

**Bahrain Cinema Company B.S.C.**

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

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

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

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

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

### ***Introduction***

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

### ***Scope of review***

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

### ***Conclusion***

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




Manama, Kingdom of Bahrain  
5 November 2019



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

	<u>Notes</u>	<u>30 September 2019 (Reviewed)</u>	<u>31 December 2018 (Audited)</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,563,153	7,382,410
Capital work-in progress	6	389,380	389,380
Investment properties	7	23,297,391	23,012,531
Right-of-use assets	8	4,613,659	-
Investment in joint ventures	9	36,946	47,796
Investment in an associate	10	23,539,894	26,198,379
Non-current portion of receivable on disposal of business operations		12,609,409	12,609,409
Financial assets at fair value through profit or loss	11	9,066,237	7,795,797
		<u>80,116,069</u>	<u>77,435,702</u>
<b>Current assets</b>			
Inventories		282,021	327,888
Financial assets at fair value through profit or loss	11	10,425,819	9,786,474
Trade and other receivables	12	5,905,182	4,789,945
Cash and bank balances		381,692	461,142
		<u>16,994,714</u>	<u>15,365,449</u>
<b>Total assets</b>		<u>97,110,783</u>	<u>92,801,151</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	8,262,345	8,262,345
Share premium		970,868	987,241
Revaluation reserve		4,557,442	4,557,442
Statutory reserve		4,131,173	4,131,173
Charity reserve		288,247	283,292
Retained earnings		56,661,733	56,811,461
Treasury shares	13	(361,669)	(359,103)
		<u>74,510,139</u>	<u>74,673,851</u>
<b>Non-current liabilities</b>			
Non-current portion of Murabaha facility	14	1,415,375	1,773,849
Non-current portion of lease liabilities	15	3,595,177	-
Employees' terminal and other benefits		3,173,786	3,222,133
		<u>8,184,338</u>	<u>4,995,982</u>
<b>Current liabilities</b>			
Current portion of Murabaha facility	14	5,451,301	5,423,934
Current portion of lease liabilities	15	1,078,996	-
Trade and other payables		3,067,862	6,890,806
Bank overdrafts		4,818,147	816,578
		<u>14,416,306</u>	<u>13,131,318</u>
<b>Total equity and liabilities</b>		<u>97,110,783</u>	<u>92,801,151</u>

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

  
Dr Esam Abdulla Fakhro  
Chairman


  
Ali Yusuf Ali Ubaydli  
Vice- Chairman

  
Ahmed A. Rashed  
Managing Director

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

	Notes	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Quarter ended 30 September 2019	Quarter ended 30 September 2018
Operating income	20	7,075,508	6,407,147	2,619,915	2,582,914
Operating costs	20	(5,809,770)	(5,093,060)	(1,972,272)	(1,917,660)
<b>Operating gross profit for the period</b>		<u>1,265,738</u>	<u>1,314,087</u>	<u>647,643</u>	<u>665,254</u>
Income from investments, net	16	3,902,152	5,736,607	1,688,237	668,015
Other income	17	<u>1,019,257</u>	<u>767,206</u>	<u>266,987</u>	<u>246,928</u>
		<u>4,921,409</u>	<u>6,503,813</u>	<u>1,955,224</u>	<u>914,943</u>
General and administrative expenses		(1,981,991)	(2,040,602)	(743,640)	(548,685)
Finance costs		<u>(352,218)</u>	<u>(43,284)</u>	<u>(125,529)</u>	<u>(8,578)</u>
		<u>(2,334,209)</u>	<u>(2,083,886)</u>	<u>(869,169)</u>	<u>(557,263)</u>
<b>Net profit and other comprehensive income for the period</b>		<u>3,852,938</u>	<u>5,734,014</u>	<u>1,733,698</u>	<u>1,022,934</u>
<b>Basic earnings per share</b>	18	<u>49fils</u>	<u>73fils</u>	<u>22fils</u>	<u>13fils</u>

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

  
Dr Esam Abdulla Fakhro  
Chairman

  
Ali Yusuf Ali Ubaydli  
Vice-Chairman

  
Ahmed A. Rashed  
Managing Director

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

	Share capital	Share premium	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
At 31 December 2017 - audited	8,262,345	1,084,396	4,557,442	4,131,173	266,134	56,640,392	(345,976)	74,595,906
Dividends for 2017 (Note 21)	-	-	-	-	-	(3,958,185)	-	(3,958,185)
Transferred to charity reserve	-	-	-	-	62,943	(62,943)	-	-
Charity paid	-	-	-	-	(28,000)	-	-	-
Purchase of treasury shares	-	(97,155)	-	-	-	-	-	(28,000)
Net profit and other comprehensive income for the period	-	-	-	-	-	-	(13,127)	(110,282)
At 30 September 2018 - reviewed	<u>8,262,345</u>	<u>987,241</u>	<u>4,557,442</u>	<u>4,131,173</u>	<u>301,077</u>	<u>58,353,278</u>	<u>(359,103)</u>	<u>76,233,453</u>
At 31 December 2018 - audited	8,262,345	987,241	4,557,442	4,131,173	283,292	56,811,461	(359,103)	74,673,851
Dividends for 2018 (Note 21)	-	-	-	-	-	(3,951,621)	-	(3,951,621)
Transferred to charity reserve	-	-	-	-	51,045	(51,045)	-	-
Charity paid	-	-	-	-	(46,090)	-	-	-
Purchase of treasury shares	-	(16,373)	-	-	-	-	(2,566)	(46,090)
Net profit and other comprehensive income for the period	-	-	-	-	-	-	-	(18,939)
At 30 September 2019 - reviewed	<u>8,262,345</u>	<u>970,868</u>	<u>4,557,442</u>	<u>4,131,173</u>	<u>288,247</u>	<u>56,661,733</u>	<u>(361,669)</u>	<u>74,510,139</u>

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

	Notes	Nine months period ended 30 September 2019	Nine months period ended 30 September 2018
<b>Operating activities</b>			
Net profit for the period		3,852,938	5,734,014
Adjustments for:			
Depreciation	5	731,164	574,301
Amortisation of cost to right-of-use assets	8	865,347	-
Write-off of property, plant & equipment		83,986	13,460
Unrealised fair value gain on investment properties	16	-	(3,573,786)
Net share of profit from investment in joint ventures	9	(5,409)	(136,399)
Net share of profit from investment in an associate	10	(1,324,274)	(1,517,765)
Dividend income	16	(413,042)	(370,305)
Unrealised gain on financial assets at fair value through profit or loss	16	(1,714,503)	(62,067)
Profit from fixed deposit	16	(9,041)	(21,528)
Interest income from bonds and sukuk	16	(403,380)	(11,398)
Realised gains on sale of financial assets at fair value through profit or loss	16	(32,503)	(43,359)
Interest income on long term receivables	17	(531,959)	(638,351)
Gain on sale of property, plant and equipment	17	(4,761)	-
Finance costs		352,218	43,284
Changes in operating assets and liabilities:			
Inventories		45,867	9,839
Trade and other receivables		(1,216,434)	(1,015,495)
Employees' terminal and other benefits		(48,347)	47,369
Trade and other payables		(3,675,868)	(621,166)
Net cash used in operating activities		(3,448,001)	(1,589,352)
<b>Investing activities</b>			
Purchase of property, plant and equipment	5	(67,638)	(71,011)
Additions to capital work-in progress	6	-	(2,337,886)
Additions to investment properties	7	(284,860)	(26,137)
Purchase of financial assets at fair value through profit or loss	11	(416,639)	(7,767)
Proceeds from sale of financial assets at fair value through profit or loss		253,860	235,162
Proceeds from sale of property, plant and equipment		4,761	-
Interest income on long term receivable		531,959	638,351
Profit from fixed deposit received	16	9,041	21,528
Interest income from bonds and sukuk	16	403,380	11,398
Dividend received from joint ventures	9	16,259	140,785
Dividend received from an associate	10	3,982,759	3,062,517
Dividend income received	16	413,042	370,305
Net cash provided by investing activities		4,845,924	2,037,245



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

	Nine months period ended 30 September 2019	Nine months period ended 30 September 2018
<b>Financing activities</b>		
Purchase of treasury shares	(18,939)	(110,282)
Net movement in Murabaha facility	(331,107)	2,324,889
Lease liabilities paid	(791,111)	-
Dividends paid	(4,062,777)	(3,897,531)
Charity paid	(46,090)	(28,000)
Finance costs paid	<u>(228,918)</u>	<u>(43,284)</u>
Net cash used in financing activities	<u>(5,478,942)</u>	<u>(1,754,208)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(4,081,019)</u>	<u>(1,306,315)</u>
Cash and cash equivalents, beginning of the period	<u>(355,436)</u>	<u>2,262,179</u>
Cash and cash equivalents, end of the period	<u>(4,436,455)</u>	<u>955,864</u>
Comprising:		
Cash and bank balances	381,692	955,864
Bank overdrafts	<u>(4,818,147)</u>	<u>-</u>
	<u>(4,436,455)</u>	<u>955,864</u>

**Non-cash transactions**

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

Termination made under right-of-use assets (Note 8) and lease liabilities (Note 15) amounting to BD69,341 were not included in the condensed consolidated interim statement of cash flows being non-cash transactions.

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

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**1 Organisation and activities**

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

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

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

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

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

The reviewed condensed consolidated interim financial statements, set out on pages 4 to 25, were approved and authorised for issue by the Board of Directors on 5 November 2019.

**2 Structure of the Group**

The structure of the Group is as follows:

***Subsidiary companies***

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

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

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

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

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

**2 Structure of the Group (continued)**

*Joint ventures*

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

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

*Associate*

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

**3 Basis of preparation**

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

### 3 Basis of preparation (continued)

#### *Improvements/amendments to IFRS/IAS*

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

#### *Standards, amendments and interpretations effective and adopted in 2019*

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

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

#### *IFRS 16 Leases*

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

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

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

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

3 Basis of preparation (continued)

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

*IFRS 16 Leases (continued)*

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

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

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

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

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

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

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

### 3 Basis of preparation (continued)

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

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

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

#### *Early adoption of amendments or standards in 2019*

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

### 4 Accounting policies

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

#### *Right of use assets*

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

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

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

#### 4 Accounting policies (continued)

##### *Right of use assets (continued)*

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

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

##### *Lease liability*

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

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

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

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

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

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

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

**4 Accounting policies (continued)**

***Lease liability (continued)***

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

***Critical accounting judgements, estimates and assumptions***

***Economic useful life of right of use assets***

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

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

Economic useful lives of right of use assets are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.



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**5 Property, plant and equipment**

<i>Cost or valuation</i>	<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>
At 31 December 2017 (audited)	5,492,594	1,303,015	7,678,703	195,671	14,669,983
Additions	-	-	644,772	23,236	668,008
Transferred from capital work-in-progress (Note 6)	-	-	2,174,989	-	2,174,989
Transferred to investment properties (Note 7)	(4,670,878)	-	-	-	(4,670,878)
Write-off*	-	-	(94,652)	-	(94,652)
At 31 December 2018 (audited)	821,716	1,303,015	10,403,812	218,907	12,747,450
Additions	-	-	67,638	-	67,638
Cost adjustment**	-	-	(35,920)	-	(35,920)
Write-off***	-	-	(113,887)	-	(113,887)
Disposals	-	-	(35,825)	(17,300)	(53,125)
At 30 September 2019 (reviewed)	<u>821,716</u>	<u>1,303,015</u>	<u>10,285,818</u>	<u>201,607</u>	<u>12,612,156</u>
<i>Accumulated depreciation</i>					
At 31 December 2017 (audited)	52,455	1,146,412	3,290,266	141,517	4,630,650
Charge for the year	41,086	49,636	697,913	26,947	815,582
Write-off*	-	-	(81,192)	-	(81,192)
At 31 December 2018 (audited)	93,541	1,196,048	3,906,987	168,464	5,365,040
Charge for the period	30,814	29,031	655,694	15,625	731,164
Write-off***	-	-	(29,901)	-	(29,901)
Disposals	-	-	-	(17,300)	(17,300)
At 30 September 2019 (reviewed)	<u>124,355</u>	<u>1,225,079</u>	<u>4,532,780</u>	<u>166,789</u>	<u>6,049,003</u>
<i>Net book value</i>					
At 30 September 2019 (reviewed)	<u>697,361</u>	<u>77,936</u>	<u>5,753,038</u>	<u>34,818</u>	<u>6,563,153</u>
At 31 December 2018 (audited)	<u>728,175</u>	<u>106,967</u>	<u>6,496,825</u>	<u>50,443</u>	<u>7,382,410</u>

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

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

\*\*\* During the period, the Group closed down its operations of Takatak Chat & Chai resulting in transfer of assets and accumulated depreciation to other cinemas and write-off of some old assets amounting to BD113,887 in costs and BD29,901 in accumulated depreciation. The corresponding net loss on write-off amounted to BD83,986 was charged to the condensed consolidated interim statement of profit or loss and other comprehensive income for the period ended 30 September 2019.

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**6 Capital work-in-progress**

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

Capital work-in-progress represents amounts incurred towards the development of Electric Kart Track in Kingdom Mall, Bahrain. The project is expected to be completed in 2020.

**7 Investment properties**

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Opening balance	23,012,531	7,752,515
Additions	284,860	88,833
Transferred from property, plant and equipment (Note 5)	-	4,670,878
Transferred from capital work-in-progress (Note 6)	-	8,055,339
Unrealised fair value gains for the period/year	-	2,444,966
Closing balance	<u>23,297,391</u>	<u>23,012,531</u>

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

**8 Right-of-use asset**

	<u>Theatres</u>	<u>Restaurants</u>	<u>Office building</u>	<u>Others</u>	<u>Total</u>
Recognition on adoption of IFRS 16	4,594,229	672,567	317,750	20,456	5,605,002
Adjustments/amendments	(56,655)	-	-	-	(56,655)
Termination	-	(41,148)	(28,193)	-	(69,341)
Closing balance	4,537,574	631,419	289,557	20,456	5,479,006
Amortisation charge for the period	(679,000)	(98,532)	(80,450)	(7,365)	(865,347)
Balance as at 30 September 2019 (Reviewed)	<u>3,858,574</u>	<u>532,887</u>	<u>209,107</u>	<u>13,091</u>	<u>4,613,659</u>

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9 Investment in joint ventures

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
<b>Cost</b>		
Opening and closing balance	<u>790,596</u>	<u>790,596</u>
<b>Accumulated losses</b>		
Opening balance	(742,800)	(734,259)
<b>Share of profits for the period/year:</b>		
- Saar Cinema Complex	<u>5,409</u>	<u>16,259</u>
<b>Reversal of impairment loss during the period/year:</b>		
- Qatar Bahrain International Cinema W.L.L.	<u>-</u>	<u>115,985</u>
<b>Dividend received for the period/year:</b>		
- Qatar Bahrain International Cinema W.L.L.	-	(115,985)
- Saar Cinema Complex	<u>(16,259)</u>	<u>(24,800)</u>
	<u>(16,259)</u>	<u>(140,785)</u>
Closing balance	<u>(753,650)</u>	<u>(742,800)</u>
<b>Net book value</b>	<u>36,946</u>	<u>47,796</u>

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

10 Investment in an associate

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Opening balance	26,198,379	24,958,754
Share of profits for the period/year	1,324,274	1,774,485
Dividend received	<u>(3,982,759)</u>	<u>(534,860)</u>
Closing balance	<u>23,539,894</u>	<u>26,198,379</u>

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**11 Financial assets at fair value through profit or loss**

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Quoted equity investments	8,216,949	6,903,902
Unquoted equity investments and managed funds	849,288	891,895
Bonds and Sukuks	<u>10,425,819</u>	<u>9,786,474</u>
	<u>19,492,056</u>	<u>17,582,271</u>
<b>Movement during the period/year</b>		
Opening balance	17,582,271	8,099,145
Additions	416,639	9,650,200
Disposals	(221,357)	(201,869)
Unrealised fair value gains on financial assets at fair value through profit or loss	<u>1,714,503</u>	<u>34,795</u>
Closing balance	<u>19,492,056</u>	<u>17,582,271</u>
	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Non-current assets	9,066,237	7,795,797
Current assets	<u>10,425,819</u>	<u>9,786,474</u>
	<u>19,492,056</u>	<u>17,582,271</u>

**12 Trade and other receivables**

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Trade receivables	795,250	551,710
Provision for impaired trade receivables	<u>(438,380)</u>	<u>(392,819)</u>
	356,870	158,891
Deposits / rental advance	261,181	190,861
Advances to suppliers	998,000	563,169
Amounts due from related parties (Note 19)	66,659	120,959
Prepayments	52,639	278,894
Receivable on disposal of business operations	3,152,353	3,152,353
Other receivables	<u>1,017,480</u>	<u>324,818</u>
	<u>5,905,182</u>	<u>4,789,945</u>

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

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

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**13 Share capital**

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
<b>Authorised</b>		
100,000,000 ordinary shares of 100 fils each (2018: 100,000,000 ordinary shares of 100 fils each)	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, subscribed and fully paid-up:</b>		
82,623,450 ordinary shares of 100 fils each (2018: 82,623,450 ordinary shares of 100 fils each)	<u>8,262,345</u>	<u>8,262,345</u>
<b>Treasury shares</b>		
3,616,690 ordinary shares of 100 fils each (2018: 3,591,033 ordinary shares of 100 fils each)	<u>361,669</u>	<u>359,103</u>

**Treasury shares**

During the period, 25,657 treasury shares were acquired having nominal value of BD2,566 at rates ranging from BD0.73 to BD0.74 amounting to BD18,939 according to Article 8 of Articles of Association of the Company which allows a purchase up to 10% of the Company's issued and fully paid-up share capital. The nominal value of these shares has been disclosed as deduction from reserves. Whereas, the difference, between the nominal value of the acquired shares, and the purchase price, amounting to BD16,373 has been adjusted against share premium. The Company holds 3,616,690 (2018: 3,591,033) (4.38% of the total issued and paid-up share capital) as treasury shares as at 30 September 2019 (2018: 4.35% of the total issued and paid-up share capital).

**14 Murabaha facility**

	Last installment	Note	30 September 2019	31 December 2018
Murabaha facility	30 April 2023	(a)	1,888,309	2,219,416
Commodity murabaha	9 January 2020	(b)	<u>4,978,367</u>	<u>4,978,367</u>
Current portion of Murabaha facility			6,866,676 <u>(5,451,301)</u>	7,197,783 <u>(5,423,934)</u>
Non-current portion of Murabaha facility			<u>1,415,375</u>	<u>1,773,849</u>

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

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

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

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

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**15 Lease liabilities**

	30 September 2019 (Reviewed)
Lease liabilities on adoption of IFRS 16	5,467,980
Lease payment	(791,111)
Adjustments/amendments	(56,655)
Termination	(69,341)
Finance charges	<u>123,300</u>
	4,674,173
Less: Current portion of lease liabilities	<u>(1,078,996)</u>
Non-current portion of lease liabilities	<u>3,595,177</u>
Maturity analysis - contractual undiscounted cash flows	

	30 September 2019 (Reviewed)
Less than one year	1,209,088
One to five years	2,720,575
More than five years	<u>1,194,617</u>
Total undiscounted lease liabilities	<u>5,124,280</u>

**16 Income from investments**

	Nine months period ended 30 September 2019	Nine months period ended 30 September 2018	Quarter ended 30 September 2019	Quarter ended 30 September 2018
Unrealised fair value gains on investment properties	-	3,573,786	-	-
Net share of profit from investment in associate	1,324,274	1,517,765	611,279	536,497
Dividend income	413,042	370,305	63,620	39,962
Net share of profit from investment in joint ventures	5,409	136,399	1,574	127,677
Unrealised gains/(losses) on financial assets at fair value through profit or loss	1,714,503	62,067	871,513	(53,136)
Profit from fixed deposits	9,041	21,528	2,328	5,366
Realised gains on sale of financial assets at fair value through profit or loss	32,503	43,359	37,356	7,985
Interest income from sukuks and bonds	<u>403,380</u>	<u>11,398</u>	<u>100,567</u>	<u>3,664</u>
	<u>3,902,152</u>	<u>5,736,607</u>	<u>1,688,237</u>	<u>668,015</u>

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**17 Other income**

	Nine months period ended 30 September 2019	Nine months period ended 30 September 2018	Quarter ended 30 September 2019	Quarter ended 30 September 2018
Income from a legal settlement	331,897	-	-	-
Interest income on long-term receivables	531,959	638,351	177,319	212,784
Management fee	46,350	46,350	15,450	15,450
Virtual print fees	151	6,957	-	3,333
Vocational training income	216	1,330	-	-
Foreign exchange gain, net	3,177	3,731	1,600	1,656
Gain on sale of property, plant and equipment	4,761	-	-	-
Miscellaneous income	<u>100,746</u>	<u>70,487</u>	<u>72,618</u>	<u>13,705</u>
	<u>1,019,257</u>	<u>767,206</u>	<u>266,987</u>	<u>246,928</u>

**18 Earnings per share**

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

	Nine months period ended 30 September 2019	Nine months period ended 30 September 2018	Quarter period ended 30 September 2019	Quarter period ended 30 September 2018
Net profit attributable to the shareholders (reviewed)	<u>BD 3,852,938</u>	<u>BD 5,734,014</u>	<u>BD 1,733,698</u>	<u>BD 1,022,934</u>
Weighted average number of ordinary shares issued	<u>79,006,760</u>	<u>79,006,760</u>	<u>79,006,760</u>	<u>79,006,760</u>
Basic earnings per share	<u>49fils</u>	<u>73fils</u>	<u>22fils</u>	<u>13fils</u>

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

**19 Transactions and balances with related parties**

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

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

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**19 Transactions and balances with related parties (continued)**

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.

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

	Related party relationship	Amount due from		Amount due to	
		30 September 2019 (Reviewed)	31 December 2018 (Audited)	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Saar Cinema Complex	Joint venture	27,839	60,257	-	-
Qatar Bahrain International Cinema W.L.L.	Joint venture	25,595	60,702	-	-
Vox Cineco Cinema Company W.L.L.	Associate company	13,225	-	-	3,036,178
Various entities*	Common Directorship	-	-	14,565	76,793
		<u>66,659</u>	<u>120,959</u>	<u>14,565</u>	<u>3,112,971</u>

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

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

	Nine months period ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2018 (Reviewed)
<u>Saar Cinema Complex</u>		
Direct expenses	127,066	188,732
Salaries	61,980	60,347
Management fees	4,500	4,500
Other expenses	39,199	40,473
<u>Qatar Bahrain International Cinema Co. W.L.L.</u>		
Salaries	25,941	25,982
Other expenses	56,050	16,531
Management Fees	41,850	41,850
<u>Vox Cineco Cinema Company W.L.L.</u>		
Direct expenses	13,325	19,003
Advertisement income	-	313,831
Other expenses	49,435	171,326



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**19 Transactions and balances with related parties (continued)**

	Nine months period ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2018 (Reviewed)
<u>Key management personnel</u>		
Directors' remuneration and sitting fee	254,000	230,500
<u>Entities under common directorship</u>		
Direct expenses	19,919	22,105
Operating income from advertisement	500	750
Other expenses	168,701	219,212
Rent expense for corporate office	92,276	99,105

**20 Segmental reporting**

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

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

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

**For the period ended 30 September 2019 (reviewed)**

	<u>Theatre operations</u>	<u>Restaurants and concession counters</u>	<u>Others</u>	<u>Total</u>
<b>Revenue</b>				
Total external sales	3,470,218	2,733,971	871,319	7,075,508
Less: total variable costs	<u>(1,751,179)</u>	<u>(777,179)</u>	-	<u>(2,528,358)</u>
<b>Segment results</b>	<u>1,719,039</u>	<u>1,956,792</u>	<u>871,319</u>	4,547,150
Less: fixed costs				<u>(3,281,412)</u>
<b>Operating profit</b>				1,265,738
Other income				1,019,257
Income from investments, net				3,902,152
General and administrative expenses				(1,981,991)
Finance cost				<u>(352,218)</u>
<b>Net profit for the period</b>				<u>3,852,938</u>

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20 Segmental reporting (continued)

For the period ended 30 September 2018 (reviewed)

	Theatre operations	Restaurants and concession counters	Others	Total
<b>Revenues</b>				
Total external sales	2,826,285	2,973,288	607,574	6,407,147
Less: total variable cost	(1,417,751)	(820,613)	-	(2,238,364)
<b>Segment results</b>	<u>1,408,534</u>	<u>2,152,675</u>	<u>607,574</u>	<u>4,168,783</u>
Less: fixed cost				(2,854,696)
<b>Operating profit</b>				1,314,087
Other income				767,206
Income from investments, net				5,736,607
General and administrative expenses				(2,040,602)
Finance cost				(43,284)
<b>Net profit for the period</b>				<u>5,734,014</u>

21 Dividends

Declared and paid

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

22 Capital commitments

Capital expenditure contracted for various projects at the condensed consolidated interim statement of financial position date but not recognised in these condensed consolidated interim financial statements amounted to BD557,365 (31 December 2018: BD160,354).

23 Interim results

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