



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 2021
(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 2021 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.

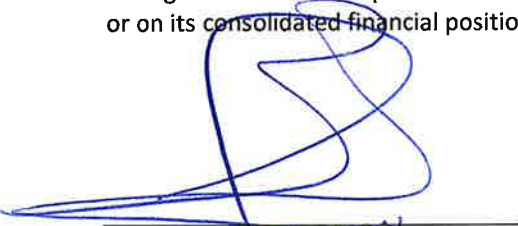
Conclusion

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 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2021, that might have had a material effect on the business of Group or on its consolidated financial position.



Bader A. Al-Wazzan

Licence No. 62 A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 10 May 2021

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	31 March 2021	31 December 2020 (Audited)	31 March 2020
ASSETS				
Non-current assets				
Property, plant and equipment	4	37,681,814	34,420,143	22,975,143
Investments properties		4,656,722	4,656,722	4,673,004
Right-of-use assets	5	21,658,477	22,199,940	11,972,125
Intangible assets		61,989	2,207	535,900
Investments in an associate	6	36,704,504	36,205,862	38,960,002
Investments at FVTOCI	7	5,159,224	5,540,909	7,954,930
Trade and other receivables		784,046	784,046	784,046
		<u>106,706,776</u>	<u>103,809,829</u>	<u>87,855,150</u>
Current assets				
Inventories		863,455	891,150	670,721
Trade and other receivables		451,472	379,160	1,004,044
Cash at banks, on hand and investment portfolios	8	19,746,132	20,321,601	28,476,233
		<u>21,061,059</u>	<u>21,591,911</u>	<u>30,150,998</u>
Total assets		<u>127,767,835</u>	<u>125,401,740</u>	<u>118,006,148</u>
Equity and liabilities				
Equity				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	9	(8,201,231)	(8,201,231)	(8,122,474)
Statutory reserve		5,065,834	5,065,834	5,065,834
Voluntary reserve		14,241,729	14,241,729	14,241,729
Other reserves	10	16,310,186	17,167,943	18,942,957
Retained earnings		28,296,734	28,806,250	40,410,026
Equity attributable to the Parent Company's shareholders		65,819,502	67,186,775	80,644,322
Non-controlling interest		14,101	18,215	15,423
		<u>65,833,603</u>	<u>67,204,990</u>	<u>80,659,745</u>
Liabilities				
Non-current liabilities				
Lease liabilities	5	19,926,258	20,797,466	10,114,000
Loans and bank facilities	11	5,000,000	-	-
Post-employment benefits		1,434,145	1,462,036	1,765,775
		<u>26,360,403</u>	<u>22,259,502</u>	<u>11,879,775</u>
Current liabilities				
Trade and other payables		9,940,961	10,328,357	8,672,666
Lease liabilities	5	2,226,887	1,762,879	1,573,917
Loans and bank facilities	11	23,405,981	23,846,012	15,220,045
		<u>35,573,829</u>	<u>35,937,248</u>	<u>25,466,628</u>
Total liabilities		<u>61,934,232</u>	<u>58,196,750</u>	<u>37,346,403</u>
Total equity and liabilities		<u>127,767,835</u>	<u>125,401,740</u>	<u>118,006,148</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 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended	
		31 March	
		2021	2020
Operating revenues		634,332	3,302,397
Operating costs		(1,492,354)	(3,184,841)
Gross (loss)/ profit		(858,022)	117,556
Other operating income		612,987	2,253,139
General and administrative expenses		(422,795)	(500,948)
Other operating expenses		(479,457)	(710,101)
Net profit of financial investments		(1,193)	206
Group's share in an associate results	6	977,109	211,094
Finance costs		(335,510)	(239,455)
Net (loss)/ profit before deductions		(506,881)	1,131,491
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(6,600)
National Labor Support Tax		-	(25,015)
Zakat		-	(48,088)
Net (loss)/ profit for the period		(506,881)	1,051,788
Attributable to:			
Parent Company's shareholders		(509,516)	1,049,850
Non-controlling interest		2,635	1,938
		(506,881)	1,051,788
(Loss)/ earnings per share (fils)	12	(5.50)	11.32

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 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar)

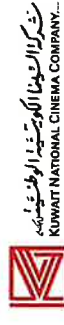
	Note	Three months ended 31 March	
		2021	2020
Net (loss)/ profit for the period		<u>(506,881)</u>	<u>1,051,788</u>
Other comprehensive income items:			
Items that will not be reclassified subsequently to statement of income:			
Net changes in fair value of financial investments at FVTOCI		(381,685)	(410,478)
Group's share in an associates' change in fair value reserves	6	<u>(472,866)</u>	<u>(758,116)</u>
		<u>(854,551)</u>	<u>(1,168,594)</u>
Items that may be reclassified subsequently to statement of income:			
Group's share in an associate's reserve	6	(5,601)	46,072
Foreign currency translation differences of a subsidiary		<u>2,395</u>	<u>(11,667)</u>
		<u>(3,206)</u>	<u>34,405</u>
Other comprehensive loss for the period		<u>(857,757)</u>	<u>(1,134,189)</u>
Total comprehensive loss for the period		<u>(1,364,638)</u>	<u>(82,401)</u>
Attributable to:			
Parent Company's shareholders		(1,367,273)	(84,339)
Non-controlling interest		<u>2,635</u>	<u>1,938</u>
		<u>(1,364,638)</u>	<u>(82,401)</u>

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

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

And its Subsidiaries

State of Kuwait



**Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company						Non- controlling Interest	Total	
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 10)	Retained earnings			Total
Balance as at 1 January 2020	10,106,250	(8,122,474)	5,065,834	14,241,729	20,077,146	39,360,176	80,728,661	39,735	80,768,396
Net profit for the period	-	-	-	-	-	1,049,850	1,049,850	1,938	1,051,788
Other comprehensive loss for the period	-	-	-	-	(1,134,189)	-	(1,134,189)	-	(1,134,189)
Total comprehensive loss for the period	-	-	-	-	(1,134,189)	1,049,850	(84,339)	1,938	(82,401)
Cash dividends	-	-	-	-	-	-	-	(26,250)	(26,250)
Balance as at 31 March 2020	10,106,250	(8,122,474)	5,065,834	14,241,729	18,942,957	40,410,026	80,644,322	15,423	80,659,745
Balance as at 1 January 2021	10,106,250	(8,201,231)	5,065,834	14,241,729	17,167,943	28,806,250	67,186,775	18,215	67,204,990
Net profit for the period	-	-	-	-	-	(509,516)	(509,516)	2,635	(506,881)
Other comprehensive loss for the period	-	-	-	-	(857,757)	-	(857,757)	-	(857,757)
Total comprehensive loss for the period	-	-	-	-	(857,757)	(509,516)	(1,367,273)	2,635	(1,364,638)
Cash dividends	-	-	-	-	-	-	-	(6,749)	(6,749)
Balance as at 31 March 2021	10,106,250	(8,201,231)	5,065,834	14,241,729	16,310,186	28,296,734	65,819,502	14,101	65,833,603

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 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March	
		2021	2020
Cash flows from operating activities			
Net (loss)/ profit for the period		(506,881)	1,051,788
<i>Adjustments:</i>			
Depreciation and amortization		969,811	1,172,983
Net gains from investments at FVTOCI		1,193	(206)
Group's share in an associate's results		(977,109)	(211,094)
Post-employment benefits		31,388	69,290
Finance costs		172,477	136,298
Interest portion of lease liability		163,033	103,157
Operating (loss)/profit before changes in operating assets and liabilities		(146,088)	2,322,216
Inventories		27,695	(12,533)
Trade and other receivables		(68,739)	(42,523)
Trade and other payables		311,408	(967,164)
Cash generated from operating activities		124,276	1,299,996
Post-employment benefits paid		(59,279)	(58,557)
Net cash generated from operating activities		64,997	1,241,439
Cash flows from investment activities			
Paid for purchase of property, plant and equipment		(4,278,516)	(516,576)
Paid for purchase of intangible assets		(155,800)	(42,630)
Dividends received		(1,193)	-
Net cash used in investing activities		(4,435,509)	(559,206)
Cash flows from financing activities			
Net proceed from loans and bank facilities		4,559,969	512,002
Finance costs paid		(350,977)	(140,407)
Repayment of lease liability		(407,200)	(730,711)
Dividends paid		(6,749)	(28,640)
Net cash generated from/ (used in) financing activities		3,795,043	(387,756)
Net change in cash and cash equivalents		(575,469)	294,477
Cash and cash equivalents at the beginning of the period		20,326,043	28,190,494
Cash and cash equivalents at the end of the period	8	19,750,574	28,484,971

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 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Company's incorporations

Kuwait National Cinema Company K.P.S.C. "the Parent 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 Parent Company is listed on Boursa Kuwait.

The Parent Company's address is Old Khaitan area, block number 9, building Number 164, second floor, office (1+2), P.O. Box 502 Safat, 13006 Safat, Kuwait.

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

	Ownership percentage (%)	Activity	Incorporation country
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 2021 was authorized for issuance by the Board of Directors on 10 May 2021.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

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 2021 are not necessarily indicative of results that may be expected for the year ending 31 December 2021. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2020.

2.2 Significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2021 and which did not result in any material impact on the interim condensed consolidated financial information of the Group.

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.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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	Significant unobservable inputs	Valuation technique(s) and Key input(s)	Relation of unobservable inputs to fair value
	31 March 2021	31 December 2020	31 March 2020				
Equity instruments designated as FVTOCI							
Quoted shares	4,243,558	4,625,243	5,434,718	Level 1	N/A	Last bid price	N/A
Investment funds	4,168	4,168	4,168	Level 2	N/A	Net assets value	N/A
Unquoted shares	52,832	52,832	-	Level 3	Discount rate		Higher discount results in value decline
Unquoted shares	32,016	32,016	1,187,465	Level 3	Discount rate	Discounted cash flows	Higher discount results in value decline
Unquoted shares	826,650	826,650	1,328,579	Level 3	N/A	Adjusted book value	N/A

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

4. Property, plant and equipment

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Net carrying value at the beginning of the period / year	34,420,143	22,770,559	22,770,559
Additions during the period / year	3,595,179	13,021,405	516,576
Revaluation of lands	-	(126,070)	-
Disposals during the period / year	-	(707)	-
Depreciation during the period / year	(333,508)	(1,245,044)	(311,992)
Net carrying value at the end of the period / year	37,681,814	34,420,143	22,975,143

5. Right-of-use assets

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

	31 March 2021			31 December 2020 (Audited)	31 March 2020
	Buildings	Lands	Total		
Net carrying amount					
1 January	9,587,839	12,612,101	22,199,940	12,513,576	12,513,576
Additions	-	-	-	11,852,632	-
Amortization	(508,287)	(33,176)	(541,463)	(2,166,268)	(541,451)
As at end of the period/ year	9,079,552	12,578,925	21,658,477	22,199,940	11,972,125
Lives (year)	2-7	6-22			

Lease liabilities

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Non-Current lease liabilities			
Amounts due for settlement after 12 months	19,926,258	20,797,466	10,114,000
Current lease liabilities			
Amounts due for settlement within 12 months	2,226,887	1,762,879	1,573,917
	22,153,145	22,560,345	11,687,917

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Maturity analysis

Maturity dates of undiscounted lease liabilities are as follows:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Not later than 1 year	2,226,887	1,762,879	1,573,917
Later than 1 year and not later than 5 years	11,693,455	12,669,257	10,346,475
Later than 5 years	11,992,639	12,235,798	1,443,646
	<u>25,912,981</u>	<u>26,667,934</u>	<u>13,364,038</u>

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

	Three months ended 31 March	
	2021	2020
Amortization expense on right-of-use assets	541,463	541,451
Interest expense on lease liabilities	163,033	103,157
Expense relating to short-term leases	78,513	76,520
Expense relating to variable lease payments not included in the measurement of the lease liability	4,732	192,523
	<u>787,741</u>	<u>913,651</u>

6. Investments in an associate

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

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Balance as at the beginning of the period/ year	36,205,862	39,460,952	39,460,952
Group's share in an associate's results	977,109	(3,306,187)	211,094
<u>Group's share from an associate's reserve:</u>			
Changes in fair value reserves	(472,866)	49,476	(758,116)
Foreign currency translation reserve	(5,601)	1,621	46,072
Balance at the end of the period/ year	<u>36,704,504</u>	<u>36,205,862</u>	<u>38,960,002</u>

7. Investments at FVTOCI

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Quoted shares	4,243,558	4,625,243	5,434,718
Unquoted shares	911,498	911,498	2,516,044
Investment funds	4,168	4,168	4,168
	<u>5,159,224</u>	<u>5,540,909</u>	<u>7,954,930</u>

Fair value is determined based on valuation techniques disclosed in (Note 3).

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

8. Cash at banks, on hand and investment portfolios

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Cash on hand	29,024	18,994	29,610
Banks' current accounts	5,742,384	6,288,649	9,870,561
Time deposit	-	-	17,920,559
Cash in investment portfolios	13,979,166	14,018,400	664,241
Cash and cash equivalents	19,750,574	20,326,043	28,484,971
Expected credit losses	(4,442)	(4,442)	(8,738)
	<u>19,746,132</u>	<u>20,321,601</u>	<u>28,476,233</u>

During the period ended 31 March 2021, the effective interest rate on time deposits Nil (1.97% - 31 December 2020, 1.82% 31 March 2020).

9. Treasury shares

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Number of treasury shares (share)	8,460,323	8,460,323	8,344,369
Percentage to issued shares (%)	8.37	8.37	8.26
Market value	6,116,814	6,387,544	5,866,091

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

10. Other reserves

	Land revaluation reserve	Change in fair value reserve	Foreign currency translation reserve	Treasury shares reserve	Total
Balance at 1 January 2020	<u>11,789,140</u>	<u>7,843,813</u>	<u>317,100</u>	<u>127,093</u>	<u>20,077,146</u>
Changes in fair value of financial investments at FVTOCI	-	(1,168,594)	-	-	(1,168,594)
Foreign currency translation reserve	-	-	34,405	-	34,405
Other comprehensive income for the period	-	(1,168,594)	34,405	-	(1,134,189)
Balance at 31 March 2020	<u>11,789,140</u>	<u>6,675,219</u>	<u>351,505</u>	<u>127,093</u>	<u>18,942,957</u>
Balance at 1 January 2021	<u>11,663,070</u>	<u>5,068,789</u>	<u>308,991</u>	<u>127,093</u>	<u>17,167,943</u>
Changes in fair value of financial investments at FVTOCI	-	(854,551)	-	-	(854,551)
Foreign currency translation reserve	-	-	(3,206)	-	(3,206)
Other comprehensive loss for the period	-	(854,551)	(3,206)	-	(857,757)
Balance at 31 March 2021	<u>11,663,070</u>	<u>4,214,238</u>	<u>305,785</u>	<u>127,093</u>	<u>16,310,186</u>

Land revaluation reserve includes the following:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Revaluation reserve for land within property, plant and equipment	8,193,094	8,193,094	8,319,164
Revaluation reserve for land within investment properties	2,363,735	2,363,735	2,363,735
Revaluation reserve for land sold to an associate	1,106,241	1,106,241	1,106,241
	<u>11,663,070</u>	<u>11,663,070</u>	<u>11,789,140</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

11. Loans and bank facilities

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Long term			
long term loans	5,000,000	-	-
Short term			
Short term loans	20,000,000	19,000,000	10,000,000
Banks - overdraft	3,405,981	4,846,012	4,986,829
Notes payable	-	-	233,216
	<u>23,405,981</u>	<u>23,846,012</u>	<u>15,220,045</u>
Average effective rate (%)	2.58	2.54	3.22

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

12. (losses)/ earnings per share

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

	Three months ended 31 March	
	2021	2020
Net (loss)/ profit attributable to Parent Company's shareholders	(509,516)	1,049,850
Weighted average number of outstanding shares (share)	92,602,177	92,723,044
(Losses)/ earnings per share (fils)	<u>(5.50)</u>	<u>11.32</u>

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

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:

	Divisions activity as at 31 March 2021				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	634,332	180,484	1,054,409	354,010	2,223,235
Costs	(1,492,354)	(312,503)	(10,386)	(914,873)	(2,730,116)
Segment's (loss)/ profit	<u>(858,022)</u>	<u>(132,019)</u>	<u>1,044,023</u>	<u>(560,863)</u>	<u>(506,881)</u>
Assets	<u>41,831,527</u>	<u>613,394</u>	<u>46,835,450</u>	<u>38,487,464</u>	<u>127,767,835</u>
	Divisions activity as at 31 March 2020				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	3,302,397	1,322,627	294,117	847,695	5,766,836
Costs	(3,184,841)	(537,905)	(57,719)	(934,583)	(4,715,048)
Segment's profit	<u>117,556</u>	<u>784,722</u>	<u>236,398</u>	<u>(86,888)</u>	<u>1,051,788</u>
Assets	<u>33,774,856</u>	<u>480,541</u>	<u>51,911,408</u>	<u>31,839,343</u>	<u>118,006,148</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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:

Related parties transactions	31 March 2021	31 March 2020
Key management compensation	33,450	35,642
Expenses (rents, consultancy and others)	116,048	302,534
Other income	25,582	11,637

Balances resulting from those transactions:	31 March 2021	31 December 2020 (Audited)	31 March 2020
Due from related parties	-	-	5,373
Due to related parties	163,577	14,057	60,027
Cash at investment portfolios (Note 8)	760,737	762,816	664,241
Key management compensation balance long term	(98,965)	(97,761)	(85,695)
Key management compensation balance short term	(22,500)	(12,692)	(16,346)

A related party manages investment portfolios on behalf of the Group. The book value of such portfolio is amounted to KD 5,155,056 as at 31 March 2021 (KD 5,536,741 as at 31 December 2020, KD 7,950,762 as at 31 March 2020).

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

15. Subsequent events

On 21 April 2021, the General Assembly of the Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2020 and approved Not to distribute cash dividends for the year 2020. Also approved not to distribute Board of Directors remuneration for 2020.

16. Capital commitments and Contingent liabilities**16.1 Capital commitments**

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Estimated capital expenditure contracted for at the consolidated financial position date	31,336,669	34,707,740	43,525,267
Future commitments for purchasing films	9,696	365,064	345,310

16.2 Contingent liabilities

letters of guarantee	2,386,680	2,386,680	2,386,680
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17. Covid-19 impact

The Corona pandemic (Covid-19) continues to spread rapidly across several global geographic regions, causing major disturbances in business and economic activities and as a result the cinema sector activities stopped in response to the decisions of the government authorities in the State of Kuwait in addition to fundamental uncertainties regarding the environment. Global economy. Financial and monetary authorities around the world have taken intensive measures that have been allocated to alleviate the dire consequences of this pandemic.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Other effects

The Group has considered the potential impact of fluctuations in current economic conditions when determining the amount recorded for the Group's financial and non-financial assets. These reported amounts represent management's best assessments based on observable information. Nevertheless, the markets remain volatile and the carrying value of the assets is still sensitive to fluctuations in the market. The vulnerability of this uncertain economic environment to a large extent is still a matter of estimation accordingly, the Group will continue to reassess its position and related influence on a regular basis.

Going concern

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 continue to evolve, but at the present time the projections show that Group has sufficient resources to continue in operational existence and its going concern position remains 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.