

Date: 03-11-2021

Supplementary Disclosure- Reporting on Financial Impact of COVID-19

In reference to CBB letter (reference OG/259/2020) dated 14th July, 2020, Bahrain Cinema Company B.S.C. would like to provide the following information:

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. The significant events and transactions that have occurred since 31 December 2019 relate to the effects of the global pandemic on the condensed interim financial information. However, new variants of the coronavirus were identified at the end of year 2020 or the beginning of the year 2021. Due to second / third wave, the government reimposed restrictions that may have impact on the condensed interim financial information for the period ended 30 September 2021 and are summarized as follows.

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 2021. The Group is engaged in screening of films, advertisements and operation of restaurants. All of the cinemas resume the operations post June 2021 with the fifty percent capacity allowed by Government and all the restaurants remain closed except for Takatak (Dragon Mall), causing the decrease in budgeted operating income by BD2,596,894. The Group has reported a total operating income of BD 1,389,060 for the nine months period ended 30-09-2021 as compared to BD 1,980,114 in the corresponding previous period.

(b) Rent concessions

The Group has applied 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 2021 satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of BD 235,732. 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 BD98,663 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. The Group has also received the grant business continuity support amounting to BD 125,850.

(d) Going concern

The Group has reported a net profit of BD300,834 during the nine months period ended 30 September 2021. The current period profit has increased the retained earnings to BD 41,214,517 as at 30 September 2021.

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 2020. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

(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 2021:

<u>Financial statement area</u>	<u>Nature of impact on profit and loss</u>	<u>Amount in BD</u>
Budgeted operating income	Decrease	<u>2,596,894</u>
Rent concessions received	Increase	<u>235,732</u>
Government grants	Increase	<u>224,513</u>

No other significant impact has been noted by the management on other financial statement areas during the period ended 30 September 2021.


Mr. Ahmed A. Rashed AlBastaki
Managing Director and CEO