Advancing Forward

2013 ANNUAL REPORT

Cineco
bahrain cinema company

Registered office

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

Bankers

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

Registrars

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

Auditors

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

His Royal Highness
Prince Khalifa Bin Salman Al Khalifa

The Prime Minister
of the Kingdom of Bahrain

His Royal Majesty
King Hamad Bin Isa Al Khalifa

The King of the
Kingdom of Bahrain

His Royal Highness
Prince Salman Bin Hamad Al Khalifa

The Crown Prince and
Deputy Supreme Commander

Our **History**

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

Late Ali A. Rahman Al Wazan/Late Ali Ben Yousif Fakhro/ Late Ezra Ebrahim Nono/ Late A. Rahman Bin Mohamed Al Khalifa/ Mr. Mohamed Yousif Jalal/ Mr. Ali Ebrahim Abdul AaL/ Mr. Ali Yousif Obaidly/ Mr. Sayed Alawi Sayed Maoosa Al Alawi/ Late A. Rahman A. Ghaffar Al Alawi/ Mr. Jassim Mohamed Fakhro.

Authorized Capital BD 750,000

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

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

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

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

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

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

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

1973: Closing down Al Zubara Cinema.

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

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

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

Fire breaks down at Andalus Cinema.

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

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

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

1979: Converting Al Nasr Cinema into an 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.

2002: Closing of Videomatic Video outlet.

28/02/2003: Closing of Budaiya video.

31/12/2003: Closing of Bahrain video.

31/01/2004: Closing of Delmon video.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21/01/2010: Opening of Awal Banquet Hall

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

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

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

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

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

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

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

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

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Cineco
bahrain cinema company

Dr. Esam Abdulla Fakhro
Chairman

Ali Yousif Ubaydli
Vice-Chairman

Mohammed Ebrahim Kanoo
Director

Jalal Mohamed Jalal
Director

Fareed Yousif Almoayed
Director

Jehad Yousif Amin
Director

Shawqi Ali Fakhro
Director

Ahmed A.Rahman Rashed
Chief Executive Officer

Chairman's Message

Dear Shareholders,

On behalf of the Board, I am pleased and honored to present the Annual Report incorporating Financial Statements for the financial year 2013 as it is the edifice of success. Your Company continues to maintain and amplify the momentum of success as Net Profit of this year is the highest profit in the 46 years of the Company's history and this has been another record breaking year. This success is attributed by meticulous planning of Corporate Strategy and implementing the same by synergizing all the available resources.

We operate in a market segment that, as a matter of course, has to weather geo-political events. As a result, it is vital that we have a strong and resilient business model that enables us to deliver on our strategy, which in turn drives long-term sustainable growth and increased shareholder returns. All of which, I am pleased to report have started being achieved this year.

We have pioneered many firsts and established benchmarks in the Bahrain's entertainment industry. Most importantly we have proven beyond doubt that is possible to build a world class organization by operating legally, ethically and with fairness, transparency and integrity. Along the way, we have created jobs, improved livelihoods and enabled your Company to establish its dominance in the industry. Looking back, we take pride in what we have been able to accomplish so far.

The Company has entered into joint venture agreement with Business Trading Company - Qatar for opening of new Rendezvous restaurant in the State of Qatar.

Your Company continues to strive towards maintaining sustainable growth through the philosophy of business excellence using the best business excellence model. Your Company is well positioned in the market because of clearly defined strategy, strong track record of sustained growth, uninterrupted dividend amplification history and performance exceeding growth targets.

Financial Performance

Your Company built up on the impetus of growth achieved in the previous years and delivered a robust growth of 36% in Operating Income to BD 17.3m in the year 2013 compared to BD 12.7m achieved in the previous year. This growth was broad based with all the business segments contributing to the growth. The Joint Venture Profits have grown by 48% to BD 1.35m in the year 2013 compared to BD 0.92m achieved in 2012. Investment income has grown by 44% as compared to 2012.

In addition to this, I am delighted to report that the Operating Profit increased by 38% to BD 5.77m in the year 2013 compared to BD 4.2m reported in 2012. The Net profit increased by whopping 42% to BD 6,297,407 for the financial year 2013 compared to BD 4,437,512 reported for the financial year 2012. This has increased earnings per share tremendously to reach 115 Fils. (2012 : 81 Fils).

Distribution of Profits

Cineco has always believed in creating wealth and sharing it with the shareholders. In furtherance to this corporate culture, and reflecting on this year's splendid performance, the board is recommending cash dividend of 50 Fils per share aggregate of 50% of the base equity and also recommending 20% bonus shares i.e. 2 bonus shares for every 10 shares held by the shareholders.

Future prospects

Your Company will continue to improve its capabilities by harnessing new and available opportunities, and will further consolidate its position and will maintain the position of market leader in the entertainment and hospitality industry in Bahrain.

Our new projects of 13 screens Cineplex in Gulf Mall and 3 screens Cineplex in Al khor Mall in the State of Qatar are delayed because of the delay from Shopping Malls management. The Company has entered into joint venture agreement with Business Trading Company - Qatar for opening of new Rendezvous restaurant in the State of Qatar. These projects are expected to be opened for commercial activities during the second half of the year, 2014. The commissioning of these new projects is expected to enhance the profitability of the Company and will further strengthen the Company to continue as epitome of success.

Furthermore, we are still exploring the opportunities to enter into the new ventures in Bahrain as well as other countries in GCC.

Company Staff

Our people are our future. With them and the wind in our sails, we feel buoyant about achieving our success. I thank all our employees for their solid performance, undiluted commitment and laser sharp focus on delivering results. For most of our team members, I can say with certitude that their commitment towards their responsibility to give results has been incredibly overwhelming. They have enriched our company and determined its course over the years. I am confident that as we move into an even higher growth trajectory, our people will continue to rise to the increasing demands of their work.

Board of Directors

The involvement of our outstanding Board of Directors in all is most laudable. They allot their time and make sincere efforts to improve the performance of the Company. The Board deliberations are fair, transparent and fruitful. The board always adheres to our core values and always strives for improving the image of the Company.

To the Shareholders

I, along with other board members, am fully committed to help the business to grow by increasing the efficiency and competitiveness of the workforce. Our Company has sharp focus on growth and strives to continuously address the growing business needs. We are fully capable to meet the specific needs of customers. We continuously support executive management to improve efficiency and control costs to achieve a competitive advantage over competitors. I thank all the shareholders for their cooperation and continuous confidence. I once again reiterate my commitment towards excellence and I look forward for your continuous support.

Legal Case

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

Corporate Governance

Your Company has made enormous efforts to comply with the Corporate Governance Code issued by the Government of Bahrain both in words and in spirit. The Board of Directors presented its first report on Corporate Governance on 26th February, 2012 as your Company always believes that compliance of Law and adherence to ethical values are pillars of success.

Proposed Appropriations

Appropriations	BD' 000
Retained earnings as at 1 January 2013	17,137
Cash dividend paid for year 2012 (50% of paid-up capital)	(2,754)
Treasury shares acquired at premium	(164)
Profit for the year 2013	6,297
Retained earnings as at 31 December 2013 (available for distribution)	20,516
Proposed cash dividends (50% of paid-up capital net of treasury shares)	(2,745)
Proposed stock dividends (20% of paid-up capital)	(1,102)
Retained earnings as at 31 December 2013 (after proposed cash and stock dividend)	16,669

Directors' Remuneration:

The Directors' remuneration for the year 2013 was BD 176,000. Additionally Board committees sitting fees amounted to BD 51,000 for the year 2013.

Acknowledgements

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

I would like to thank all the Ministries and officials from the Ministries and institutions of the Kingdom of Bahrain for their co-operation and continued support extended to the Company.

And finally, our indomitable strength of running low cost, highly efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.

Yours Sincerely,

Dr. Esam Abdulla Fakhro

CHAIRMAN

Corporate Governance Report - 2013

of Bahrain Cinema Company B.S.C.

POLICY

The Board of directors of the Company ensures that the Company adheres to highest level of Corporate Ethics and effective governance. These twin objectives have been achieved by high degree of adherence to Laws, Rules and Regulations framed by Government of Bahrain, implementation of strategy and Corporate Governance Policy, compliance of International Financial Reporting Standards and reporting financial results with accuracy and transparency. The Board of Directors of the Company fully aware of the fiduciary duties towards the Company and the shareholders. Therefore, they have always endeavored for excellence through compliance. The Company has adopted a Code of Conduct which provides an ethical and legal framework for all employees in the conduct of its business. The Board of Directors approved the Corporate Governance Code of the Company incorporating the provisions mentioned in High level Controls in Volume 6 of the Central Bank of Bahrain Rule Book on 27th September, 2011 with the aim of sub serving the shareholders.

The Audit Committee regularly reviews the compliance of the Company with regard to Corporate Governance Code in order to increase the shareholder value and to protect the interests of all the stakeholders of the Company.

MAJOR SHAREHOLDERS AS ON DEC 31, 2013:

NAME	Nationality	NUMBER OF SHARES	%OF HOLDINGS
1.Aradous Properties Management WLL	Bahraini	4,088,782	7.42%
2. Bahrain Family Leisure Company BSC	Bahraini	3,816,061	6.92%
3. Mr. Yousif Abdulla Amin	Bahraini	2,999,364	5.45%

DISTRIBUTION OF OWNERSHIP BY NATIONALITY

Nationality	No.of shareholders	Total shares	% of equity
Bahraini	443	54,531,866	99%
Kuwaiti	1	106,800	0.19%
Qatari	15	134,996	0.25%
Saudi	6	189,458	0.34%
Others	9	119,180	0.22%

OWENSERSHIP BY GOVERNMENT:

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

BOARD OF DIRECTORS:

The Board of Directors oversees the activities of the Company. The Board of Directors has rich experience in this industry and has high level of leadership skills. Directors clearly establish the objectives, formulate the plans and strategies, implement the plans and achieve the objects enshrined in the Corporate Strategy Plan. The Board of Directors channelizes all the resources towards wealth maximization of the shareholders. Directors will exercise skill and care in such a way that financial statements presented before the shareholders are free from errors and frauds. Directors are accountable to all the stakeholders of the Organization. The primary responsibility of the Board of Directors is to provide the good governance to the Company and to protect the interests of the all the sections of the stakeholders viz., Shareholders, Customers, Business partners, Bankers and the Society at large. The Directors while discharging their functions get professional advice from the Statutory Auditors, Internal Auditors and legal advisors if they deem necessary.

BOARD PROCEDURE

The Company has the procedure of presenting all the necessary documents and information to the directors to enable them to perform their duties in the best possible manner. The agenda for the board meetings along with all necessary supporting documents are circulated well in advance to all the directors to have fruitful discussions in the board meetings. The proceedings of all Board meetings are recorded without leaving any issue and the draft minutes are sent to the directors for approval and modifications, if necessary.

MANDATE AND THE SPECIFIC RESPONSIBILITIES OF THE BOARD INCLUDE:

- Issue rules and regulations for organizing and managing the Company's activities.
- Acquire sufficient resources for the operations of the organization and manage the resources efficiently.
- Evaluation of operating performance of the Company during the year.
- Enhance the image of the Company.
- Ensure that the information mentioned in the financial statements is free from any material misstatement.
- Act as a liason between the Company and the shareholders.

MATERIAL TRANSACTIONS REQUIRING BOARD APPROVAL:

The following are the material transactions that can be implemented only after they are duly reviewed, evaluated and approved by the Board:

- The Corporate Strategy/ Business Plan, operational plan and budgets.
- Approval of financial statements.
- Approval of impairment.
- Approval of capital expenditure budget, major contracts, acquisitions and divestments.
- Approval for commencement /cancellation of any project.
- Approval for purchase/sale of land.
- Resource allocation.
- Appointment of CEO.
- Approval of acquiring or selling patent rights, trade marks, licenses or other intellectual property rights for the Company.
- Approval of Policies and procedures.

DIRECTORS' PROFILES:

Dr. Esam Abdulla Fakhro- Chairman

Chairman	Abdulla Yousif Fakhro & Sons
Board Director	Economic Development Board
Board Director	Gulf Air
Board of Advisors	AMA (Private University)
Board Director	Bahrain Holding Company (Mumtalakat)
Chairman	Bahrain Chamber of Commerce and Industry
Second Vice Chairman	Qatar Bahrain International Cinema WLL
Deputy Chairman	National Bank of Bahrain
Chairman of Executive Committee	National Bank of Bahrain
Executive Director	General Trading & Food Processing Co
Board Director	Bahrain Live Stock Company
Chairman	Business International (Xerox)
Chairman	Fakhro Electronics (Ericsson)
Board Director	Fakhro Restaurants Company (McDonald's)
Chairman	Budget Rent – A Car (Bahrain)
Chairman	Fakhro Insurance Services Co.
Chairman	Fakhro Contracting Co.
Board Director	Fakhro Shipping
Chairman	Go Rent A Car (Qatar)
Chairman	Go Rent A Car (Dubai- Abu Dhabi-Sharjah- Fujairah)
Chairman	Fakhro Motors (BYD)
Chairman	Access Telecom (Dubai)

Mr. Ali Yousif Ubaydli- Vice- Chairman

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

Mr. Mohammed Ebrahim Kanoo- Director

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

Mr. Jalal Mohamed Jalal- Director

Managing Director	Mohammed Jalal & Sons Group of Companies
Chairman	Gulf Business Machines E.C (GBM)
Chairman	Bahrain Airport Services
Chairman	Bahrain Business Machines
Director	Awal Readymix concrete Co
Director	Bahrain Duty Free Company
Director	BANZ
Director	Aer Rianta Middle East
Director	Bahrain Tourism Company
Director	BIADCO
Managing Director	Awal Printing Press

Mr. Fareed Yousif Almoayed- Director

Deputy Chairman	Y.K.Almoayyed & Sons B.S.C ©
Deputy Chairman	Y.K.Almoayyed & Sons Properties Co WLL
Deputy Chairman	Ashrafs
Chairman	Bahrain Property Management
Director	Bahrain Foundation Construction Co.
Director	Crown Industries
Director	Bahrain Scrapmould

Mr. Jehad Yousif Amin- Director

Director	Bahrain National Holding
Executive/Investment Committee member	Bahrain National Holding
Director	Bahrain National Insurance
Vice- Chairman	Banader Hotels
Director	TRAFCO
Member, Audit Committee	TRAFCO
Member,Metro/Market Committee	TRAFCO
Director	BMMI
Member, Executive/Investment Committee	BMMI
Director	Bahrain Live Stock
Member, Audit Committee	Bahrain Live Stock
Director and member of the Investment Committee	United Insurance Company

Mr. Shawqi Ali Fakhro- Director

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

STATUS OF DIRECTORSHIPS:

The status of directors is determined as per the criteria mentioned in the CBB regulations. The Board currently comprise of six non-executive directors and one executive director who is the chairman of the Company. Out of seven directors, four directors are independent and three directors are non-independent. The status of each director is depicted in the following table:

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

BOARD COMPOSITION:

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

ELECTION OF DIRECTORS

Article 175 of the Bahrain Commercial Law and Article 18 of the Articles of Association of the Company provides for the procedure for election of directors. The directors are elected by the shareholders in the general meeting or appointed by the Board depending upon the circumstances. Directors are elected/appointed in the Annual General Meeting /by the Board only if the Executive, Nomination and Remuneration Committee make recommendation after considering the professional qualification and experience. Directors are elected for the period of three years on renewable basis. All the directors are liable to retire by rotation and are eligible for reelection.

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

INDUCTION OF NEW DIRECTORS

The directors were formally inducted to the Board. However, no education or training programme for directors was conducted as the present directors have high level of professional skills, expertise and experience in cinema and hospitality industry.

DIRECTORS' OWNERSHIP OF COMPANY'S SHARES

Names of Directors	Type of Shares	Number of shares
Dr. Esam Abdulla Fakhro	Ordinary	2,101,374
Mr. Ali Yousif Ubaydli	Ordinary	307,647
Mr. Mohammed Ebrahim Kanoo	Ordinary	922,568
Mr. Jalal Mohamed Jalal	Ordinary	321,773
Mr. Fareed Yousif Almoayed	Ordinary	317,189
Mr. Jehad Yousif Amin	Ordinary	701,222
Mr.Shawqi Ali Fakhro	Ordinary	458,370
Total		**5,130,143**

DIRECTORS' TRADING OF COMPANY SHARES DURING THE YEAR -2013

NAMES OF DIRECTORS	Type of Shares	Purchase/Sale	NUMBER OF SHARES	Date of transaction
Dr. Esam Abdulla Fakhro	Ordinary	Purchase	27,005	07/08/2013
Mr. Jehad Yousif Amin	Ordinary	Purchase	18,722	29/09/2013

BMMI had purchased 42,000 shares of the Company during the year 2013 (07/10/2013). Mr. Jehad Yousif Amin and Mr. Shawqi Ali Fakhro, Directors of the Company are also holding directorship in BMMI.

BOARD MEETINGS

The Board of Directors meets at the summons of Chairman or Vice- Chairman or the request made by at least two directors. According to Bahrain Commercial Law at least four Board meetings should be held in a fiscal year. During the fiscal year 2013, five Board meetings were held in Bahrain and in the following manner.

	DATES OF MEETINGS				
DIRECTORS	**06/02/2013**	**07/03/2013**	**08/05/2013**	**30/07/2013**	**31/10/2013**
Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes	Yes
Mr. Ali Yousif Ubaydli	Yes	Yes	Yes	Yes	Yes
Mr.Mohammed Ebrahim Kanoo	No	No	Yes	No	No
Mr. Jalal Mohamed Jalal	No	Yes	Yes	No	Yes
Mr. Fareed Yousif Almoayed	Yes	Yes	No	Yes	No
Mr. Jehad Yousif Amin	Yes	Yes	Yes	Yes	Yes
Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes	Yes

REMUNERATION POLICY OF BOARD OF DIRECTORS:

The Board of Directors is paid remuneration after it was approved by the shareholders in the Annual General Meeting. Remuneration is paid taking into account the industry standards, time and efforts made by the directors towards the growth of the Company. The remuneration paid to directors is debited to income statement as an expense as per International Accounting Standards and Regulations formulated by the Central Bank of Bahrain from time to time.

AGGREGATE REMUNERATION TO BOARD OF DIRECTORS:

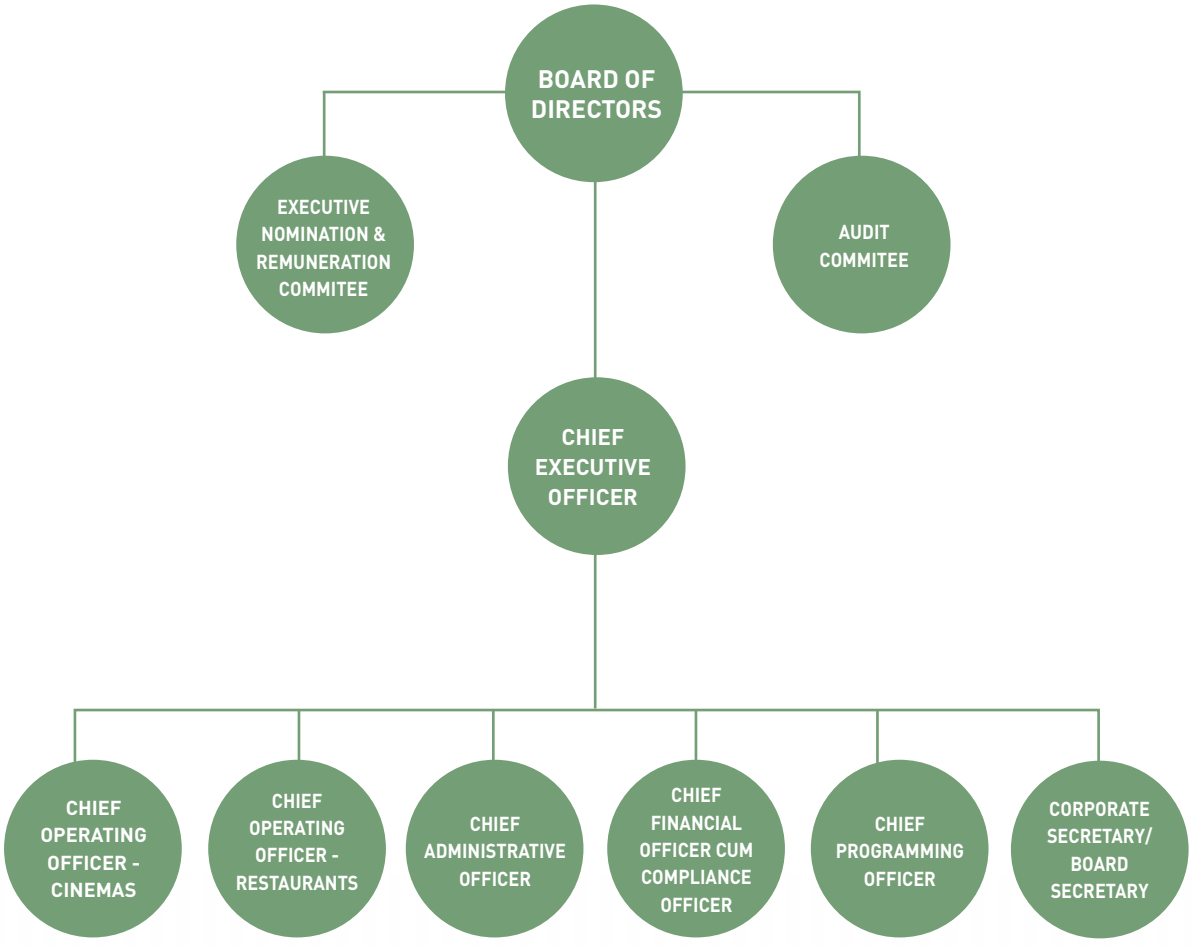
The aggregate remuneration paid to Board of Directors is disclosed in Note No: 21 of the Financial Statements.

CODE OF CONDUCT/ CODE OF ETHICS:

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

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

ORGANISATIONAL STRUCTURE



COMPLIANCE

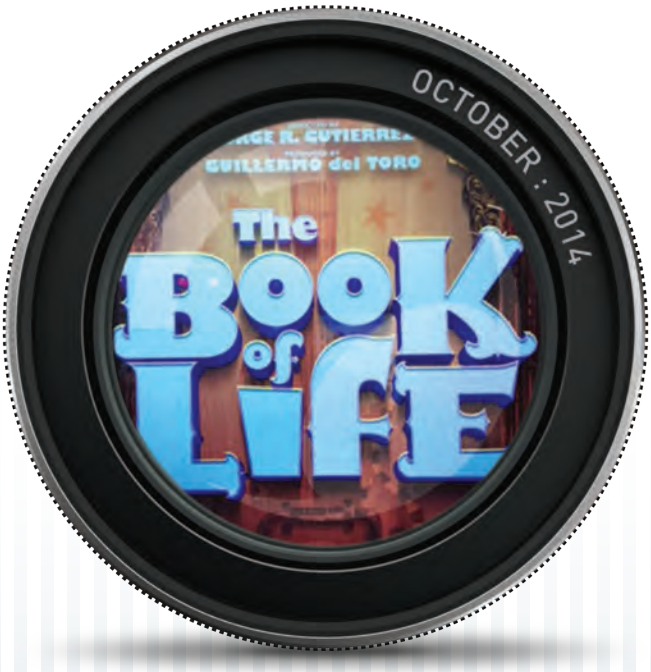
The Company has duly complied with all the rules and regulations of the Country and there is no non-compliance of any provisions of the law applicable to the Company. Chief Financial Officer is also the compliance officer of the Company. The Company has well defined Compliance Policy Manual which covers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

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

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

ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS

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



BOARD COMMITTEES:

EXECUTIVE, NOMINATION AND REMUNERATION COMMITTEE:

The Company has established Executive, Nomination and Remuneration Committee and specific responsibilities are given to the Committee. Executive Committee currently comprises of three directors and is chaired by Dr. Esam Abdulla Fakhro.

Functions of the Executive Committee:

- Ensure a formal and transparent Board nomination process in place.
- Considering and reviewing management's operational reports and regulatory and strategic developments.
- Evaluate investment performance against benchmarks set from time to time by the Board or committee.
- Approving the capital and overhead expenditures, which exceed the limits of executive management, in accordance with the Schedule of authority.

The Charter of the Executive, Nomination and Remuneration Committee prescribes that the Chairman of the Committee should call for the meeting as and when required. The actual number of meetings of Executive Committee held during the year is 5.

	DATES OF MEETING				
DIRECTORS	**05/03/2013**	**28/03/2013**	**18/06/2013**	**10/10/2013**	**9/12/2013**
1.Dr. Esam Abdulla Fakhro	Yes	Yes	Yes	Yes	Yes
2.Mr. Ali Yousif Ubaydli	Yes	Yes	Yes	Yes	Yes
3.Mr. Mohammed Ebrahim Kanoo	No	Yes	Yes	Yes	Yes

AUDIT COMMITTEE:

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

- Consider and recommend to the Board the appointment, resignation or dismissal of the statutory auditors of the Company.
- Discuss the significant accounting policies and reporting issues for the financial year.
- Discuss the important findings of Internal Auditors and the corresponding management response.
- Review the risk management and internal audit functions.
- Ensure existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.

As per the Charter of the Audit Committee, there should be at least four audit committee meetings in a year.
There were four meetings of the Audit committee during the year. The details of the composition of the committee and attendance of its meetings are set out in the following table:

	DATES OF MEETING			
DIRECTORS	**05/02/2013**	**07/05/2013**	**29/07/2013**	**30/10/2013**
1 Mr. Shawqi Ali Fakhro	Yes	Yes	Yes	Yes
2 Mr. Fareed Yousif Almoayed	Yes	Yes	Yes	No
3 Mr. Jalal Mohamed Jalal	Yes	Yes	No	Yes
4 Mr. Jehad Yousif Amin	Yes	Yes	Yes	Yes

CONFLICT OF INTEREST

The Company has the best policy of disclosure of conflict of Interest. If there is any transaction involving conflict of interest, the concerned Board member will abstain from discussion and voting for passing resolution. If the management becomes aware that there is potential conflict of interest of any director in particular transaction, advance approval from disinterested directors will be received before the motion is put before the meeting for discussion and voting.

RELATED PARTY TRANSACTIONS

All related party transactions are done on an arm's length basis and approved by the management of the Company. No employee or director or member of executive management can trade the shares with the material information which is not made public. Please refer Note No: 27 of the financial statements for the details of related party transactions.

INTERNAL CONTROL

The Company has well defined system of internal control. Internal Control is the process for achieving objectives of the Organization, ensuring operational effectiveness and efficiency, reliable financial reporting and compliance with Rules, Laws, Regulations and Policies. Internal control procedure is established in such a way that financial information is free from errors and frauds as well as assets are safeguarded. Internal control processes and procedures are evaluated periodically by the management and the audit committee members.

THE ROLES OF THE CHAIRMAN AND EXECUTIVE MANAGEMENT

Chairman is responsible for organizing the business for the Company and the Chief Executive Officer is responsible for the day to day operation of the Company and he is accountable to the Board for the financial and operating performance of the Company. While the governance of the Company is entrusted to the Board of Directors, the management is vested with Chief Executive Officer of the Company. The duties and responsibilities of chairman and CEO are clearly defined. The role of the Vice- chairman is carried out by Mr.Ali Yousif Ubaydli.

SUCCESSION PLANS

The Company has duly formulated Succession Plans for CEO, CFO, COO- restaurants, CAO and COO- Operations and these were approved by the Board to enable the Company to maintain its operational excellence without being affected by both short term and long term absence by the executive personnel.

KEY PERSON TRADING POLICIES

Members of the Board of Directors and key persons are bound by specific regulations relating to key person trading policies and are required to disclose the details of their shareholdings in the Company. Compliance Officer is vested with the responsibility of complying with latest key person trading regulations of Bahrain Bourse. During the year, all relevant procedures and documentation were reviewed and updated.

PERFORMANCE EVALUATION

Directors of the Board have done self- evaluation as a director and as a member of each committee. Evaluations of Board by each director and of each committee by each member of the respective committee have also been done for the financial year 2013. Chairman of the Board and of each committee have also done self-performance evaluation in order to enhance effectiveness of the functioning of the Board and the Committees.

Self -Performance evaluation of Chief Executive Officer for the financial year 2013 has also been conducted to ameliorate his contribution to the Company.

COMBINED CHARTER FOR EXECUTIVE, NOMINATION AND REMUNERATION COMMITTEE

In the year 2013, Charter of Executive Committee and Remuneration and Nomination Committee were combined and single Charter for Executive, Nomination and Remuneration Committee was created and duly approved.

WHISTLE BLOWER POLICY

It is the policy of the Company to maintain the ethical behavior in all the spheres of the Company. The Company has Whistle Blower Policy wherein the employees can report any violation of rules, regulations or any provisions of law or any unethical behavior to his/her immediate boss or to any other person as designated by the Company in this regard. Any such report will be maintained confidentially and are not subjected to any discriminatory practices.

CEO& CFO CERTIFICATIONS

CEO& CFO of the Company have certified that interim and final accounts of the Company present true and fair view of state of affairs of the Company and do not contain any material misstatement. These Certifications have been given both to the Audit Committee and the Board in the financial year 2013.

MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS:

- The Company has taken necessary steps to revamp the website of the Company to furnish sufficient information about the Company to all the stockholders.
- The Company has appointed Fakhro Karvy Consultants as the Registrar and Share transfer agent and the Board of directors of the Company recommends that they can be reappointed for the financial year 2014.
- The Company publishes annual results for each quarter and for the entire financial year through newspapers in Arabic and English and also through Bahrain Bourse website.
- The shareholders are having easy access to all the financial information and can get proxy and other relevant forms from the Company.
- The Company also communicates with its staff through internal communication.
- CFO will be the point of contact with MOIC, Bahrain Bourse and CBB.

BCC currently complies with the all the elements of the Code with the exception of following:

- HC1.3.6 states that no director of the Company should hold more than 3 directorships in public companies in Bahrain, with the provision that no conflict of interest may exist, and the Board should not propose the election/ re-election of any such director. Mr. Jehad Yousif Amin , Director of the Company is holding more than three directorships in Bahraini Public shareholding companies and his directorships in more than three Bahraini Public Companies does not affect the sanctum sanctorum of the interests of the Company and does not impact the effectiveness and efficiency of the Board of Directors as the concerned director provide adequate attention to his responsibilities as a director of the company and there is no conflicts of interest between his other directorships and his directorship in the company.

- As per the provision of HC1.4.6, the Chairman of the Board of Directors should be an independent director. Dr. Esam Abdulla Fakhro is not treated as an independent director, taking into account the business transactions of the Company with the business entities in which Dr.Esam Abdulla Fakhro is the director. However, this does not compromise the high standards of corporate governance that the company maintains as a) business transactions are entered into on arms' length basis, b) Existence of efficient system of management of conflict of interest in Board decisions and c) non-participation of interested directors in the matters in which they are interested.

- The Company will update the website by incorporating the Corporate Governance Guidelines of the Company, the financial results for the last five financial years and other necessary documents in the website. The Code of Conduct will be published in the "Corporate Governance Section" of the Company's website.

- Details regarding profiles of senior managers and shareholding of senior managers can be obtained from corporate office of the Company by making request for the same.

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

of Bahrain Cinema Company B.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Bahrain Cinema Company B.S.C. ("the Company") and its subsidiary (together referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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

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

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001 or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2013.

BDO

Manama, Kingdom of Bahrain
25 February 2014

Consolidated Statement Of **Financial Position**

of Bahrain Cinema Company B.S.C. as at 31 December 2013 (Expressed in Bahrain Dinars)

	Notes	**2013**	2012
ASSETS			
Non-current assets			
Property, plant and equipment	6	**12,096,033**	12,413,988
Investment property	7	**328,466**	-
Investment in joint ventures	8	**2,032,339**	1,753,061
Available-for-sale investments	9	**13,991,577**	14,140,713
		28,448,415	28,307,762
Current assets			
Inventories	10	**252,519**	230,033
Trade and other receivables	11	**2,671,335**	2,725,904
Financial assets at fair value through profit or loss	12	**4,829,324**	4,301,353
Short-term fixed deposits	13 (a)	**4,608,783**	-
Cash and bank balances	13 (b)	**786,320**	1,119,007
		13,148,281	8,376,297
Total assets		**41,596,696**	36,684,059
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	**5,508,230**	5,508,230
Share premium	15(i)	**4,743,573**	4,743,573
Investment fair value reserve	15(ii)	**(1,292,646)**	(1,587,005)
Revaluation reserve	15(iii)	**4,557,442**	4,557,442
Statutory reserve	15(iv)	**2,754,115**	2,754,115
Charity reserve	15(v)	**700,000**	700,000
Retained earnings	15(vi)	**20,515,734**	17,136,768
Less: treasury shares	14	**(17,428)**	-
		37,469,020	33,813,123
Current liabilities			
Trade and other payables	16	**4,127,676**	2,870,936
Total equity and liabilities		**41,596,696**	36,684,059

These consolidated financial statements, set out on pages 23 to 56, were approved for issue by the Board of Directors on 25 February 2014 and signed on its behalf by:

Dr Esam Abdulla Fakhro
Chairman

Ali Yousuf Ali Ubaydli
Vice-Chairman

Consolidated Statement of **Profit or Loss**

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2013 (Expressed in Bahrain Dinars)

	Notes	**2013**	2012
Operating income		**17,310,374**	12,741,273
Operating costs	22	**(11,530,706)**	(8,563,031)
Operating gross profit		**5,779,668**	4,178,242
EXPENSES			
General and administrative expenses	22	**(2,511,109)**	(1,775,451)
Finance costs		**(42,476)**	(36,133)
		(2,553,585)	(1,811,584)
Operating profit for the year before Investment income and other income		**3,226,083**	2,366,658
Net share of profit from investment in joint ventures	8	**1,351,085**	915,188
Investment income	18	**2,525,752**	1,755,334
Other income	19	**288,817**	270,855
Impairment loss on available-for-sale investments	9	**(909,750)**	(870,523)
Unrealised fair value loss on financial assets at fair value through profit or loss	12	**(184,580)**	-
Net profit for the year		**6,297,407**	4,437,512
Earnings per share	20	**115fils**	81fils

Consolidated Statement of **Comperhensive Income**

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2013 (Expressed in Bahrain Dinars)

	Notes	**2013**	2012
Net profit for the year		**6,297,407**	4,437,512
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Unrealised fair value loss on available-for-sale investments	15(ii)	**(491,631)**	(511,429)
Net movement in the fair value reserve on the sale of available-for-sale investments	15(ii)	**337,123**	14,096
Net movement in the fair value reserve on the impairment of available-for-sale Investments	15(ii)	**448,867**	256,373
Other comprehensive income/(loss) for the year		**294,359**	(240,960)
Total comprehensive income for the year		**6,591,766**	4,196,552

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

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2013 (Expressed in Bahrain Dinars)

	Notes	Share capital	Treasury Shares	Share premium	Investment fair value reserve	Revaluation Reserve	Statutory reserve	Charity reserve	Retained earnings	Total
At 31 December 2011		**5,508,230**	**-**	**4,743,573**	**(1,346,045)**	**4,557,442**	**2,568,828**	**700,000**	**15,638,658**	**32,370,686**
Dividends for 2011		-	-	-	-	-	-	-	(2,754,115)	(2,754,115)
Total comprehensive income for the year		-	-	-	(240,960)	-	-	-	4,437,512	4,196,552
Transferred to statutory reserve	15(iv)	-	-	-	-	-	185,287	-	(185,287)	-
At 31 December 2012		**5,508,230**	**-**	**4,743,573**	**(1,587,005)**	**4,557,442**	**2,754,115**	**700,000**	**17,136,768**	**33,813,123**
Transfer of treasury shares	14	-	(17,428)	-	-	-	-	-	-	(17,428)
Treasury share acquired at premium		-	-	-	-	-	-	-	(164,326)	(164,326)
Dividends for 2012		-	-	-	-	-	-	-	(2,754,115)	(2,754,115)
Total comprehensive income for the year		-	-	-	294,359	-	-	-	6,297,407	6,591,76
At 31 December 2013		**5,508,230**	**(17,428)**	**4,743,573**	**(1,292,646)**	**4,557,442**	**2,754,115**	**700,000**	**20,515,734**	**37,469,020**

Consolidated Statement of **Cash Flows**

of Bahrain Cinema Company B.S.C. for the year ended 31 December 2013 (Expressed in Bahrain Dinars)

	Notes	2013	2012
OPERATING ACTIVITIES			
Net profit for the year		**6,297,407**	4,437,512
Adjustments for:			
Depreciation	6	**979,941**	732,362
Net share of profit from investment in joint ventures	8	**(1,351,084)**	(915,188)
Impairment loss on available-for-sale investments	9	**909,750**	870,523
Unrealised loss on financial assets at fair value through profit or loss	12	**184,580**	-
Dividend income	18	**(507,930)**	(557,802)
Interest income from trading of bonds	18	**(308,721)**	(252,105)
Profit from fixed deposits	19	**(34,362)**	(59,178)
Realised gains on sale of financial assets at fair value through profit or loss	18	**(22,098)**	(125,914)
Realised gains on sale of available-for-sale investments	18	**(1,687,003)**	(739,537)
Profit on disposal of investment in joint venture	18	**-**	(79,976)
Loss/(profit) on sale of property, plant and equipment	19	**8,399**	(599)
Capital work in progress written off		**31,952**	-
Finance costs		**42,476**	36,133
Changes in operating assets and liabilities:			
Inventories		**(22,486)**	9,990
Trade and other receivables		**54,569**	(383,851)
Trade and other payables		**1,256,740**	629,485
Net cash provided by operating activities		**5,832,130**	3,601,855
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(1,037,147)**	(1,500,479)
Proceeds from sale of property, plant and equipment		**6,374**	35,185
Disposal of investment in joint ventures		**-**	109,942
Purchase of available-for-sale investments	9	**(15,237,672)**	(9,323,943)
Proceeds from sale of available-for-sale investments		**16,435,823**	8,439,560
Purchase of financial assets at fair value through profit or loss	12	**(3,330,622)**	(14,672,395)
Proceeds from sale of financial assets at fair value through profit or loss		**2,662,756**	10,496,956
Placements in short term deposits		**(4,608,783)**	-
Interest income received from trading of bonds	18	**308,721**	252,105
Profits received from fixed deposits	19	**34,362**	59,178
Dividend received from joint ventures	8	**1,071,806**	589,916
Dividend income received	18	**507,930**	557,802
Net cash used in investing activities		**(3,186,452)**	(4,956,173)
FINANCING ACTIVITIES			
Purchase of treasury shares	14	**(181,774)**	-
Finance costs paid		**(42,476)**	(36,133)
Dividends paid	21	**(2,754,115)**	(2,754,115)
Net cash used in financing activities		**(2,978,365)**	(2,790,248)
Net decrease in cash and bank balances		**(332,687)**	(4,144,566)
Cash and bank balances, beginning of the year		**1,119,007**	5,263,573
Cash and bank balances, end of the year	13 (b)	**786,320**	1,119,007

1 ORGANISATION AND ACTIVITIES

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

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

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

2 STRUCTURE OF THE GROUP

The structure of the Group is as follows:

Subsidiary company

Name of subsidiary	Country of incorporation	Principal Activities	Effective ownership interest 2013	Effective ownership interest 2012
Aradous Properties Management W.L.L.	Kingdom of Bahrain	Managing and leasing of properties	100%	100%

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

The total assets and net profit/(loss) for the year of the subsidiary have been extracted from the unaudited financial statements prepared as at, and for the year ended, 31 December 2013.

JOINT VENTURES

Name of joint ventures	Country of incorporation	Principal Activities	Effective ownership interest 2013	Effective ownership interest 2012
Saar Cinema Complex	Kingdom of Bahrain	Screening of films	31%	31%
Al Logistics Company B.S.C. (c)	Kingdom of Bahrain	Providing logistic services	10%	10%
Qatar Bahrain International Cinema W.L.L.	State of Qatar	Screening of films	23%	23%

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

3 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Bahrain Commercial Companies Law, Decree Number 21 of 2001.

Basis of consolidation

The consolidated financial statements incorporate financial statements of the company and its subsidiary from the date that control effectively commenced until the date that control effectively ceased. Control is achieved when the company has the power to govern the financial and operational policies of an entity to obtain benefits from its activities. All intergroup balances, transactions and unrealised profits and losses are eliminated in full on consolidation.

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 using going concern assumption under the historical cost convention except for available-for-sale investments, financial assets at fair value through profit or loss, investment property and revaluation of freehold land, which have been measured at their fair market value at the consolidated statement of financial position date.

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

Improvements/amendments to IFRS 2011/2013 cycle

Improvements/amendments to IFRS issued in 2011/2013 cycle contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's annual audited financial statements beginning on or after 1 January 2014 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations effective, relevant and adopted in 2013

The following new standards, amendments to existing standards or interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2013 and have been adopted in the preparation of the consolidated financial statements:

3 BASIS OF PREPARATION (continued)

Standards, amendments and interpretations effective, relevant and adopted in 2013 (continued)

a) IAS 1 – "Presentation of Financial Statements"

The main change requires entities to present line items for OCI amounts by nature and to group items presented in OCI into two categories:

- those that could subsequently be reclassified to profit or loss (reclassification adjustments); and
- those that that will not be reclassified.

In addition, a change was made to the title of the statement of comprehensive income. This is now referred to as the 'statement of profit or loss and other comprehensive income'. However, the flexibility currently in IAS 1 to use other titles will remain.

b) IFRS 11 Joint Arrangements

IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities Non-monetary

Contributions by Venturers, and requires joint arrangements to be classified as either:

- Joint operations - where parties with joint control have rights to assets and obligations for liabilities; or
- Joint ventures - where parties with joint control have rights to the net assets of the investee.

Joint arrangements that are structured through a separate vehicle will generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets.

Joint ventures are accounted for using the equity method (proportionate consolidation is not permitted by IFRS 11).

Parties to a joint operation account for their share of assets, liabilities, revenues and expenses in accordance with their contractual rights and obligations.

The adoption of IFRS 11 had no effect on the Group's joint arrangements as:

(a) The new definition of joint control has not resulted in a change in the recognition and non- recognition of the Group's arrangements with other parties.

(b) The Group's joint arrangements previously classified as jointly controlled entities under IAS 31:
   - have not been reclassified as joint operations under IFRS 11; and
   - were previously accounted for using the equity method (rather than proportionate consolidation).

c) IFRS 13 – "Fair Value Measurement"

IFRS 13 sets out the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other IFRS's.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other IFRSs have now been relocated to IFRS 13. IFRS 13 intends to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

3 BASIS OF PREPARATION (continued)

Standards, amendments and interpretations effective, relevant and adopted in 2013 (continued)

b) IFRS 13 – "Fair Value Measurement" (continued)

IFRS 13 does not materially affect any fair value measurements of the Company's assets or liabilities, with changes being limited to presentation and disclosure, and therefore has no effect on the Group's financial position or performance. In addition, IFRS 13 is to be applied prospectively and therefore comparative disclosures have not been presented.

See note 5 and 28 for critical accounting estimates and judgments and further references for more details related to fair value measurement.

Standards, amendments and interpretations issued and effective in 2013 but not relevant

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2013 or subsequent periods, but are not relevant to the Group's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 19	Employee benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 34	Interim Financial Reporting	1 January 2013
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of Surface Mine	1 January 2013

Standards, amendments and interpretations issued but not yet effective in 2013

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2013 or subsequent periods have not been early adopted by the Group's management. The Group's management intends to adopt these standards with effect from their initial application date as mentioned below:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 16	Property, Plant and Equipment	1 July 2014
IAS 24	Related Party Disclosures	1 July 2014
IAS 32	Financial Instruments – Presentation	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 38	Intangible Assets	1 July 2014
IAS 40	Investment Property	1 July 2014
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2014
IFRS 2	Share Based Payment	1 July 2014
IFRS 3	Business Combinations	1 July 2014
IFRS 7	Financial Instruments – Disclosures	1 January 2015
IFRS 8	Operating Segments	1 July 2014
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IFRIC 21	Levies	1 January 2014

3 BASIS OF PREPARATION (continued)

There would have been no change in the operational results of the Group for the year ended 31 December 2013 had the Group early adopted any of the above standards applicable to the Group, except for the adoption of IFRS 9 which would impact the classification and measurement of certain financials assets and liabilities.

The Group did not early-adopt any new or amended standards in 2013.

4 SIGNIFICANT ACCOUNTING POLICIES

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

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation, with the exception of freehold land which is stated at market values, based on valuations undertaken by independent property valuer's. 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 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 capitalised and depreciated when put to commercial use.

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

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

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

Investment properties

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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 external valuers, and any unrealised gains or losses arising are included in the consolidated statement of profit or loss in the year in which they arise. Fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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

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

Joint venture

The Group's interests in jointly controlled entities, being entities in which two or more parties contractually agree to share control over an economic activity, are accounted for using the equity method of accounting as the Group's management believes that it exercises significant influence rather than joint control, that is the power, directly or indirectly, to govern the financial and operating policies of the jointly controlled entities. Under the equity method, the group's share of the post acquisition profits or losses of the joint venture are recognised in the consolidated statement of profit or loss, and its share of post acquisition movements in reserves are recognised directly in the consolidated statement of change in shareholder's equity. The equity method is applied from the date on which the Group assumes joint control over an entity, and ceases when joint control is relinquished. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Financial assets

a. Available-for-sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale investments. These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the consolidated statement of financial position date, or unless they need to be sold to raise operating capital, in which case they are included in current assets. The Group normally classifies equity instruments in this category as those are not considered to be trading in nature.

Available-for-sale investments are initially recorded at cost and subsequently re-measured at their fair values. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in the consolidated statement of other comprehensive income. The fair value of investments listed on active markets is determined by reference to quoted market prices. The fair value of securities listed on inactive markets and unlisted investments are determined using other generally accepted valuation methods. Managed funds and unquoted investments for which fair values cannot be measured reliably are recognised at cost less impairment.

The fair value changes of available-for-sale investments are reported in the consolidated statement of other comprehensive income until such investments are sold, at which time the realised gains or losses are reported in the consolidated statement of profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Available-for-sale investments (continued)

The Group assesses at each consolidated statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered as an indicator that the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets previously recognised is removed from equity and recognised in the consolidated statement of profit or loss.

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at their fair values. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of other comprehensive income in the period in which they arise. The Group generally trade in listed bonds/Sukuks which are categorised as FVTPL.

c. 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.

d. Short-term deposits

Short-term deposits represent the monies placed with financial institutions over a period not exceeding twelve months. They are initially measured at amortised cost and profits are recognised on accrual basis.

Financial liabilities

The financial liabilities of the Company consist of import finance loans and trade and other payables. These financial liabilities are initially recognised at fair value and are subsequently remeasured at amortised cost using the effective interest method.

Trade and other payables

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

Provisions

Provisions are recognised when the Company 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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment plan

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

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

Inventories

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

Employee 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 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.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and fixed deposits with original maturities of three months or less.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares

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

Dividends declared

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

Leases

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

Operating income

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

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

Other income

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

Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of profit or loss.

5 CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY

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

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

- economic useful lives of property, plant and equipment;
- classification of investments;
- fair valuation of available-for-sale investments;
- impairment of available-for-sale-investments;
- fair value measurement;
- provisions; and
- contingencies.

Economic useful lives of property, plant and equipment

The Group's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. Useful economic lives of property, plant and equipment are reviewed by management quarterly. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Classification of investments

In the process of applying the Group's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at fair value through profit or loss, held- to-maturity or available-for-sale investment securities. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

Fair valuation of available-for-sale investments

The Group determines fair values of available-for-sale investments that are not quoted in active markets by using valuation techniques such as net assets of the investee or based on the exit multiple provided by the fund manager. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the available-for-sale investments.

Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment and is assessed for each investment separately. In case of quoted equity securities, the Group considers a decline of more than 30% in the fair value below cost to be significant and considers a decline below cost which persists for more than 6 months as prolonged.

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

Fair value measurement

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

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

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

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

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

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

The financial assets and financial liabilities of the Group that either require fair value measurements or only fair value disclosures as at 31 December 2013 are disclosed in Note 28.

Provisions

At 31 December 2013, in the opinion of the Group's management, receivables amounting to BD11,531 are impaired and have been provided for (2012: BD11,531). When evaluating the adequacy of a provision for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade receivables recorded in the consolidated financial statements.

The Group also creates an allowance for obsolete and slow-moving inventories. At 31 December 2013, in the opinion of Group's management a provision of BD1,577 (2011: BD20,922) was required for obsolete and slow-moving inventories. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the year.

Contingencies

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

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Capital work-in-progress	Total
Cost or valuation						
At 31 December 2011	5,203,134	2,575,224	9,837,416	93,717	22,837	17,732,328
Additions	7,650	-	1,003,409	22,760	466,660	1,500,479
Disposals	-	(36,032)	(8,502)	(11,800)	-	(56,340)
At 31 December 2012	5,210,784	2,539,192	10,832,317	104,677	489,497	19,176,467
Additions	-	-	482,221	53,702	501,224	1,037,147
Transfer from CWIP	-	-	240,188	-	(240,188)	-
Disposals	-	-	(194,984)	(18,596)	-	(213,580)
Written off Transferred to					(31,952)	(31,952)
investment property (note 7)	-	-	-	-	(328,466)	(328,466)
At 31 December 2013	5,210,784	2,539,192	11,359,742	139,783	390,115	19,639,616
Accumulated depreciation						
At 31 December 2011	422,112	925,893	4,629,830	74,036	-	6,051,871
Charge for the period	19,290	120,287	578,854	13,931	-	732,362
Disposals	-	(7,562)	(2,394)	(11,798)	-	(21,754)
At 31 December 2012	441,402	1,038,618	5,206,290	76,169	-	6,762,479
Charge for the year	17,074	120,287	823,940	18,640	-	979,941
Disposals	-	-	(180,244)	(18,593)	-	(198,837)
At 31 December 2013	458,476	1,158,905	5,849,986	76,216	-	7,543,583
Net Book Amount						
At 31 December 2013	4,752,308	1,380,287	5,509,756	63,567	390,115	12,096,033
At 31 December 2012	4,769,382	1,500,574	5,626,027	28,508	489,497	12,413,988

The freehold land and building includes freehold land which was revalued by an independent property valuer as at 31 December 2012 at open market values, which reflected the total value amounting to BD4,670,877. The management does not expect any material change to the fair value as on 31 December 2013.

During the year, revaluation surplus/deficit of BDNil (2012: BDNil) has been charged to the consolidated statement of profit or loss and other comprehensive income.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of land, as well as the inter-relationship between key unobservable inputs and fair value, are set out in Note 28.

Had the revalued land been measured on a historical cost basis, the net book value would have been

BD113,436 (2012: BD113,436). The revaluation surplus amounted to BD4,557,442 (2012: BD4,557,442).

Capital work-in-progress represents cost incurred for the construction of a five storey building in Manama and for renovation of megaplex in Seef.

During the year, Group's management decided to discontinue the Seef corporate office project and dispose the land to realise the investment. Accordingly, the cost of the property that was accounted under capital work in progress amounting to BD328,466 was transferred to investment property (Note 7).

7 INVESTMENT PROPERTY

	31 December 2013	31 December 2012
Transferred from capital-work-in-progress (Note 6)	**328,466**	-

Investment property represents land transferred from capital work-in-progress in line with management's intention to dispose the land to realise its value.

The land which was revalued by an independent property valuer as at 31 December 2013 at open market values, which reflected the total value amounting to BD328,466(2012: BDNil).

The fair value of the investment property is a level 3 recurring fair value measurement. During the year, revaluation surplus/deficit of BDNil (2012: BDNil) has been charged to the consolidated statement of profit or loss.

8 INVESTMENT IN JOINT VENTURES

	31 December 2013	31 December 2012
Cost		
Opening balance	**369,434**	792,434
Disposal of investment in Gulf Gourmet Group W.L.L.	-	(423,000)
Closing balance	**369,434**	369,434
Retained earnings		
Opening balance	**1,383,627**	665,321
Share of profit for the year from QBIC W.L.L. (Note 24)	**1,312,285**	921,362
Share of profit/(loss) from Saar Cinema Complex (Note 24)	**38,799**	(6,174)
Gain on disposal of Gulf Gourmet Group W.L.L.	**-**	393,034
Dividend from Qatar Bahrain International Cinema W.L.L	**(1,071,806)**	(589,916)
Closing balance	**1,662,905**	1,383,627
Net book value		
At 31 December	**2,032,339**	1,753,061

The above financial information relating to the Group's investment has been extracted from the unaudited management accounts prepared as at, and for the year ended, 31 December 2013.

9 AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2013	31 December 2012
Opening balance	**14,140,713**	13,628,276
Additions	**15,237,672**	9,323,943
Disposals	**(14,434,294)**	(7,685,927)
Unrealised fair value losses for the year	**(491,631)**	(511,429)
	14,452,460	14,754,863
Impairment loss on available-for-sale investments	**(460,883)**	(614,150)
Closing balance	**13,991,577**	14,140,713

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

	31 December 2013	31 December 2012
Impairment loss on available-for-sales investments	**460,883**	614,150
Net movement through investment fair value reserve in consolidated statement of profit or loss and other comprehensive income	**448,867**	256,373
	909,750	870,523

The Group has performed an impairment test over the available-for-sale investments and concluded that certain of those investments are impaired. Accordingly, an impairment loss of BD909,750 (2012: BD870,523) has been charged to the consolidated statement of profit or loss.

Analysis of investments

	31 December 2013	31 December 2012
Shares listed on GCC stock exchanges	**11,525,065**	10,767,602
Managed funds	**2,437,712**	3,344,311
Unquoted equity investments	**28,800**	28,800
	13,991,577	14,140,713

The investments in managed funds are placed through fund managers located in the GCC countries. Bases of fair valuation of the above investments are explained in Note 28.

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

Currency	**2013**	2012
Bahrain Dinar	**5,465,910**	4,692,490
United States Dollar	**2,583,343**	3,502,147
Kuwait Dinar	**4,459,616**	4,601,198
Qatari Riyal	**974,359**	798,714
Saudi Riyal	**176,146**	138,718
UAE Dirham	**318,246**	395,206
Omani Riyal	**13,957**	12,240
	13,991,577	14,140,713

10 INVENTORIES

	31 December 2013	31 December 2012
Films and spares equipment	**254,096**	250,955
Provision for obsolete and slow-moving inventories	**(1,577)**	(20,922)
	252,519	230,033

Movement in provision

	31 December 2013	31 December 2012
Opening balance	**20,922**	29,083
Write-off for the year	**(19,345)**	(8,161)
Closing balance	**1,577**	20,922

11 TRADE AND OTHER RECEIVABLES

	31 December 2013	31 December 2012
Trade receivables	**844,228**	684,838
Provision for impaired trade receivables	**(11,531)**	(11,531)
	832,697	673,307
Interest free loans to employees for purchase of share capital (Note 23)	**777,661**	922,490
Deposits / rental advance	**673,210**	950,457
Advances to suppliers	**99,254**	57,256
Amounts due from related parties (Note 27)	**124,206**	25,211
Prepayments	**62,819**	41,470
Other receivables	**101,488**	55,713
	2,671,335	2,725,904

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

	Total	**Less than 30 days**	**30-60 days**	**More than 60 days**
2013	**832,697**	**81,090**	**221,208**	**530,399**
2012	673,307	357,734	30,351	285,222

*Past due but not impaired.

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

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

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

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

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2013	31 December 2012
Opening balance	**4,301,353**	-
Additions	**3,330,622**	14,672,395
Disposals	**(2,618,071)**	(10,371,042)
Unrealised fair value loss on financial assets at fair value through profit or loss	**(184,580)**	-
Closing balance	**4,829,324**	4,301,353

Financial assets at fair value through profit or loss consist of debt securities listed on several bond markets valued at their quoted bid prices as of 31 December 2013.

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

Currency	**2013**	2012
United States Dollar	**4,328,670**	4,202,048
United Arab Emirates Dirham	**500,654**	-
Saudi Riyal	-	99,305
	4,829,324	4,301,353

13(A) SHORT-TERM FIXED DEPOSITS

These represents short term fixed deposits with banks in Islamic instruments Mudarabah and Wakala having maturity of 6 months and carry profit rates ranging between 2.6%-3.65% (2012: Nil).

13(B) CASH AND BANK BALANCES

	31 December 2013	31 December 2012
Current account balances with banks	**674,031**	1,026,224
Cash on hand	**112,289**	92,783
	786,320	1,119,007

14 SHARE CAPITAl

	31 December 2013	31 December 2012
Authorised		
100,000,000 ordinary shares of 100 fils each (2012: 100,000,000 ordinary shares of 100 fils each)	**10,000,000**	10,000,000
Issued, subscribed and fully paid-up:		
55,082,300 ordinary shares of 100 fils each (2012: 55,082,300 ordinary shares of 100 fils each)	**5,508,230**	5,508,230

14 SHARE CAPITAL (continued)

Treasury Shares

During 2013, 174,280 treasury shares were acquired at an average rate of BD1.043 according to Article 8 of Articles of Association to purchase up to 10% of the Company's issued and fully paid-up share capital. The nominal value of these shares has been disclosed as deduction from reserves. Whereas, the difference, between the nominal value of the acquired shares, and the purchase price, amounting to BD164,326 has been adjusted against retained earnings.

Additional information on shareholding pattern

i) The names and nationalities of the major shareholders holding 5% or more of the issued shares as at 31 December 2013 are as follows:

	Nationality	Number of shares	Percentage of share-holding interest
Bahrain Family Leisure Company B.S.C.	Bahraini	3,816,061	6.93%
Aradous Properties Management W.L.L.	Bahraini	4,088,782	7.42%
Yusuf Abdulla Amin	Bahraini	2,999,364	5.45%
General public and corporations	Various	44,178,093	80.20%
		55,082,300	100.00%

ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.

iii) The distribution of the Company's equity shares analysed by the number of shareholders and their percentage of shareholding as at 31 December 2013 is set out below:

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

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

	2013 Number of shares	2012 Number of shares
Dr Esam Abdulla Yusuf Fakhro	**2,101,374**	2,074,369
Ali Yusuf Ali Ubaydli	**307,647**	307,647
Mohamed Ebrahim Khalil Kanoo	**922,568**	922,568
Jalal Mohamed Yusuf Jalal	**321,773**	321,773
Fareed Yusuf Khalil Almoayyed	**317,189**	317,189
Jehad Yusuf Abdulla Amin	**701,222**	682,500
Shawqi Ali Yusuf Fakhro	**458,370**	458,370
	5,130,143	5,084,416

15 RESERVES

(i) Share premium

Share premium represents the difference between the exercise price and the par value of the shares issued has been added to the share premium account.

(ii) Investment fair value reserve

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

	2013	2012
Opening balance	**(1,587,005)**	(1,346,045)
Movement on sale	**337,123**	14,096
Movement on Impairment	**448,867**	256,373
Movement on fair value changes	**(491,631)**	(511,429)
Closing balance	**(1,292,646)**	(1,587,005)

(iii) Revaluation reserve

The revaluation reserve represents the net surplus arising on revaluation of freehold land (Note 6). This reserve is not available for distribution. During the year a revaluation of BDNil (2012: BDNil) has been transferred to revaluation reserve.

(iv) Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law Decree number 21 of 2001, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non- distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. No transfers were made to the reserve in current year as required minimum amount is already set aside in previous years (2012: BD185,287).

(v) Charity reserve

Charity reserve represents contributions towards unspecified landmark charitable projects. During the year no contribution has been made to this reserve (2012: BDNil).

(vi) Retained earnings

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

16 TRADE AND OTHER PAYABLES

	31 December 2013	31 December 2012
Trade payables	**1,972,565**	793,302
Accruals	**1,640,430**	1,458,781
Unclaimed dividends	**215,051**	176,007
Amounts due to joint ventures (Note 27)	**6,250**	234,965
Labour law related provisions	**219,426**	162,287
Retention payable	**8,139**	-
Advance from customers	**55,359**	35,324
Other payables	**10,456**	10,270
	4,127,676	2,870,936

16 TRADE AND OTHER PAYABLES (Continued)

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

17 BANK OVERDRAFT

The Group has bank overdraft facilities amounting to BD1,400,000 as at 31 December 2013 (2012: BD1,850,000) which have been obtained to finance the working capital requirements of the Group. Bank overdrafts are unsecured, bear interest at rates ranging between 8.25% and 8.75% per annum (2012: between 8.25% and 8.75% per annum) and are repayable on demand. However, as at 31 December 2013, the overdraft facility has not been utilised by the Group.

18 INVESTMENT INCOME

	Year ended 31 December 2013	Year ended 31 December 2012
Dividend income	**507,930**	557,802
Realised gains on sale of available-for-sale investments	**1,687,003**	739,537
Realised gains on sale of financial assets at fair value through profit and loss	**22,098**	125,914
Interest income from trading of bonds	**308,721**	252,105
Profit on disposal of investment in The Gulf Gourmet Group W.L.L.	**-**	79,976
	2,525,752	1,755,334

19 OTHER INCOME

	Year ended 31 December 2013	Year ended 31 December 2012
(Loss)/profit on sale of property, plant and equipment	**(8,399)**	599
Rental income	**31,464**	31,264
Profit from fixed deposit	**34,362**	59,178
Vocational training income	**13,030**	10,838
Management fee	**30,000**	30,000
Awal car parking collection	**15,762**	11,694
Exchange gain	**23,959**	12,515
Virtual print fees	**117,589**	85,331
Miscellaneous income	**31,050**	29,436
	288,817	270,855

20 EARNINGS PER SHARE

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

	31 December 2013	31 December 2012
Net profit attributable to the shareholders	**6,297,407**	4,437,512
Number of ordinary shares issued	**54,908,020**	55,082,300
Basic earnings per share	**115fils**	81fils

20 EARNINGS PER SHARE (Continued)

The earnings per share has been computed on the basis of net profit for the year divided by the weighted average number of shares outstanding for the year being 54,908,020, net of 174,280 treasury shares.

There are no potentially dilutive ordinary shares at 31 December 2013 (2012: Nil).

21 Dividends and directors' remuneration

In accordance with resolutions passed at the Annual General Meeting held on 7 March 2013, cash dividends of 50fils per share (2011: 50fils per share), amounting to a total cash dividend of BD2,754,115 (2011: BD2,754,115) and directors' remuneration amounting to BD134,000 (2011: BD134,000) in respect of 2012 were approved by the shareholders. These consolidated financial statements include the directors' remuneration for the year 2013 amounting to BD176,000.

22 Staff costs

Included in operating costs and general and administrative expenses are staff costs amounting to

BD2,533,267 for the year ended 31 December 2013 (2012: BD2,043,895).

Employee benefits

The contributions made by the Group towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended

31 December 2013 amounted to BD114,181 (2012: BD109,828).

Number of staff

The total number of full-time and part-time staff employed by the Group at 31 December 2013 was

367 (2012: 367).

23 Employees' share purchase plan

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

The Group granted share purchase rights at 500fils per share on 1 December 2005 and at 600fils per share on 31 December 2010 to these employees, and agreements were entered into whereby the shares would be held for the beneficial interest of the related employees by the nominee, Aradous Properties Management W.L.L., until payment was received in full from the employees. The share purchases are being financed by the Group through interest-free loans granted to the employees. The loans are secured against the shares held by the nominee and are repayable in equal monthly installments over a period of ten years from the time of issue of shares. Legal title to the shares will be transferred to the employees on full settlement of the loan. No share purchase plan expenses have been recognised during the current year as the amount is considered insignificant by the management.

Total carrying value as at 31 December 2013 amounted to BD777,661 (2012: BD922,490).

24 TRANSACTIONS WITH JOINT VENTURES

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

a) Statement of financial position

	2013		2012	
	Saar Cinema Complex	**Qatar Bahrain International Cinema W.L.L.**	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.
Long-term assets	**88,864**	**5,717,210**	102,337	3,981,412
Current assets	**69,871**	**3,454,876**	74,436	4,170,203
	158,635	**9,172,086**	176,773	8,151,615
Current liabilities	**(49,102)**	**(1,177,167)**	(56,045)	(1,050,891)
Net assets	**109,533**	**7,994,919**	120,728	7,100,724

b) Statement of profit or loss

	2013		2012	
	Saar Cinema Complex	**Qatar Bahrain International Cinema W.L.L.**	Saar Cinema Complex	Qatar Bahrain International Cinema W.L.L.
Operating income/(loss)	**125,160**	**5,702,178**	**(19,916)**	**4,005,923**
Share of net profit/(loss) for the year	**38,799**	**1,312,285**	(6,174)	921,362
Included in the above amounts are depreciation and amortisation	**13,573**	**848,927**	11,571	735,228
interest income	**-**	**10,919**	-	7,923

The above financial information relating to the Group's investment in joint ventures has been extracted from the unaudited management accounts for the year ended 31 December 2013.

25 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 bars
- Others, includes corporate office assets and vehicles

25 SEGMENTAL REPORTING (Continued)

For the year ended 31 December 2013

	Theatre operations	Restaurants and bars	Others	Total
Revenues				
Total external sales	10,364,059	5,595,233	1,351,082	17,310,374
Less: total variable cost	(5,666,922)	(1,390,417)	(109,169)	(7,166,508)
Segment results	4,697,137	4,204,816	1,241,913	10,143,866
Less: fixed cost				(4,364,198)
Operating gross profit				5,779,668
Net administration and financial expenses				(2,553,585)
Share of profit on joint venture operations				1,351,085
Impairment loss on available for sale investments				(909,750)
Impairment loss on fair value through profit or loss				(184,580)
Investment and other income				2,814,569
Net profit				6,297,407
Identifiable assets	10,831,666	825,659	29,939,371	41,596,696
Identifiable liabilities	1,624,353	182,442	2,230,881	4,127,676

For the year ended 31 December 2012

	Theatre operations	Restaurants and bars	Others	Total
Revenues				
Total external sales	7,774,352	4,388,200	578,719	12,741,271
Less: total variable cost	(3,673,633)	(1,024,996)	(33,675)	(4,732,304)
Segment results	4,100,719	3,363,204	545,044	8,008,967
Less: fixed cost				(3,830,725)
Operating gross profit				4,178,242
Net administration and financial expenses				(1,811,584)
Share of profit on joint venture operations				915,188
Impairment loss on available for sale investments				(870,523)
Investment and other income				2,026,189
Net profit				4,437,512
Identifiable assets	11,131,831	761,332	24,790,896	36,684,059
Identifiable liabilities	689,365	195,293	1,986,278	2,870,936

Apart from the joint venture operations in Qatar which is accounted for using equity method, the Group operates only in the Kingdom of Bahrain and accordingly, no geographical segmental information has been disclosed.

26 COMMITMENTS

a) Operating lease commitments

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

	31 December 2013	31 December 2012
Not later than one year	**1,296,564**	1,168,818
Later than one year and not later than five years	**4,899,889**	4,675,272
Later than five years	**4,662,621**	6,364,937
	10,859,074	12,209,027

The lease expense recognised in the consolidated statement of profit or loss for the year ended 31 December 2013 amounted to BD1,336,877 (2012: BD1,249,419).

b) Capital commitments

Capital expenditure contracted for the renovation work of the Seef Mall multiplex at the consolidated statement of financial position date but not recognised in these consolidated financial statements amounted to BD725,000 (2012: BD489,496).

27 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties consist of the joint ventures, the Directors of any of the Group's companies, their close family members and businesses under their control. The Group's transactions with related parties are authorized by the management.

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

	Related Party Relationship	Amount due from **31 December 2013**	Amount due from 31 December 2012	Amount due to **31 December 2013**	Amount due to 31 December 2012
Saar Cinema Complex	Joint venture	**27,845**	25,211	**-**	-
Qatar Bahrain International Cinema W.L.L.	Joint venture	**39,724**	-	**-**	234,965
Various entities*	Common directorship	**56,637**	-	**6,250**	-
		124,206	25,211	**6,250**	234,965

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

27 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

A summary of transactions with related parties is as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
Saar Cinema Complex		
Direct expenses	**195,856**	116,077
Salaries	**44,453**	73,078
Management fees	**6,000**	6,000
Other expenses	**36,763**	44,431
Qatar Bahrain International Cinema Co. W.L.L.		
Salaries	**45,246**	33,111
Other expenses	**34,544**	54,257
Management Fees	**24,000**	24,000
Bar purchases	**54,084**	107,044
Entities under common directorship		
Direct expenses	**65,886**	64,093
Operating income from advertisement	**41,706**	1,600
Other expenses	**174,669**	95,796
Rent expense for corporate office	**30,724**	-

28 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT

Financial assets and liabilities carried on the consolidated statement of financial position include cash and cash bank balances, short-term deposits, available-for-sale investments, investment in joint ventures,

trade and other receivables and trade and other payables. The specific recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

- Available for sale investments;
- Trade and other receivables;
- Investments at fair value through profit or loss;
- Short-term deposits;
- Cash and bank balances; and
- Trade and other payables.

28 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

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

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

Financial liabilities	Financial liabilities at amortised cost
Trade and other payables	4,127,676
Total financial liabilities	4,127,676

A summary of the financial instruments held by category is provided below as at 31 December 2012:

Financial assets	Fair value through profit or loss	Loans and receivables	Available-for-sale
Available-for-sale investments	-	-	14,140,713
Trade and other receivables, excluding prepayments	-	2,684,434	-
Investments at fair value through profit or loss	4,301,353	-	-
Cash and bank balances	-	506,769	-
Total financial assets	4,301,353	3,191,203	14,140,713

Financial liabilities	Financial liabilities at amortised cost
Trade and other payables	2,870,936
Total financial liabilities	2,870,936

Risk management is carried out by the Finance Department based on policies approved by the Board of Directors of the Group. The Group's treasury identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Interest rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in market interest rates. The Group's bank overdrafts bear market rates of profit. Further, the short term deposits with banks earn market rates of interest. In the opinion of the Group's management, other assets and liabilities are not sensitive to interest rate risk.

28 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with national banks with good credit ratings. Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers.

Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables. The maximum exposure on the financial assets and liabilities is considered to be equal to their carrying values.

	At 31 December 2013	
Financial assets	**Carrying Value**	**Maximum Exposure**
Trade and other receivables	2,608,516	2,608,516
Cash and bank balances	786,320	786,320
Total financial assets	3,394,836	3,394,836

	At 31 December 2012	
Financial assets	**Carrying Value**	**Maximum Exposure**
Trade and other receivables	2,684,434	2,684,434
Cash and bank balances	506,769	506,769
Total financial assets	3,191,203	3,191,203

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 available-for-sale investments in United States Dollars and GCC currencies and foreign currency transactions in Saudi Riyals and Qatari Riyals. The Bahrain Dinar is effectively pegged to the GCC currencies and United States Dollar. Accordingly, management assesses the Group's currency rate risk as minimal.

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

Investment fair value sensitivity analysis is as follows:

Description	Change	Impact on equity/profit
Available for-sale-investment	+/-5%	+/- 699,579
Financial assets at fair value through profit or loss	+/-5%	+/- 241,466
Available for-sale-investment	+/-10%	+/- 1,399,158
Financial assets at fair value through profit or loss	+/-10%	+/- 482,932

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.

28 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

Fair value measurement

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

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, short-term deposits and trade and other payables. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2013.

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

Non financial assets	Fair value at 31 December 2013	Level of hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Land	4,670,877	L3	Independent valuation reports	Current marke rates and rate per sq. Meter	Positive correlation between the rate per sq. Meter and the market value
Investment property	328,466	L3	Independent valuation reports	Current marke rates and rate per sq. Meter	Positive correlation between the rate per sq. Meter and the market value
Financial assets					
Quoted investments	11,553,866	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted equity investments and managed funds	2,437,711	L3	Net assets valuation and financial updates received from the fund managers	Expected exit rates, expected future cash flows, net assets and expected profits based taking into account management knowledge and experience of market conditions similar to industry trends.	The higher the future cash flows or profits the higher the fair value of net assets and eventually higher exit rates.
Investments at fair value through profit or loss	4,829,324	L1	Indicative prices from Bloomberg provided by Company's brokers.	Not applicable	Not applicable

28 FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT (Continued)

Fair value measurement (continued)

There are no transfers between levels during the year.

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

	Unquoted equity investments and managed funds
At 31 December 2012	3,344,310
Additions during the year	294,236
Unrealised fair value gain included in other comprehensive income	(424,306)
Reversal of previously recognised impairment loss on available for-sale-investments	-
Impairment loss for the year	(287,629)
Disposals during the year	(488,901)
At 31 December 2013	**2,437,711**

The following table sets out the assets and liabilities for which fair values are disclosed in the notes:

Item	Fair value	Valuation technique	Fair value hierarchy level	Significant observable Inputs
Trade receivables	2,608,516	The carrying amount of (less than 12 months)	Level 3	Not applicable
Trade and other payables	4,127,676	trade receivable and payables approximates its fair values	Level 3	Not applicable

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 2013 and 2012.

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

Since the Company's cash and cash equivalents (and short-term deposit) exceed its debt as at 31 December 2013, gearing ratio is not required to be calculated and disclosed.

29 MATURITY PROFILE

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not considered significant by management.

	At 31 December 2013					
	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	**1,978,815**	**2,148,861**	**-**	**-**	**-**	**4,127,676**

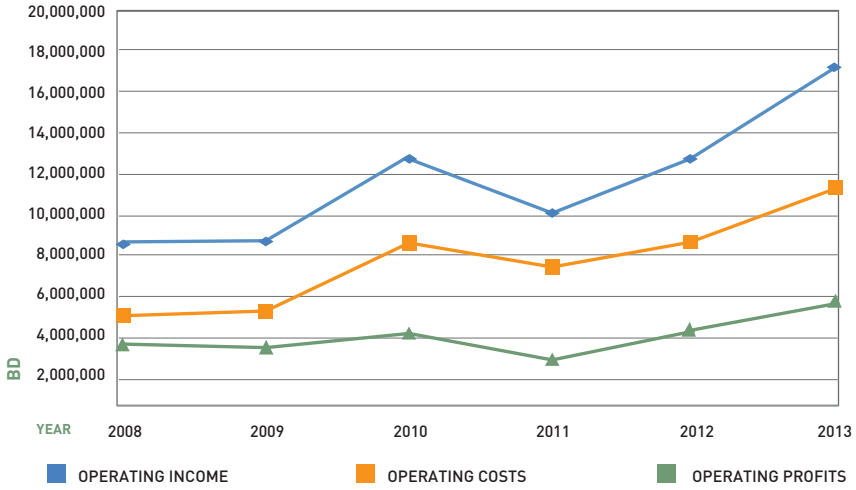
	At 31 December 2012					
	Up to 3 months	3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Between Over 5 years	Total
Trade and other payables	793,302	2,077,634	-	-	-	2,870,936

30 SUBSEQUENT EVENTS

There were no significant events subsequent to 31 December 2013 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.

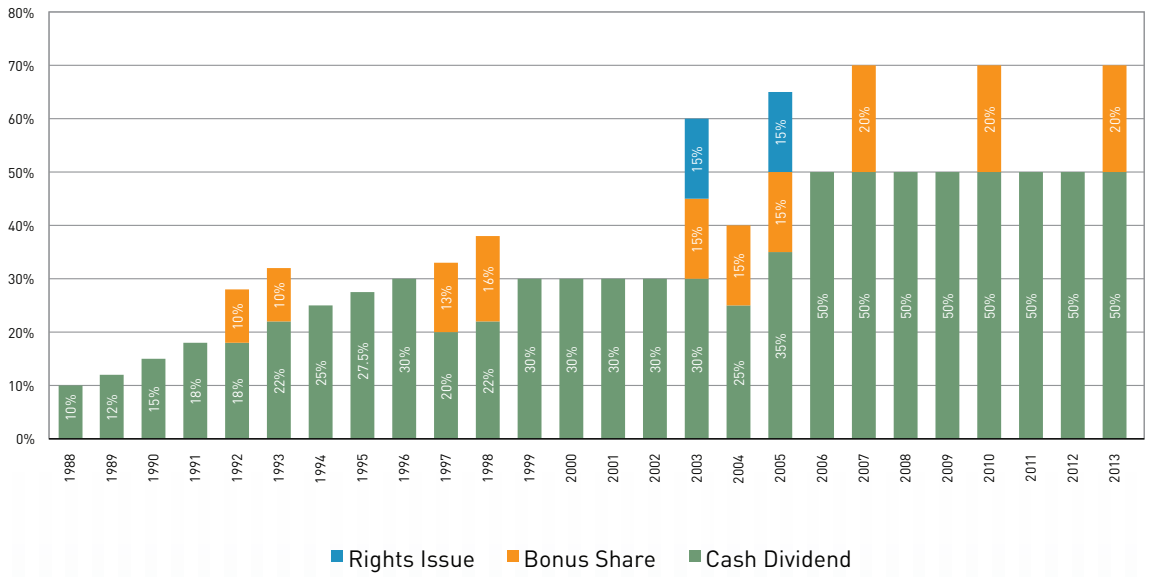
GRAPHS

GENERAL TREND OF OPERATING INCOME, OPERATING COST AND OPERATING PROFIT



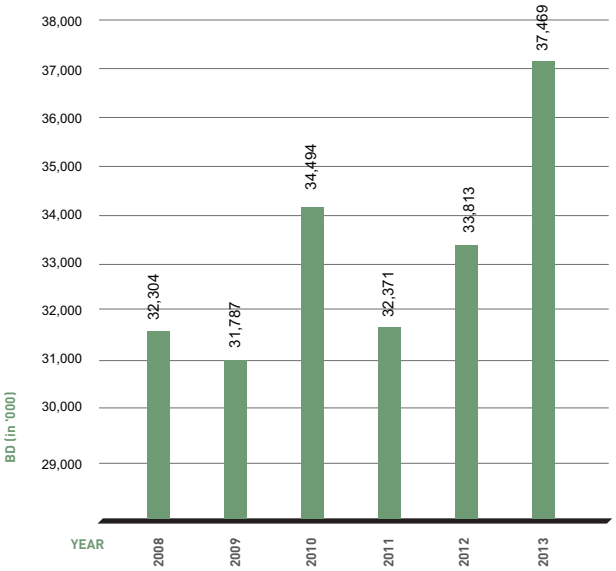
YEARLY DIVIDEND CHART

(from year 1988 up to year 2013)

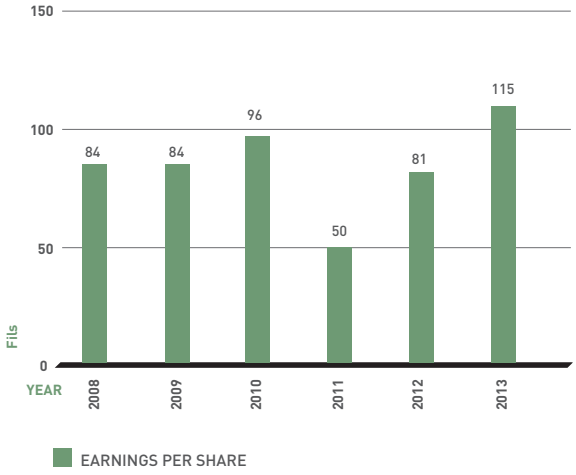


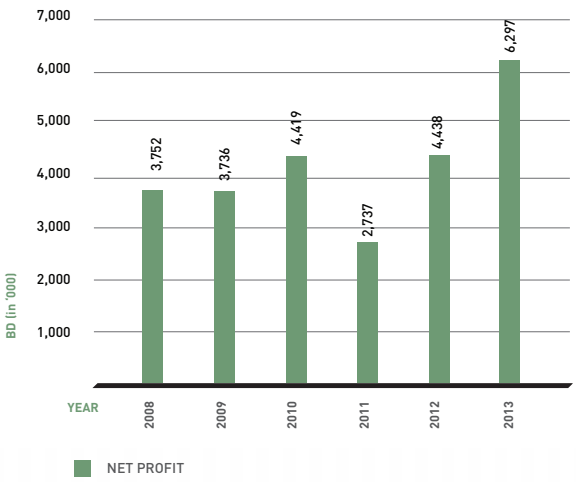
GRAPHS

NET WORTH OF THE COMPANY (CAPITAL AND RESERVES)



EARNINGS PER SHARE



MARKET PRICE

NET PROFIT