

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

Condensed consolidated interim financial  
information for the three months period  
ended 31 March 2014 (Unaudited)

**Bahrain Cinema Company B.S.C.**  
**Condensed consolidated interim financial information for the three months period ended**  
**31 March 2014**  
**(Unaudited)**

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**Bahrain Cinema Company B.S.C.**  
**Administration and contact details as at 31 March 2014**

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<b>Commercial registration no</b>	1192 obtained on 11 August 1968
<b>Directors</b>	Dr Esam Abdulla Yusuf Fakhro - Chairman Ali Yusuf Ali Ubaydli - Vice-Chairman Fareed Yusuf Khalil Almoayyed Jehad Yusuf Abdulla Amin Jalal Mohamed Yusuf Jalal Mohamed Ebrahim Khalil Kanoo Shawqi Ali Yusuf Fakhro
<b>Chief Executive Officer</b>	Ahmad A. Rashed
<b>Audit committee</b>	Shawqi Ali Yusuf Fakhro - Chairman Fareed Yusuf Khalil Almoayyed Jehad Yusuf Abdulla Amin Jalal Mohamed Yusuf Jalal
<b>Registered office</b>	Floor 27 Building 470, Road 1010 Block 410 Fakhro Tower Sanabis PO Box 26573 Kingdom of Bahrain
<b>Bankers</b>	National Bank of Bahrain Bank of Bahrain and Kuwait Ahli United Bank
<b>Auditors</b>	BDO 17 <sup>th</sup> Floor Diplomat Commercial Office Tower PO Box 787 Diplomatic Area Kingdom of Bahrain
<b>Registrars</b>	Fakhro 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 ("the Group") as at 31 March 2014, and the condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of other comprehensive income, condensed consolidated interim statement of changes in shareholders' equity and the condensed interim consolidated statement of cash flow for the three months period then ended, and selected explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

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

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

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2014, and of its consolidated financial performance and its consolidated cash flows for the three months period ended in accordance with International Financial Reporting Standard IAS 34 - "Interim Financial Reporting".

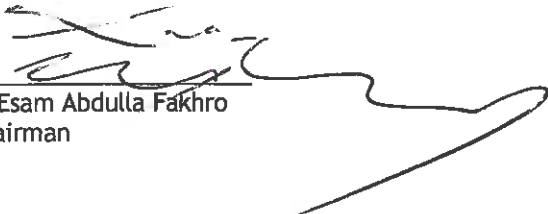



Manama, Kingdom of Bahrain  
6 May 2014

**Bahrain Cinema Company B.S.C.**  
**Condensed consolidated interim statement of financial position as at 31 March 2014**  
**(Unaudited)**  
**(Expressed in Bahrain Dinars)**

	<u>Notes</u>	31 March 2014 (Unaudited)	31 December 2013 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	11,863,235	12,096,033
Investment property	4	-	328,466
Investment in joint ventures	5	2,470,291	2,032,339
Available-for-sale investments	6	-	13,991,577
Financial assets at fair value through profit or loss	7	<u>14,355,186</u>	<u>-</u>
		<u>28,688,712</u>	<u>28,448,415</u>
<b>Current assets</b>			
Inventories		451,434	252,519
Trade and other receivables	9	2,475,391	2,671,335
Financial assets at fair value through profit or loss	7	4,919,786	4,829,324
Short-term fixed deposits		3,127,439	4,608,783
Cash and bank balances		<u>3,580,445</u>	<u>786,320</u>
		<u>14,554,495</u>	<u>13,148,281</u>
<b>Total assets</b>		<u>43,243,207</u>	<u>41,596,696</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	6,609,876	5,508,230
Share premium		4,743,573	4,743,573
Investment fair value reserve		-	(1,292,646)
Revaluation reserve		4,557,442	4,557,442
Statutory reserve		2,754,115	2,754,115
Charity reserve		700,000	700,000
Retained earnings		17,999,620	20,515,734
Treasury shares		<u>(20,914)</u>	<u>(17,428)</u>
		<u>37,343,712</u>	<u>37,469,020</u>
<b>Current liabilities</b>			
Trade and other payables		<u>5,899,495</u>	<u>4,127,676</u>
<b>Total equity and liabilities</b>		<u>43,243,207</u>	<u>41,596,696</u>

The unaudited condensed consolidated interim financial information, set out on pages 4 to 18, was approved for issue by the Board of Directors on 6 May 2014 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 for the three months period ended**  
**31 March 2014**  
**(Unaudited) - (Expressed in Bahrain Dinars)**

	<u>Notes</u>	Three months period ended 31 March 2014	Three months period ended 31 March 2013
Operating income		4,705,700	3,611,258
Operating costs		<u>(3,043,026)</u>	<u>(2,302,172)</u>
Operating profit for the period		<u>1,662,674</u>	<u>1,309,086</u>
<b>Expenses</b>			
General and administrative expenses		(839,377)	(619,864)
Finance costs		(10,106)	(8,739)
Donations		<u>(11,651)</u>	<u>(85,194)</u>
		<u>(861,134)</u>	<u>(713,797)</u>
<b>Operating profit for the period before share of profit from investment in joint ventures and other income</b>		<u>801,540</u>	<u>595,289</u>
Net share of profit from investment in joint ventures	5	333,647	321,585
Investment income	11	591,944	606,498
Unrealised gain on financial assets at fair value through profit or loss	7	805,765	-
Other income	12	<u>95,911</u>	<u>146,925</u>
		<u>1,827,267</u>	<u>1,075,008</u>
<b>Net profit for the period</b>		<u>2,628,807</u>	<u>1,670,297</u>
<b>Basic earnings per share</b>	13	<u>40fils</u>	<u>25fils</u>

Bahrain Cinema Company B.S.C.  
Condensed consolidated interim statement of other comprehensive income for the three months  
period ended 31 March 2014  
(Unaudited) - (Expressed in Bahrain Dinars)

	<u>Notes</u>	Three months period ended 31 March 2014	Three months period ended 31 March 2013
Net profit for the period		2,628,807	1,670,297
Other comprehensive income			
<i>Items that may be reclassified into profit or loss:</i>			
Unrealised fair values gains on available- for-sale investments	6	-	143,465
Net movement in the fair value reserve on sale of available-for-sale investments		<u>-</u>	<u>59,260</u>
Other comprehensive income for the period		<u>-</u>	<u>202,725</u>
Total comprehensive Income for the period		<u>2,628,807</u>	<u>1,873,022</u>

**Bahrain Cinema Company B.S.C.**  
**Condensed consolidated interim statement of changes in shareholders' equity for the three months period ended 31 March 2014**  
**(Unaudited) - (Expressed in Bahrain Dinars)**

Notes	Share capital	Treasury shares	Share premium	Investment fair value reserve	Revaluation Reserve	Statutory reserve	Charity reserve	Retained earnings	Total
At 31 December 2012 - audited	5,508,230	-	4,743,573	(1,587,005)	4,557,442	2,754,115	700,000	17,136,768	33,813,123
Dividends for 2012	-	-	-	-	-	-	-	(2,754,115)	(2,754,115)
Transfer of charity reserve	-	-	-	-	-	-	75,000	-	75,000
Total comprehensive income for the period	-	-	-	202,725	-	-	-	1,670,297	1,873,022
At 31 March 2013 - unaudited	<u>5,508,230</u>	-	<u>4,743,573</u>	<u>(1,384,280)</u>	<u>4,557,442</u>	<u>2,754,115</u>	<u>775,000</u>	<u>16,052,950</u>	<u>33,007,030</u>
At 31 December 2013 - audited	5,508,230	(17,428)	4,743,573	(1,292,646)	4,557,442	2,754,115	700,000	20,515,734	37,469,020
Transfer to retained earnings on adoption of IFRS 9 Financial Instruments	-	-	-	1,292,646	-	-	-	(1,292,646)	-
Restated at 1 January 2014 (Note 2)	5,508,230	(17,428)	4,743,573	-	4,557,442	2,754,115	700,000	19,223,088	37,469,020
Issue of bonus shares	1,101,646	(3,486)	-	-	-	-	-	(1,098,160)	-
Dividends for 2013	-	-	-	-	-	-	-	(2,754,115)	(2,754,115)
Total comprehensive income for the period	-	-	-	-	-	-	-	2,628,807	2,628,807
At 31 March 2014 - unaudited	<u>6,609,876</u>	<u>(20,914)</u>	<u>4,743,573</u>	-	<u>4,557,442</u>	<u>2,754,115</u>	<u>700,000</u>	<u>17,999,620</u>	<u>37,327,243</u>



**Bahrain Cinema Company B.S.C.**  
**Condensed consolidated interim statement of cash flows for the three months period ended**  
**31 March 2014**  
**(Unaudited) - (Expressed in Bahrain Dinars)**

	<u>Notes</u>	<u>Three months period ended 31 March 2014</u>	<u>Three months period ended 31 March 2013</u>
<b>Operating activities</b>			
Net profit for the period		2,628,807	1,670,297
Adjustments for:			
Depreciation	3	249,452	198,297
Charity reserve		-	75,000
Net share of profit from investment in joint ventures	5	(333,647)	(321,585)
Dividend income	11	(331,623)	(153,426)
Unrealised gain on financial assets at fair value through profit or loss		(805,765)	-
Profit from fixed deposit	11	(30,030)	(74,681)
Interest income from trading of bonds	11	(87,800)	(66,188)
Realised gains on sale of financial assets at fair value through profit or loss		(130,412)	(22,098)
Realised gain on sale of available-for-sale Investments		-	(364,786)
Loss on sale of property, plant and equipment		493	3,972
Capital work in progress written off		12,000	-
Finance costs		10,106	8,739
Changes in operating assets and liabilities:			
Inventories		(198,915)	(47,736)
Trade and other receivables		195,944	522,621
Trade and other payables		<u>1,771,819</u>	<u>121,493</u>
Net cash provided by operating activities		<u>2,908,320</u>	<u>1,549,919</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(29,366)	(168,410)
Proceeds from sale of property, plant and equipment		219	-
Proceeds from sale of investment property		370,575	-
Capital contribution to investment in joint venture		(104,305)	-
Purchase of available-for-sale investments		-	(3,272,461)
Proceeds from sale of available-for-sale investment		-	3,516,592
Purchase of financial assets at fair value through profit or loss		(225,624)	(1,359,789)
Proceeds from sale of financial assets at fair value through profit or loss		707,730	2,640,169
Net movement in short term fixed deposits		1,481,344	-
Profit from fixed deposit received	11	30,030	74,681
Interest income from trading of bonds received	11	87,800	66,188
Dividend income received	11	<u>331,623</u>	<u>153,426</u>
Net cash provided by investing activities		<u>2,650,026</u>	<u>1,650,396</u>
<b>Financing activities</b>			
Dividends paid		(2,754,115)	(2,754,115)
Finance costs paid		<u>(10,106)</u>	<u>(8,739)</u>
Net cash used in financing activities		<u>(2,764,221)</u>	<u>(2,762,854)</u>
Net increase in cash and cash equivalents		2,794,125	437,461
Cash and cash equivalents, beginning of the period		<u>786,320</u>	<u>1,119,007</u>
Cash and cash equivalents, end of the period		<u>3,580,445</u>	<u>1,556,468</u>

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

**Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014  
(Unaudited) - (Expressed in Bahrain Dinars)**

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**1 Organisation and activities**

Bahrain Cinema Company B.S.C. (“the Company”) and its subsidiary comprise “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 Company are the screening of films, advertisements and operation of restaurants and providing leisure and amusement related services.

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

**2 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 2013. The interim condensed consolidated financial information should be read in conjunction with the 2013 annual audited consolidated financial statements.

***Improvements/amendments to IFRS 2011/2013 cycle***

Improvements/amendments to IFRS issued in 2011/2013 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 consolidated financial statements beginning on or after 1 January 2014 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments except for IFRS 9 Financial Instruments which was early adopted by the Company from 1 January 2014.

***Standards, amendments and interpretations issued and effective in 2014 but not relevant***

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2014 or subsequent periods, but are not relevant to the Group’s operations:

<b>Standard or Interpretation</b>	<b>Title</b>	<b>Effective for annual periods beginning on or after</b>
IAS 27	Separate Financial Statements	1 January 2014
IAS 32	Financial Instruments - Presentation	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 39	Financial Instruments - Recognition and Measurement	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosure of Interest in Other Entities	1 January 2014
IFRIC 21	Levies	1 January 2014

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

**Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014  
(Unaudited) - (Expressed in Bahrain Dinars)**

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**2 Basis of preparation (continued)**

***Standards, amendments and interpretations issued but not yet effective in 2014***

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2014 or subsequent periods have not been early adopted by the Group's management:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 16	Property, Plant and Equipment	1 July 2014
IAS 19	Employee Benefits	1 July 2014
IAS 24	Related Party Disclosures	1 July 2014
IAS 38	Intangible Assets	1 July 2014
IAS 40	Investment Property	1 July 2014
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2014
IFRS 2	Share Based Payment	1 July 2014
IFRS 3	Business Combinations	1 July 2014
IFRS 7	Financial Instruments - Disclosures	1 January 2015
IFRS 8	Operating Segments	1 July 2014
IFRS 13	Fair Value Measurement	1 July 2014
IFRS 14	Regulatory Deferral Accounts	1 January 2016

There would have been no change in the operational results of the Group for the period ended 31 March 2014 had the Group early adopted any of the above standards applicable to the Group.

***Early adoption of amendments or standards in 2014***

The Group did not early-adopt any new or amended standards in 2014 except for IFRS 9 Financial Instruments.

***a) IFRS 9 - "Financial Instruments"***

IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement. As a result of early adoption, the Group has classified its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These changes have been applied prospectively as described below, from 1 January 2014.

In accordance with the transitional provisions of IFRS 9, the classification of the financial assets that the Group held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date. IFRS 9 requires entities with a date of initial application on or after 1 January 2013 to provide certain additional transitional disclosures (see Note 8) and there is no requirement to restate prior periods.

Group does not designate any financial liabilities as fair value through profit or loss and therefore, application of IFRS 9 does not impact the Group's accounting policies for financial liabilities as disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

However, as a result of early adoption of this standard, BD1,292,646 of investment fair value reserve was reclassified at 1 January 2014 from the investment fair value reserve to opening retained earnings, because equity investments initially classified as available for sale were reclassified to financial assets at fair value through profit or loss upon adoption of IFRS 9.

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

**Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014  
(Unaudited) - (Expressed in Bahrain Dinars)**

**3 Property, plant and equipment**

	Freehold land and buildings	Building on leasehold land/leasehold improvements	Fixtures, furniture and office equipment	Motor vehicles	Capital work-in- progress	Total
<i>Cost or valuation</i>						
At 31 December 2012	5,210,784	2,539,192	10,832,317	104,677	489,497	19,176,467
Additions	-	-	482,221	53,702	501,224	1,037,147
Transfer from CWIP	-	-	240,188	-	(240,188)	-
Disposals	-	-	(194,984)	(18,596)	-	(213,580)
Written off	-	-	-	-	(31,952)	(31,952)
Transferred to investment property	-	-	-	-	(328,466)	(328,466)
At 31 December 2013	5,210,784	2,539,192	11,359,742	139,783	390,115	19,639,616
Additions	-	-	26,268	-	3,098	29,366
Disposals	-	-	(29,679)	-	-	(29,679)
Written off	-	-	-	-	(12,000)	(12,000)
At 31 March 2014 (unaudited)	<u>5,210,784</u>	<u>2,539,192</u>	<u>11,356,331</u>	<u>139,783</u>	<u>381,213</u>	<u>19,627,303</u>
<i>Accumulated depreciation</i>						
At 31 December 2012	441,402	1,038,618	5,206,290	76,169	-	6,762,479
Charge for the year	17,074	120,287	823,940	18,640	-	979,941
Disposals	-	-	(180,244)	(18,593)	-	(198,837)
At 31 December 2013	458,476	1,158,905	5,849,986	76,216	-	7,543,583
Charge for the period	4,181	30,072	210,035	5,164	-	249,452
Disposals	-	-	(28,967)	-	-	(28,967)
At 31 March 2014 (unaudited)	<u>62,657</u>	<u>1,188,977</u>	<u>6,031,054</u>	<u>81,380</u>	<u>-</u>	<u>7,764,068</u>
<i>Net book value</i>						
At 31 March 2014 (unaudited)	<u>4,748,127</u>	<u>1,350,215</u>	<u>5,325,277</u>	<u>58,403</u>	<u>381,213</u>	<u>11,863,235</u>
At 31 December 2013	<u>4,752,308</u>	<u>1,380,287</u>	<u>5,509,756</u>	<u>63,567</u>	<u>390,115</u>	<u>12,096,033</u>

Capital work-in-progress includes cost incurred for the renovation of megaplex in Seef.

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

**Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014  
(Unaudited) - (Expressed in Bahrain Dinars)**

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**4 Investment property**

	31 March 2014 (Unaudited)	31 December 2013 (Audited)
Transferred from capital-work-in-progress (Note 3)	<u>-</u>	<u>328,466</u>

The land which was revalued by an independent property valuer as at 31 December 2013 at open market values, reflected the total value amounting to BD328,466. This asset was disposed for BD370,575 realising a gain of BD42,109 during the current period.

**5 Investment in joint ventures**

	31 March 2014 (Unaudited)	31 December 2013 (Audited)
<u>Cost</u>		
Opening balance	369,434	369,434
Additions of investment in Al Murjan Restaurants Management	<u>104,305</u>	<u>-</u>
Closing balance	<u>473,739</u>	<u>369,434</u>
<u>Retained earnings</u>		
Opening balance	1,662,905	1,383,627
Share of profit for the year from QBICC W.L.L.	325,093	1,312,285
Share of profit from Saar Cinema Complex	8,554	38,799
Dividend from Qatar Bahrain International Cinema W.L.L.	<u>-</u>	<u>(1,071,806)</u>
Closing balance	<u>1,996,552</u>	<u>1,662,905</u>
<u>Net book value</u>		
Closing balance	<u>2,470,291</u>	<u>2,032,339</u>

During the period the Company has entered in to a joint venture agreement with 50% interest in equity holding of Al Murjan Restaurants Management Company. The Company is registered in State of Qatar and principal activity is to run operations of restaurant business. Joint ventures are accounted for using the equity method as per IFRS 11, Joint Arrangements.

The above financial information relating to the Group's investment in joint ventures has been extracted from management accounts prepared as at, and for the period ended 31 March 2014.

Bahrain Cinema Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014  
(Unaudited) - (Expressed in Bahrain Dinars)

6 Available-for-sale investments

	31 March 2014 <u>(Unaudited)</u>	31 December 2013 <u>(Audited)</u>
Opening balance	13,991,577	14,140,713
Reclassification on adoption of IFRS 9 (Note 8)	<u>(13,991,577)</u>	-
Restated on 1 January 2014	-	14,140,713
Additions	-	15,237,672
Disposals	-	(14,434,294)
Unrealised fair value losses for the year	<u>-</u>	<u>(491,631)</u>
	-	14,452,460
Impairment loss on available-for-sale investments	<u>-</u>	<u>(460,883)</u>
Closing balance	<u><u>13,991,577</u></u>	<u><u>13,991,577</u></u>

Impairment loss recognised in consolidated statement of profit or loss is as below:

	31 March 2014 <u>(Unaudited)</u>	31 December 2013 <u>(Audited)</u>
Impairment loss on available-for-sales investments	-	460,883
Net movement through investment fair value reserve in consolidated statement of profit or loss and other comprehensive income	<u>-</u>	<u>448,867</u>
	<u><u>-</u></u>	<u><u>909,750</u></u>

7 Financial assets at fair value through profit or loss

	31 March 2014 <u>(Unaudited)</u>	31 December 2013 <u>(Audited)</u>
Quoted equity investments	12,131,020	-
Unquoted equity investments	2,195,366	-
Bonds and Sukuks	4,919,786	4,829,324
Managed funds	<u>28,800</u>	<u>-</u>
	<u><u>19,274,972</u></u>	<u><u>4,829,324</u></u>
<b>Movement during the period/year</b>		
Opening balance	4,829,324	4,301,353
Reclassification on adoption of IFRS 9 (Note 8)	13,991,577	-
Additions	225,624	3,330,622
Disposals	(577,318)	(2,618,071)
Unrealised fair value gain/(loss)	<u>805,765</u>	<u>(184,580)</u>
Closing balance	<u><u>19,274,972</u></u>	<u><u>4,829,324</u></u>

Bahrain Cinema Company B.S.C.  
 Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014  
 (Unaudited) - (Expressed in Bahrain Dinars)

**7 Financial assets at fair value through profit or loss (continued)**

	31 March 2014 (Unaudited)	31 December 2013 (Audited)
Non-current assets	14,355,186	-
Current assets	<u>4,919,786</u>	<u>4,829,324</u>
	<u>19,274,972</u>	<u>4,829,324</u>

The management has classified the quoted and unquoted equity investments as non-current as it has an intention to hold these for long term. Whereas, bonds and Sukuks are classified as current assets as these may be realised as and when funds are required.

**8 Transitional disclosure on adoption of IFRS 9**

The following table summarises the classification and measurement changes to the Group's financial assets and liabilities on 1 January 2014, the Company's date of initial application of IFRS9.

	Note	Measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Investments in quoted, unquoted and managed funds	8.1	Available for sale investments	Fair value through profit or loss	13,991,577	13,991,577
Financial assets at fair value through profit or loss		Fair value through profit or loss	Fair value through profit or loss	4,829,324	4,829,324
Trade and other receivables excluding prepayments		Loans and receivables	Amortised cost	2,608,516	2,608,516
Cash and bank balances		Loans and receivables	Amortised cost	786,320	786,320
Trade and other payables		Loans and receivables	Amortised cost	4,127,676	4,127,676

- 8.1** These financial assets are held for long term appreciation as intended by the management and were previously designated at available for sale. They now meet the criteria for measurement at fair value through profit or loss under IFRS 9. This is because investment assets are not held under contractual cash flows business model and further, they include equity investments for which Group has not made the election to present changes in fair value in other comprehensive income.

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**9 Trade and other receivables**

	31 March 2014 <u>(Unaudited)</u>	31 December 2013 <u>(Audited)</u>
Trade receivables	969,193	844,228
Provision for doubtful trade receivables	<u>(11,531)</u>	<u>(11,531)</u>
	957,662	832,697
Interest free loans to employees for purchase of company shares	618,055	777,661
Deposits / Rental Advance	519,810	673,210
Advances to suppliers	86,148	99,254
Amounts due from related parties	57,556	124,206
Prepayments	115,067	62,819
Other receivables	<u>121,093</u>	<u>101,488</u>
	<b><u>2,475,391</u></b>	<b><u>2,671,335</u></b>

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

Deposits represent amounts paid for securing the lease rights at City Centre Mall.

Amounts due from related parties are unsecured, bear no interest and have no fixed repayment terms.

**10 Share capital**

	31 March 2014 <u>(Unaudited)</u>	31 December 2013 <u>(Audited)</u>
<b>Authorised</b>		
100,000,000 ordinary shares of 100 fils each (2013: 100,000,000 ordinary shares of 100 fils each)	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, subscribed and fully paid-up:</b>		
55,082,300 ordinary shares of 100 fils each (2013: 55,082,300 ordinary shares of 100 fils each)	5,508,230	5,508,230
<b>Bonus shares</b>		
11,016,460 bonus shares issued	<u>1,101,646</u>	<u>-</u>
	<b><u>6,609,876</u></b>	<b><u>5,508,230</u></b>

In accordance with resolutions passed at the Annual General Meeting held on 26 March 2014, cash dividends of 50fils per share for the year 2013 (2012: 50fils per share), amounting to a total cash dividend of BD2,754,115 (2012: BD2,754,115) and an issue of 20% bonus shares amounting to 11,016,460 shares (2012: Nil) were approved by the shareholders.

**Treasury shares**

During 2013, 174,280 treasury shares were acquired at an average rate of BD1.043 according to Article 8 of Articles of Association to 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 BD164,326 has been adjusted against retained earnings. Treasury shares have also been given the proportionate increase for bonus shares issue in 2014.



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**11 Investment income**

	Three months period ended <u>31 March 2014</u> (Unaudited)	Three months period ended <u>31 March 2013</u> (Unaudited)
Dividend income	331,623	153,426
Gain on sale of investment property	42,109	-
Realised gains on sale of available-for-sale investments	-	364,786
Realised gains on sale of financial assets at fair value through profit or loss	130,412	22,098
Interest income from trading of bonds	<u>87,800</u>	<u>66,188</u>
	<u><b>591,944</b></u>	<u><b>606,498</b></u>

**12 Other income**

	Three months period ended <u>31 March 2014</u> (Unaudited)	Three months period ended <u>31 March 2013</u> (Unaudited)
Income from rental properties	7,866	7,866
Profit from fixed deposit	30,030	74,681
Miscellaneous income	<u>58,015</u>	<u>64,378</u>
	<u><b>95,911</b></u>	<u><b>146,925</b></u>

**13 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.

	Three months period ended <u>31 March 2014</u>	Three months period ended <u>31 March 2013</u>
Net profit attributable to the shareholders	<u><b>BD2,628,807</b></u>	<u><b>BD1,670,297</b></u>
Number of ordinary shares issued	<u><b>66,098,760</b></u>	<u><b>66,098,760</b></u>
Basic earnings per share	<u><b>40fils</b></u>	<u><b>25fils</b></u>

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

**14 Transactions with related parties**

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 authorised by the management.

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

**Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014  
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**14 Transactions with related parties (continued)**

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

	Related Party Relationship	Amount due from		Amount due to	
		31 March 2014	31 December 2013	31 March 2014	31 December 2013
Saar Cinema Complex	Joint venture	18,346	27,845	-	-
Qatar Bahrain International Cinema W.L.L.	Joint venture	39,724	39,724	-	-
Various entities*	Common directorship	<u>11,750</u>	<u>56,637</u>	<u>27,408</u>	<u>6,250</u>
		<u>69,306</u>	<u>124,206</u>	<u>27,408</u>	<u>6,250</u>

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

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

	Three months period ended 31 March 2014	Three months period ended 31 March 2013
<u>Saar Cinema Complex</u>		
Direct expenses	39,522	38,717
Salaries	13,797	13,600
Management fees	1,500	1,500
Other expenses	9,017	10,078
<u>Qatar Bahrain International Cinema Co. W.L.L.</u>		
Salaries	8,952	8,605
Other expenses	6,624	6,605
Management Fees	5,308	5,380
Bar purchases	35,708	10,000
<u>Entities under common directorship</u>		
Rent expense for corporate office	24,170	Nil

**15 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 bars
- Others, includes corporate office assets and vehicles

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

Selected explanatory notes to the condensed consolidated interim financial information for the three months period ended 31 March 2014

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**15 Segmental reporting (continued)**

For the period ended 31 March 2014

	<u>Theatre operations</u>	<u>Restaurants and bars</u>	<u>Others</u>	<u>Total</u>
<b>Revenues</b>				
Total external sales	2,833,143	1,525,636	346,921	4,705,700
Less: total variable cost	<u>(1,560,737)</u>	<u>(362,907)</u>	<u>-</u>	<u>(1,923,644)</u>
<b>Segment results</b>	<u>1,272,406</u>	<u>1,162,729</u>	<u>346,921</u>	<u>2,782,056</u>
Less: fixed cost				<u>(1,119,382)</u>
<b>Operating gross profit</b>				1,662,674
Net administration and financial expenses				(877,603)
Share of profit on joint venture operations				333,647
Unrealised gain on fair value through profit or loss				805,765
Investment and other income				<u>687,855</u>
<b>Net profit</b>				<u><u>2,612,338</u></u>

For the period ended 31 March 2013

	<u>Theatre operations</u>	<u>Restaurants and bars</u>	<u>Others</u>	<u>Total</u>
<b>Revenues</b>				
Total external sales	2,200,240	1,168,315	346,921	3,611,258
Less: total variable cost	<u>(1,502,769)</u>	<u>(260,087)</u>	<u>-</u>	<u>(1,762,856)</u>
<b>Segment results</b>	<u>697,471</u>	<u>908,228</u>	<u>346,921</u>	<u>1,848,402</u>
Less: fixed cost				<u>(539,316)</u>
<b>Operating gross profit</b>				1,309,086
Net administration and financial expenses				(713,797)
Share of profit on joint venture operations				321,585
Unrealised gain on fair value through profit or loss				-
Investment and other income				<u>753,423</u>
<b>Net profit</b>				<u><u>1,670,297</u></u>

**16 Capital Commitments**

Capital expenditure contracted for the purchase of investment property at the condensed consolidated interim statement of financial position date but not recognised in these consolidated financial statements amounted to BD1,090,000 (31 March 2013: BDNil).

**17 Interim results**

The interim net profit for the three months period ended 31 March 2014 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.