



الشركة البحرينية للترفيه العائلي ش.م.ب.

BAHRAIN FAMILY LEISURE COMPANY B.S.C.

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BFLC Reporting of Financial Impact of Covid-19

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

- The closure of many retail 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 certain products 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 Company's primary products.

Based on the nature of operations and the industry in which it operates, the Company'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

Company has experienced a significant reduction in its operating income since pandemic effect was widespread during the period ended 30 June 2020. The Company is engaged in operating restaurants, providing services related to family entertainment, supply of amusement related equipment. All of the restaurants operated by the Company were closed during the period causing the decrease in operating income by BD404,817 as compared to the prior period. The Company has reported a total operating income of BD309,168 for the six months period ended as compared to BD713,985 in the corresponding previous period.

(b) Rent concessions

As discussed in Note 2, the Company 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 six-month period ended 30 June 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 BD18,237. The effect of this reduction has been recorded in the 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 Company has applied for government support programs introduced in response to the global pandemic. The Company has received a government grant of BD 8,680 relating to supporting the payroll of the Company's employees and LMRA fees. The Company has elected to present this government grant by reducing the related staff cost. The Company 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 Company does not have any unfulfilled obligations relating to this program.





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(d) Going concern

The Company has incurred a net loss of BD777,246 during the six months period ended 30 June 2020. The current period losses have increased the accumulated losses to BD843,490 as at 30 June 2020 raising concern on the going concern status of the Company.

The Company 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 Company'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 Company 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 financial information has been appropriately prepared on a going concern basis.

(e) Commitments and contingent liabilities

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

The below table summarizes the impact of COVID-19 at this condensed interim financial information for the six-month period ended 30 June 2020:

<u>Financial statement area</u>	<u>Nature of impact</u>	<u>Amount in BD</u>
Operating Income	Decrease	4 04,817
Rent concessions received	Increase	18,237
Government grants	Increase	8,680
Accumulated losses	Increase	777,246

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

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