

Bahrain Cinema Company B.S.C.

Condensed consolidated interim financial
information for the quarter and nine
months period ended 30 September 2017
(Unaudited)

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Bahrain Cinema Company B.S.C.
Administration and contact details as at 30 September 2017

| | | |
|-----------------------------------|---|-------------------------------|
| Commercial registration no | 1192 obtained on 11 August 1968 | |
| Directors | Dr Esam Abdulla Yusuf Fakhro Ali Yusuf Ali Ubaydli Fareed Yusuf Khalil Almoayyed Jehad Yusuf Abdulla Amin Jalal Mohamed Yusuf Jalal Mohamed Ebrahim Khalil Kanoo Shawqi Ali Yusuf Fakhro Ahmed A. Rashed | - Chairman - Vice-Chairman |
| Chief Executive Officer | Ahmed A. Rashed | |
| Audit committee | Shawqi Ali Yusuf Fakhro Fareed Yusuf Khalil Almoayyed Jalal Mohamed Yusuf Jalal | - Chairman |
| Registered office | Floor 27 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 | |
| Auditors | BDO 17 th Floor Diplomat Commercial Office Tower PO Box 787 Diplomatic Area Kingdom of Bahrain | |
| Registrar | Bahrain Bourse PO Box 3203 Manama Kingdom of Bahrain | |
| Support registrar | 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 2017, and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in shareholders' equity and the condensed interim consolidated statement of cash flows for the quarter and nine months period then ended, and selected explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2017, and of its consolidated financial performance and its consolidated cash flows for the quarter and nine months period ended in accordance with International Financial Reporting Standard IAS 34 - "Interim Financial Reporting".

BDO


Manama, Kingdom of Bahrain
13 November 2017



Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of financial position as at 30 September 2017
(Unaudited)
(Expressed in Bahrain Dinars)

| | <u>Notes</u> | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|---|--------------|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 10,193,463 | 14,037,312 |
| Capital work-in progress | 5 | 7,690,576 | 4,316,533 |
| Investment properties | 6 | 7,758,015 | 7,758,015 |
| Investment in joint ventures | 7 | 2,822,848 | 3,902,871 |
| Investment in an associate | 8 | 25,396,664 | - |
| Non-current portion of receivable on disposal of business operations | 10 | 18,914,115 | - |
| Financial assets at fair value through profit or loss | 9 | <u>7,382,512</u> | <u>8,059,021</u> |
| | | <u>80,158,193</u> | <u>38,073,752</u> |
| Current assets | | | |
| Inventories | | 332,921 | 522,210 |
| Trade and other receivables | 10 | 6,574,107 | 2,874,753 |
| Financial assets at fair value through profit or loss | 9 | 335,673 | 248,259 |
| Short-term fixed deposits | | - | 5,000,000 |
| Cash and bank balances | | <u>562,543</u> | <u>470,021</u> |
| | | <u>7,805,244</u> | <u>9,115,243</u> |
| Total assets | | <u>87,963,437</u> | <u>47,188,995</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | 11 | 8,262,345 | 6,609,876 |
| Share premium | | 1,084,396 | 1,084,396 |
| Revaluation reserve | | 4,557,442 | 4,557,442 |
| Statutory reserve | | 4,131,173 | 3,304,938 |
| Charity reserve | | 250,755 | 215,335 |
| Retained earnings | | 59,284,539 | 27,565,993 |
| Treasury shares | 11 | <u>(345,976)</u> | <u>(276,781)</u> |
| | | <u>77,224,674</u> | <u>43,061,199</u> |
| Non-current liabilities | | | |
| Employees' terminal benefits | | 276,118 | 296,299 |
| Other employees' benefits | | <u>3,913,056</u> | <u>-</u> |
| | | <u>4,189,174</u> | <u>296,299</u> |
| Current liabilities | | | |
| Trade and other payables | | <u>6,549,589</u> | <u>3,831,497</u> |
| Total equity and liabilities | | <u>87,963,437</u> | <u>47,188,995</u> |

The unaudited condensed consolidated interim financial information, set out on pages 4 to 21, were approved and authorised for issue by the Board of Directors on 13 November 2017 and signed on their behalf by:



Dr Esam Abdulla Fakhro
Chairman


Ali Yousuf Ubaydli
Vice-Chairman

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 2017
(Unaudited)
(Expressed in Bahrain Dinars)

| | Notes | Nine months period ended 30 September <u>2017</u> | Nine months period ended 30 September <u>2016</u> | Three months period ended 30 September <u>2017</u> | Three months period ended 30 September <u>2016</u> |
|---|-------|--|--|---|---|
| Operating income | | 13,250,433 | 17,821,143 | 2,665,027 | 7,733,999 |
| Operating costs | | <u>(9,348,528)</u> | <u>(11,521,056)</u> | <u>(1,970,623)</u> | <u>(4,959,110)</u> |
| Operating profit for the period | | <u>3,901,905</u> | <u>6,300,087</u> | <u>694,404</u> | <u>2,774,889</u> |
| Other operating income | 13 | 245,711 | 323,086 | 52,212 | 145,056 |
| General and administrative expenses | | (5,871,247) | (1,930,449) | (675,253) | (805,467) |
| Net write-off of property, plant and equipment | | <u>(347,484)</u> | <u>(172,391)</u> | - | <u>(38,705)</u> |
| (Loss)/profit from operations | | <u>(2,071,115)</u> | <u>4,520,333</u> | <u>71,363</u> | <u>2,075,773</u> |
| Net share of (loss)/profit from investment in joint ventures | 7 | (852,205) | 512,410 | 78,051 | 274,885 |
| Net share of profit from investment in associate | 8 | 943,095 | - | 943,095 | - |
| Gain on disposal of business Operations | 8 | 19,560,655 | - | - | - |
| Fair value gain on retained interest in investment in associate | 8 | 19,560,655 | - | - | - |
| Interest income on long-term receivable | | 248,248 | - | 248,248 | - |
| (Loss)/income from investments | 12 | (18,001) | (954,894) | 109,094 | 272,541 |
| Finance costs | | <u>(41,309)</u> | <u>(57,591)</u> | <u>(6,954)</u> | <u>(20,335)</u> |
| | | <u>39,401,138</u> | <u>(500,075)</u> | <u>1,371,534</u> | <u>527,091</u> |
| Net profit and other comprehensive income for the period | | <u>37,330,023</u> | <u>4,020,258</u> | <u>1,442,897</u> | <u>2,602,864</u> |
| Basic earnings per share | 14 | <u>472fils</u> | <u>51fils</u> | <u>18fils</u> | <u>33fils</u> |

The unaudited condensed consolidated interim financial information, set out on pages 4 to 21, were approved and authorised for issue by the Board of Directors on 13 November 2017 and signed on their behalf by:


 Dr Esam Abdulla Fakhro
 Chairman


 Ali Yousuf Ubaydli
 Vice-Chairman

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of changes in shareholders' equity for the nine months period ended 30 September 2017
(Unaudited)
(Expressed in Bahrain Dinars)

| | Notes | Share capital | Share premium | Revaluation reserve | Statutory reserve | Charity reserve | Retained earnings | Treasury shares | Total |
|--|-------|------------------|------------------|---------------------|-------------------|-----------------|-------------------|------------------|-------------------|
| At 31 December 2015 - audited | | 6,609,876 | 1,507,536 | 4,557,442 | 3,304,938 | 116,375 | 25,981,244 | (238,429) | 41,838,982 |
| Dividends for 2015 | 11 | - | - | - | - | - | (3,185,725) | - | (3,185,725) |
| Transfer to charity reserve | | - | - | - | - | 70,730 | (70,730) | - | - |
| Net profit and other comprehensive income for the period | | - | - | - | - | - | 4,020,258 | - | 4,020,258 |
| At 30 September 2016 - unaudited | | <u>6,609,876</u> | <u>1,507,536</u> | <u>4,557,442</u> | <u>3,304,938</u> | <u>187,105</u> | <u>26,745,047</u> | <u>(238,429)</u> | <u>42,673,515</u> |
| At 31 December 2016 - audited | | 6,609,876 | 1,084,396 | 4,557,442 | 3,304,938 | 215,335 | 27,565,993 | (276,781) | 43,061,199 |
| Bonus shares issued | 11 | 1,652,469 | - | - | - | - | (1,583,274) | (69,195) | - |
| Dividends for 2016 | 11 | - | - | - | - | - | (3,166,548) | - | (3,166,548) |
| Transferred to charity reserve | | - | - | - | - | 35,420 | (35,420) | - | - |
| Transferred to statutory reserve | | - | - | - | 826,235 | - | (826,235) | - | - |
| Net profit and other comprehensive income for the period | | - | - | - | - | - | 37,330,023 | - | 37,330,023 |
| At 30 September 2017- unaudited | | <u>8,262,345</u> | <u>1,084,396</u> | <u>4,557,442</u> | <u>4,131,173</u> | <u>250,755</u> | <u>59,284,539</u> | <u>(345,976)</u> | <u>77,224,674</u> |

Bahrain Cinema Company B.S.C.
Condensed consolidated interim statement of cash flows
for the nine months period ended 30 September 2017
(Unaudited) - (Expressed in Bahrain Dinars)

| | Notes | Nine months period ended 30 September <u>2017</u> | Nine months period ended 30 September <u>2016</u> |
|---|-------|--|--|
| Operating activities | | | |
| Net profit for the period | | 37,330,023 | 4,020,258 |
| Adjustments for: | | | |
| Depreciation | 4 | 799,456 | 769,089 |
| Property, plant and equipment written-off | 4 | 347,484 | 172,391 |
| Net share of loss/(profit) from investment in joint ventures | 7 | 852,205 | (512,410) |
| Net share of profit from investment in associate | 8 | (943,095) | - |
| Gain on disposal of business operations | 8 | (19,560,655) | - |
| Fair value gain on retained interest in investment in associate | 8 | (19,560,655) | - |
| Dividend income | 12 | (358,481) | (307,736) |
| Unrealised losses on financial assets at fair value through profit or loss | 12 | 505,303 | 563,443 |
| Profit from fixed deposit | 12 | (85,385) | (94,003) |
| Interest income from trading of bonds | 12 | (64,764) | (26,051) |
| Realised losses on sale of financial assets at fair value through profit or loss | 12 | 21,328 | 819,241 |
| Gain on sale of property, plant and equipment | 13 | (9,250) | (4,948) |
| Interest income on long term receivable | | (248,248) | |
| Finance costs | | 41,309 | 57,591 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | 189,289 | (141,823) |
| Employee terminal benefits | | (20,181) | 26,420 |
| Other employee benefits | | 3,913,056 | - |
| Trade and other receivables | | 445,989 | 749,031 |
| Trade and other payables | | <u>1,409,944</u> | <u>85,601</u> |
| Net cash provided by operating activities | | <u>5,004,672</u> | <u>6,176,094</u> |
| Investing activities | | | |
| Purchase of property, plant and equipment | 4 | (339,630) | (1,555,917) |
| Additions to capital work-in-progress | 5 | (3,927,779) | (3,526,263) |
| Proceeds from sale of property, plant and equipment | | - | 4,950 |
| Capital contribution to investment in joint venture | 7 | - | (77,765) |
| Capital contribution to investment in associate | 8 | (3,370,020) | - |
| Purchase of financial assets at fair value through profit or loss | 9 | (298,833) | (278,794) |
| Proceeds from sale of financial assets at fair value through profit or loss | | 361,297 | 5,496,911 |
| Net movement in short term fixed deposits | | 5,000,000 | (2,400,000) |
| Profit from fixed deposit received | 12 | 85,385 | 94,003 |
| Interest income from trading of bonds received | 12 | 64,764 | 26,051 |
| Dividend received from joint ventures | 7 | 227,818 | 387,037 |
| Dividend income received | 12 | <u>358,481</u> | <u>307,736</u> |
| Net cash used in investing activities | | <u>(1,838,517)</u> | <u>(1,522,051)</u> |
| Financing activities | | | |
| Dividends paid | | (3,032,324) | (3,185,725) |
| Finance costs paid | | <u>(41,309)</u> | <u>(57,591)</u> |
| Net cash used in financing activities | | <u>(3,073,633)</u> | <u>(3,243,316)</u> |
| Net increase in cash and cash equivalents | | 92,522 | 1,410,727 |
| Cash and cash equivalents, beginning of the period | | <u>470,021</u> | <u>1,122,564</u> |
| Cash and cash equivalents, end of the period | | <u><u>562,543</u></u> | <u><u>2,533,291</u></u> |

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 2017
(Unaudited)
(Expressed in Bahrain Dinars)

1 Organisation and activities

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

The principal activities of the Group are the screening of films, advertisements and operation of restaurants, providing leisure and amusement related services, real estate activities with own or leased property.

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

These condensed consolidated interim financial statements include assets and liabilities and the result of operations of the branches which operate under commercial registration numbers 1192-1, 1192-2, 1192-9, 1192-16, 1192-18, 1192-19, 1192-20, 1192-21, 1192-22, 1192-23, 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).

2 Structure of the Group

The structure of the Group is as follows:

Subsidiary company

| <u>Name of subsidiary</u> | <u>Country of incorporation</u> | <u>Principal activities</u> | <u>Effective ownership interest 2017</u> | <u>Effective ownership interest 2016</u> |
|---------------------------------------|---------------------------------|------------------------------------|--|--|
| Aradous Properties Management W.L.L.* | Kingdom of Bahrain | Managing and leasing of properties | 100% | 100% |

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

The total assets and net profit/(loss) for the period of the above subsidiary have been extracted from the unaudited management accounts prepared as at, and for the period ended, 30 September 2017.

Bahrain Cinema Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information
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(Unaudited)
(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 2017</u> | <u>Effective ownership interest 2016</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, as arrangement confers joint control over the operations and the decision making process.

Associate

| <u>Name of associate</u> | <u>Country of incorporation</u> | <u>Principal activities</u> | <u>Effective ownership interest 2017</u> | <u>Effective ownership interest 2016</u> |
|-----------------------------------|---------------------------------|--|--|--|
| Vox Cineco Cinemas Company W.L.L. | Kingdom of Bahrain | Screening of films, sale of food and beverages | 50% | - |

The Group entered in to an agreement with Majid Al Futtaim Cinemas Bahrain Co. S.P.C. on 27 September 2016 to form a new company Vox Cineco Cinemas Company W.L.L. (commercial registration number 108609-1 obtained on 21 December 2016). This agreement was endorsed by the shareholders in an extraordinary general meeting held on 7 November 2016. Subsequently in the month of December 2016, the Management of the Group has also signed a memorandum of understanding with the Majid Al Futtaim Cinemas Bahrain Co. S.P.C. to revise certain clauses of the original contract signed on 27 September 2016. On completion of conditions of this transaction as mutually agreed by the parties in the agreement the Group has recorded its investment in associate and resultant gain on disposal of business operations on 30 June 2017.

As per this agreement, Bahrain Cinema Company B.S.C. sold 50% of its cinemas operations in City Center Bahrain to Majid Al Futtaim Cinemas Bahrain Co. S.P.C. under the agreement and both partners agreed to push down their respective 50% share in City Center Cinema business to this new Company. This new Company is to run certain cinema operations within the Kingdom of Bahrain. Based on contractual terms, Bahrain Cinema Company B.S.C. has the power to participate in (but not control) the financial and operating policy decisions of Vox Cineco Cinemas Company W.L.L. and accordingly this investment has been classified as an associate. Vox Cineco Cinemas Company W.L.L. has obtained license during the period ended 30 September 2017 to run the film screening operations.

As per the terms of the agreement, Bahrain Cinema Company B.S.C. is required to contribute BD500,000 representing 50% of the authorised and paid up capital of new company, Vox Cineco Cinemas Company W.L.L.. As at 30 September 2017 licenses required to run the operations have been received and accordingly, share capital payment is made by each partner.

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 2016. The interim condensed consolidated financial information should be read in conjunction with the 2016 annual audited consolidated financial statements.

Improvements/amendments to IFRS/IAS 2014/2016 cycles

Improvements/amendments to IFRS/IAS issued in 2014/2016 cycle contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Group's annual audited consolidated financial statements beginning on or after 1 January 2017 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations effective and adopted in 2017

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 2017 and has been adopted in the preparation of these condensed consolidated interim financial statements:

| <u>Standard or Interpretation</u> | <u>Title</u> | <u>Effective for annual periods beginning on or after</u> |
|-----------------------------------|-------------------------|---|
| IAS 7 | Statement of cash flows | 1 January 2017 |

On January 7, 2016, the IASB issued amendments to IAS 7- Disclosure Initiative. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide reconciliation between the opening and closing balances for liabilities from financing activities. The Group has adopted the amendments to IAS 7 in its condensed consolidated interim financial statements for the period beginning on 1 January 2017.

Standards, amendments and interpretations issued and effective in 2017 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 2017 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 2017 |

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

3 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2017

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 September 2017. They have not been adopted in preparing the financial statements for the period ended 30 September 2017 and are expected to affect the entity in the period of initial application. 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> |
|-----------------------------------|---|---|
| IAS 40 | Investment properties | 1 January 2018 |
| IFRS 2 | Share-based payment transactions | 1 January 2018 |
| IFRS 15 | Revenue from contracts with customers | 1 January 2018 |
| IFRS 16 | Leases | 1 January 2019 |
| IFRS 17 | Insurance contracts | 1 January 2021 |
| IFRIC 22 | Foreign currency transactions and advance consideration | 1 January 2018 |
| IFRIC 23 | Uncertainty over income tax treatments | 1 January 2019 |

There would have been no change in the operational results of the Group for the period ended 30 September 2017 had the Group early adopted any of the above standards applicable to the Group except for IFRS15, the impact of which is being assessed by the Group.

Early adoption of amendments or standards in 2017

The Group did not early-adopt any new or amended standards in 2017.

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

4 Property, plant and equipment

| | <u>Freehold land and buildings</u> | <u>Building on leasehold land/leasehold improvements</u> | <u>Fixtures, furniture and office equipment</u> | <u>Motor vehicles</u> | <u>Total</u> |
|---|--|--|---|---------------------------|--------------------|
| <i>Cost or valuation</i> | | | | | |
| At 31 December 2015 (audited) | 5,210,784 | 2,598,389 | 13,213,821 | 189,311 | 21,212,305 |
| Additions | 821,716 | - | 806,993 | 25,572 | 1,654,281 |
| Transferred from capital work-in-progress (Note 5) | - | - | 1,883,952 | - | 1,883,952 |
| Disposals | - | - | - | (24,192) | (24,192) |
| Write-off - Tagging | - | - | (1,332,071) | - | (1,332,071) |
| Write-off - Awal | <u>(539,906)</u> | <u>-</u> | <u>(1,328,910)</u> | <u>-</u> | <u>(1,868,816)</u> |
| At 31 December 2016 (audited) | 5,492,594 | 2,598,389 | 13,243,785 | 190,691 | 21,525,459 |
| Additions | - | - | 334,650 | 4,980 | 339,630 |
| Transferred from capital work-in-progress (Note 5) | - | - | 553,736 | - | 553,736 |
| Transferred to an associate company (Note 8) | - | (649,587) | (3,180,465) | - | (3,830,052) |
| Disposals on sale of business operations (Note 8) | - | (649,587) | (2,626,729) | - | (3,276,316) |
| Written-off | <u>-</u> | <u>-</u> | <u>(676,862)</u> | <u>-</u> | <u>(676,862)</u> |
| At 30 September 2017 (unaudited) | <u>5,492,594</u> | <u>1,299,215</u> | <u>7,648,115</u> | <u>195,671</u> | <u>14,635,595</u> |
| <i>Accumulated depreciation</i> | | | | | |
| At 31 December 2015 (audited) | 483,432 | 1,400,710 | 7,480,743 | 101,447 | 9,466,332 |
| Charge for the year | 11,369 | 123,247 | 908,251 | 31,640 | 1,074,507 |
| On disposals | - | - | - | (24,190) | (24,190) |
| Write-off - Tagging | - | - | (1,293,367) | - | (1,293,367) |
| Write-off - Awal | <u>(483,432)</u> | <u>-</u> | <u>(1,251,703)</u> | <u>-</u> | <u>(1,735,135)</u> |
| At 31 December 2016 (audited) | 11,369 | 1,523,957 | 5,843,924 | 108,897 | 7,488,147 |
| Charge for the period | 30,814 | 76,195 | 667,649 | 24,798 | 799,456 |
| Transferred to an associate company (Note 8) | - | (234,221) | (1,519,201) | - | (1,753,422) |
| Disposals on sale of business operations (Note 8) | - | (234,221) | (1,528,450) | - | (1,762,671) |
| Written-off | <u>-</u> | <u>-</u> | <u>(329,378)</u> | <u>-</u> | <u>(329,378)</u> |
| At 30 September 2017 (unaudited) | <u>42,183</u> | <u>1,131,710</u> | <u>3,134,544</u> | <u>133,695</u> | <u>4,442,132</u> |
| <i>Net book value</i> | | | | | |
| At 30 September 2017 (unaudited) | <u>5,450,411</u> | <u>167,505</u> | <u>4,513,571</u> | <u>61,976</u> | <u>10,193,463</u> |
| At 31 December 2016 (audited) | <u>5,481,225</u> | <u>1,074,432</u> | <u>7,399,861</u> | <u>81,794</u> | <u>14,037,312</u> |

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5 Capital work-in-progress

| | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|---|--|---|
| Opening balance | 4,316,533 | 1,199,950 |
| Additions during the period/year | 3,927,779 | 5,000,535 |
| Transferred to property, plant and equipment (Note 4) | <u>(553,736)</u> | <u>(1,883,952)</u> |
| Closing balance | <u>7,690,576</u> | <u>4,316,533</u> |

Capital work-in-progress includes costs incurred for the residential/commercial project on the Awal property and construction of central kitchen which are expected to be completed by last quarter of the year 2017.

6 Investment properties

| | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|---|--|---|
| Opening balance | 7,758,015 | 7,687,510 |
| Unrealised fair value gains for the period/year | <u>-</u> | <u>70,505</u> |
| Closing balance | <u>7,758,015</u> | <u>7,758,015</u> |

7 Investment in joint ventures

| | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|--|--|---|
| Cost | | |
| Opening balance | 686,886 | 583,170 |
| Additions of investment in Al Murjan Restaurants Management W.L.L. | <u>-</u> | <u>103,716</u> |
| Closing balance | <u>686,886</u> | <u>686,886</u> |

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7 Investment in joint ventures (continued)

| | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|--|--|---|
| Retained earnings | | |
| Opening balance | 3,215,985 | 3,265,576 |
| Share of (loss)/profit for the period/year from Qatar Bahrain International Cinema W.L.L. | (809,940) | 413,943 |
| Share of profit from Saar Cinema Complex | 19,525 | 68,993 |
| Share of loss of Al Murjan Restaurant Management W.L.L. | (61,790) | (145,480) |
| Dividend from Saar Cinema Complex | (37,993) | (62,000) |
| Dividend from Qatar Bahrain International Cinema W.L.L. | <u>(189,825)</u> | <u>(325,047)</u> |
| Closing balance | <u>2,135,962</u> | <u>3,215,985</u> |
| Net book value | | |
| Closing balance | <u>2,822,848</u> | <u>3,902,871</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 2017.

8 Investment in associate

| | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|---|--|---|
| Cost | | |
| Investment in Vox Cineco Cinemas Bahrain W.L.L. during the period/year | <u>24,453,569</u> | - |
| Retained earnings | | |
| Share of profits for the period/year | <u>943,095</u> | - |
| Closing balance | <u>943,095</u> | - |
| Net book value | | |
| At 30 September 2017 | <u>25,396,664</u> | - |

As explained in Note 2, the Group entered in to an agreement with Majid Al Futtaim Cinemas Bahrain Co. S.P.C. on 27 September 2016 to form a new company Vox Cineco Cinemas Company W.L.L.

As per the agreement, Bahrain Cinema Company B.S.C. sold 50% of its City Centre cinemas operations for a consideration that is payable in equal installments over 7 years (Note 10). Further, on payment of the annual installments referred to above every 1 October, a fixed 4.5% charge to the remainder of the lump sum owed to the Group will be levied on the date of payment immediately before the payment is made. Moreover, under the terms of the agreement both the parties are entitled to profits or losses generated from the City Centre Cinemas operations equally.

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8 Investment in associate (continued)

The Group has recognized a gain of BD39,121,310 on this transaction in the condensed consolidated statement of profit or loss and other comprehensive income during the nine months period which represents BD19,560,655 on net cash consideration and fair value of retained 50% interest in City Centre cinema operations amounting to BD19,560,655 in accordance with IFRS 10 "Consolidated Financial Statements" presented as investment in associate in these consolidated condensed interim financial statements.

The carrying value of Group's investment in associate includes goodwill on acquisition amounting to BD19,560,655. The management has performed an impairment assessment of goodwill as at 30 September 2017 and concluded that the no impairment is required for the period.

As stated in Note 2, during the period Bahrain Cinema Company B.S.C. also made payment of BD500,000 towards capital contribution representing 50% of the authorised and paid up capital of new associate company.

The above financial information relating to the Group's investment in associate has been extracted from unaudited management accounts prepared as at, and for the period ended 30 September 2017.

9 Financial assets at fair value through profit or loss

| | 30 September 2017 <u>(Unaudited)</u> | 31 December 2016 <u>(Audited)</u> |
|--|--|---|
| Quoted equity investments | 6,478,589 | 6,065,112 |
| Unquoted equity investments and managed funds | 903,923 | 1,993,909 |
| Bonds and Sukuks | <u>335,673</u> | <u>248,259</u> |
| | <u>7,718,185</u> | <u>8,307,280</u> |
| Movement during the period/year | | |
| Opening balance | 8,307,280 | 15,146,930 |
| Additions | 298,833 | 281,433 |
| Disposals | (382,625) | (6,545,915) |
| Unrealised fair value loss on financial assets at fair value through profit or loss (Note 12) | <u>(505,303)</u> | <u>(575,168)</u> |
| Closing balance | <u>7,718,185</u> | <u>8,307,280</u> |
| Non-current assets | 7,382,512 | 8,059,021 |
| Current assets | <u>335,673</u> | <u>248,259</u> |
| | <u>7,718,185</u> | <u>8,307,280</u> |

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10 Trade and other receivables

| | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|---|--|---|
| Trade receivables | 1,050,449 | 1,030,903 |
| Provision for impaired trade receivables | <u>(11,531)</u> | <u>(11,531)</u> |
| | 1,038,918 | 1,019,372 |
| Interest free loans to employees for purchase of company shares | 281,535 | 319,797 |
| Deposits / rental advance | 156,592 | 758,078 |
| Advances to suppliers | 631,909 | 490,247 |
| Amounts due from related parties (Note 15) | 94,377 | 32,753 |
| Prepayments | 138,387 | 57,175 |
| Receivable on disposal of business operations* | 3,152,352 | - |
| Other receivables | <u>1,080,037</u> | <u>197,331</u> |
| | <u>6,574,107</u> | <u>2,874,753</u> |

*Receivable on disposal of business operations represent current portion of total net cash consideration receivable against the sale of 50% interest in City Centre Cinema Operations of the Group, as disclosed in Note 8. Part of the net consideration amounting to BD18,914,115 that is receivable beyond 12 months from the date of consolidated condensed interim financial information is presented as non-current portion in the consolidated condensed interim statement of financial position. In the opinion of the Group's management, the fair values of these receivable balances are not expected to be significantly different from the carrying value as at 30 September 2017 as impact of discounting is not considered to be material.

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

11 Share capital

| | 30 September <u>2017</u> (Unaudited) | 31 December <u>2016</u> (Audited) |
|--|--|---|
| Authorised | | |
| 100,000,000 ordinary shares of 100 fils each (2016: 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 (2016: 66,098,760 ordinary shares of 100 fils each) | <u>8,262,345</u> | <u>6,609,876</u> |
| Treasury shares | | |
| 3,459,751 ordinary shares of 100 fils each (2016: 2,767,801 ordinary shares of 100 fils each) | <u>345,976</u> | <u>276,781</u> |

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11 Share capital (continued)

Bonus shares

During the period, the Company issued one bonus share for every four shares held to its shareholders. Accordingly, the Company issued 16,524,690 shares as bonus shares during the year (2016: Nil).

Treasury shares

The Company holds 3,459,760 (4.19% of the total issued and paid-up share capital) as treasury shares as at 30 September 2017 (2016: 4.19% of the total issued and paid-up share capital). Treasury shares have also been given the proportionate increase for bonus shares issued in this period.

Dividend declared and paid

In accordance with resolutions passed at the Annual General Meeting held on 29 March 2017, cash dividends of 50 fils per share for the year 2016 (2015: 50 fils per share), amounting to a total cash dividend of BD3,166,548 (2015: BD3,185,725) was approved by the shareholders.

12 (Loss) / income from investments

| | Nine months period ended 30 September <u>2017</u> | Nine months period ended 30 September <u>2016</u> | Three months period ended 30 September <u>2017</u> | Three months period ended 30 September <u>2016</u> |
|---|--|--|---|---|
| Dividend income | 358,481 | 307,736 | 47,763 | 46,533 |
| Unrealised fair value (losses)/gains on financial assets at fair value through profit or loss | (505,303) | (563,443) | 50,815 | 159,192 |
| Realised (losses)/gains on sale of financial assets at fair value through profit and loss | (21,328) | (819,241) | (21,997) | 9,835 |
| Profit from fixed deposits | 85,385 | 94,003 | 11,165 | 40,003 |
| Interest income from bonds | <u>64,764</u> | <u>26,051</u> | <u>21,348</u> | <u>16,978</u> |
| | <u>(18,001)</u> | <u>(954,894)</u> | <u>109,094</u> | <u>272,541</u> |

13 Other operating income

| | Nine months period ended 30 September <u>2017</u> | Nine months period ended 30 September <u>2016</u> | Three months period ended 30 September <u>2017</u> | Three months period ended 30 September <u>2016</u> |
|--|--|--|---|---|
| Income from rental properties | 84,000 | 94,500 | 21,000 | 31,500 |
| Management fee | 46,350 | 48,720 | 15,450 | 34,560 |
| Profit on sale of property, plant and equipment | 9,250 | 4,948 | - | 152 |
| Awal car parking collection | - | 292 | - | - |
| Foreign exchange gains, net | 8,343 | 15,503 | 1,114 | 5,172 |
| Virtual print fees | 39,743 | 85,128 | (2,413) | 28,781 |
| Miscellaneous income | <u>58,025</u> | <u>73,995</u> | <u>17,061</u> | <u>44,891</u> |
| | <u>245,711</u> | <u>323,086</u> | <u>52,212</u> | <u>145,056</u> |

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14 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 <u>2017</u> | Nine months period ended 30 September <u>2016</u> | Three months period ended 30 September <u>2017</u> | Three months period ended 30 September <u>2016</u> |
|---|--|--|---|---|
| Net profit attributable to the shareholders | <u>37,330,023</u> | <u>4,020,258</u> | <u>1,442,897</u> | <u>2,602,864</u> |
| Number of ordinary shares | <u>79,163,690</u> | <u>79,163,690</u> | <u>79,163,690</u> | <u>79,163,690</u> |
| Basic earnings per share | <u>472fils</u> | <u>51fils</u> | <u>18fils</u> | <u>33fils</u> |

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

15 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, the Directors of the Group companies, their close family members and businesses under their control. The Group's transactions with related parties are on arm's length basis and 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.

A summary of related party balances as at 30 September/ 31December is as follows:

| | Related party relationship | Amount due from | | Amount due to | |
|---|----------------------------|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| | | 30 September 2017 (Unaudited) | 31 December 2016 (Audited) | 30 September 2017 (Unaudited) | 31 December 2016 (Audited) |
| Saar Cinema Complex | Joint venture | 34,701 | - | - | 9,126 |
| Qatar Bahrain International Cinema W.L.L. | Joint venture | 25,463 | 21,235 | - | - |
| Al Murjan Restaurant Management | Joint venture | 16,489 | 11,518 | - | - |
| Vox Cineco Cinema S.P.C. | Associate Company Common | - | - | 1,612,877 | - |
| Other entities* | directorship | <u>17,724</u> | <u>-</u> | <u>9,196</u> | <u>12,702</u> |
| | | <u>94,377</u> | <u>32,753</u> | <u>1,622,073</u> | <u>21,828</u> |

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15 Transactions and balances with related parties (continued)

* 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 2017 | Nine months period ended 30 September 2016 |
|--|--|--|
| <u>Saar Cinema Complex</u> | | |
| Direct expenses | 164,643 | 232,442 |
| Salaries | 71,812 | 46,993 |
| Management fees | 4,500 | 4,500 |
| Other expenses | 66,743 | 49,302 |
| <u>Qatar Bahrain International Cinema Co. W.L.L.</u> | | |
| Salaries | 18,673 | 25,667 |
| Other expenses | 39,249 | 37,867 |
| Management Fees | 41,850 | 44,220 |
| Concession counter purchases | - | 31,929 |
| <u>Al Murjan Restaurant Management W.L.L.</u> | | |
| Other expenses | 4,971 | - |
| <u>Entities under common directorship</u> | | |
| Direct expenses | 45,904 | 68,553 |
| Operating income from advertisement | 7,500 | 2,150 |
| Kiosk income | 162,826 | 254,608 |
| Other expenses | 204,952 | 294,157 |
| Rent expense for corporate office | 95,723 | 96,674 |

16 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

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16 Segmental reporting (continued)

For the period ended 30 September 2017 (unaudited)

| | <u>Theatre operations</u> | <u>Restaurants and concession counters</u> | <u>Others</u> | <u>Total</u> |
|--|-------------------------------|--|----------------|--------------------------|
| Revenues | | | | |
| Total external sales | 7,471,824 | 5,125,069 | 653,540 | 13,250,433 |
| Less: total variable cost | <u>(4,063,731)</u> | <u>(1,212,473)</u> | <u>-</u> | <u>(5,276,204)</u> |
| Segment results | <u>3,408,093</u> | <u>3,912,596</u> | <u>653,540</u> | <u>7,974,229</u> |
| Less: fixed costs | | | | <u>(4,072,324)</u> |
| Operating gross profit | | | | 3,901,905 |
| Other operating income | | | | 245,711 |
| General and administrative expenses | | | | (5,871,247) |
| Write off of property, plant and equipment | | | | <u>(347,484)</u> |
| Loss from operations | | | | (2,071,115) |
| Net share of loss from investment in joint venture operations | | | | (852,205) |
| Share of profit from investment in an Associate | | | | 943,095 |
| Gain on disposal of business operations | | | | 19,560,655 |
| Fair value gain on retained interest on investment in an associate | | | | 19,560,655 |
| Interest income | | | | 248,248 |
| Loss from investments | | | | (18,001) |
| Finance costs | | | | <u>(41,309)</u> |
| Net profit | | | | <u>37,330,023</u> |

For the period ended 30 September 2016 (unaudited)

| | <u>Theatre operations</u> | <u>Restaurants and concession counters</u> | <u>Others</u> | <u>Total</u> |
|---|-------------------------------|--|------------------|-------------------------|
| Revenues | | | | |
| Total external sales | 10,565,060 | 6,151,217 | 1,104,866 | 17,821,143 |
| Less: total variable cost | <u>(6,057,808)</u> | <u>(1,346,196)</u> | <u>-</u> | <u>(7,404,004)</u> |
| Segment results | <u>4,507,252</u> | <u>4,805,021</u> | <u>1,104,866</u> | <u>10,417,139</u> |
| Less: fixed cost | | | | <u>(4,117,052)</u> |
| Operating gross profit | | | | 6,300,087 |
| Other operating income | | | | 323,086 |
| General and administrative expenses | | | | (1,930,449) |
| Write off of property, plant and equipment | | | | <u>(172,391)</u> |
| Profit from operations | | | | 4,520,333 |
| Share of profit on joint venture operations | | | | 512,410 |
| Loss from investments | | | | (954,894) |
| Finance costs | | | | <u>(57,591)</u> |
| Net profit | | | | <u>4,020,258</u> |

17 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 BD524,375 (31 December 2016: BD3,572,360).

18 Interim results

The interim net profit for the nine months period ended 30 September 2017 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.

19 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.