



**Kuwait National Cinema Company K.P.S.C.**  
**And its subsidiaries**  
**State of Kuwait**

**Interim Condensed Consolidated Financial Information**  
**and Review Report**  
**For the three months ended 31 March 2019**  
**(Unaudited)**



**Kuwait National Cinema Company K.P.S.C.**  
And its Subsidiaries  
State of Kuwait

Interim Condensed Consolidated Financial Information  
and Review Report  
For the three months ended 31 March 2019  
(Unaudited)

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## **Kuwait National Cinema Company K.P.S.C**

State of Kuwait

### **Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait National Cinema Company - K.P.S.C "the Parent Company" and its subsidiaries "together referred to as the Group" as at 31 March 2019 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed 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 interim condensed consolidated 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

#### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its executive regulation, as amended, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2019 that might have had a material effect on the business of the Group or on its consolidated financial position.



**Talal Yousef Al-Muzaini**

Licence No. 209A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 1 May 2019

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2019  
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	31 March 2019	31 December 2018 (Audited)	31 March 2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		16,328,612	15,280,339	10,070,251
Investments property		7,080,740	7,080,740	7,077,887
Right-of-use assets	5	14,188,189	-	-
Intangible assets		1,584,889	1,598,840	1,194,268
Investments in associate	6	38,344,664	38,564,125	38,319,679
Investments at FVTOCI	7	6,595,083	12,195,675	14,082,580
		<u>84,122,177</u>	<u>74,719,719</u>	<u>70,744,665</u>
<b>Current assets</b>				
Inventories		495,508	625,829	1,140,739
Trade and other receivables		2,649,363	1,951,859	2,782,735
Cash at banks, on hand and investment portfolios	8	39,753,816	34,631,716	36,930,656
		<u>42,898,687</u>	<u>37,209,404</u>	<u>40,854,130</u>
<b>Total assets</b>		<u>127,020,864</u>	<u>111,929,123</u>	<u>111,598,795</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	9	(8,113,167)	(8,095,324)	(7,108,456)
Statutory reserve		5,065,834	5,065,834	5,065,834
Voluntary reserve		13,346,691	13,346,691	12,475,047
Other reserves	10	17,610,190	17,444,180	17,382,041
Retained earnings		38,191,117	36,760,616	31,927,078
Equity attributable to Company's shareholders		76,206,915	74,628,247	69,847,794
Non-controlling interest		37,328	36,124	32,437
		<u>76,244,243</u>	<u>74,664,371</u>	<u>69,880,231</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities	5	12,090,267	-	-
Post employment benefits		1,935,249	1,893,452	1,697,148
		<u>14,025,516</u>	<u>1,893,452</u>	<u>1,697,148</u>
<b>Current liabilities</b>				
Trade and other payables		8,886,320	9,143,063	13,910,432
Lease liabilities	5	1,712,109	-	-
Loans and bank facilities	11	26,152,676	26,228,237	26,110,984
		<u>36,751,105</u>	<u>35,371,300</u>	<u>40,021,416</u>
<b>Total liabilities</b>		<u>50,776,621</u>	<u>37,264,752</u>	<u>41,718,564</u>
<b>Total equity and liabilities</b>		<u>127,020,864</u>	<u>111,929,123</u>	<u>111,598,795</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Abdul Wahab Marzouq Al-Marzouq  
Chairman

Hisham Fahad Al-Ghanim  
Vice Chairman

**Interim Condensed Consolidated Statement of Income for the three months ended 31 March 2019**  
**(Unaudited)**

*(All amounts are in Kuwaiti Dinar)*

	Note	Three months ended	
		31 March	
		2019	2018
Operating revenues		3,921,835	4,186,807
Operating costs		(3,233,194)	(3,212,065)
Gross profit		688,641	974,742
Other operating income		2,479,136	2,024,297
General and administrative expenses		(821,747)	(711,116)
Other operating expenses		(694,088)	(634,483)
Net profit of financial investments		40,742	407,754
Group's share in an associate results	6	678,791	821,684
(Provide)/ reversal expected credit losses		(36,687)	54,518
Finance costs		(386,246)	(252,990)
<b>Net profit before deductions</b>		<b>1,948,542</b>	<b>2,684,406</b>
Contribution to Kuwait Foundation for the Advancement of Sciences		(10,576)	(17,741)
National Labor Support Tax		(50,636)	(68,042)
Zakat		(11,315)	(18,479)
<b>Net profit for the period</b>		<b>1,876,015</b>	<b>2,580,144</b>
<b>Distributed as follows:</b>			
Parent Company's shareholders		1,874,436	2,579,890
Non-controlling interest		1,579	254
		<u>1,876,015</u>	<u>2,580,144</u>
Earnings per share (fils)	12	20.21	27.43

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2019  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
<b>Net profit for the period</b>	1,876,015	2,580,144
<b>Other comprehensive income items:</b>		
<i>Items can not be re-classified later into statement of income:</i>		
Net changes in fair value of financial investments at fair value through OCI	626,082	(560,886)
Group's share in an associates' reserves (Note 6)	(462,820)	(91,990)
	<u>163,262</u>	<u>(652,876)</u>
<i>Items can be re-classified later into statement of income:</i>		
Group's share in an associate's reserve (Note 6)	8,503	(18,911)
Foreign currency translation differences of a subsidiary	(5,755)	(925)
	<u>2,748</u>	<u>(19,836)</u>
Total other comprehensive income items	<u>166,010</u>	<u>(672,712)</u>
<b>Total comprehensive income for the period</b>	<u>2,042,025</u>	<u>1,907,432</u>
<b>Distributed as follows:</b>		
Parent Company's shareholders	2,040,446	1,907,178
Non-controlling interest	1,579	254
	<u>2,042,025</u>	<u>1,907,432</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2019  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company						Total	Non- controlling Interest	Total
	Share capital	Treasury shares	Statutory reserve	General reserve	Other reserves (Note 10)	Retained earnings			
<b>Balance as at 1 January 2018</b>	<b>10,106,250</b>	<b>(6,504,855)</b>	<b>5,065,834</b>	<b>12,475,047</b>	<b>18,016,480</b>	<b>34,378,713</b>	<b>73,537,469</b>	<b>32,558</b>	<b>73,570,027</b>
Impact of adoption of IFRS 9	-	-	-	-	107,129	22,639	129,768	-	129,768
<b>Balance as at 1 January 2018 (restated)</b>	<b>10,106,250</b>	<b>(6,504,855)</b>	<b>5,065,834</b>	<b>12,475,047</b>	<b>18,123,609</b>	<b>34,401,352</b>	<b>73,667,237</b>	<b>32,558</b>	<b>73,699,795</b>
Net profit for the period	-	-	-	-	-	2,579,890	2,579,890	254	2,580,144
Other comprehensive income items	-	-	-	-	(741,568)	68,856	(672,712)	-	(672,712)
Total comprehensive income for the period	-	-	-	-	(741,568)	2,648,746	1,907,178	254	1,907,432
Purchase of treasury shares	-	(603,601)	-	-	-	-	(603,601)	-	(603,601)
Group's share from increase of associate's contribution in a subsidiary	-	-	-	-	-	31,855	31,855	-	31,855
Cash dividends	-	-	-	-	-	(5,154,875)	(5,154,875)	(375)	(5,155,250)
<b>Balance as at 31 March 2018</b>	<b>10,106,250</b>	<b>(7,108,456)</b>	<b>5,065,834</b>	<b>12,475,047</b>	<b>17,382,041</b>	<b>31,927,078</b>	<b>69,847,794</b>	<b>32,437</b>	<b>69,880,231</b>
<b>Balance as at 1 January 2019</b>	<b>10,106,250</b>	<b>(8,095,324)</b>	<b>5,065,834</b>	<b>13,346,691</b>	<b>17,444,180</b>	<b>36,760,616</b>	<b>74,628,247</b>	<b>36,124</b>	<b>74,664,371</b>
Impact of adoption of IFRS 16 (Note 2.2.1)	-	-	-	-	-	(443,935)	(443,935)	-	(443,935)
<b>Balance as at 1 January 2019 (restated)</b>	<b>10,106,250</b>	<b>(8,095,324)</b>	<b>5,065,834</b>	<b>13,346,691</b>	<b>17,444,180</b>	<b>36,316,681</b>	<b>74,184,312</b>	<b>36,124</b>	<b>74,220,436</b>
Net profit for the period	-	-	-	-	-	1,874,436	1,874,436	1,579	1,876,015
Other comprehensive income items	-	-	-	-	166,010	-	166,010	-	166,010
Total comprehensive income for the period	-	-	-	-	166,010	1,874,436	2,040,446	1,579	2,042,025
Purchase of treasury shares	-	(17,843)	-	-	-	-	(17,843)	-	(17,843)
Cash dividends	-	-	-	-	-	-	-	(375)	(375)
<b>Balance as at 31 March 2019</b>	<b>10,106,250</b>	<b>(8,113,167)</b>	<b>5,065,834</b>	<b>13,346,691</b>	<b>17,610,190</b>	<b>38,191,117</b>	<b>76,206,915</b>	<b>37,328</b>	<b>76,244,243</b>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2019  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March	
		2019	2018
<b>Cash flows from operating activities</b>			
Net profit for the period		1,876,015	2,580,144
<i>Adjustments:</i>			
Depreciation and amortization		606,216	278,999
Amortization of right-of-use assets		541,451	-
Net gains from investments at FVTOCI		(40,742)	(407,754)
Group's share in an associate's results		(678,791)	(821,684)
Provide/ (reversal) expected credit losses		36,687	(54,518)
Post employment benefits		52,600	116,618
Finance costs		265,382	252,990
Interest portion of lease liability		120,864	-
Operating profit before changes in operating assets and liabilities		2,779,682	1,944,795
Inventories		130,319	(397,897)
Trade and other receivables		(629,098)	(358,953)
Trade and other payables		(284,355)	(686,606)
Cash generated from operating activities		1,996,548	501,339
Post employment benefits paid		(10,803)	(39,264)
Net cash generated from operating activities		1,985,745	462,075
<b>Cash flows from investment activities</b>			
Paid for purchase of property, plant and equipment		(1,277,497)	(853,785)
Paid for purchase of intangible assets		(645,496)	(274,738)
Paid-for investments at FVTOCI		(5,893,772)	-
Proceeds from sale of investments at FVTOCI		12,120,445	3,506,114
Dividends received		45,182	411,093
Net cash generated from Investing activities		4,348,862	2,788,684
<b>Cash flows from financing activities</b>			
Paid for purchase of treasury shares		(17,843)	(603,601)
(Paid)/ proceeds from loans and bank facilities		(75,561)	1,106,572
Finance costs paid		(429,996)	(427,011)
Repayment of lease liability		(686,262)	-
Dividends paid		(2,845)	(42,297)
Net cash (used in)/ generated from financing activities		(1,212,507)	33,663
Net increase in cash and cash equivalents		5,122,100	3,284,422
<b>Cash and cash equivalents at the beginning of the period</b>		<b>34,631,716</b>	<b>33,646,234</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>39,753,816</b>	<b>36,930,656</b>

The accompanying notes form an integral part of this interim condensed consolidated financial information.



**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2019  
(Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**1. Company's incorporations**

Kuwait National Cinema Company K.P.S.C. "the Company" is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 5 October 1954 and is licensed to engage in all activities relating to the cinema industry, entertainment, and cultural events.

The Company is listed on the Kuwait Stock Exchange.

The Company's address is Al-Zahara area, 360 Mall, fourth floor, P.O. Box 502 Safat, 13006 Safat, Kuwait.

This Consolidated financial information includes the financial information of the Company and the financial information of its following subsidiaries "together referred to as the Group":

	<b>Ownership percentage (%)</b>	<b>Activity</b>	<b>Incorporation country</b>
International Film Distribution Company K.S.C.C.	99.25	Publishing and film distribution	Kuwait
Al-Kout Film Production and Distribution Company S.A.E.	100	Production and film distribution	Egypt

The interim condensed consolidated financial information for the three months ended 31 March 2019 was authorized for issuance by the Board of Directors on 1 May 2019. The consolidated financial statements for the year ended 31 December 2018 were approved by the general assembly for the shareholders on 23 April 2019.

**2. Basis of presentation and significant accounting policies**

**2.1 Basis of presentation**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 31 March 2019 are not necessarily indicative of results that may be expected for the year ending 31 December 2019. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2018.

**2.2 Significant accounting policies**

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

**2.2.1 New and amended standards adopted by the Group**

The Group has adopted the new and amended standards and interpretations that became effective in the current period. The adoption of these standards and interpretations has no material impact on the financial statements of the Group, except as mentioned below:

**IFRS 16 "Leases"**

**General impact**

IFRS 16 'Leases' replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated financial position as at 31 December 2018.

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2019  
(Unaudited)**

*(All amounts are in Kuwaiti Dinar unless otherwise stated)*

**Impact on accounting policy**

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to income statement on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group unless the term is 12 months or less or the lease for low value asset. Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to income statement over the lease period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

**Practical expedient**

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The change in accounting policy affected the following items in the consolidated financial position on 1 January 2019:

- right-of-use assets – increase by KD 14,729,640
- intangible assets – decrease by KD (295,335)
- prepaid expenses – decrease by KD (50,135)
- lease liabilities – decrease by KD (14,384,170)
- retained earnings – decrease by KD (443,935)

**3. Fair value estimation**

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: valuation techniques that are not based on observable market data.

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)
	31 March 2019	31 December 2018	31 March 2018		
<b>Equity instruments designated as FVTOCI</b>					
Local shares – quoted	5,016,404	10,616,996	12,503,901	Level 1	Last bid price
Local shares – unquoted	1,574,511	1,574,511	1,574,511	Level 3	Discounted cash flows
Local funds	4,168	4,168	4,168	Level 2	Net assets value

The fair value of other financial assets and financial liabilities approximately equal its book value as at the interim financial information date.

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2019  
 (Unaudited)**
*(All amounts are in Kuwaiti Dinar unless otherwise stated)*
**4. Critical judgments and key sources of estimation uncertainty**
**Changes in judgements and estimation uncertainty**

The critical judgements and estimates used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except for the changes highlighted below:

**Discounting of lease payments**

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the time of first time application of IFRS 16.

**5. Leases**
**5.1 When the Group is a lessee**
**Right-of-use assets**

The Group as a lessee has leased several assets including buildings, lands, equipment. The average lease term is 20 years. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

<b>Right-of-use assets</b>	<b>Buildings</b>	<b>lands</b>	<b>Total</b>
<b>Net carrying amount</b>			
1 January 2019	13,703,936	1,025,704	14,729,640
31 March 2019	13,195,660	992,529	14,188,189
Amortization expense for the period ended 31 March 2019	(508,276)	(33,175)	(541,451)

**Lease liabilities**

	<b>31 March 2019</b>	<b>31 December 2018</b>
<b>Non Current lease liabilities</b>		
Amounts due for settlement after 12 months	12,090,267	-
<b>Current lease liabilities</b>		
Amounts due for settlement within 12 months	1,712,109	-
	<u>13,802,376</u>	<u>-</u>

**Maturity analysis**

Maturity dates of undiscounted lease liabilities are as follows:

	<b>31 March 2019</b>	<b>31 December 2018</b>
Not later than 1 year	2,128,281	-
Later than 1 year and not later than 5 years	8,240,452	-
Later than 5 years	5,236,398	-
	<u>15,605,131</u>	<u>-</u>

The breakdown of related lease amounts recognised in profit and loss is as follows:

	<b>Three months ended 31 March 2019</b>
Amortization expense on right-of-use assets	541,451
Interest expense on lease liabilities	120,864
Analysis of expense relating to short-term leases	123,560
Analysis of expense relating to variable lease payments not included in the measurement of the lease liability	198,614
	<u>984,489</u>

**5.2 When the Group is a lessor**
**Operating lease arrangements**

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between five to six years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 8 years. The Group did not identify any indications that this situation will change.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2019  
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

6. Investments in an associate

This represents the Group's investment in Tamdeen Shopping Center K.S.C. (Closed) at 30%.

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Balance as at the beginning of the period/ year	38,564,125	37,488,774	37,488,774
<b>Impact of IFRS 9 :</b>			
Changes in fair value reserve through comprehensive income	-	88,010	107,129
Retained earnings	-	(18,862)	(18,862)
	-	69,148	88,267
<b>Impact of IFRS 16:</b>			
Retained earnings (Note 2.2.1)	(443,935)	-	-
	(443,935)	69,148	88,267
Group's share in an associate's results	678,791	3,156,825	821,684
<i>Group's share from an associate's reserve:</i>			
Changes in fair value reserves	(462,820)	(260,370)	(91,990)
Group's share from difference of foreign currency reserve	8,503	14,650	(18,911)
Group's share from increase of contribution of an associate in a subsidiary	-	45,098	31,855
	(454,317)	(200,622)	(79,046)
Dividends	-	(1,950,000)	-
Balance at the end of the period/ year	38,344,664	38,564,125	38,319,679

7. Investments at fair value through statement of comprehensive income

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Quoted shares	5,016,404	10,616,996	12,503,901
Unquoted shares	1,574,511	1,574,511	1,574,511
Investment funds	4,168	4,168	4,168
	6,595,083	12,195,675	14,082,580

- Fair value is determined based on valuation techniques disclosed in (Note 3).
- During the period, the Group disposed an investment classified at fair value through comprehensive income. The fair value of the disposal investments and carried from the beginning of the period as at the date of de-recognition is KD 6,226,674 and the disposal investments acquired during the period as at de-recognition date KD 5,893,772 and the gains resulted from the sale and carried in fair value reserve KD 3,950,791 as at 31 March 2019.
- The accumulated gains of sold investments and carried in change in fair value reserve amounted to KD 6,328,160 as at 31 March 2019 (Note 10).

8. Cash at banks, on hand and investment portfolios

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Cash on hand	51,507	46,879	270,382
Banks' current accounts	4,696,846	5,974,904	16,661,932
Time deposit	19,540,470	19,410,976	12,489,084
Cash in investment portfolios (Note 14)	15,481,079	9,212,942	7,520,769
	39,769,902	34,645,701	36,942,167
Expected credit losses	(16,086)	(13,985)	(11,511)
	39,753,816	34,631,716	36,930,656

During the period ended 31 March 2019, the effective interest rate on time deposits 2.59% (2.37% - 31 December 2018, 1.38% 31 March 2018).

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2019  
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. Treasury shares

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Number of treasury shares (share)	8,333,769	8,316,770	7,336,751
Percentage to issued shares (%)	8.24	8.23	7.26
Market value	7,575,396	8,890,627	7,718,262

The Company should keep reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Company, pursuant to the relevant instructions of the regulatory authorities.

10. Other reserves

	Land revaluation reserve	Change in fair value reserve (Note 7)	Foreign currency translation reserve	Treasury shares reserve	Total
<b>Balance at 1 January 2018</b>	10,066,140	7,519,568	303,679	127,093	18,016,480
Impact of adoption of IFRS 9	-	107,129	-	-	107,129
<b>Balance at 1 January 2018 (restated)</b>	10,066,140	7,626,697	303,679	127,093	18,123,609
Changes in fair value of financial investments at FVTOCI	-	(721,732)	(18,911)	-	(740,643)
Foreign currency translation reserve	-	-	(925)	-	(925)
Other comprehensive income items for the period	-	(721,732)	(19,836)	-	(741,568)
<b>Balance at 31 March 2018</b>	10,066,140	6,904,965	283,843	127,093	17,382,041
<b>Balance at 1 January 2019</b>	10,066,140	6,869,922	381,025	127,093	17,444,180
Changes in fair value of financial investments at FVTOCI	-	163,262	8,503	-	171,765
Foreign currency translation reserve	-	-	(5,755)	-	(5,755)
Other comprehensive income items for the period	-	163,262	2,748	-	166,010
<b>Balance at 31 March 2019</b>	10,066,140	7,033,184	383,773	127,093	17,610,190

11. Loans and bank facilities

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Short term loans	21,950,000	21,950,000	24,550,000
Banks - overdraft	4,202,676	4,278,237	1,560,984
	26,152,676	26,228,237	26,110,984
Average effective rate (%)	4.10	4.11	4.064

Loans and bank facilities granted to the Group from local banks are pledged against promissory notes.

12. Earnings per share

Basic and diluted earnings per share are computed by dividing profit during the period by the weighted average number of ordinary shares outstanding during the period as follows:

	Three months ended 31 March	
	2019	2018
Net profit for the Parent Company	1,874,436	2,579,890
Weighted average number of outstanding shares (share)	92,730,382	94,047,801
Earnings per share (fils)	20.21	27.43

Both basic and diluted earnings per share are equal since the Parent Company does not have diluted outstanding instruments.

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2019  
 (Unaudited)**
*(All amounts are in Kuwaiti Dinar unless otherwise stated)*
**13. Segments information**

The main objective of the Group is to engage in all activities relating to the cinema industry, entertainment, and culture events. In addition, the Group invests its available excess funds through investment portfolios.

The following is the Group's segment information which consists with the internal reporting presented to management:

- Cinema division: which represents all activities related to cinema shows and movies selling.
- Concession division: which represents all activities related to concessions supplemented to theaters.
- Investments division: which represents investments in shares, funds and investment property.

The following schedule presents the information about revenues, profit, and assets for each division:

<b>Divisions activity as at 31 March 2019</b>					
	<b>Cinema division</b>	<b>Concession division</b>	<b>Investment division</b>	<b>Unallocated items</b>	<b>Total</b>
Net revenues	3,921,835	1,450,543	863,678	884,445	7,120,501
Costs	(3,233,194)	(562,349)	(61,109)	(1,387,834)	(5,244,486)
Segment's profit	688,641	888,194	802,569	(503,389)	1,876,015
Assets	29,466,958	335,017	54,056,397	43,162,492	127,020,864

  

<b>Divisions activity as at 31 March 2018</b>					
	<b>Cinema division</b>	<b>Concession division</b>	<b>Investment division</b>	<b>Unallocated items</b>	<b>Total</b>
Net revenues	4,186,807	1,337,944	1,382,012	588,297	7,495,060
Costs	(3,212,065)	(559,360)	(35,899)	(1,107,592)	(4,914,916)
Segment's profit	974,742	778,584	1,346,113	519,295	2,580,144
Assets	11,487,176	824,761	63,931,578	35,355,280	111,598,795

**14. Related parties transactions**

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. Those transactions were conducted in the ordinary course of business and with the usual terms and conditions. Transactions with related parties are subject to the approval of the General Assembly of Shareholders. The table below shows the volume and nature of those transactions during the period and the related balances:

<b>Related parties transactions</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Key management compensation	65,167	74,623
Expenses (rents, consultancy and others) charged in statement of income	254,075	418,214
Other income	84,509	60,398

  

<b>Balances resulting from those transactions:</b>	<b>31 March 2019</b>	<b>31 December 2018 (Audited)</b>	<b>31 March 2018</b>
Due from related parties	773,010	121	280,769
Due to related parties	175,468	-	13,694
Cash at investment portfolios (Note 8)	15,481,079	9,212,942	7,520,769
management compensation	(220,169)	(193,105)	(209,652)

A related party manages investment portfolios on behalf of the Company. The book value of such portfolio is amounted to KD 6,590,916 as at 31 March 2019 (KD 12,191,507 as at 31 December 2018, KD 14,078,412 as at 31 March 2018).

All transactions are subject to the approval of the shareholders in the General Assembly meeting.

**15. Subsequent events**

On 23 April 2019, the General Assembly of the Company's shareholders approved the consolidated financial statements for the year ended 31 December 2018, also approved cash dividends of 50 fils per share from the profits for the year 2018. Also approved Board of Directors remuneration for 2018.

**16. Contingent liabilities**

Letters of Guarantee were contingently liable for a third party with an amount of KD 2,386,680 as at 31 March 2019 (KD 2,386,680 as at 31 December 2018, KD 2,386,680 as at 31 March 2018).