The Group does not have any unfulfilled obligations relating to this program. The Group has also received the grant business continuity support amounting to BD125,850 (2020: BD156,000).

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(c) Going concern

The Group has incurred a gross operating loss of BD566,400 (2020: BD976,156) from its core business operations. The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of Covid-19 may contribute to evolve, but at the present time the projections show that the Group has ample resources to continue to operational existence and its going concern positions remain largely unaffected and unchanged from 31 December 2021. As a result, this consolidated financial statements has been appropriately prepared on a going concern basis.

(e) Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issue were noted.

No other significant impact has been noted by the management on other financial statement areas during the year ended 31 December 2021.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

7 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 2019	821,716	1,303,015	10,304,822	201,607	12,631,160
Additions	-	-	107,227	-	107,227
Write-off	-	-	-	(4,570)	(4,570)
At 31 December 2020	821,716	1,303,015	10,412,049	197,037	12,733,817
Additions	-	-	23,009	-	23,009
On discontinued operation (Note 11)	-	-	(90,734)	-	(90,734)
At 31 December 2021	821,716	1,303,015	10,344,324	197,037	12,666,092
Accumulated depreciation and impairment					
At 31 December 2019	134,627	1,234,646	4,745,291	171,347	6,285,911
Charge for the year	41,086	37,911	871,868	14,777	965,642
Write-off	-	-	-	(4,569)	(4,569)
Impairment**	-	-	1,060,971	-	1,060,971
At 31 December 2020	175,713	1,272,557	6,678,130	181,555	8,307,955
Charge for the year	41,086	1,255	604,845	8,763	655,949
On discontinued operation (Note 11)	-	-	(14,221)	-	(14,221)
At 31 December 2021	216,799	1,273,812	7,268,754	190,318	8,949,683
Net book amount					
At 31 December 2021	604,917	29,203	3,075,570	6,719	3,716,409
At 31 December 2020	646,003	30,458	3,733,919	15,482	4,425,862

** Impairment relates to Rendezvous Restaurant Wadi Al Sail and Seef Mall and Seef Megaplex Cinema.

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

8 CAPITAL WORK-IN-PROGRESS

		31 December 2021	31 December 2020
Opening balance		1,610,429	389,380
Additions during the year		445,059	1,221,049
Written-off		(85,752)	-
Closing balance		1,969,736	1,610,429
		31 December 2021	31 December 2020
Go-karting and rope adventure	(a)	1,799,648	1,428,169
Red Dragon	(b)	170,088	123,688
Marrassi Galleria	(c)	-	58,572
		1,969,736	1,610,429

- The amounts incurred towards the development of Electric Kart Track and rope adventure in Bahrain Mall project is expected to be completed by end of March 2022.
- The amounts incurred towards the development of restaurant in Diyar Muharraq and is expected to be completed by end of March 2022.
- Marrassi Galleria project has been cancelled and written-off during the year.

9 INVESTMENT PROPERTIES

	31 December 2021	31 December 2020
Opening balance	21,910,000	23,409,302
Additions	1,277	120,117
Disposals	-	(104,670)
Unrealised fair value gains/(loss), net (Note 26)	402,808	(1,514,749)
Closing balance	22,314,085	21,910,000

Investment property representing Awal property, Seef land and Juffair property has been fair valued by independent property valuers 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 BD402,808 (2020: unrealised fair value loss of BD1,514,749) has been recognised for the year ended 31 December 2021 in the consolidated statement of profit or loss and other comprehensive income.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

10 RIGHT-OF-USE ASSETS

	Theatres	Restaurants	Leisure and amusement	Office building	Others	Total
Cost						
31 December 2019	4,537,574	631,419	-	289,557	20,456	5,479,006
Lease termination during the year	(28,774)	-	-	-	-	(28,774)
Additions	-	10,884	-	-	-	10,884
Lease modification	-	(14,545)	-	-	-	(14,545)
31 December 2020	4,508,800	627,758	-	289,557	20,456	5,446,571
Additions	-	-	792,385	-	-	792,385
31 December 2021	4,508,800	627,758	792,385	289,557	20,456	6,238,956
Amortisation and impairment						
Balance as at 31 December 2019	(905,334)	(126,804)	-	(104,229)	(9,819)	(1,146,186)
Impairment *	(354,990)	-	-	-	-	(354,990)
Charge for the year	(876,609)	(99,547)	-	(87,467)	(9,819)	(1,073,442)
Balance as at 31 December 2020	(2,136,933)	(226,351)	-	(191,696)	(19,638)	(2,574,618)
Charge for the year	(390,826)	(111,520)	(13,206)	(65,376)	(818)	(581,746)
Balance as at 31 December 2021	(2,527,759)	(337,871)	(13,206)	(257,072)	(20,456)	(3,156,364)
Carrying value						
31 December 2021	1,981,041	289,887	779,179	32,485	-	3,082,592
31 December 2020	2,371,867	401,407	-	97,861	818	2,871,953

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

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

	Year ended 31 December 2021	Year ended 31 December 2020
Operating costs	517,966	985,975
General and administrative expenses (Note 25)	63,780	87,467
	581,746	1,073,442

* Impairment relates to Rendezvous Restaurant Wadi Al Sail and Seef Mall and Seef Megaplex Cinema.

11 DISCONTINUED OPERATIONS

During 2021, the Company's Board of Directors has passed a resolution for the closure of activity of Cineco Cinema L.L.C., located in UAE. Accordingly, the Company has disclosed the operation as discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

The statement of profit or loss and other comprehensive income of discontinued operations are as follows:

	Year ended 31 December 2021
Operating income	7,999
Other income	33
Operating costs	(43,619)
General and administrative expenses	(55,770)
Loss on closure of business*	(77,982)
	(169,339)

* Loss on closure of business includes property, plant and equipment written-off amounting to BD76,513.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

12 INVESTMENT IN AN ASSOCIATE

	31 December 2021	31 December 2020
Opening balance	9,692,624	22,805,870
Share of loss for the year (Note 26)	(15,490)	(5,821)
Distributions during the year	-	(1,920,294)
Impairment loss	-	(10,905,664)
Dividend received	-	(281,467)
Closing balance	9,677,134	9,692,624

Prior to year 2020, the carrying value of Group's investment in associate included goodwill on acquisition amounting to BD19,857,324. The management has performed an impairment assessment of goodwill as at 31 December 2020 and recorded impairment loss of BD10,905,664 in the year 2020.

In the opinion of the management, the carrying value of the goodwill amounting to BD8,906,660 included in the carrying value of the associate is not impaired as at 31 December 2021.

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 2021 (Audited)	31 December 2020 (Audited)
Non-current assets	2,631,878	3,424,830
Current assets	812,361	471,073
Non-current liabilities	(691,484)	(814,740)
Current liabilities	(1,301,808)	(1,599,235)
Net assets	1,450,947	1,481,928
Group's share of net assets of the associates	725,474	740,964
Operating revenue	2,024,032	1,721,557
Net loss for the year	(30,981)	(11,643)
Group's share of net loss of the associate	(15,490)	(5,821)

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

13 INVENTORIES

	31 December 2021	31 December 2020
Food and beverages and spares equipment	263,258	251,802
Provision for obsolete and slow-moving inventories	(109,290)	(125,220)
	<u>153,968</u>	<u>126,582</u>

The movement in provision for obsolete and slow-moving inventories is as follows:

	31 December 2021	31 December 2020
Opening balance	125,220	1,577
Provision made during the year	-	123,643
Written-off during the year	(15,930)	-
	<u>109,290</u>	<u>125,220</u>
Closing balance		

14 TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	271,097	75,534
Provision for impaired trade receivables	(17,898)	(17,898)
	<u>253,199</u>	<u>57,636</u>
Interest free loans to employees	1,135	4,873
Deposits/rental advance	398,704	197,634
Advances to suppliers	39,328	228,328
Amounts due from related parties (Note 32)	40,077	18,459
Prepayments	67,596	116,270
Receivable on disposal of business operations*	3,152,353	3,152,353
Other receivables	205,387	254,555
	<u>4,157,779</u>	<u>4,030,108</u>

*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. Part of the net consideration amounting to BD3,152,351 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 2021 as impact of discounting is not considered to be material.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

	31 December 2021	31 December 2020
Non-current portion	3,152,351	6,304,703
Current portion	3,152,353	3,152,353
	<u>6,304,704</u>	<u>9,457,056</u>

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.

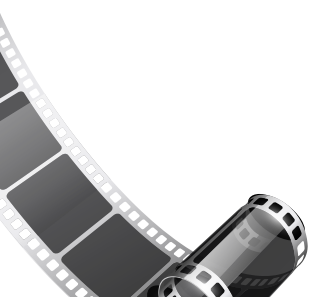
The expected loss rates are based on the Group's historical credit losses experienced over a year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the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

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

	31 December 2021	31 December 2020
Opening balance	17,898	438,380
Write off	-	(420,482)
Closing balance	<u>17,898</u>	<u>17,898</u>

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 2021 (Contd...)

(Expressed in Bahrain Dinars)

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	31 December 2020
Quoted equity investments	9,464,127	8,656,031
Unquoted investments and managed funds	488,158	681,945
Bonds and sukuks	10,204,842	10,589,855
	20,157,127	19,927,831
Movement during the year		
Opening balance	19,927,831	19,697,248
Disposals	(385,766)	(34,709)
Unrealised fair value gain on financial assets at fair value through profit or loss, net (Note 26)	615,062	265,292
Closing balance	20,157,127	19,927,831
	31 December 2021	31 December 2020
Non-current assets	9,952,285	9,337,976
Current assets	10,204,842	10,589,855
	20,157,127	19,927,831

The management has classified the quoted and unquoted investments as non-current as it has intention to hold these for long term. Whereas, bonds and sukuks are classified as current as the purpose of holding these assets is to obtain short-term gains from routine buying and selling.

For unquoted and managed funds fair values are assessed on the basis of the project valuation reports by the independent fund managers and latest audited 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 2021.

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

Currency	31 December 2021	31 December 2020
Bahrain Dinar	8,923,480	8,095,335
Kuwait Dinar	345,808	268,486
United States Dollar	10,886,704	11,563,170
Oman Riyal	1,135	840
	20,157,127	19,927,831

Bonds and Sukuks amounting to BD10,204,842 (2020: BD10,589,855) are held as collateral against the murabaha facility (Note 19).



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

16 CASH AND BANK BALANCES

	31 December 2021	31 December 2020
Current account balances with banks	3,893,867	3,632,860
Cash on hand	72,869	69,369
	<u>3,966,736</u>	<u>3,702,229</u>

Current account balances with banks are profit bearing.

17 SHARE CAPITAL

	31 December 2021	31 December 2020
Authorised		
100,000,000 ordinary shares of 100 fils each (2020: 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 (2020: 82,623,450 ordinary shares of 100 fils each)	8,262,345	8,262,345
Treasury shares		
3,709,737 ordinary shares of 100 fils each (2020: 3,709,737 ordinary shares of 100 fils each)	370,975	370,975

Treasury shares

During the year 2020, 25,490 treasury shares were acquired having nominal value of BD2,549 at rates ranging from BD0.730 to BD0.745 amounting to BD18,835 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 BD16,286 has been adjusted against share premium. The Company holds 3,709,737 (2020: 3,709,737) (4.49% of the total issued and paid-up share capital) as treasury shares as at 31 December 2021 (2020: 4.49% 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 2021	Nationality	Number of shares	Percentage of share-holding interest
Bahrain Family Leisure Company B.S.C.	Bahraini	4,185,137	5.07%
Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.80%
General public and corporations	Various	73,649,069	89.13%
		<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 2021 (Contd...)

31 December 2020	Nationality	Number of shares	Percentage of share-holding Interest
Bahrain Family Leisure Company B.S.C.	Bahraini	5,717,565	6.92%
Dr. Esam Abdulla Fakhro	Bahraini	4,789,244	5.80%
General public and corporations	Various	72,116,641	87.28%
		82,623,450	100%

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

31 December 2021	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	546	31,923,554	38.64%
Between 1% and 5%	27	41,725,515	50.50%
Between 5% and 10%	2	8,974,381	10.86%
	575	82,623,450	100%

31 December 2020	Number of Shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	501	33,135,268	40.10%
Between 1% and 5%	27	38,981,373	47.18%
Between 5% and 10%	2	10,506,809	12.72%
	530	82,623,450	100%

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

	2021 Number of shares	2020 Number of shares
Dr Esam Abdulla Fakhro	4,789,244	4,789,244
Mohamed Ebrahim Kanoo	358,094	358,094
Jalal Mohamed Jalal	482,658	482,658
Fareed Yousif Almoayyed	475,781	475,781
Jehad Yousif Amin	2,000,000	2,000,000
Shawqi Ali Fakhro	712,555	712,555
Ahmed A.Rahman Rashed AlBastaki	1,865,861	1,865,861
	10,684,193	10,684,193



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

18 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 7). This reserve is not available for distribution. During the year, there was no change in revaluation reserve (2020: BDNil).

(iii) Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, 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 2021 (2020: BDNil).

(iv) Charity reserve

This represents the reserve set aside for charity. During the year, no transferred made to this reserve (2020: BDNil). However during the year a payment of BD5,000 was made out of this reserve (2020: BDNil).

(v) Retained earnings

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

19 MURABAHA FACILITY

	Last installment	Note	31 December 2021	31 December 2020
Murabaha facility	30 April 2023	(a)	767,460	1,291,180
Commodity murabaha	7 April 2022	(b)	4,978,367	4,978,367
			5,745,827	6,269,547
Current portion of Murabaha facility			(5,546,182)	(5,502,087)
Non-current portion of Murabaha facility			199,645	767,460

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

- 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 15).

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.

20 EMPLOYEES' TERMINAL AND OTHER BENEFITS

		31 December 2021	31 December 2020
Employees' terminal benefits	(a)	314,533	330,158
Employees' other benefits	(b)	1,122,731	1,680,635
		1,437,264	2,010,793

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 2021 amounted to BD103,689 (2020: BD120,474).

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

	31 December 2021	31 December 2020
Opening balance	330,158	448,494
Accruals for the year	16,980	34,306
Payments during the year	(32,605)	(152,642)
Closing balance	314,533	330,158
Number of staff employed by the Group	228	245

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 BD2,790,325 were paid to them as at 31 December 2021 (2020: BD2,232,421).



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

21 LEASE LIABILITIES

	31 December 2021	31 December 2020
Opening balance	3,647,608	4,281,899
Lease payments	(370,530)	(144,180)
Rent concessions (Note 24)	(380,659)	(319,805)
Lease liability no longer payable written-off (Note 24)	-	(277,543)
Lease modification	-	(14,546)
Additions	792,385	10,884
Termination	-	(29,987)
Finance charges (Note 27)	92,174	140,886
Closing balance	3,780,978	3,647,608
Less: current portion of lease liabilities	(1,338,018)	(1,287,206)
Non-current portion of lease liabilities	2,442,960	2,360,402

Maturity analysis - contractual undiscounted cash flows

	31 December 2021	31 December 2020
Less than one year	1,323,591	1,177,120
One to five years	2,302,735	2,319,710
More than five years	405,463	494,101
Total undiscounted lease liabilities	4,031,789	3,990,931

22 TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Trade payables	361,297	110,895
Accruals	813,829	378,074
Unclaimed dividends	-	64,035
Amounts due to related parties (Note 32)	59,255	18,364
Employees benefit provisions	76,862	42,040
Advance from customers	204,121	271,737
Other payables	114,489	79,438
	1,629,853	964,583

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

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

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

23 BANK OVERDRAFTS

	31 December 2021	31 December 2020
Bank overdrafts	-	2,993,985
Bank overdraft facilities limit	4,640,000	5,250,000

The Group has bank overdraft facilities amounting to BD4,640,000 as at 31 December 2021 (2020: BD5,250,000) which have been secured to finance the working capital requirements of the Group. Bank overdrafts are unsecured, bear interest at rates ranging between 3.52% to 4.02% per annum (2020: between 4.57% to 5% per annum) and are repayable on demand.

24 OTHER INCOME

	Year ended 31 December 2021	Year ended 31 December 2020
Interest income on long-term receivables	390,104	531,957
Rent concession (Note 21)	380,659	319,805
Lease liability no longer payable written-off (Note 21)	-	277,543
Government grant for the business continuity support (Note 6b)	125,850	156,000
Management fee	16,740	20,460
Miscellaneous income	63,279	11,506
	976,632	1,317,271



Notes to the Consolidated Financial Statements

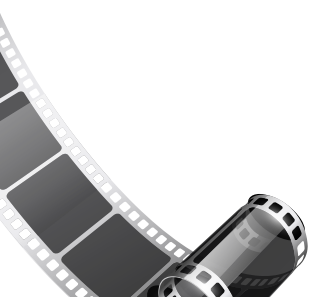
of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

25 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2021	Year ended 31 December 2020
Staff costs*	632,871	390,373
Social insurance	103,689	147,567
Amortisation on right-of-use assets (Note 10)	63,780	87,467
Pre-operating projects cost	12,626	158,827
Government fees	31,603	41,996
Professional fee	11,201	13,535
Maintenance expenses	11,209	21,781
Donations	11,996	55,324
Insurance expenses	8,897	7,517
Printing and stationary	2,681	16,601
Impairment on right-of-use assets	-	354,990
Impairment loss on property, plant and equipment	-	1,060,971
Inventory written-off	-	33,079
Provision for obsolete inventories	-	123,643
Trade and other receivables written-off	-	122,165
Loss on disposal of investment property	-	99,670
Directors' remuneration and sitting fee	-	40,000
Other expenses	73,189	71,886
	963,742	2,847,392

*Government grant received in respect of Bahraini staff amounting to BD98,662 (2020: BD304,718) has been netted-off in the staff cost.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

26 INCOME/(LOSS) FROM INVESTMENTS, NET

	Year ended 31 December 2021	Year ended 31 December 2020
Interest income from bonds and sukuk	528,145	368,944
Unrealised gain on financial assets at fair value through profit or loss, net (Note 15)	615,062	265,292
Dividend income	388,000	387,929
Unrealised fair value gain/(loss) on investment properties (Note 9)	402,808	(1,514,749)
Gain on sale of right shares	11,122	-
Realised gain on sale of financial assets at fair value through profit and loss	-	40,690
Net share of loss from investment in associate (Note 12)	(15,490)	(5,821)
Net share of loss from investment in joint ventures	-	(9,407)
Interest income on bank current accounts balances	80,817	19,315
	<u>2,010,464</u>	<u>(447,807)</u>

27 FINANCE COSTS

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on long term loan	25,631	37,946
Interest on lease liability (Note 21)	92,174	140,886
Interest on bank overdraft and bank charges	126,620	91,642
	<u>244,425</u>	<u>270,474</u>



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

28 EARNINGS/(LOSS) PER SHARE

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

	31 December 2021	31 December 2020
Net profit/(loss) attributable to the shareholders	1,043,190	(14,130,222)
Weighted average number of ordinary shares issued	78,913,713	78,913,713
Basic earnings/(loss) per share	13fils	(179)fils

The earning/(loss) per share has been computed on the basis of net profit/(loss) for the year divided by the weighted average number of shares outstanding for the year being 78,913,713 net of 3,709,737 weighted average treasury shares. There are no potentially dilutive ordinary shares at 31 December 2021 (2020: Nil), hence the diluted and basic earnings/(loss) per share are the same.

29 DIVIDENDS AND DIRECTORS' REMUNERATION

Dividends

Declared and paid

No dividend has been recommended, approved and paid for the year 2020 (2019: 25fils per share).

Proposed by the Board of Directors

The Board of Directors of the Group have proposed dividend for the year ended 31 December 2021 amounting to BD1,183,706 (2020: BDNil). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and, accordingly, dividend has not been accounted for in these consolidated financial statements.

Directors' remuneration

Accrued and expensed

No amount has been accrued and expensed as directors' remuneration in year ended 31 December 2021 (2020: BDNil). 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 Company has proposed directors' remuneration to be paid to the Board of Directors of the Company for the year ended 31 December 2021 amounting to BD112,000 (2020: BDNil). This is subject to the approval of shareholders in the Annual General Meeting.

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

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

For the year ended 31 December 2021

	Theatre operations	Restaurants and concession counters	Rental and others	Total
Revenues				
Total external sales	746,098	522,344	1,048,569	2,317,011
Less: total variable cost	(367,942)	(142,211)	-	(510,153)
Segment results	378,156	380,133	1,048,569	1,806,858
Less: fixed cost				(2,373,258)
Operating gross loss				(566,400)
Other income				976,632
Income from investments, net				2,010,464
General and administrative expenses				(963,742)
Finance cost				(244,425)
Net profit for the year from continuing operations				1,212,529

For the year ended 31 December 2020

	Theatre operations	Restaurants and concession Counters	Rental and others	Total
Revenues				
Total external sales	624,099	509,448	1,108,769	2,242,316
Less: total variable cost	(307,518)	(206,104)	-	(513,622)
Segment results	316,581	303,344	1,108,769	1,728,694
Less: fixed cost				(2,704,850)
Operating gross loss				(976,156)
Other income				1,317,271
Loss from investments, net				(447,807)
General and administrative expenses				(2,847,392)
Impairment in investment in associate				(10,905,664)
Finance cost				(270,474)
Net loss for the year				(14,130,222)

The Group operates only in the Kingdom of Bahrain and accordingly, no geographical segment information has been disclosed.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

31 CONTINGENCIES AND CAPITAL COMMITMENTS

As at 31 December 2021, the Group do not have any contingent liabilities arising in the ordinary course of business (2020: BDNil).

Capital expenditure contracted for various projects at the consolidated statement of financial position date but not recognised in these consolidated financial statements amounted to BD105,379 (2020: BD463,712).

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.

A summary of transactions with related parties is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Saar Cinema Complex		
Other expenses	-	9,340
Qatar Bahrain International Cinema W.L.L.		
Staff salaries-Reimburse	29,889	28,483
Other expenses-Reimburse	41,614	16,695
Management fees	37,200	20,460
Vox Cineco Cinema Company W.L.L.		
Direct expenses	-	1,074
Other expenses	284	3,703
Directors' salaries, remuneration and sitting fee		
Directors' salaries	84,000	63,000
Directors' sitting fee	-	40,000
Entities under common directorship		
Direct expenses	10,479	6,656
Other expenses	123,340	114,610
Rent expenses for corporate office	68,316	97,523
Key management personnel remuneration*		
Salaries and other short-term benefits	297,713	267,303
Salaries and other long-term benefits	16,304	26,588

* Key management personnel are those staff members who have authority and responsibility for planning, directing and controlling the activities of the Group.

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

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

	Related party relationship	Amount due from (Note 14)		Amount due to (Note 22)	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Qatar Bahrain International Cinema W.L.L.	Joint venture	39,314	17,368	-	-
Vox Cineco Cinema Company W.L.L.	Associate Company	-	-	6,246	6,530
Various entities*	Common directorship	763	1,091	53,009	11,834
		40,077	18,459	59,255	18,364

* 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.

The Company has proposed directors' remuneration to be paid to the Board of Directors of the Company for the year ended 31 December 2021 amounting to BD112,000 (2020: BDNil). This is subject to the approval of shareholders in the Annual General Meeting.

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.



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

A summary of the financial instruments held by category is provided below as at 31 December 2021:

Financial assets	Fair value through profit or loss	Amortised cost
Trade and other receivables, excluding prepayments	-	4,090,183
Financial assets at fair value through profit or loss	20,157,127	-
Cash and bank balances	-	3,966,736
Total financial assets	20,157,127	8,056,919
		Financial liabilities at amortised cost
Financial liabilities		
Trade and other payables, net of employee costs		1,552,991
Murabaha facilities		5,745,827
Total financial liabilities		7,298,818

A summary of the financial instruments held by category is provided below as at 31 December 2020:

Financial assets	Fair value through profit or loss	Amortised cost
Trade and other receivables, excluding prepayments	-	3,913,838
Financial assets at fair value through profit or loss	19,927,831	-
Cash and bank balances	-	3,702,229
Total financial assets	19,927,831	7,616,067
		Financial liabilities at amortised cost
Financial liabilities		
Trade and other payables, net of employee costs		922,543
Bank overdrafts		2,993,985
Murabaha facilities		6,269,547
Total financial liabilities		10,186,075

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

Risk management

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

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

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

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



Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

Investment fair value sensitivity analysis is as follows:

Description	Change	Impact on equity/profit
Financial assets at fair value through profit or loss	+/-5%	+/- 1,007,856
Financial assets at fair value through profit or loss	+/-10%	+/- 2,015,713

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.

Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems or external events. The Group seeks to minimise this risk by continuous framing policies and procedures to identify, control and manage these risks.

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 2021.

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:

Notes to the Consolidated Financial Statements

of Bahrain Cinema Company B.S.C for the year ended 31 December 2021 (Contd...)

(Expressed in Bahrain Dinars)

Non-financial assets	Fair value at 31 December 2021	Fair value at 31 December 2020	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Investment properties	22,314,085	21,910,000	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	9,464,127	8,656,031	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted equity investments/ managed funds	488,158	681,945	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	10,204,842	10,589,855	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 2021 (Contd...)

(Expressed in Bahrain Dinars)

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

	Unquoted equity investments/ managed funds
At 31 December 2020	681,945
Unrealised fair value loss	(26,441)
Disposals during the year	(167,346)
At 31 December 2021	488,158

	Unquoted equity investments/ managed funds
At 31 December 2019	687,837
Unrealised fair value gain	4,185
Disposals during the year	(10,077)
At 31 December 2020	681,945

There are no transfers between levels during the year 2020 and 2021.

Capital management

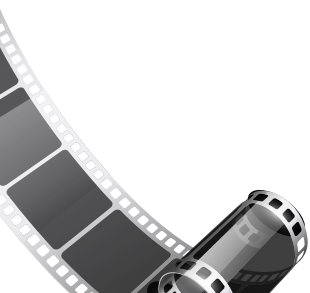
Capital comprises shareholders' capital and reserves attributable to the shareholders of the Group.

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 2021 and 2020.

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 2021, 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 2021 (Contd...)

(Expressed in Bahrain Dinars)

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 2021	Obtained during the year	Finance costs accrued	Principal repaid during the year	Finance costs paid	Transferred to current liabilities	Non-current portion 31 December 2021
	BD	BD	BD	BD	BD	BD	BD
Bank overdrafts	2,993,985	2,645,723	126,620	(5,639,708)	(126,620)	-	-
Murabaha facility	6,269,547	-	25,631	(523,720)	(25,631)	(5,546,182)	199,645
Total	9,263,532	2,645,723	152,251	(6,163,428)	(152,251)	(5,546,182)	199,645

	1 January 2020	Obtained during the year	Finance costs accrued	Principal repaid during the year	Finance costs paid	Transferred to current liabilities	Non-current portion 31 December 2020
	BD	BD	BD	BD	BD	BD	BD
Bank overdrafts	897,965	14,382,174	91,642	(12,286,154)	(91,642)	(2,993,985)	-
Murabaha facility	6,752,216	-	37,946	(482,669)	(37,946)	(5,502,087)	767,460
Total	7,650,181	14,382,174	129,588	(12,768,823)	(129,588)	(8,496,072)	767,460

35 EVENTS AFTER REPORTING DATE

There were no significant events subsequent to 31 December 2021 and occurring before the date of the report that are expected to have a significant impact on these consolidated financial statements.



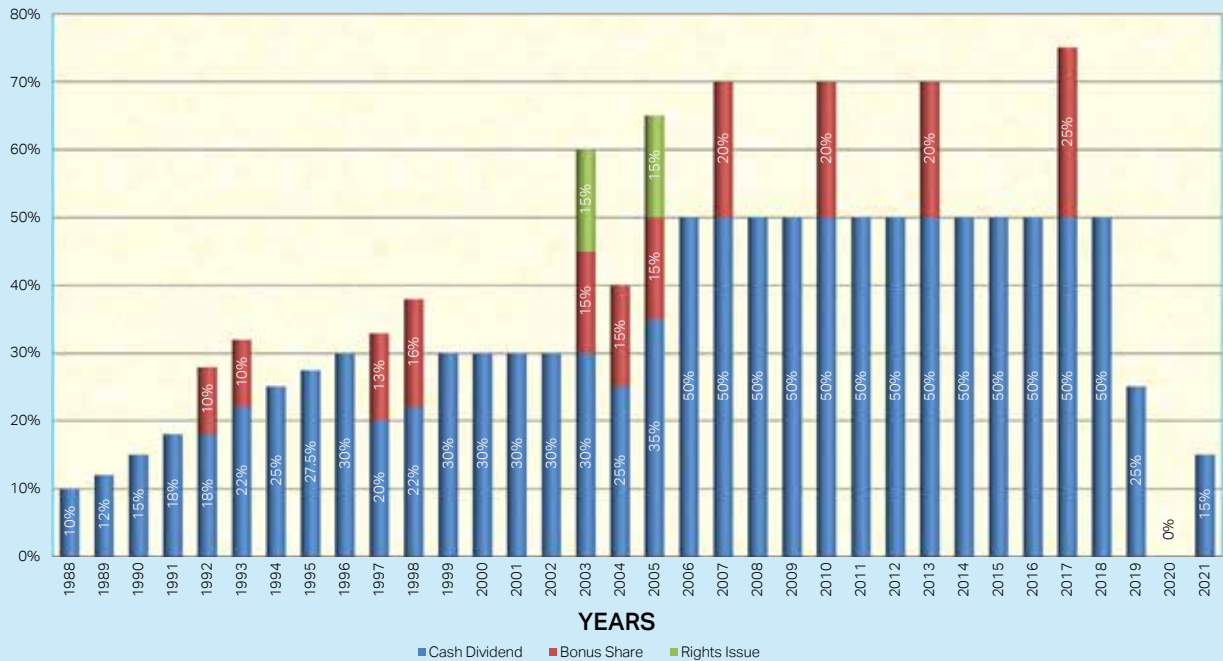
Cineco

GRAPHS

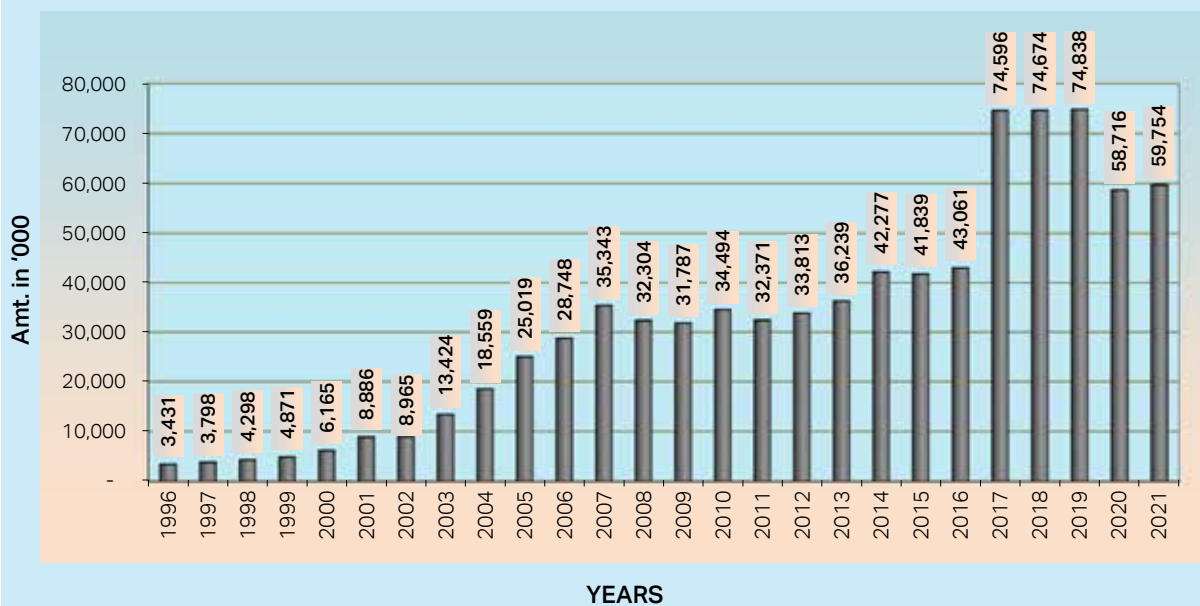


Graphs

**YEARLY DIVIDEND CHART
FROM YEAR 1988 TO YEAR 2021**

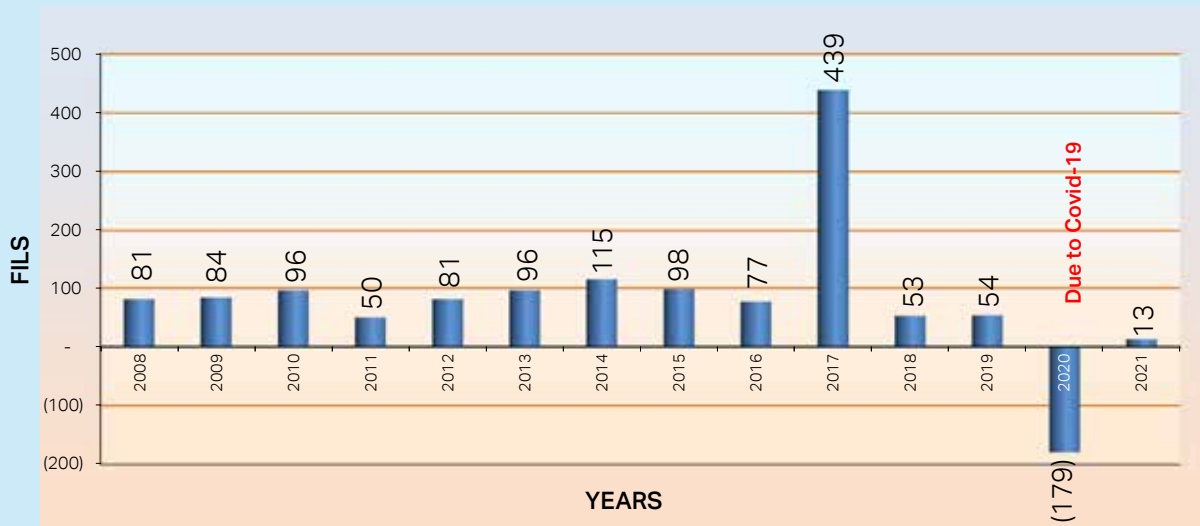


NET WORTH OF THE COMPANY (CAPITAL & RESERVE)

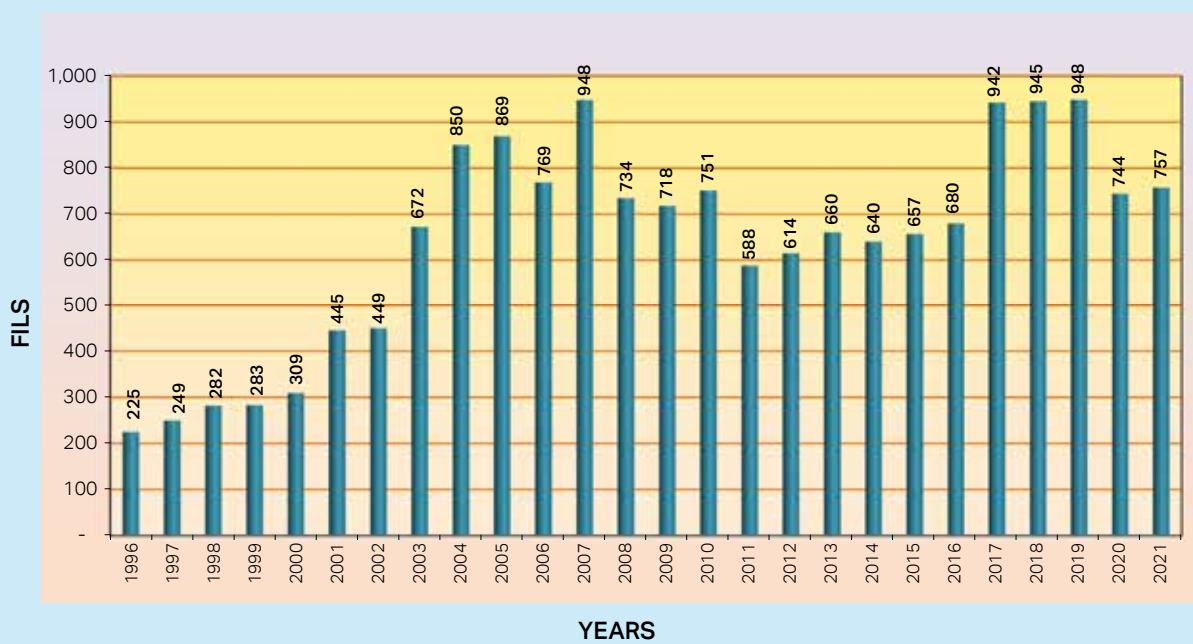


Graphs

EARNINGS PER SHARE

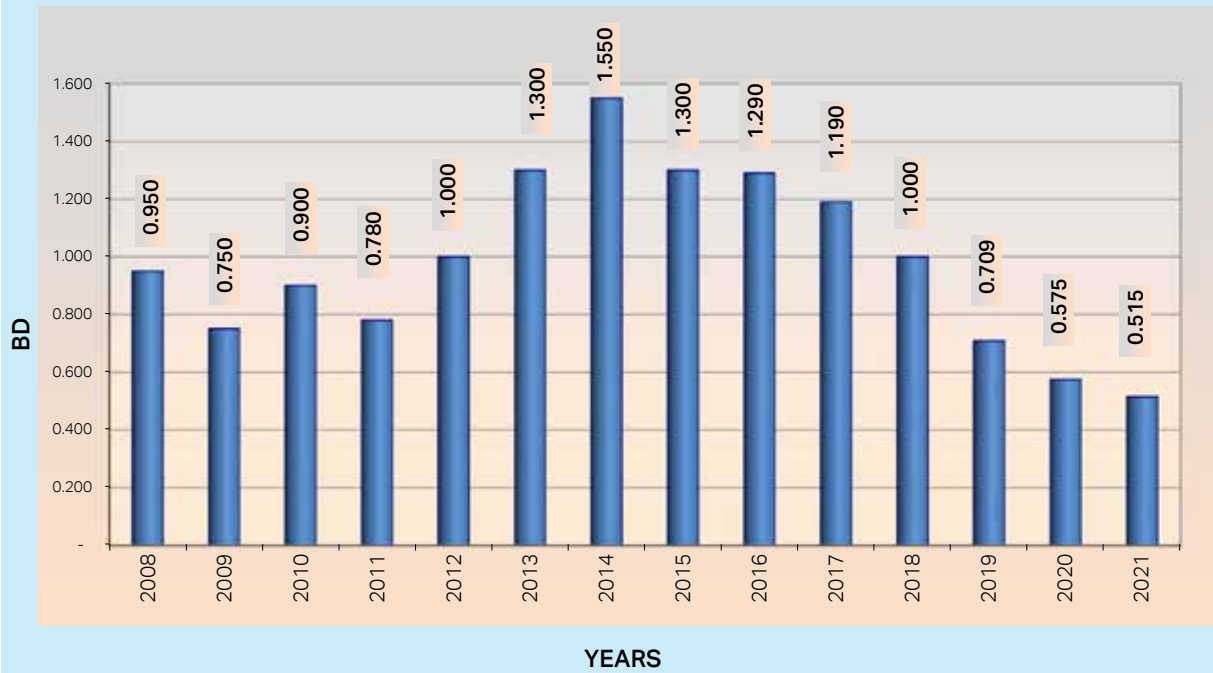


SHARE BOOK VALUE (AMOUNT IN FILS)



Graphs

MARKET PRICE



NET PROFIT

