

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

**Interim Condensed Consolidated Financial Information  
and Review Report  
For the six months ended 30 June 2015  
(Unaudited)**

**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 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-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. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 as amended or of the Parent Company's Memorandum and Articles of Association have occurred during the six-month period ended 30 June 2015 that might have had a material effect on the business of the Group or on its consolidated financial position.

  
**Bader A. Al-Wazzan**  
License No. 62 A  
Deloitte & Touche  
Al Wazzan & Co.

Kuwait, 13 August 2015

  
**Rabea Saad Al Muhanna**  
License No. 152 A  
Horwath Al Muhanna & Co.  
Kuwait

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

**Interim Condensed Consolidated Financial Information  
and Review Report  
For the six months ended 30 June 2015  
(Unaudited)**

<b>Contents</b>	<b>Page</b>
Independent Auditors' Review Report	
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	1
Interim Condensed Consolidated Statement of Income (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	6 - 11

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

**Interim Condensed Consolidated Statement of Financial Position as at 30 June 2015  
(Unaudited)**

*(All amounts are in Kuwaiti Dinars)*

	Note	30 June 2015	31 December 2014 (Audited)	30 June 2014
<b>ASSETS</b>				
<b>Non- current assets</b>				
Property, plant and equipment	4	14,932,792	14,540,324	14,416,665
Intangible assets		260,978	311,148	948,533
Investments in associates	5	32,358,597	32,362,993	30,735,819
Available for sale investments	6	23,608,110	24,719,584	18,558,767
		<u>71,160,477</u>	<u>71,934,049</u>	<u>64,659,784</u>
<b>Current assets</b>				
Inventories		353,724	233,366	451,142
Trade and other receivables	7	4,219,443	1,294,753	1,551,378
Cash, current accounts and deposits	8	12,766,677	11,239,637	8,611,266
		<u>17,339,844</u>	<u>12,767,756</u>	<u>10,613,786</u>
<b>Total assets</b>		<u>88,500,321</u>	<u>84,701,805</u>	<u>75,273,570</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	9	(6,157,859)	(2,029,453)	(1,668,185)
Statutory reserve		5,053,125	5,053,125	5,053,125
General reserve		9,414,038	9,414,038	8,502,532
Other reserves	10	16,735,913	17,920,227	14,780,297
Retained earnings		24,090,854	22,938,906	20,239,098
Equity attributable to the Parent Company's shareholders		<u>59,242,321</u>	<u>63,403,093</u>	<u>57,013,117</u>
Non-controlling interest		23,220	17,744	13,972
		<u>59,265,541</u>	<u>63,420,837</u>	<u>57,027,089</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Post-employment benefits		1,191,014	1,166,691	1,125,937
<b>Current liabilities</b>				
Trade and other payables		7,889,699	7,119,959	7,161,539
Loans and bank facilities	11	20,154,067	12,994,318	9,959,005
		<u>28,043,766</u>	<u>20,114,277</u>	<u>17,120,544</u>
<b>Total liabilities</b>		<u>29,234,780</u>	<u>21,280,968</u>	<u>18,246,481</u>
<b>Total equity and liabilities</b>		<u>88,500,321</u>	<u>84,701,805</u>	<u>75,273,570</u>

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

AbdulWahab Marzouq Al-Marzouq  
Chairman

Ahmed Abdul Aziz Al Sarawi  
Vice Chairman

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

**Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2015  
(Unaudited)**

*(All amounts are in Kuwaiti Dinars)*

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2015	2014	2015	2014
Operating revenues		5,122,060	4,545,056	10,304,909	8,689,546
Operating costs		(3,596,183)	(3,443,402)	(7,670,640)	(6,934,764)
Gross profit		1,525,877	1,101,654	2,634,269	1,754,782
Other operating income		1,805,107	1,589,952	3,631,255	3,219,002
General and administrative expenses		(383,365)	(326,095)	(1,016,325)	(853,010)
Other operating expenses		(487,006)	(460,409)	(1,055,454)	(933,816)
Net gain / (loss) of financial investments		(556,592)	86,836	337,961	785,836
Group's share in associates' results	5	1,009,094	846,230	2,028,878	1,596,762
Finance costs		(192,591)	(127,222)	(350,300)	(253,401)
<b>Profit before deductions</b>		<b>2,720,524</b>	<b>2,710,946</b>	<b>6,210,284</b>	<b>5,316,155</b>
Contribution to Kuwait Foundation for the Advancement of Sciences		(10,650)	(17,731)	(34,513)	(37,469)
National Labor Support Tax		(64,494)	(68,336)	(151,919)	(134,664)
Zakat		(10,729)	(18,872)	(34,598)	(37,898)
<b>Net profit for the period</b>		<b>2,634,651</b>	<b>2,606,007</b>	<b>5,989,254</b>	<b>5,106,124</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		2,629,835	2,605,322	5,983,778	5,106,311
Non-controlling interest		4,816	685	5,476	(187)
		<b>2,634,651</b>	<b>2,606,007</b>	<b>5,989,254</b>	<b>5,106,124</b>
Earnings per share (fils)	12	<b>27.77</b>	<b>26.28</b>	<b>62.65</b>	<b>51.48</b>

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 Comprehensive Income for the six months ended 30 June 2015  
(Unaudited)**

*(All amounts are in Kuwaiti Dinars)*

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
Net profit for the period	2,634,651	2,606,007	5,989,254	5,106,124
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to statement of income:</i>				
Change in fair value for available for sale investments	(1,805,277)	1,013,503	(769,191)	5,226,308
Transferred to statement of income from sale of available for sale investments	(49,328)	-	(180,005)	-
Group's share from associates' reserves	(74,554)	159,396	(233,274)	294,716
Foreign currency translation of a subsidiary	337	(1,223)	(1,844)	(748)
Total other comprehensive income items	(1,928,822)	1,171,676	(1,184,314)	5,520,276
<b>Total comprehensive income for the period</b>	<b>705,829</b>	<b>3,777,683</b>	<b>4,804,940</b>	<b>10,626,400</b>
<b>Attributable to:</b>				
Parent Company's shareholders	4,816	685	5,476	(187)
Non-controlling interest	705,829	3,777,683	4,804,940	10,626,400

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 six months ended 30 June 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company						Non-controlling interests	Total
	Share capital	Treasury shares	Statutory reserve	General reserve	Other Reserves (note 10)	Retained earnings		
<b>Balance as of 1 January 2014</b>	<b>10,106,250</b>	<b>(1,437,716)</b>	<b>5,053,125</b>	<b>8,502,532</b>	<b>9,260,021</b>	<b>19,994,379</b>	<b>51,478,591</b>	<b>51,492,750</b>
Net profit for the period	-	-	-	-	-	5,106,311	5,106,311	5,106,124
Total other comprehensive income items	-	-	-	-	5,520,276	-	5,520,276	5,520,276
Purchase of treasury shares	-	(230,469)	-	-	-	-	(230,469)	(230,469)
Cash dividends (Note 13)	-	-	-	-	-	(4,861,592)	(4,861,592)	(4,861,592)
<b>Balance as of 30 June 2014</b>	<b>10,106,250</b>	<b>(1,668,185)</b>	<b>5,053,125</b>	<b>8,502,532</b>	<b>14,780,297</b>	<b>20,239,098</b>	<b>57,013,117</b>	<b>57,027,089</b>
<b>Balance as of 1 January 2015</b>	<b>10,106,250</b>	<b>(2,029,453)</b>	<b>5,053,125</b>	<b>9,414,038</b>	<b>17,920,227</b>	<b>22,938,906</b>	<b>63,403,093</b>	<b>63,420,837</b>
Net profit for the period	-	-	-	-	-	5,983,778	5,983,778	5,989,254
Total other comprehensive income items	-	-	-	-	(1,184,314)	-	(1,184,314)	(1,184,314)
Purchase of treasury shares	-	(4,128,406)	-	-	-	-	(4,128,406)	(4,128,406)
Cash dividends (Note 13)	-	-	-	-	-	(4,831,830)	(4,831,830)	(4,831,830)
<b>Balance as of 30 June 2015</b>	<b>10,106,250</b>	<b>(6,157,859)</b>	<b>5,053,125</b>	<b>9,414,038</b>	<b>16,735,913</b>	<b>24,090,854</b>	<b>59,242,321</b>	<b>59,265,541</b>

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 Cash flows for the six months ended 30 June 2015  
(Unaudited)**

*(All amounts are in Kuwaiti Dinars)*

	Note	Six months ended 30 June	
		2015	2014
<b>Cash flows from operating activities</b>			
Net cash generated from operating activities	14	3,408,865	5,368,007
<b>Cash flows from investment activities</b>			
Paid for purchase of property, plant and equipment and intangible assets		(1,300,335)	(1,136,317)
Paid for purchase of available for sale investments		(860,071)	(3,065,279)
Proceeds from sale of an associate		442,907	-
Dividends received		917,403	701,519
Net cash (used in) / generated from investing activities		(800,096)	(3,500,077)
<b>Cash flows from financing activities</b>			
Paid for purchase of treasury shares		(4,128,406)	(230,469)
Loans and bank facilities		7,938,250	(575)
Finance costs paid		(307,620)	(180,410)
Dividends paid		(4,583,953)	(4,662,104)
Net cash used in financing activities		(1,081,729)	(5,073,558)
Net increase / (decrease) in cash and cash equivalents		1,527,040	(3,205,628)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>11,229,637</b>	<b>11,806,894</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>12,756,677</b>	<b>8,601,266</b>

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**

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015  
(Unaudited)**

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

**1. Parent Company's incorporations**

Kuwait National Cinema Company K.P.S.C. (the Parent Company) is a Kuwaiti 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 the Kuwait Stock Exchange.

The registered office of the Company is located at Al-Zahara area, 360 Mall, fourth floor, P.O. Box 502 Safat, 13006 Safat, Kuwait.

These Consolidated financial statements include the financial statements of the Parent Company and its 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

Financial information of subsidiaries was prepared by management. The subsidiaries total assets amounted to KD 4,164,167 as at 30 June 2015 (KD 3,222,307 as at 31 December 2014, KD 2,680,307 as at 30 June 2014) and their net profit KD 724,585 for the six months ended 30 June 2015 (loss of KD 27,341 for the six months ended 30 June 2014).

The interim condensed consolidated financial information for the six months ended 30 June 2015 was authorized for issuance by the Board of Directors on 13 August 2015.

**2. Basis of preparation and accounting policies**

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 30 June 2015 are not necessarily indicative of results that may be expected for the year ending 31 December 2015. For further information, it is possible to refer to the consolidated financial statements and its related notes for to the year ended 31 December 2014.

The accounting policies used in preparing the interim condensed consolidated financial information similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2014, except for the adoption of the new and amended IFRS that have become effective and those which are applicable to the Group.

**New and revised IFRSs issued and effective**

In the current period, the Group has applied a number of new and revised IFRSs that are issued and effective.

*Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

*The Annual Improvements to IFRSs 2010-2012 Cycle:*

- *IFRS 2 Share-based Payment*
- *IFRS 3 Business Combinations*
- *IFRS 8 Operating Segments*
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*
- *IAS 24 Related Party Disclosures*

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015**  
**(Unaudited)**

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

*The Annual Improvements to IFRSs 2011-2013 Cycle:*

- *IFRS 3 Business Combinations*
- *IFRS 13 Fair Value Measurement*
- *IAS 40 Investment Property*

The adoption of these standards did not have any significant or material impact on the interim condensed consolidated financial information of the Group.

**New and revised IFRSs in issue but not yet effective**

***For annual periods beginning on or after 1 January 2016***

- *Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations*
- *Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation & Amortisation*
- *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants*

The directors of the Parent Company do not anticipate that the application of these amendments will have a material impact on the Group's interim condensed consolidated financial information.

***Effective for annual periods beginning on or after 1 January 2017***

***IFRS 15 Revenue from Contracts with Customers***

The directors of the Parent Company anticipate that the application of these IFRS 15 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

***Effective for annual periods beginning on or after 1 January 2018***

***IFRS 9 Financial Instruments***

The directors of the Parent Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

**3. Fair value estimation**

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

- **Level one:** Quoted prices in active markets for financial instruments.
- **Level two:** Quoted prices included within level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly.
- **Level three:** Inputs for the asset or liabilities that are not based on observable market data.

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis:**

	Fair value as at			Date of valuation	Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	Quoted Shares	19,221,200	20,096,224	16,581,168	30 June	Level 1	Last bid price	NA
Local Investment Funds	48,915	48,915	44,946	30 June	Level 2	Net book value	NA	NA

The fair values of other financial assets and financial liabilities which are not measured at fair value on ongoing basis equal approximately their carrying values.

**4. Property, plant and equipment**

Property, plant and equipment movement represented as follows:

	30 June 2015	31 December 2014	30 June 2014
	<b>(Audited)</b>		
Net book value at the beginning of the period/ year	14,540,324	14,463,609	14,463,609
Additions during the period/ year	940,911	1,026,001	325,019
Net disposals during the period/ year	-	(11,000)	-
Depreciation of the period/ year	(548,443)	(938,286)	(371,963)
<b>Net book value at the end of the period/ year</b>	<b>14,932,792</b>	<b>14,540,324</b>	<b>14,416,665</b>

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

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015  
(Unaudited)**  
*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**5. Investments in associates**

This represents 30% of the Group's investments in Tamdeen Shopping centers (K.S.C.C.)

	30 June 2015	31 December 2014	30 June 2014
	(Audited)		
Balance at the beginning of the period/ year	32,362,993	30,344,341	30,344,341
Group's share in associates' results	2,028,878	2,682,550	1,596,762
Group's share in an associate's change in fair value reserve	(320,054)	734,566	297,223
Group's share in an associate's foreign currency translation reserve	86,780	101,536	(2,507)
Dividends	(1,800,000)	(1,500,000)	(1,500,000)
Balance at the end of the period/ year	<u>32,358,597</u>	<u>32,362,993</u>	<u>30,735,819</u>

**6. Available for sale investments**

Available for sale investments are represented in the following:

	30 June 2015	31 December 2014	30 June 2014
	(Audited)		
Quoted shares	19,221,200	20,096,224	16,581,168
Unquoted shares	4,337,995	4,574,445	1,932,653
Investment funds	48,915	48,915	44,946
	<u>23,608,110</u>	<u>24,719,584</u>	<u>18,558,767</u>

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

- Unquoted investments are carried at cost since its fair value cannot be reliably measured. The Group's management believes that there are no indications of impairment for these investments.

**7. Trade and other receivables**

	30 June 2015	31 December 2014	30 June 2014
	(Audited)		
Trade receivables	442,944	580,001	360,013
Due from related parties	573,323	558,473	740,495
	1,016,267	1,138,474	1,100,508
Provision of impairment	(503,028)	(462,202)	(462,202)
	513,239	676,272	638,306
Payment under purchasing investments	3,045,000	-	-
Prepaid expenses	78,176	52,730	169,893
Refundable deposits	407,805	407,805	492,540
Staff receivables	155,223	137,946	139,370
Other	20,000	20,000	111,269
	<u>4,219,443</u>	<u>1,294,753</u>	<u>1,551,378</u>

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

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015**  
**(Unaudited)**  
*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**8. Cash, current accounts and deposits**

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Cash on hand	22,898	65,294	37,189
Banks current accounts	10,540,546	10,718,783	6,667,840
Cheques under collection	1,800,000	-	1,500,000
Time deposits (matured during less three months)	10,358	10,316	10,271
Cash in investment portfolios	392,875	445,244	395,966
	<u>12,766,677</u>	<u>11,239,637</u>	<u>8,611,266</u>
Less: deposits pledged at banks (note 11)	(10,000)	(10,000)	(10,000)
Cash and cash equivalents	<u>12,756,677</u>	<u>11,229,637</u>	<u>8,601,266</u>

**9. Treasury shares**

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Number of treasury shares (share)	6,423,352	2,411,055	2,058,905
Percentage to issued shares (%)	6.36	2.39	2.037
Market value	6,423,352	2,362,834	1,750,069

The Parent Company commits to retain 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 relevant regulatory authorities.

**10. Other reserves**

	Land revaluation reserve	Change in fair value reserve	Currency translation reserve	Treasury shares reserve	Total
Balance at 1 January 2014	8,524,134	588,601	147,286	-	9,260,021
Total other comprehensive income items	-	5,523,531	(3,255)	-	5,520,276
Balance at 30 June 2014	<u>8,524,134</u>	<u>6,112,132</u>	<u>144,031</u>	<u>-</u>	<u>14,780,297</u>
Balance at 1 January 2015	8,524,134	9,124,079	249,110	22,904	17,920,227
Total other comprehensive income items	-	(1,269,250)	84,936	-	(1,184,314)
Balance at 30 June 2015	<u>8,524,134</u>	<u>7,854,829</u>	<u>334,046</u>	<u>22,904</u>	<u>16,735,913</u>

**11. Loans and bank facilities**

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Short term loans	19,550,000	12,450,000	9,950,000
Banks - overdraft	604,067	544,318	9,005
	<u>20,154,067</u>	<u>12,994,318</u>	<u>9,959,005</u>

- Loans and bank facilities granted to the Group from local banks are pledged against promissory notes (note 8).

- The weighted effective interest rate on loans and bank facilities is 3.70% as at 30 June 2015 (3.87% as at 31 December 2014 and 3.96% 30 June 2014).

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

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015  
(Unaudited)**

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

**12. Earnings per share**

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Net profit for the period	2,629,835	2,605,322	5,983,778	5,106,311
Weighted average number of outstanding shares for the period (share)	94,703,619	99,143,315	95,509,825	99,187,230
Earnings per share (fils)	27.77	26.28	62.65	51.48

**13. Dividends**

On 15 April 2015, the General Assembly of the Company's shareholders approved the consolidated financial statements for the year ended 31 December 2014, also approved cash dividends of 51 fils per share from the profit of the year 2014 (cash dividends of 49 fils per share from the profit of the year 2013).

**14. Cash Flows from operating activities**

	Six months ended 30 June	
	2015	2014
Net profit for the period	5,989,254	5,106,124
<b>Adjustments to:</b>		
Depreciation and amortization	958,037	755,815
Net gains from financial investments	(337,961)	(785,836)
Group's share in associate's result	(2,028,878)	(1,596,762)
Impairment in receivable and other debit balances	40,825	-
Post-employment benefits	96,332	95,793
Finance costs	350,300	253,401
Operating profit before changes in operating assets and liabilities	5,067,909	3,828,535
Inventories	(120,358)	(6,655)
Trade and other receivables	(1,165,515)	1,423,625
Trade and other payables	(301,162)	148,068
Cash generated from operating activities	3,480,874	5,393,573
Post-employment benefits paid	(72,009)	(25,566)
Net cash generated from operating activities	3,408,865	5,368,007

**15. 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 is constant with the internal reporting presented to management:

- Cinema division: which represents all activities related to cinema shows.
- Concession division: which represents all activities related to concessions supplemented to theaters.
- Investment division: which represents investments in shares, funds and real estate investments.

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

	Division activity as at 30 June 2015				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	10,304,909	2,877,776	2,366,839	753,479	16,303,003
Costs	(7,670,640)	(1,055,454)	-	(1,587,655)	(10,313,749)
Segment's profit	2,634,269	1,822,322	2,366,839	(834,176)	5,989,254
Assets	13,650,410	281,146	59,319,848	15,248,917	88,500,321

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

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2015  
(Unaudited)**  
*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

	Division activity as at 30 June 2014				Total
	Cinema division	Concession division	Investment division	Unallocated items	
Net revenues	8,689,546	2,371,903	2,382,598	847,099	14,291,146
Costs	(6,934,764)	(933,816)	-	(1,316,442)	(9,185,022)
Segment's profit	1,754,782	1,438,087	2,382,598	(469,343)	5,106,124
Assets	15,615,261	234,135	49,834,482	9,589,692	75,273,570

**16. Contingent liabilities**

Letters of Guarantee issued to third party amounted to KD 167,220 as at 30 June 2015 (KD 167,220 as at 31 December 2014, KD 167,220 as at 30 June 2014).

**17. 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 following is the volume and nature of those transactions during the period:

	30 June 2015	30 June 2014
Salaries and remuneration	106,400	93,900
Leave and post-employment benefits	18,154	21,208

Balances resulted from such transactions are as follows:

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Due from related parties	573,323	558,473	740,495
Due to related parties	54,611	19,001	57,685
Payment under purchasing investments	3,045,000	-	-

Related parties transactions are subject to the approval of General Assembly of the shareholders.