

Bahrain Cinema Company B.S.C.

Condensed consolidated interim financial
information for the three months period
ended 31 March 2021 (Reviewed)

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Bahrain Cinema Company B.S.C.
Administration and contact details as at 31 March 2021

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

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Bahrain Cinema Company B.S.C. (“the Company”) and its subsidiary (collectively referred as “the Group”) as at 31 March 2021, the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in shareholders’ equity and the condensed interim consolidated statement of cash flows for the three months period then ended, and selected explanatory notes. The Company’s Board of Directors is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the three months period ended in accordance with International Financial Reporting Standard IAS 34 - “*Interim Financial Reporting*”.

BDO


Manama, Kingdom of Bahrain
28 April 2021



Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of financial position as at 31 March 2021
(Reviewed)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	31 March 2021 (Reviewed)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,263,076	4,425,862
Capital work-in progress	7	1,855,014	1,610,429
Investment properties	8	21,910,000	21,910,000
Right-of-use assets	9	2,728,086	2,871,953
Investment in an associate	11	9,620,118	9,692,624
Non-current portion of receivable on disposal of business operations		6,304,703	6,304,703
Financial assets at fair value through profit or loss	12	<u>9,032,216</u>	<u>9,337,976</u>
		<u>55,713,213</u>	<u>56,153,547</u>
Current assets			
Inventories		124,840	126,582
Financial assets at fair value through profit or loss	12	10,531,639	10,589,855
Trade and other receivables	13	4,439,170	4,030,108
Cash and bank balances		<u>3,657,721</u>	<u>3,702,229</u>
		<u>18,753,370</u>	<u>18,448,774</u>
Total assets		<u>74,466,583</u>	<u>74,602,321</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	8,262,345	8,262,345
Share premium		911,442	911,442
Revaluation reserve		4,557,442	4,557,442
Statutory reserve		4,131,173	4,131,173
Charity reserve		310,695	310,695
Retained earnings		40,593,329	40,913,683
Treasury shares	14	<u>(370,975)</u>	<u>(370,975)</u>
		<u>58,395,451</u>	<u>58,715,805</u>
Non-current liabilities			
Non-current portion of Murabaha facility	15	675,713	767,460
Non-current portion of lease liabilities	16	2,100,825	2,360,402
Employees' terminal and other benefits		<u>2,003,848</u>	<u>2,010,793</u>
		<u>4,780,386</u>	<u>5,138,655</u>
Current liabilities			
Current portion of Murabaha facility	15	5,466,523	5,502,087
Current portion of lease liabilities	16	1,451,755	1,287,206
Trade and other payables		895,331	964,583
Bank overdrafts		<u>3,477,137</u>	<u>2,993,985</u>
		<u>11,290,746</u>	<u>10,747,861</u>
Total equity and liabilities		<u>74,466,583</u>	<u>74,602,321</u>

The reviewed condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on its behalf by:


 Dr Esam Abdulla Fakhro
 Chairman


 Ali Yusuf Ali Ubaydli
 Vice- Chairman


 Ahmed A. Rashed Albastaki
 Managing Director

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of profit or loss and other comprehensive income
for the three months period ended 31 March 2021
(Reviewed)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	Three months period ended 31 March 2021 (Reviewed)	Three months period ended 31 March 2020 (Reviewed)
Operating income	21	263,341	1,466,487
Operating costs	21	<u>(462,255)</u>	<u>(1,467,636)</u>
Operating gross loss for the period		<u>(198,914)</u>	<u>(1,149)</u>
Loss from investments, net	17	(122,323)	(1,899,421)
Other income	18	<u>282,221</u>	<u>157,429</u>
		<u>159,898</u>	<u>(1,741,992)</u>
General and administrative expenses		(209,871)	(509,934)
Impairment loss on investment in associate		-	(10,905,664)
Finance costs		<u>(71,467)</u>	<u>(70,920)</u>
		<u>(281,338)</u>	<u>(11,486,518)</u>
Net loss and other comprehensive loss for the period		<u>(320,354)</u>	<u>(13,229,659)</u>
Basic loss per share	19	<u>(4fil)s</u>	<u>(168fil)s</u>

The reviewed condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on its behalf by:


 Dr Esam Abdulla Fakhro
 Chairman


 Ali Yusuf Ali Ubaydli
 Vice- Chairman


 Ahmed A. Rashed Albastaki
 Managing Director

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of changes in shareholders' equity for the three months period ended 31 March 2021
(Reviewed)
(Expressed in Bahrain Dinars)

	Share capital	Share premium	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
At 31 December 2019 - audited	8,262,345	927,728	4,557,442	4,131,173	310,695	57,017,385	(368,426)	74,838,342
Dividends for 2019	-	-	-	-	-	(1,973,480)	-	(1,973,480)
Net loss and other comprehensive loss for the period	-	-	-	-	-	(13,229,659)	-	(13,229,659)
Purchase of treasury shares	-	(16,286)	-	-	-	-	(2,549)	(18,835)
At 31 March 2020 - reviewed	<u>8,262,345</u>	<u>911,442</u>	<u>4,557,442</u>	<u>4,131,173</u>	<u>310,695</u>	<u>41,814,246</u>	<u>(370,975)</u>	<u>59,616,368</u>
At 31 December 2020 - audited	8,262,345	911,442	4,557,442	4,131,173	310,695	40,913,683	(370,975)	58,715,805
Net loss and other comprehensive loss for the period	-	-	-	-	-	(320,354)	-	(320,354)
At 31 March 2021 - reviewed	<u>8,262,345</u>	<u>911,442</u>	<u>4,557,442</u>	<u>4,131,173</u>	<u>310,695</u>	<u>40,593,329</u>	<u>(370,975)</u>	<u>58,395,451</u>

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of cash flows
for the three months period ended 31 March 2021
(Reviewed)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>Three months period ended 31 March 2021 (Reviewed)</u>	<u>Three months period ended 31 March 2020 (Reviewed)</u>
Operating activities			
Net loss for the period		(320,354)	(13,229,659)
Adjustments for:			
Depreciation	6	171,280	232,344
Amortisation of cost to right-of-use assets	9	143,867	279,950
Loss on disposal of investment property	17	-	99,670
Impairment in investment in associate	11	-	10,905,664
Net share of loss/(profit) from investment in an associate	11	72,506	(277,413)
Dividend income	17	-	(76,503)
Unrealised losses/(gains) on financial assets at fair value through profit or loss	12	196,631	2,253,141
Realised gains on sale of financial assets at fair value through profit or loss	17	(26,742)	-
Profit from fixed deposits	17	(21,691)	-
Rent concessions	18	(93,599)	-
Interest income from trading of bonds and sukuku	17	(98,381)	(99,474)
Interest income on long term receivables	18	(106,392)	(141,855)
Finance costs		71,467	70,920
Changes in operating assets and liabilities:			
Inventories		1,742	715
Trade and other receivables		(409,062)	(333,459)
Employees terminal benefits		(6,945)	3,935
Trade and other payables		(7,940)	(204,155)
Net cash used in operating activities		<u>(433,613)</u>	<u>(516,179)</u>
Investing activities			
Purchase of property, plant and equipment	6	(8,494)	(13,771)
Addition in capital work-in-progress	7	(244,585)	-
Additions to investment properties	8	-	(33,883)
Proceeds from sale of investment property		-	5,000
Interest income on long term receivable		106,392	141,855
Profit from fixed deposit received	17	21,691	-
Proceeds from sale of financial assets at fair value through profit or loss		194,087	-
Interest income from bonds and sukuku	17	98,381	99,474
Dividend received from associate	11	-	281,467
Dividend income received	17	-	76,503
Net cash provided by investing activities		<u>167,472</u>	<u>556,645</u>

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of cash flows
for the three months period ended 31 March 2021 (continued)
(Reviewed)
(Expressed in Bahrain Dinars)

	Three months period ended <u>31 March 2021</u> (Reviewed)	Three months period ended <u>31 March 2020</u> (Reviewed)
Financing activities		
Purchase of treasury shares	-	(18,835)
Net movement in Murabaha facility	(127,311)	(78,123)
Lease liabilities paid	(25,639)	(355,194)
Dividends paid	(61,312)	(66,981)
Finance costs paid	<u>(47,257)</u>	<u>(36,133)</u>
Net cash used in financing activities	<u>(261,519)</u>	<u>(555,266)</u>
Net decrease in cash and cash equivalents	(527,660)	(514,800)
Cash and cash equivalents, beginning of the period	<u>708,244</u>	<u>(545,709)</u>
Cash and cash equivalents, end of the period	<u>180,584</u>	<u>(1,060,509)</u>
Comprising:		
Cash and bank balances	3,657,721	335,501
Bank overdrafts	<u>(3,477,137)</u>	<u>(1,396,010)</u>
	<u>180,584</u>	<u>(1,060,509)</u>

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
for the three months period ended 31 March 2021
(Reviewed)
(Expressed in Bahrain Dinars)

1 Organisation and activities

Bahrain Cinema Company B.S.C. (“the Company”) and its subsidiary (collectively referred as “the Group”) is a public Bahraini shareholding company incorporated under Royal Decree dated 30 November 1967, is registered with the Ministry of Industry 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, providing leisure and amusement related services, real estate activities with own or leased property and sale/trade of furnisher and all household articles and sale/trade in other machinery and equipments and parts.

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

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

These condensed consolidated interim financial statements also include results of Saar Cinema Complex which is not an independent entity with no separate commercial registration number and operates under commercial registration number 1192-19 of Bahrain Cinema Company, The Saar Cinema Complex has closed its operation in 2019 and liquidation process completed on 20 February 2021. (please see Note 2 for details).

The consolidated condensed interim financial information, set out on pages 4 to 23, were approved and authorised for issue by the Board of Directors on 28 April 2021.

2 Structure of the Group

The structure of the Group is as follows:

Subsidiary company

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2021</u>	<u>Effective ownership interest 2020</u>
Aradous Properties Management W.L.L.*	Kingdom of Bahrain	Managing and leasing of properties	100%	100%
Red Dragon Company S.P.C. **	Kingdom of Saudi Arabia	Restaurant operations and Go-karting business	100%	100%
Cineco Cinema L.L.C.	United Arab Emirates	Screening of films	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 Board passed the resolution on 18 October 2020 to cancel the commercial registration and its under liquidation process.

** This entity has not started its operation during the period ended 31 March 2021 and 2020.

The total assets and net profit/(loss) for the period of the above subsidiary have been extracted from the unaudited management accounts prepared as at, and for the period ended, 31 March 2021.

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
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2 Structure of the Group (continued)

Joint ventures

<u>Name of joint ventures</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2021</u>	<u>Effective ownership interest 2020</u>
Saar Cinema Complex*	Kingdom of Bahrain	Screening of films	31%	31%
Qatar Bahrain International Cinema W.L.L.	State of Qatar	Screening of films	23%	23%
Al Murjan Restaurant Management W.L.L.	State of Qatar	Restaurant operations	50%	50%

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

* The Saar Cinema Complex has closed its operation in 2019 and liquidation process completed on 20 February 2021.

Associate

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

3 Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”. The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the annual audited consolidated financial statements of the Group for the year ended 31 December 2020. The interim condensed consolidated financial information should be read in conjunction with the 2020 annual audited consolidated financial statements.

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
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(Expressed in Bahrain Dinars)

3 Basis of preparation (continued)

Improvements/amendments to IFRS/IAS

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Group's future accounting year with earlier adoption.

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

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

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 39	Financial instruments: recognition and measurements	1 January 2021
IFRS 4	Insurance contracts	1 January 2021
IFRS 7	Financial instruments: Disclosures	1 January 2021
IFRS 9	Financial instruments	1 January 2021

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

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 31 March 2021. They have not been adopted in preparing these condensed consolidated interim financial information for the period ended 31 March 2021 and will or may have an effect on the entity's future consolidated financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 3	Reference to the conceptual framework	1 January 2022
IAS 16	Property, plant and equipment – Proceeds before intended use	1 January 2022
IAS 37	Onerous Contracts – Cost of fulfilling a contract	1 January 2022
IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

Early adoption of amendments or standards in 2021

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

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

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the annual audited consolidated financial statements of the Group prepared as at, and for the year ended 31 December 2020, as described in those annual audited consolidated financial statements.

5 Significant events and transactions

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

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

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

- Decrease in operating income;
- Rent concessions;
- Government grants;
- Going concern; and
- Commitments and contingencies.

(a) Decrease in operating income

The Group has experienced a significant reduction in its operating income since pandemic effect was widespread during the period ended 31 March 2021. The Group is engaged in screening of films, advertisements and operation of restaurants. All of the cinemas and restaurants operated by the Group were remained closed during the period ended 31 March 2021, causing the decrease in budgeted operating income by BD733,148. The Group has reported a total operating income of BD263,341 for the three months period ended as compared to BD1,466,487 in the corresponding previous period. The Group has considered the reduced sales, closure of cinemas and restaurants and reductions in budgeted revenue as indicators of impairment, and therefore determined the recoverable amount for its operational assets, investments and other assets.

(b) Rent concessions

The Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the three-month period ended 31 March 2021 satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of BD93,599. The effect of this reduction has been recorded in the consolidated statement of profit or loss and other comprehensive income in the period in which the event or condition that triggers those payments occurs.

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
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5 Significant events and transactions (continued)

(c) Government grants

The Group has applied for government support programs introduced in response to the global pandemic. The Group has received a government grant of BD10,454 relating to supporting the payroll of the Group's employees. The Group has elected to present this government grant by reducing the related staff cost. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program. The Group has also received the grant business continuity support amounting to BD76,000.

(d) Going concern

The Group has incurred a net loss of BD320,354 during the three months period ended 31 March 2021. The current period losses have reduced the retained earnings to BD40,593,329 as at 31 March 2021.

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

(e) Commitments and contingent liabilities

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

The below table summarizes the impact of COVID-19 at this condensed consolidated interim financial information for the three-months period ended 31 March 2021:

<u>Financial statement area</u>	<u>Nature of impact on profit and loss</u>	<u>Amount in BD</u>
Budgeted operating income	Decrease	<u>733,148</u>
Rent concessions received	Increase	<u>93,599</u>
Government grants	Increase	<u>86,454</u>

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

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
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6 Property, plant and equipment

	<u>Freehold land and buildings</u>	<u>Building on Leasehold land/leasehold improvements</u>	<u>Fixtures, furniture and office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
<i>Cost or revaluation</i>					
At 31 December 2019 (Audited)	821,716	1,303,015	10,304,822	201,607	12,631,160
Additions	-	-	107,227	-	107,227
Write-off	-	-	-	(4,570)	(4,570)
At 31 December 2020 (Audited)	821,716	1,303,015	10,412,049	197,037	12,733,817
Additions	-	-	8,494	-	8,494
At 31 March 2021 (Reviewed)	<u>821,716</u>	<u>1,303,015</u>	<u>10,420,543</u>	<u>197,037</u>	<u>12,742,311</u>
<i>Accumulated depreciation and impairment</i>					
At 31 December 2019 (Audited)	134,627	1,234,646	4,745,291	171,347	6,285,911
Charge for the year	41,086	37,911	871,868	14,777	965,642
Write-off	-	-	-	(4,569)	(4,569)
Impairment	-	-	1,060,971	-	1,060,971
At 31 December 2020 (Audited)	175,713	1,272,557	6,678,130	181,555	8,307,955
Charge for the period	<u>10,271</u>	<u>314</u>	<u>158,421</u>	<u>2,274</u>	<u>171,280</u>
At 31 March 2021 (Reviewed)	<u>185,984</u>	<u>1,272,871</u>	<u>6,836,551</u>	<u>183,829</u>	<u>8,479,235</u>
<i>Net book value</i>					
At 31 March 2021 (Reviewed)	<u>635,732</u>	<u>30,144</u>	<u>3,583,992</u>	<u>13,208</u>	<u>4,263,076</u>
At 31 December 2020 (Audited)	<u>646,003</u>	<u>30,458</u>	<u>3,733,919</u>	<u>15,482</u>	<u>4,425,862</u>

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
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7 Capital work-in-progress

	31 March 2021 (Reviewed)	31 December 2020 (Audited)
Opening balance	1,610,429	389,380
Additions	<u>244,585</u>	<u>1,221,049</u>
Closing balance	<u>1,855,014</u>	<u>1,610,429</u>

8 Investment properties

	31 March 2021 (Reviewed)	31 December 2020 (Audited)
Opening balance	21,910,000	23,409,302
Additions	-	120,117
Disposals	-	(104,670)
Unrealised fair value gains for the period/year	-	<u>(1,514,749)</u>
Closing balance	<u>21,910,000</u>	<u>21,910,000</u>

9 Right-of-use asset

	<u>Theatres</u>	<u>Restaurants</u>	<u>Office Building</u>	<u>Others</u>	<u>Total</u>
Cost					
At 31 December 2019	4,537,574	631,419	289,557	20,456	5,479,006
Lease termination during the year	(28,774)	-	-	-	(28,774)
Additions	-	10,884	-	-	10,884
Lease modification	-	<u>(14,545)</u>	-	-	<u>(14,545)</u>
At 31 December 2020 and 31 March 2021	<u>4,508,800</u>	<u>627,758</u>	<u>289,557</u>	<u>20,456</u>	<u>5,446,571</u>
Accumulated amortisation and impairment					
At 31 December 2019	(905,334)	(126,804)	(104,229)	(9,819)	(1,146,186)
Impairment	(354,990)	-	-	-	(354,990)
Charge for the year	<u>(876,609)</u>	<u>(99,547)</u>	<u>(87,467)</u>	<u>(9,819)</u>	<u>(1,073,442)</u>
At 31 December 2020	(2,136,933)	(226,351)	(191,696)	(19,638)	(2,574,618)
Charge for the period	<u>(97,707)</u>	<u>(27,982)</u>	<u>(17,360)</u>	<u>(818)</u>	<u>(143,867)</u>
At 31 March 2021	<u>(2,234,640)</u>	<u>(254,333)</u>	<u>(209,056)</u>	<u>(20,456)</u>	<u>(2,718,485)</u>
Carrying Value					
31 March 2021 (Reviewed)	<u>2,274,160</u>	<u>373,425</u>	<u>80,501</u>	<u>-</u>	<u>2,728,086</u>
31 December 2020 (Audited)	<u>2,371,867</u>	<u>401,407</u>	<u>97,861</u>	<u>818</u>	<u>2,871,953</u>

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10 Investment in joint ventures

	31 March 2021 (Reviewed)	31 December 2020 (Audited)
Cost		
At 31 December	<u>790,596</u>	<u>790,596</u>
Accumulated losses and impairment		
Opening balance	(790,596)	(774,989)
Share of losses for the year:		
- Saar Cinema Complex	-	(9,407)
Capital redemption:		
- Saar Cinema Complex	<u>-</u>	<u>(6,200)</u>
Closing balance	<u>(790,596)</u>	<u>(790,596)</u>
Net book value		
At 31 December and March	<u>-</u>	<u>-</u>

The above financial information relating to the Group's investment in joint ventures has been extracted from unaudited management accounts of the joint venture prepared as at, and for the period ended 31 March 2021.

The Saar Cinema Complex has closed its operation in 2019 and liquidation process completed on 20 February 2021.

11 Investment in an associate

	31 March 2021 (Reviewed)	31 December 2020 (Audited)
Opening balance	9,692,624	22,805,870
Share of loss for the period/year	(72,506)	(5,821)
Distributions during the period/year	-	(1,920,294)
Impairment loss	-	(10,905,664)
Dividend received	<u>-</u>	<u>(281,467)</u>
Closing balance	<u>9,620,118</u>	<u>9,692,624</u>

The above financial information relating to the Group's investment in an associate has been extracted from unaudited management accounts of the associate prepared as at, and for the period ended 31 March 2021.

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12 Financial assets at fair value through profit or loss

	31 March 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Quoted equity investments	8,517,617	8,656,031
Unquoted equity investments and managed funds	514,599	681,945
Bonds and Sukuks	<u>10,531,639</u>	<u>10,589,855</u>
	<u>19,563,855</u>	<u>19,927,831</u>
Movement during the period/year		
Opening balance	19,927,831	19,697,248
Disposals	(167,345)	(34,709)
Unrealised fair value (loss)/gains on financial assets at fair value through profit or loss	<u>(196,631)</u>	<u>265,292</u>
Closing balance	<u>19,563,855</u>	<u>19,927,831</u>
	31 March 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Non-current assets	9,032,216	9,337,976
Current assets	<u>10,531,639</u>	<u>10,589,855</u>
	<u>19,563,855</u>	<u>19,927,831</u>

13 Trade and other receivables

	31 March 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Trade receivables	227,247	75,534
Provision for impaired trade receivables	<u>(17,898)</u>	<u>(17,898)</u>
	209,349	57,636
Interest free loans to employees	3,100	4,873
Deposits/rental advance	197,840	197,634
Advances to suppliers	238,172	228,328
Amounts due from related parties (Note 20)	25,278	18,459
Prepayments	131,811	116,270
Receivable on disposal of business operations	3,152,353	3,152,353
Other receivables	<u>481,267</u>	<u>254,555</u>
	<u>4,439,170</u>	<u>4,030,108</u>

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

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

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14 Share capital

	31 March 2021 (Reviewed)	31 December 2020 (Audited)
Authorised		
100,000,000 ordinary shares of 100 fils each (2020: 100,000,000 ordinary shares of 100 fils each)	<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and fully paid-up:		
82,623,450 ordinary shares of 100 fils each (2020: 82,623,450 ordinary shares of 100 fils each)	<u>8,262,345</u>	<u>8,262,345</u>
Treasury shares		
3,709,750 ordinary shares of 100 fils each (2020: 3,684,260 ordinary shares of 100 fils each)	<u>370,975</u>	<u>370,975</u>

Treasury shares

The Company holds 3,709,750 (2020: 3,709,750) (4.49% of the total issued and paid-up share capital) as treasury shares as at 31 March 2021 (2020: 4.49% of the total issued and paid-up share capital).

15 Murabaha facility

	Last Installment	Note	31 March 2021 (Reviewed)	31 December 2020 (Audited)
Murabaha facility	30 April 2023	(a)	1,163,869	1,291,180
Commodity murabaha	8 July 2021	(b)	<u>4,978,367</u>	<u>4,978,367</u>
			6,142,236	6,269,547
Current portion of Murabaha facility			<u>(5,466,523)</u>	<u>(5,502,087)</u>
Non-current portion of Murabaha facility			<u>675,713</u>	<u>767,460</u>

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

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

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

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

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16 Lease liabilities

	31 March 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Opening balance	3,647,608	4,281,899
Lease payments	(25,639)	(144,180)
Rent concessions	(93,599)	(319,805)
Lease liability no longer payable written-off	-	(277,543)
Lease modification	-	(14,546)
Additions	-	10,884
Termination	-	(29,987)
Finance charges	<u>24,210</u>	<u>140,886</u>
Closing balance	3,552,580	3,647,608
Less: Current portion of lease liabilities	<u>(1,451,755)</u>	<u>(1,287,206)</u>
Non-current portion of lease liabilities	<u>2,100,825</u>	<u>2,360,402</u>

Maturity analysis - contractual undiscounted cash flows

	31 March 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Less than one year	1,209,364	1,177,120
One to five years	2,238,413	2,319,710
More than five years	<u>418,073</u>	<u>494,101</u>
Total undiscounted lease liabilities	<u>3,865,850</u>	<u>3,990,931</u>

17 Loss from investments

	Three months period ended 31 March 2021 <u>(Reviewed)</u>	Three months period ended 31 March 2020 <u>(Reviewed)</u>
Net share of (loss) / profit from investment in an associate	(72,506)	277,413
Interest income from sukuks and bonds	98,381	99,474
Dividend income	-	76,503
Realised gains on sale of financial assets at fair value through profit and loss	26,742	-
Unrealised loss on financial assets at fair value through profit or loss	(196,631)	(2,253,141)
Profit from fixed deposits	21,691	-
Loss on disposal of investment property	<u>-</u>	<u>(99,670)</u>
	<u>(122,323)</u>	<u>(1,899,421)</u>

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18 Other income

	Three months period ended 31 March 2021 (Reviewed)	Three months period ended 31 March 2020 (Reviewed)
Interest income on long-term receivables	106,392	141,855
Management fee	4,185	11,160
Rent concessions	93,599	-
Foreign exchange gains - net	-	780
Government grant for business continuity support	76,000	-
Miscellaneous income	<u>2,045</u>	<u>3,634</u>
	<u>282,221</u>	<u>157,429</u>

19 Loss per share

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

	Three months period ended 31 March 2021 (Reviewed)	Three months period ended 31 March 2020 (Reviewed)
Net loss attributable to the shareholders	<u>(BD320,354)</u>	<u>(BD13,229,659)</u>
Weighted average number of ordinary shares issued	<u>78,913,700</u>	<u>78,913,703</u>
Basic loss per share	<u>(4fils)</u>	<u>(168fils)</u>

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

20 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and executive management of the Group.

Related parties consist of the joint ventures, associates, the Directors of the Group companies, their close family members and businesses under their control. Key management personnel consist of persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group's transactions with related parties are authorised by the management.

Trading transactions, where customers or suppliers are controlled or significantly influenced by the directors of the Group, are conducted on an arm's length basis or on normal commercial terms. Further, there are no loans due to or from any of the directors of the Group.

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20 Transactions and balances with related parties (continued)

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

	Related party relationship	Amount due from		Amount due to	
		31 March 2021 (Reviewed)	31 December 2020 (Audited)	31 March 2021 (Reviewed)	31 December 2020 (Audited)
Qatar Bahrain International Cinema W.L.L.	Joint Venture	24,594	17,368	-	-
Vox Cineco Cinema Company W.L.L.	Associate company Common	-	-	6,530	6,530
Various entities*	Directorship	<u>684</u>	<u>1,091</u>	<u>14,852</u>	<u>11,834</u>
		<u>25,278</u>	<u>18,459</u>	<u>21,382</u>	<u>18,364</u>

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

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

	Three months period ended 31 March 2021 (Reviewed)	Three months period ended 31 March 2020 (Reviewed)
<u>Qatar Bahrain International Cinema Co. W.L.L.</u>		
Salaries	2,958	6,274
Other expenses	83	3,917
Management Fees	4,185	11,160
<u>Vox Cineco Cinema Company W.L.L.</u>		
Direct expenses	-	1,074
Other expenses	-	3,600

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20 Transactions and balances with related parties (continued)

	Three months period ended 31 March 2021 (Reviewed)	Three months period ended 31 March 2020 (Reviewed)
<u>Directors remuneration and sitting fee</u>		
Directors' sitting fee	-	40,000
<u>Entities under common directorship</u>		
Direct expenses	-	6,656
Other expenses	9,865	52,095
Rent expense for corporate office	21,757	29,473

21 Segmental reporting

The primary segment information is presented in respect of the Group's business segments which are in accordance with the Group's management and internal reporting structure.

The Group's operations in Bahrain are organised under the following major business segments:

- Theatre operations
- Restaurants and concession counters
- Others, includes corporate office assets and vehicles

For the period ended 31 March 2021 (reviewed)

	<u>Theatre operations</u>	<u>Restaurants and concession counters</u>	<u>Others</u>	<u>Total</u>
Revenue				
Total external sales	3,342	10,261	249,738	263,341
Less: total variable costs	<u>(1,504)</u>	<u>(4,139)</u>	<u>-</u>	<u>(5,643)</u>
Segment results	<u>1,838</u>	<u>6,122</u>	<u>249,738</u>	257,698
Less: fixed costs				<u>(456,612)</u>
Operating loss				(198,914)
Other income				282,221
Loss from investments, net				(122,323)
General and administrative expenses				(209,871)
Finance costs				<u>(71,467)</u>
Net loss for the period				<u>(320,354)</u>

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21 Segmental reporting (continued)

For the period ended 31 March 2020 (reviewed)

	<u>Theatre operations</u>	<u>Restaurants and concession counters</u>	<u>Others</u>	<u>Total</u>
Revenue				
Total external sales	624,099	531,840	310,548	1,466,487
Less: total variable costs	<u>(307,121)</u>	<u>(154,334)</u>	-	<u>(461,455)</u>
Segment results	<u>316,978</u>	<u>377,506</u>	<u>310,548</u>	1,005,032
Less: fixed costs				<u>(1,006,181)</u>
Operating loss				(1,149)
Other income				157,429
Loss from investments, net				(1,899,421)
General and administrative expenses				(509,934)
Finance costs				(70,920)
Impairment in investment in associate				<u>(10,905,664)</u>
Net loss for the period				<u>(13,229,659)</u>

22 Capital commitments

Capital expenditure contracted for various projects at the condensed consolidated interim statement of financial position date but not recognised in these condensed consolidated interim financial statements amounted to BD392,681 (31 December 2020: BD463,712).

23 Interim results

The interim net loss for the three months period ended 31 March 2021 may not represent a proportionate share of the annual net profit or loss due to the nature of the Group's activities and potential seasonal changes, timing of the receipt of dividend and investment income.

24 Subsequent events

The World Health Organisation (WHO) had declared the outbreak of a novel coronavirus-Covid19 as a pandemic during the previous year and as of date, the virus continues to spread globally. This outbreak has made many countries to take several restrictive measures such as limiting travelling, limiting operational hours and implementing lockdowns to control the spread. This has caused disruption across several commercial activities, impacted several industries and investments in the bonds and equities during the period ended 31 March 2021.

Even subsequent to the period end till this point in time, the COVID19 related restrictions continue to have impact in the geographical location in which the Group operates. The extent of the disruption on the Group's operation is uncertain and is difficult to estimate. Management is actively assessing the situation and will take necessary mitigating action to minimise the impact on Group's operation, financial position and liquidity in the fiscal year 2021.

Other than the above, there were no significant events subsequent to 31 March 2021 and occurring before the date of signing of the condensed consolidated interim financial statements that would have a significant impact on these condensed consolidated interim financial statements.