

Bahrain Cinema Company B.S.C.

Condensed consolidated interim financial
information for the quarter and nine
months period ended 30 September 2020
(Reviewed)

Bahrain Cinema Company B.S.C.
Condensed consolidated interim financial information for the quarter and nine months period
ended 30 September 2020
(Reviewed)

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Bahrain Cinema Company B.S.C.
Administration and contact details as at 30 September 2020

Commercial registration number	1192 obtained on 11 August 1968 (Also refer Note 1)	
Directors	Dr Esam Abdulla Yusuf Fakhro Ali Yusuf Ali Ubaydli Ahmed A. Rashed Albastaki Fareed Yusuf Khalil Almoayyed Jehad Yusuf Abdulla Amin Jalal Mohamed Yusuf Jalal Mohamed Ebrahim Khalil Kanoo Shawqi Ali Yusuf Fakhro	- Chairman - Vice-Chairman - Managing Director
Chief Executive Officer	Ahmed A. Rashed Albastaki	
Audit committee	Shawqi Ali Yusuf Fakhro Fareed Yusuf Khalil Almoayyed Jalal Mohamed Yusuf Jalal	- Chairman
Registered office	27 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 Floor, Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	
Share Registrar	Bahrain Clear PO Box 3203 Manama Kingdom of Bahrain	
Support Share registrar	Karvy Fintech (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 30 September 2020, 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 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 2020, 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
4 November 2020




Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of financial position as at 30 September 2020
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	30 September 2020 (Reviewed)	31 December 2019 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,395,281	6,345,249
Capital work-in progress	7	389,380	389,380
Investment properties	8	23,416,457	23,409,302
Right-of-use assets	9	3,487,217	4,332,820
Investment in joint ventures	10	9,407	15,607
Investment in an associate	11	11,728,446	22,805,870
Non-current portion of receivable on disposal of business operations		9,457,056	9,457,056
Financial assets at fair value through profit or loss	12	<u>8,772,992</u>	<u>9,033,470</u>
		<u>62,656,236</u>	<u>75,788,754</u>
Current assets			
Inventories		257,229	275,583
Financial assets at fair value through profit or loss	12	10,159,155	10,663,778
Trade and other receivables	13	5,917,963	5,319,081
Cash and bank balances		<u>284,791</u>	<u>352,256</u>
		<u>16,619,138</u>	<u>16,610,698</u>
Total assets		<u>79,275,374</u>	<u>92,399,452</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	8,262,345	8,262,345
Share premium		911,442	927,728
Revaluation reserve		4,557,442	4,557,442
Statutory reserve		4,131,173	4,131,173
Charity reserve		310,695	310,695
Retained earnings		42,964,015	57,017,385
Treasury shares	14	<u>(370,975)</u>	<u>(368,426)</u>
		<u>60,766,137</u>	<u>74,838,342</u>
Non-current liabilities			
Non-current portion of Murabaha facility	15	902,217	1,291,180
Non-current portion of lease liabilities	16	2,476,405	3,379,649
Employees' terminal and other benefits		<u>2,571,972</u>	<u>2,687,033</u>
		<u>5,950,594</u>	<u>7,357,862</u>
Current liabilities			
Current portion of Murabaha facility	15	5,491,525	5,461,036
Current portion of lease liabilities	16	990,082	902,250
Trade and other payables		3,706,382	2,941,997
Bank overdrafts		<u>2,370,654</u>	<u>897,965</u>
		<u>12,558,643</u>	<u>10,203,248</u>
Total equity and liabilities		<u>79,275,374</u>	<u>92,399,452</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 quarter and nine months period ended 30 September 2020
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	Quarter ended 30 September 2020 (Reviewed)	Quarter ended 30 September 2019 (Reviewed)	Nine months ended 30 September 2020 (Reviewed)	Nine months ended 30 September 2019 (Reviewed)
Operating income	21	256,967	2,619,915	1,980,114	7,075,508
Operating costs	21	(240,538)	(1,972,272)	(2,276,328)	(5,809,770)
Operating gross profit/(loss) for the period		<u>16,429</u>	<u>647,643</u>	<u>(296,214)</u>	<u>1,265,738</u>
Income/(loss) from investments	17	531,427	1,688,237	(126,143)	3,902,152
Other income	18	<u>524,604</u>	<u>266,987</u>	<u>1,019,538</u>	<u>1,019,257</u>
		<u>1,056,031</u>	<u>1,955,224</u>	<u>893,395</u>	<u>4,921,409</u>
General and administrative expenses		(906,563)	(743,640)	(1,583,825)	(1,981,991)
Impairment loss on investment in an associate		-	-	(10,905,664)	-
Finance costs		<u>(61,782)</u>	<u>(125,529)</u>	<u>(187,582)</u>	<u>(352,218)</u>
		<u>(968,345)</u>	<u>(869,169)</u>	<u>(12,677,071)</u>	<u>(2,334,209)</u>
Net profit/(loss) and other comprehensive income/(loss) for the period		<u>104,115</u>	<u>1,733,698</u>	<u>(12,079,890)</u>	<u>3,852,938</u>
Basic earning/(loss) per share	19	<u>1.32 fils</u>	<u>22 fils</u>	<u>(153) fils</u>	<u>49 fils</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 nine months period ended 30 September 2020
(Reviewed)
(Expressed in Bahrain Dinars)

	Share capital	Share premium	Revaluation reserve	Statutory reserve	Charity reserve	Retained earnings	Treasury shares	Total
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	-	-	-	-	-	(3,951,621)	-	(3,951,621)
Transferred to charity reserve	-	-	-	-	51,045	(51,045)	-	-
Charity paid	-	-	-	-	(46,090)	-	-	(46,090)
Purchase of treasury shares	-	(16,373)	-	-	-	-	(2,566)	(18,939)
Net profit and other comprehensive income for the period	-	-	-	-	-	3,852,938	-	3,852,938
At 30 September 2019 - reviewed	8,262,345	970,868	4,557,442	4,131,173	288,247	56,661,733	(361,669)	74,510,139
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)
Purchase of treasury shares	-	(16,286)	-	-	-	-	(2,549)	(18,835)
Net loss and other comprehensive loss for the period	-	-	-	-	-	(12,079,890)	-	(12,079,890)
At 30 September 2020 - reviewed	8,262,345	911,442	4,557,442	4,131,173	310,695	42,964,015	(370,975)	60,766,137

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of cash flows for the nine months
period ended 30 September 2020
(Reviewed)
(Expressed in Bahrain Dinars)

		Nine months period ended 30 September 2020 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)
	Notes		
Operating activities			
Net (loss)/profit for the period		(12,079,890)	3,852,938
Adjustments for:			
Depreciation	6	695,082	731,164
Amortisation of right-of-use assets	9	816,265	865,347
Impairment loss of investment in associate	11	10,905,664	-
Loss on disposal of investment properties		99,670	-
Impairment of property, plant & equipment		280,362	-
Write-off of property, plant & equipment		-	83,986
Net share of profit from investment in joint ventures		-	(5,409)
Rent concession on lease liabilities	16	(432,205)	
Net share of profit from investment in an associate	11	(109,707)	(1,324,274)
Dividend income	17	(400,332)	(413,042)
Unrealised fair value loss/(gain) on financial assets at fair value through profit or loss	17	760,585	(1,714,503)
Profit from fixed deposit	17	-	(9,041)
Interest income from bonds and sukuku	17	(224,073)	(403,380)
Realised loss/(gains) on sale of financial assets at fair value through profit or loss		4,516	(32,503)
Interest income on long term receivable		(425,565)	(531,959)
Gain on sale of property, plant and equipment	18	-	(4,761)
Finance costs		187,582	352,218
Changes in operating assets and liabilities:			
Inventories		18,354	45,867
Trade and other receivables		(598,882)	(1,216,434)
Employees' terminal and other benefits - net		(105,272)	(48,347)
Trade and other payables		774,140	(3,675,868)
Net cash provided by/(used in) operating activities		<u>166,294</u>	<u>(3,448,001)</u>
Investing activities			
Purchase of property, plant and equipment	6	(25,472)	(67,638)
Additions to investment properties	8	(111,825)	(284,860)
Proceeds from sale of investment properties		5,000	-
Purchase of financial assets at fair value through profit or loss		-	(416,639)
Proceeds from sale of financial assets at fair value through profit or loss		-	253,860
Proceeds from sale of property, plant and equipment		-	4,761
Interest income on long term receivable		425,565	531,959
Profit from fixed deposit received		-	9,041
Interest income from bonds and sukuku	17	224,073	403,380
Dividend received from joint ventures		-	16,259
Dividend received from associate	11	281,467	3,982,759
Dividend income received	17	400,332	413,042
Net cash provided by investing activities		<u>1,199,140</u>	<u>4,845,924</u>

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of cash flows for the nine months
period ended 30 September 2020 (continued)
(Reviewed)
(Expressed in Bahrain Dinars)

	Nine months period ended 30 September 2020 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)
Financing activities		
Purchase of treasury shares	(18,835)	(18,939)
Repayment of Murabaha facility	(358,474)	(331,107)
Lease liabilities paid	(450,072)	(791,111)
Dividends paid	(1,986,937)	(4,062,777)
Charity paid	-	(46,090)
Finance costs paid	(91,270)	(228,918)
Net cash used in financing activities	(2,905,588)	(5,478,942)
Net decrease in cash and cash equivalents	(1,540,154)	(4,081,019)
Cash and cash equivalents, beginning of the period	(545,709)	(355,436)
Cash and cash equivalents, end of the period	(2,085,863)	(4,436,455)
Comprising:		
Cash and bank balances	284,791	381,692
Bank overdrafts	(2,370,654)	(4,818,147)
	(2,085,863)	(4,436,455)

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 condensed consolidated interim financial information, set out on pages 4 to 26, were approved and authorised for issue by the Board of Directors on 4 November 2020.

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 2020</u>	<u>Effective ownership interest 2019</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 2020 and 2019.

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 2020.

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 2020

(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 2020</u>	<u>Effective ownership interest 2019</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 2020</u>	<u>Effective ownership interest 2019</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 2019. The interim condensed consolidated financial information should be read in conjunction with the 2019 annual audited consolidated financial statements.

The condensed consolidated interim financial information has been prepared using going concern assumption under the historical cost convention, except for the valuation of financial assets at fair value through profit or loss which are carried at their fair values.

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 2020 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 2020 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 1	Presentation of financial statements	1 January 2020
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2020
IFRS 3	Business combinations	1 January 2020
IFRS 7	Financial instruments: Disclosures	1 January 2020
IFRS 9	Financial instruments	1 January 2020

Standards, amendments and interpretations issued but not yet effective in 2020

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 September 2020. They have not been adopted in preparing the condensed consolidated financial statements for the period ended 30 September 2020 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 17	Insurance contracts	1 January 2023

There would have been no change in the operational results of the Group for the period ended 30 September 2020 had the Group early adopted any of the above standards applicable to the Group.

Early adoption of amendments or standards in 2020

The Group did not early-adopt any new or amended standards in 2020. The Group does not believe that the early adoption of these standards and interpretation will have a material impact on the consolidated financial statements once adopted.

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 2019, as described in those annual audited consolidated financial statements, except for amendments to IFRS 16: *COVID-19 Related Rent Concessions*, which were adopted on 1 June 2020.

Details of the impact this amendment has had are given below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual consolidated financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Amendments to IFRS 16: COVID-19-Related Rent Concessions

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

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

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

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from April 2020 to September 2020.

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

The effect of applying the practical expedient is disclosed in Note 5(b).

4 Significant accounting policies and critical accounting judgments, estimates and assumptions (continued)

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods. However, as discussed in Note 5, the effects of COVID-19 have required significant judgments and estimates to be made, including:

- a) Whether rent concessions satisfy the criteria to be accounted for using the practical expedient introduced by the amendments to IFRS 16;
- b) Assessing whether the entity has reasonable assurance as to whether it will comply with the conditions attached to government grants;
- c) Determining the net realisable value of inventory that has become slow moving due to the effects of COVID-19;
- d) Calculating the recoverable amount for cash generating units that exhibit indicators of impairment as at the period end, and determining the amount of goodwill impairment attributable to the cash generating units; and
- e) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ('adjusting events after the reporting period') and which do not ('non-adjusting events after the reporting period'). For disclosure of non-adjusting events after the reporting period, refer to Note 24.

Additionally, while the changes in the following estimates and judgments have not had a material impact on a Group, the effects of COVID-19 have required revisions to:

- a) Estimates of customer returns and the determination of a Group's methodology for estimating the transaction price for sales subject to rights of return;
- b) Estimates of expected credit losses attributable to accounts receivable arising from sales to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates; and
- c) The methodology used to estimate the fair value of equity instruments classified as level 3 in the fair value hierarchy, as their valuation techniques incorporate significant unobservable inputs.

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.

5 Significant events and transactions (continued)

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 30 September 2020. The Group is engaged in screening of films, advertisements and operation of restaurants. All of the cinemas and restaurants operated by the Group were closed during the period from 18 March 2020 till reporting date causing the decrease in budgeted operating income by BD8,004,477. The Group has reported a total operating income of BD1,980,114 for the nine months period ended as compared to BD7,075,508 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.

Considering the facts disclosed above, the Group has performed an impairment assessment of its investment in associate and determine the recoverable amount of investment in associate is less than its carrying value. Accordingly, the Group has recorded an impairment loss of BD10,905,664 against the carrying value of investment in associate during the period ended 30 September 2020. In determining the impairment, the Group has considered the impact of any operational disruptions faced by the associate company due to COVID-19.

The Group has considered the cash flow projections for the future periods/years, which reflects the time value of money and risks specific to Group's industry.

Further, the Group has also performed the impairment assessment of its assets, investments and determine the recoverable amount of those assets which are less than their carrying value. Accordingly, the Group has recorded an impairment loss of BD251,424 against the carrying value of its assets during the period ended 30 September 2020.

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 2020**

(Reviewed)

(Expressed in Bahrain Dinars)

5 Significant events and transactions (continued)**(a) Decrease in operating income (continued)**

The impairment of assets is summarised as follows:

<u>Class of assets</u>	<u>Carrying value before impairment</u>	<u>Recoverable amount</u>	<u>Impairment</u>	<u>Carrying value after impairment</u>
Investment in associates	20,866,816	9,961,152	10,905,664	9,961,152
Advances to supplier	1,273,984	1,156,600	117,384	1,156,600
Deposits / rental advance	400,095	270,836	129,259	270,836
Amount due from related parties	8,554	5,262	3,292	5,262
Trade receivables	888,545	887,056	1,489	887,056

(b) Rent concessions

As discussed in Note 4, the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the nine-month period ended 30 September 2020 satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of BD432,205. 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.

(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 BD228,409 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.

(d) Going concern

The Group has incurred a net loss of BD12,079,890 during the nine months period ended 30 September 2020. The current period losses have reduced the retained earnings to BD42,964,015 as at 30 September 2020.

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 2019. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

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)

(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 nine-months period ended 30 September 2020:

<u>Financial statement area</u>	<u>Nature of impact</u>	<u>Amount in BD</u>
Budgeted operating income	Decrease	<u>8,004,477</u>
Impairment loss on investment in associate	Increase	10,905,664
Impairment loss on financial assets	Increase	<u>251,424</u>
		<u>11,157,088</u>
Rent concessions received	Increase	<u>432,205</u>
Government grants	Increase	<u>228,409</u>

No other significant impact has been noted by the management on other financial statement areas during the period ended 30 September 2020.

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**Selected explanatory notes to the condensed consolidated interim financial information
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6 Property, plant and equipment

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Total
<i>Cost or valuation</i>					
At 31 December 2018 (audited)	821,716	1,303,015	10,403,812	218,907	12,747,450
Additions	-	-	86,751	-	86,751
Disposals	-	-	(35,825)	(17,300)	(53,125)
Cost adjustment	-	-	(35,920)	-	(35,920)
Write-off	-	-	(113,996)	-	(113,996)
At 31 December 2019 (audited)	821,716	1,303,015	10,304,822	201,607	12,631,160
Additions	-	-	25,472	-	25,472
Impairment	-	-	(528,007)	-	(528,007)
At 30 September 2020 (reviewed)	<u>821,716</u>	<u>1,303,015</u>	<u>9,802,287</u>	<u>201,607</u>	<u>12,128,625</u>
<i>Accumulated depreciation</i>					
At 31 December 2018 (audited)	93,541	1,196,048	3,906,987	168,464	5,365,040
Charge for the year	41,086	38,598	868,205	20,183	968,072
On disposals	-	-	-	(17,300)	(17,300)
Write-off	-	-	(29,901)	-	(29,901)
At 31 December 2019 (audited)	134,627	1,234,646	4,745,291	171,347	6,285,911
Charge for the period	30,814	28,622	623,873	11,773	695,082
Impairment	-	-	(247,649)	-	(247,649)
At 30 September 2020 (reviewed)	<u>165,441</u>	<u>1,263,268</u>	<u>5,121,515</u>	<u>183,120</u>	<u>6,733,344</u>
<i>Net book value</i>					
At 30 September 2020 (reviewed)	<u>656,275</u>	<u>39,747</u>	<u>4,680,772</u>	<u>18,487</u>	<u>5,395,281</u>
At 31 December 2019 (audited)	<u>687,089</u>	<u>68,369</u>	<u>5,559,531</u>	<u>30,260</u>	<u>6,345,249</u>

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7 Capital work-in-progress

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Balance as at 30 September 2020 and 31 December 2019	<u>389,380</u>	<u>389,380</u>

Capital work-in-progress represent amounts incurred towards the development of Electric Kart Track in Bahrain Mall, Bahrain. Initially this project was planned to be set up in Kingdom Mall, Bahrain but during the year 2019, the Group decided to shift this project in Bahrain Mall, Bahrain. The project is expected to be completed in the end of 2020.

8 Investment properties

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Opening balance	23,409,302	23,012,531
Additions	111,825	393,082
Disposals	(104,670)	-
Unrealised fair value gains for the period/year	<u>-</u>	<u>3,689</u>
Closing balance	<u>23,416,457</u>	<u>23,409,302</u>

9 Right-of-use assets

	Theatres	Restaurants	Office building	Others	Total
Cost					
Recognition on adoption of IFRS 16	4,594,229	672,567	317,750	20,456	5,605,002
Adjustments/amendments	(56,655)	-	-	-	(56,655)
Terminations	<u>-</u>	<u>(41,148)</u>	<u>(28,193)</u>	<u>-</u>	<u>(69,341)</u>
31 December 2019 (Audited)	4,537,574	631,419	289,557	20,456	5,479,006
Lease termination during the period	<u>(29,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,338)</u>
30 September 2020 (Reviewed)	<u>4,508,236</u>	<u>631,419</u>	<u>289,557</u>	<u>20,456</u>	<u>5,449,668</u>
Amortisation					
Charge for the period and balance as at 31 December 2019 (Audited)	(905,334)	(126,804)	(104,229)	(9,819)	(1,146,186)
Charge for the period	<u>(656,004)</u>	<u>(81,561)</u>	<u>(71,336)</u>	<u>(7,364)</u>	<u>(816,265)</u>
Balance as at 30 September 2020 (Reviewed)	<u>(1,561,338)</u>	<u>(208,365)</u>	<u>(175,565)</u>	<u>(17,183)</u>	<u>(1,962,451)</u>
Carrying Value					
30 September 2020 (Reviewed)	<u>2,946,898</u>	<u>423,054</u>	<u>113,992</u>	<u>3,273</u>	<u>3,487,217</u>
31 December 2019 (Audited)	<u>3,632,240</u>	<u>504,615</u>	<u>185,328</u>	<u>10,637</u>	<u>4,332,820</u>

Bahrain Cinema Company B.S.C.

**Selected explanatory notes to the condensed consolidated interim financial information
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10 Investment in joint ventures

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Cost		
Opening and closing balance	<u>790,596</u>	<u>790,596</u>
Accumulated losses		
Opening balance	(774,989)	(742,800)
Share of loss for the period/year:		
- Saar Cinema Complex	-	(10,382)
Reduction in Capital:		
- Saar Cinema Complex	(6,200)	-
Impairment loss during the period/year:		
- Saar Cinema Complex	-	(5,548)
Dividend received for the period/year:		
- Saar Cinema Complex	<u>-</u>	<u>(16,259)</u>
Closing balance	<u>(781,189)</u>	<u>(774,989)</u>
Net book value	<u>9,407</u>	<u>15,607</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 2020.

11 Investment in an associate

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Opening balance	22,805,870	26,198,379
Share of profits for the period/year	109,707	1,602,526
Impairment loss	(10,905,664)	-
Dividend received	<u>(281,467)</u>	<u>(4,995,035)</u>
Closing balance	<u>11,728,446</u>	<u>22,805,870</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 30 September 2020.

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12 Financial assets at fair value through profit or loss

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Quoted equity investments	8,089,671	8,345,633
Unquoted equity investments and managed funds	683,321	687,837
Bonds and Sukuks	<u>10,159,155</u>	<u>10,663,778</u>
	<u>18,932,147</u>	<u>19,697,248</u>
Movement during the period/year		
Opening balance	19,697,248	17,582,271
Additions	-	416,639
Disposals	(4,516)	(221,357)
Unrealised fair value (loss)/gain on financial assets at fair value through profit or loss	<u>(760,585)</u>	<u>1,919,695</u>
Closing balance	<u>18,932,147</u>	<u>19,697,248</u>
	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Non-current assets	8,772,992	9,033,470
Current assets	<u>10,159,155</u>	<u>10,663,778</u>
	<u>18,932,147</u>	<u>19,697,248</u>

13 Trade and other receivables

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Trade receivables	823,644	754,968
Provision for impaired trade receivables	<u>(438,380)</u>	<u>(438,380)</u>
	385,264	316,588
Interest free loan to employees	7,542	14,782
Deposits / rental advance	290,894	304,605
Advances to suppliers	1,248,114	1,034,712
Amounts due from related parties (Note 20)	20,829	10,250
Prepayments	22,641	153,289
Receivable on disposal of business operations	3,152,353	3,152,353
Other receivables	<u>790,326</u>	<u>332,502</u>
	<u>5,917,963</u>	<u>5,319,081</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.

Bahrain Cinema Company B.S.C.

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14 Share capital

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Authorised		
100,000,000 ordinary shares of 100 fils each (2019: 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 (2019: 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 (2019: 3,684,260 ordinary shares of 100 fils each)	<u>370,975</u>	<u>368,426</u>

Treasury shares

During the period, 25,490 (2019: 93,223) treasury shares were acquired having nominal value of BD2,549 (2019: BD9,323) at rates ranging from BD0.73 to BD0.74 amounting to BD18,835 according to Article 8 of Articles of Association of the Company which allows a purchase up to 10% of the Company's issued and fully paid-up share capital. The nominal value of these shares has been disclosed as deduction from reserves. Whereas, the difference, between the nominal value of the acquired shares, and the purchase price, amounting to BD16,286 (2019: BD59,513) has been adjusted against share premium. The Company holds 3,709,750 (2019: 3,684,260) (4.49% of the total issued and paid-up share capital) as treasury shares as at 30 September 2020 (2019: 4.46% of the total issued and paid-up share capital).

15 Murabaha facility

	Last installment	Note	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Murabaha facility	30 April 2023	(a)	1,415,375	1,773,849
Commodity Murabaha	6 October 2020	(b)	<u>4,978,367</u>	<u>4,978,367</u>
			6,393,742	6,752,216
Current portion of Murabaha facility			<u>(5,491,525)</u>	<u>(5,461,036)</u>
Non-current portion of Murabaha facility			<u>902,217</u>	<u>1,291,180</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 consolidated 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.

Bahrain Cinema Company B.S.C.**Selected explanatory notes to the condensed consolidated interim financial information
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	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Opening balance	4,281,899	5,467,980
Lease payment	(450,072)	(1,220,148)
Adjustments/amendments	-	(56,655)
Termination	(29,447)	(69,341)
Rent concessions	(432,205)	-
Finance charges	96,312	160,063
	<u>3,466,487</u>	<u>4,281,899</u>
Less: Current portion of lease liabilities	<u>(990,082)</u>	<u>(902,250)</u>
Non-current portion of lease liabilities	<u>2,476,405</u>	<u>3,379,649</u>
Maturity analysis - contractual undiscounted cash flows		
	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Less than one year	1,048,935	1,057,670
One to five years	1,777,958	2,541,265
More than five years	<u>805,056</u>	<u>1,095,113</u>
Total undiscounted lease liabilities	<u>3,631,949</u>	<u>4,694,048</u>

17 Income/(loss) from investments

	Quarter ended 30 September 2020 (Reviewed)	Quarter ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2020 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)
Net share of (loss) profit from investment in an associate	(69,820)	611,279	109,707	1,324,274
Dividend income	35,688	63,620	400,332	413,042
Net share of profit from investment in joint ventures	-	1,574	-	5,409
Unrealised fair value gain/(loss) on financial assets at fair value through profit or loss	464,992	871,513	(760,585)	1,714,503
Profit from fixed deposits	-	2,328	-	9,041
Realised gains on sale of financial assets at fair value through profit or loss	-	37,356	-	32,503
Loss on disposal of investment properties	-	-	(99,670)	-
Interest income from sukuks and bonds	<u>100,567</u>	<u>100,567</u>	<u>224,073</u>	<u>403,380</u>
	<u>531,427</u>	<u>1,688,237</u>	<u>(126,143)</u>	<u>3,902,152</u>

Bahrain Cinema Company B.S.C.

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18 Other income

	Quarter ended 30 September 2020 (Reviewed)	Quarter ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2020 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)
Income from a legal settlement	-	-	-	331,897
Interest income on long-term receivables	141,855	177,319	425,565	531,959
Management fee	11,160	15,450	33,480	46,350
Virtual print fees	-	-	-	151
Vocational training income	-	-	-	216
Foreign exchange gain, net	-	1,600	-	3,177
Gain on sale of property, plant and equipment	-	-	-	4,761
Rent concessions	251,896	-	432,205	-
Miscellaneous income	<u>119,693</u>	<u>72,618</u>	<u>128,288</u>	<u>100,746</u>
	<u>524,604</u>	<u>266,987</u>	<u>1,019,538</u>	<u>1,019,257</u>

19 Earnings/(loss) per share

Basic earnings/(loss) 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.

	Quarter period ended 30 September 2020 (Reviewed)	Quarter period ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2020 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)
Net profit/(loss) attributable to the shareholders (reviewed)	<u>104,115</u>	<u>1,733,698</u>	<u>(12,079,890)</u>	<u>3,852,938</u>
Weighted average number of ordinary shares issued	<u>78,913,703</u>	<u>79,006,760</u>	<u>78,913,703</u>	<u>79,006,760</u>
Basic earnings/(loss) per share	<u>1.32 fils</u>	<u>22 fils</u>	<u>(153) fils</u>	<u>49 fils</u>

The Group does not have any potentially dilutive ordinary shares hence the diluted earnings and basic earnings 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 30 September/December is as follows:

	Related party relationship	Amount due from		Amount due to	
		30 September 2020 (Reviewed)	31 December 2019 (Audited)	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Qatar Bahrain International Cinema W.L.L.	Joint Venture	20,829	3,254	-	-
Al Murjan Restaurant Management W.L.L.	Joint Venture	-	3,292	-	-
Vox Cineco Cinema Company W.L.L.	Associate Company	-	3,704	1,926,414	-
Various entities*	Common Directorship	-	-	5,778	82,693
		<u>20,829</u>	<u>10,250</u>	<u>1,932,192</u>	<u>82,693</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 2020 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)
<u>Saar Cinema Complex</u>		
Direct expenses	-	127,066
Salaries	-	61,980
Management fees	-	4,500
Other expenses	7,967	39,199
<u>Qatar Bahrain International Cinema Co. W.L.L.</u>		
Salaries	24,216	25,941
Other expenses	10,430	56,050
Management Fees	33,480	41,850
<u>Vox Cineco Cinema Company W.L.L.</u>		
Direct expenses	3,703	13,325
Other expenses	1,484	49,435

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20 Transactions and balances with related parties (continued)

	Nine months period ended <u>30 September 2020</u> (Reviewed)	Nine months period ended <u>30 September 2019</u> (Reviewed)
<u>Key management personnel</u>		
Directors' remuneration and sitting fee	40,000	254,000
<u>Entities under common directorship</u>		
Direct expenses	6,656	19,919
Operating income from advertisement	-	500
Other expenses	105,604	168,701
Rent expense for corporate office	87,782	92,276

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 30 September 2020 (reviewed)

	<u>Theatre operations</u>	<u>Restaurants and concession counters</u>	<u>Others</u>	<u>Total</u>
Revenue				
Total external sales	624,099	533,261	822,754	1,980,114
Less: total variable costs	<u>(307,515)</u>	<u>(201,835)</u>	-	<u>(509,350)</u>
Segment results	316,584	331,426	822,754	1,470,764
Less: fixed costs				<u>(1,766,978)</u>
Operating loss				(296,214)
Other income				1,019,538
Loss from investments, net				(126,143)
General and administrative expenses				(1,583,825)
Impairment in investment in associate				(10,905,664)
Finance cost				<u>(187,582)</u>
Net loss for the period				<u>(12,079,890)</u>

Bahrain Cinema Company B.S.C.**Selected explanatory notes to the condensed consolidated interim financial information
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For the period ended 30 September 2019 (reviewed)

	Theatre operations	Restaurants and Concession Counters	Others	Total
Revenue				
Total external sales	3,470,218	2,733,971	871,319	7,075,508
Less: total variable costs	(1,751,179)	(777,179)	-	(2,528,358)
Segment results	<u>1,719,039</u>	<u>1,956,792</u>	<u>871,319</u>	4,547,150
Less: fixed costs				(3,281,412)
Operating profit				1,265,738
Other income				1,019,257
Income from investments, net				3,902,152
General and administrative expenses				(1,981,991)
Finance cost				(352,218)
Net profit for the period				<u>3,852,938</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 BD375,353 (31 December 2019: BD776,343).

23 Interim results

The interim net loss for the quarter and nine months period ended 30 September 2020 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

Based on the communication received from Bahrain Bourse, the Company is required to transfer the unclaimed dividend to Bahrain Clear's account with CBB latest by 31 July 2020. No funds have been transferred to the designated account as on the date of these condensed consolidated interim financial statements. Any default in making such transfer may result in financial penalty. The Company's management has decided to submit the unclaimed dividend amount to Bahrain Clear's account subsequent to period ended 30 September 2020.

The Government of Bahrain has announced to pay 50% of salaries of private company workers in sectors that were hard-hit by the coronavirus pandemic. The Company is corresponding with the Government for salary payments of October and continue for a three-month period. The Company is also in the process of negotiation with lessors for additional rent concessions of their outlets. If the negotiations would be successful, the rent concessions will result in reduction in lease liabilities. The Health Ministry of Kingdom of Bahrain has announced that the cinemas and restaurants in Bahrain will stay closed. The Company is engaged in screening of films, advertisements and operation of restaurants hence the Company's operating income is expected to be further reduced. The Government of Bahrain has also announced 'Business Continuity Support' program from which Company will get an amount of BD34,000 for the month of October 2020.

There were no other significant events subsequent to 30 September 2020 and occurring before the date of signing of the financial statements that would have a significant impact on these condensed consolidated interim financial statements.