

Date: 28-04-2021

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. 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.

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 31 March 2021. The Group is engaged in screening of films, advertisements and operation of restaurants. All of the cinemas and restaurants operated by the Group were remained closed during the period ended 31 March 2021, causing the decrease in budgeted operating income by BD733,148. The Group has reported a total operating income of BD263,341 for the three months period ended as compared to BD1,466,487 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.

(b) Rent concessions

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 three-month period ended 31 March 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 93,599. 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 BD10,454 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 BD76,000.

(d) Going concern

The Group has incurred a net loss of BD 320,354 during the three months period ended 31 March 2021. The current period losses have reduced the retained earnings to BD 40,593,329 as at 31 March 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.

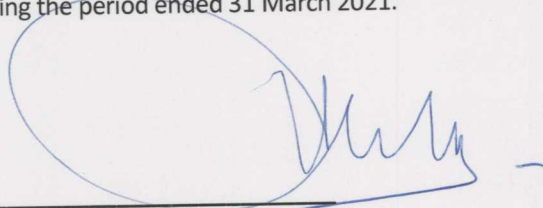
(e) Commitments and contingent liabilities

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 three-months period ended 31 March 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>733,148</u>
Rent concessions received	Increase	<u>93,599</u>
Government grants	Increase	<u>86,454</u>

No other significant impact has been noted by the management on other financial statement areas during the period ended 31 March 2021.



Mr. Ahmed A. Rashed AlBastaki
Managing Director and CEO