



**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 2020**  
**(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 six months ended 30 June 2020

(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 30 June 2020 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*

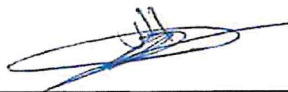
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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. 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 six-month period ended 30 June 2020 that might have had a material effect on the business of the Group or on its consolidated financial position.



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**Talal Y. Al-Muzaini**  
**Licence No. 209A**  
**Deloitte & Touche**  
**Al-Wazzan & Co.**

Kuwait, 10 August 2020

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2020  
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 June 2020	31 December 2019 (Audited)	30 June 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		23,722,508	22,770,559	17,267,735
Investments properties		4,673,004	4,673,004	7,080,740
Right-of-use assets	4	11,430,525	12,513,576	13,639,971
Intangible assets		60,585	796,514	1,353,050
Investments in an associate	5	36,643,084	39,460,952	39,629,822
Investments at FVTOCI	6	6,176,240	8,365,409	7,539,890
		<u>82,705,946</u>	<u>88,580,014</u>	<u>86,511,208</u>
<b>Current assets</b>				
Inventories		649,597	658,188	679,535
Trade and other receivables		3,649,580	1,745,360	2,085,097
Cash at banks, on hand and investment portfolios	7	25,233,470	28,181,756	23,057,406
		<u>29,532,647</u>	<u>30,585,304</u>	<u>25,822,038</u>
<b>Total assets</b>		<u>112,238,593</u>	<u>119,165,318</u>	<u>112,333,246</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	8	(8,122,474)	(8,122,474)	(8,122,116)
Statutory reserve		5,065,834	5,065,834	5,065,834
Voluntary reserve		14,241,729	14,241,729	13,346,691
Other reserves	9	16,878,330	20,077,146	18,762,230
Retained earnings		33,928,771	39,360,176	35,773,419
Equity attributable to the Parent Company's shareholders		<u>72,098,440</u>	<u>80,728,661</u>	<u>74,932,308</u>
Non-controlling interest		18,161	39,735	37,390
		<u>72,116,601</u>	<u>80,768,396</u>	<u>74,969,698</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities	4	9,737,009	10,721,130	11,742,250
Post-employment benefits		1,806,452	1,755,042	1,760,665
		<u>11,543,461</u>	<u>12,476,172</u>	<u>13,502,915</u>
<b>Current liabilities</b>				
Trade and other payables		11,541,298	9,618,366	9,471,245
Lease liabilities	4	1,769,467	1,594,341	1,765,902
Loans and bank facilities	10	15,267,766	14,708,043	12,623,486
		<u>28,578,531</u>	<u>25,920,750</u>	<u>23,860,633</u>
<b>Total liabilities</b>		<u>40,121,992</u>	<u>38,396,922</u>	<u>37,363,548</u>
<b>Total equity and liabilities</b>		<u>112,238,593</u>	<u>119,165,318</u>	<u>112,333,246</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

**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 2020**

**(Unaudited)**

*(All amounts are in Kuwaiti Dinar)*

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
Operating revenues		993,832	4,919,061	4,296,229	8,840,896
Operating costs		<u>(1,868,662)</u>	<u>(4,715,258)</u>	<u>(5,053,503)</u>	<u>(7,948,452)</u>
Gross (loss)/ profit		(874,830)	203,803	(757,274)	892,444
Other operating income		591,750	2,531,862	2,844,889	5,010,998
General and administrative expenses		(616,607)	(515,580)	(1,117,555)	(1,337,327)
Other operating expenses		(290,512)	(892,996)	(1,000,613)	(1,587,084)
Net profit of financial investments		106,606	196,024	106,812	236,766
Group's share in an associate results	5	(2,023,818)	1,071,991	(1,812,724)	1,750,782
Expected credit losses		-	(26,238)	-	(62,925)
Finance costs		<u>(205,701)</u>	<u>(282,417)</u>	<u>(445,156)</u>	<u>(668,663)</u>
<b>Net (loss)/ profit before deductions</b>		<b>(3,313,112)</b>	<b>2,286,449</b>	<b>(2,181,621)</b>	<b>4,234,991</b>
Contribution to Kuwait Foundation for the Advancement of Sciences		6,600	(10,198)	-	(20,774)
National Labor Support Tax		25,015	(48,792)	-	(99,428)
Zakat		<u>48,088</u>	<u>(8,695)</u>	-	<u>(20,010)</u>
<b>Net (loss)/ profit for the period</b>		<b><u>(3,233,409)</u></b>	<b><u>2,218,764</u></b>	<b><u>(2,181,621)</u></b>	<b><u>4,094,779</u></b>
<b>Attributable to:</b>					
Parent Company's shareholders		(3,236,147)	2,218,702	(2,186,297)	4,093,138
Non-controlling interest		<u>2,738</u>	<u>62</u>	<u>4,676</u>	<u>1,641</u>
		<b><u>(3,233,409)</u></b>	<b><u>2,218,764</u></b>	<b><u>(2,181,621)</u></b>	<b><u>4,094,779</u></b>
(Loss)/earnings per share (fils)	11	<u>(34.90)</u>	<u>23.93</u>	<u>(23.58)</u>	<u>44.14</u>

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



**Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2020  
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Net(loss)/ profit for the period</b>	<u>(3,233,409)</u>	<u>2,218,764</u>	<u>(2,181,621)</u>	<u>4,094,779</u>
<b>Other comprehensive income items:</b>				
<b>Items that will not be reclassified subsequently to statement of income:</b>				
Net changes in fair value of financial investments at fair value through OCI	(1,778,690)	944,807	(2,189,168)	1,570,889
Group's share in an associates' reserves (note 5)	<u>(275,248)</u>	<u>222,080</u>	<u>(1,033,364)</u>	<u>(240,740)</u>
	<u>(2,053,938)</u>	<u>1,166,887</u>	<u>(3,222,532)</u>	<u>1,330,149</u>
<b>Items that may be reclassified subsequently to statement of income:</b>				
Group's share in an associate's reserve (note 5)	(17,852)	(8,913)	28,220	(410)
Foreign currency translation differences of a subsidiary	7,163	(5,934)	(4,504)	(11,689)
	<u>(10,689)</u>	<u>(14,847)</u>	<u>23,716</u>	<u>(12,099)</u>
Other comprehensive (loss)/ income for the period	<u>(2,064,627)</u>	<u>1,152,040</u>	<u>(3,198,816)</u>	<u>1,318,050</u>
<b>Total comprehensive (loss)/ income for the period</b>	<u>(5,298,036)</u>	<u>3,370,804</u>	<u>(5,380,437)</u>	<u>5,412,829</u>
<b>Attributable to:</b>				
Parent Company's shareholders	(5,300,774)	3,370,742	(5,385,113)	5,411,188
Non-controlling interest	<u>2,738</u>	<u>62</u>	<u>4,676</u>	<u>1,641</u>
	<u>(5,298,036)</u>	<u>3,370,804</u>	<u>(5,380,437)</u>	<u>5,412,829</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



شركة الكويت الوطنية للسينما  
KUWAIT NATIONAL CINEMA COMPANY

**Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2020  
(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 9)	Retained earnings		
<b>Balance as at 1 January 2109</b>	10,106,250	(8,095,324)	5,065,834	13,346,691	17,444,180	36,760,616	36,124	74,664,371
Impact of adoption of IFRS 16	-	-	-	-	-	(443,935)	-	(443,935)
<b>Balance as at 1 January 2019 (restated)</b>	10,106,250	(8,095,324)	5,065,834	13,346,691	17,444,180	36,316,681	36,124	74,220,436
Net profit for the period	-	-	-	-	-	4,093,138	1,641	4,094,779
Other comprehensive income for the period	-	-	-	-	1,318,050	-	-	1,318,050
Total comprehensive income for the period	-	-	-	-	1,318,050	4,093,138	1,641	5,412,829
Purchase of treasury shares	-	(26,792)	-	-	-	-	-	(26,792)
Cash dividends	-	-	-	-	-	(4,636,400)	(375)	(4,636,775)
<b>Balance as at 30 June 2019</b>	10,106,250	(8,122,116)	5,065,834	13,346,691	18,762,230	35,773,419	37,390	74,969,698
<b>Balance as at 1 January 2020</b>	10,106,250	(8,122,474)	5,065,834	14,241,729	20,077,146	39,360,176	39,735	80,728,661
Net loss for the period	-	-	-	-	-	(2,186,297)	4,676	(2,181,621)
Other comprehensive loss for the period	-	-	-	-	(3,198,816)	-	-	(3,198,816)
Total comprehensive loss for the period	-	-	-	-	(3,198,816)	(2,186,297)	4,676	(5,380,437)
Cash dividends (Note 14)	-	-	-	-	-	(3,245,108)	(26,250)	(3,271,358)
<b>Balance as at 30 June 2020</b>	10,106,250	(8,122,474)	5,065,834	14,241,729	16,878,330	33,928,771	18,161	72,116,601

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

**Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2020  
 (Unaudited)**

(All amounts are in Kuwaiti Dinar)

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Net (loss)/ profit for the period	(2,181,621)	4,094,779
<i>Adjustments:</i>		
Depreciation and amortization	1,521,666	1,617,795
Amortization of right-of-use assets	1,083,051	1,089,669
Net gains from investments at FVTOCI	(106,812)	(236,766)
Group's share in an associate's results	1,812,724	(1,750,782)
Expected credit losses	-	58,270
Post-employment benefits	113,575	101,115
Finance costs	234,098	429,306
Interest portion of lease liability	211,058	239,357
Operating profit before changes in operating assets and liabilities	2,687,739	5,642,743
Inventories	8,591	(53,706)
Trade and other receivables	(1,797,407)	(185,612)
Trade and other payables	(1,388,872)	113,231
Cash (used in)/generated from operating activities	(489,949)	5,516,656
Post-employment benefits paid	(62,165)	(233,902)
Net cash (used in)/generated from operating activities	(552,114)	5,282,754
<b>Cash flows from investment activities</b>		
Paid for purchase of property, plant and equipment	(1,571,931)	(2,795,709)
Paid for purchase of intangible assets	(161,212)	(832,843)
Paid-for investments at FVTOCI	-	(5,893,772)
Proceeds from sale of investments at FVTOCI	-	12,120,445
Dividends received	-	243,511
Net cash (used in)/generated from investing activities	(1,733,143)	2,841,632
<b>Cash flows from financing activities</b>		
Loans and bank facilities	559,723	(13,604,751)
Paid for purchase of treasury shares	-	(26,792)
Finance costs paid	(174,059)	(593,918)
Repayment of lease liability	(1,020,053)	(1,115,375)
Dividends paid	(28,640)	(4,362,515)
Net cash used in financing activities	(663,029)	(19,703,351)
Net change in cash and cash equivalents	(2,948,286)	(11,578,965)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>28,190,494</b>	<b>34,645,701</b>
<b>Cash and cash equivalents at the end of the period (note 7)</b>	<b>25,242,208</b>	<b>23,066,736</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 2020 (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 the 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":

	<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 consolidated financial statements for the year ended 31 December 2019 were approved by the General Assembly for the Shareholders on 24 June 2020.

The interim condensed consolidated financial information for the six months ended 30 June 2020 was authorized for issuance by the Board of Directors on 10 August 2020.

**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 30 June 2020 are not necessarily indicative of results that may be expected for the year ending 31 December 2020. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2019.

**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 2019, 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****Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

Effective for annual periods beginning on or after 1 January 2020. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The adoption of this amendment has not had any material impact on the disclosures or on the amounts reported in these interim condensed consolidated financial information for the six months ended 30 June 2020.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2020  
(Unaudited)**

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

**Definition of a Business – Amendments to IFRS 3 Business Combinations**

Effective for annual periods beginning on or after 1 January 2020. The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

The adoption of this amendment has not had any material impact on the disclosures or on the amounts reported in these interim condensed consolidated financial information for the six months ended 30 June 2020.

**The amends to IFRS 16**

Effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. The amendment is also available for interim reports. The group has elected to apply the practical expedient outlined in the amendment to IFRS 16 Concession/Exemption/ Discounting to Lease related to COVID-19 on all eligible contracts.

This amendment:

- Provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification;
- Require lessees that apply the practical expedient to account for COVID-19-related rent concessions as if they were not lease modifications;
- Require lessees that apply the practical expedient to disclose whether the practical expedient has been applied to all eligible contracts, or, if not, information about the nature of the contracts to which the practical expedient has been applied; and
- Require lessees to apply the practical expedient retrospectively, recognizing the cumulative effect of applying the amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

*Effect to the Group*

The group has elected to apply the practical expedient outlined in the amendment to IFRS 16 Concession/Exemption/ Discounting to Lease related to COVID-19 on all eligible contracts.

*Effect to the interim financial information for the current period*

- Decrease in Lease Liability in the balance sheet amounted to KD 557,338, and
- Increase of other revenues in the profit and loss amounted to KD 557,338.

Other amendments to IFRSs that are effective for annual accounting period starting from 1 January 2020 have not had any material impact on the accounting policies, financial position or performance 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 six months ended 30 June 2020 (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	Valuation technique(s) and Key input(s)
	30 June 2020	31 December 2019	30 June 2019		
<b>Equity instruments designated as FVTOCI</b>					
Quoted shares	4,471,581	5,845,197	5,961,211	Level 1	Last bid price
Investment funds	4,168	4,168	4,168	Level 2	Net assets value
Unquoted shares	809,240	1,187,465	1,574,511	Level 3	Discounted cash flows
Unquoted shares	891,251	1,328,579	-	Level 3	Adjusted book value

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

**4. Right-of-use assets**

The Group as a lessee has leased several assets including buildings and land. 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>land</b>	<b>Total</b>
<b>Net carrying amount</b>			
1 January 2020	11,620,989	892,587	12,513,576
30 June 2020	10,604,414	826,111	11,430,525
Amortization expense for the period ended 30 June 2020	1,016,575	66,476	1,083,051

<b>Right-of-use assets</b>	<b>Buildings</b>	<b>lands</b>	<b>Total</b>
<b>Net carrying amount</b>			
1 January 2019	13,691,309	1,038,331	14,729,640
30 June 2019	12,674,757	965,214	13,639,971
Amortization expense for the period ended 30 June 2019	1,016,552	73,117	1,089,669

**Lease liabilities**

	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2019</b>
<b>Non-Current lease liabilities</b>			
Amounts due for settlement after 12 months	9,737,009	10,721,130	11,742,250
<b>Current lease liabilities</b>			
Amounts due for settlement within 12 months	1,769,467	1,594,341	1,765,902
	11,506,476	12,315,471	13,508,152

**Maturity analysis**

Maturity dates of undiscounted lease liabilities are as follows:

	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2019</b>
Not later than 1 year	2,330,968	2,014,006	2,139,936
Later than 1 year and not later than 5 years	9,329,458	9,896,172	8,033,407
Later than 5 years	1,317,744	1,571,797	5,019,071
	12,978,170	13,481,975	15,192,414



**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 2020 (Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

	Six months ended	
	30 June	
	2020	2019
Amortization expense on right-of-use assets	1,083,051	1,089,669
Interest expense on lease liabilities	211,058	239,357
Expense relating to short-term leases	153,039	243,115
Expense relating to variable lease payments not included in the measurement of the lease liability	196,524	462,099
	<u>1,643,672</u>	<u>2,034,240</u>
Gain from lessor under lease concession related to COVID-19	557,337	-
	<u>557,337</u>	<u>-</u>

**5. Investments in an associate**

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

	30 June 2020	31 December 2019 (Audited)	30 June 2019
Balance as at the beginning of the period/ year	39,460,952	38,564,125	38,564,125
Impact of IFRS 16 in retained earnings	-	(443,935)	(443,935)
Group's share in an associate's results	(1,812,724)	3,262,947	1,750,782
Group's share from an associate's reserve:			
Changes in fair value reserves	(1,033,364)	(122,516)	(240,740)
Group's share from difference of foreign currency reserve	28,220	(2,297)	(410)
Group's share from increase of contribution of an associate in a subsidiary	-	2,628	-
	<u>(1,005,144)</u>	<u>(122,185)</u>	<u>(241,150)</u>
Dividends	-	(1,800,000)	-
Balance at the end of the period/ year	<u>36,643,084</u>	<u>39,460,952</u>	<u>39,629,822</u>

**6. Investments at FVTOCI**

	30 June 2020	31 December 2019 (Audited)	30 June 2019
Quoted shares	4,471,581	5,845,197	5,961,211
Unquoted shares	1,700,491	2,516,044	1,574,511
Investment funds	4,168	4,168	4,168
	<u>6,176,240</u>	<u>8,365,409</u>	<u>7,539,890</u>

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

**7. Cash at banks, on hand and investment portfolios**

	30 June 2020	31 December 2019 (Audited)	30 June 2019
Cash on hand	31,664	40,968	88,846
Banks' current accounts	24,550,080	3,869,816	4,449,180
Time deposit	-	23,621,404	17,867,560
Cash in investment portfolios (Note 13)	660,464	658,306	661,150
Total Cash at banks, on hand and investment portfolios	<u>25,242,208</u>	<u>28,190,494</u>	<u>23,066,736</u>
Expected credit losses	(8,738)	(8,738)	(9,330)
	<u>25,233,470</u>	<u>28,181,756</u>	<u>23,057,406</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 2020 (Unaudited)**

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

**8. Treasury shares**

	<b>30 June 2020</b>	<b>31 December 2019 (Audited)</b>	<b>30 June 2019</b>
Number of treasury shares (share)	8,344,369	8,344,369	8,343,769
Percentage to issued shares (%)	8.26	8.26	8.26
Market value	6,258,277	8,344,369	7,175,641

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.

**9. Other reserves**

	<b>Land revaluation reserve</b>	<b>Change in fair value reserve</b>	<b>Foreign currency translation reserve</b>	<b>Treasury shares reserve</b>	<b>Total</b>
<b>Balance at 1 January 2019</b>	<u>10,066,140</u>	<u>6,869,922</u>	<u>381,025</u>	<u>127,093</u>	<u>17,444,180</u>
Changes in fair value of financial investments at FVTOCI	-	1,570,889	-	-	1,570,889
Group's share in an associate's reserve (note 5)	-	(240,740)	(410)	-	(241,150)
Foreign currency translation reserve	-	-	(11,689)	-	(11,689)
Other comprehensive income for the period	-	1,330,149	(12,099)	-	1,318,050
<b>Balance at 30 June 2019</b>	<u>10,066,140</u>	<u>8,200,071</u>	<u>368,926</u>	<u>127,093</u>	<u>18,762,230</u>
<b>Balance at 1 January 2020</b>	<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	-	(2,189,168)	-	-	(2,189,168)
Group's share in an associate's reserve (note 5)	-	(1,033,364)	28,220	-	(1,005,144)
Foreign currency translation reserve of a subsidiary	-	-	(4,504)	-	(4,504)
Other comprehensive loss for the period	-	(3,222,532)	23,716	-	(3,198,816)
<b>Balance at 30 June 2020</b>	<u>11,789,140</u>	<u>4,621,281</u>	<u>340,816</u>	<u>127,093</u>	<u>16,878,330</u>

Land revaluation reserve includes the following:

	<b>30 June 2020</b>	<b>31 December 2019 (Audited)</b>	<b>30 June 2019</b>
Revaluation reserve for Land within property, plant and equipment	8,319,164	8,319,164	4,701,999
Revaluation reserve for land within investment properties	2,363,735	2,363,735	4,257,900
Revaluation reserve for land sold to an associate	1,106,241	1,106,241	1,106,241
	<u>11,789,140</u>	<u>11,789,140</u>	<u>10,066,140</u>



**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2020 (Unaudited)**
*(All amounts are in Kuwaiti Dinar unless otherwise stated)*
**10. Loans and bank facilities**

	30 June 2020	31 December 2019 (Audited)	30 June 2019
Short term loans	10,000,000	10,000,000	10,000,000
Banks - overdraft	5,112,289	4,397,089	2,623,486
Notes payables	155,477	310,954	-
	<u>15,267,766</u>	<u>14,708,043</u>	<u>12,623,486</u>
Average effective rate (%)	<u>2.55</u>	<u>3.94</u>	<u>3.96</u>

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

**11. (Loss)/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 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Net (loss)/profit attributable to Parent Company's shareholders	(3,236,147)	2,218,702	(2,186,297)	4,093,138
Weighted average number of outstanding shares (share)	<u>92,718,131</u>	<u>92,725,564</u>	<u>92,718,131</u>	<u>92,728,005</u>
(loss)/earnings per share (fils)	<u>(34.90)</u>	<u>23.93</u>	<u>(23.58)</u>	<u>44.14</u>

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

**12. 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 theatres.
- 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 30 June 2020				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	4,296,229	1,329,370	(1,615,632)	1,425,239	5,435,206
Costs	(5,053,503)	(692,170)	(96,807)	(1,774,347)	(7,616,827)
Segment's loss	<u>(757,274)</u>	<u>637,200</u>	<u>(1,712,439)</u>	<u>(349,108)</u>	<u>(2,181,621)</u>
Assets	<u>34,313,479</u>	<u>449,058</u>	<u>47,492,328</u>	<u>29,983,728</u>	<u>112,238,593</u>
	Divisions activity as at 30 June 2019				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	8,840,896	3,458,245	2,267,555	1,272,746	15,839,442
Costs	(7,948,452)	(1,202,312)	(154,487)	(2,439,412)	(11,744,663)
Segment's profit	<u>892,444</u>	<u>2,255,933</u>	<u>2,113,068</u>	<u>(1,166,666)</u>	<u>4,094,779</u>
Assets	<u>28,635,702</u>	<u>547,878</u>	<u>54,574,086</u>	<u>28,575,580</u>	<u>112,333,246</u>

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2020 (Unaudited)**
*(All amounts are in Kuwaiti Dinar unless otherwise stated)*
**13. 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>30 June 2020</b>	<b>30 June 2019</b>
Key management compensation	66,844	114,677
Expenses (rents, consultancy and others)	412,545	566,926
Other income	70,301	137,069

<b>Balances resulting from those transactions:</b>	<b>30 June 2020</b>	<b>31 December 2019 (Audited)</b>	<b>30 June 2019</b>
Due from related parties	30,856	11,309	2,643
Due to related parties	111,227	2,499	4
Cash at investment portfolios (Note 7)	660,464	658,306	661,150
management compensation Long term	(87,602)	(83,541)	(79,185)
management compensation Short term	(4,038)	(4,038)	(9,423)

A related party manages investment portfolios on behalf of the Group. The book value of such portfolio is amounted to KD 6,172,072 as at 30 June 2020 (KD 8,361,241 as at 31 December 2019, KD 7,535,722 as at 30 June 2019).

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

**14. Dividends**

On 24 June 2020, the General Assembly of the Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2019, also approved cash dividends of 35 fils per share from the profits for the year 2019. Also approved Board of Directors remuneration for 2019.

**15. Contingent liabilities**

Letters of Guarantee were contingently liable for a third party with an amount of KD 2,386,680 as at 30 June 2020 (KD 2,386,680 as at 31 December 2019, KD 2,386,680 as at 30 June 2019).

**16. Future commitments**

	<b>30 June 2020</b>	<b>31 December 2019 (Audited)</b>	<b>30 June 2019</b>
Estimated capital expenditure contracted as of period end	3,411,623	3,359,005	1,844,636
Estimated capital expenditure contracted subsequently	37,299,929	39,800,000	39,800,000
Future commitments for purchasing films	345,310	345,310	345,310

**17. Covid-19 impact**

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (Covid-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak on its operations and financial performance. The Group has performed an assessment of COVID-19 impact on the financial results of the Group based on the available guidance of IFRSs as well as the available information as at the reporting date, and incorporated the outcome in these interim condensed consolidated financial information by re-evaluating the critical judgement and estimates as at and for the period ended 30 June 2020, as explained below.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2020  
(Unaudited)**

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

Non-financial asset

The Group has not identified any significant impact on the carrying values of its non-financial assets (Property, plant and equipment; investment properties and right-of-use of assets) as at 30 June 2020 due to the impact of Covid- 19. However, markets and economy remain volatile, and the Group is continuously monitoring the events.

Associate

During the period, the Group has performed an assessment of the recoverable amount and possible impairment of its investment in the associate as per the requirements of IAS 36 "Impairment of Assets". Recoverable amount has been determined based on the asset's fair value less costs to sell. Based on the assessment performed, management concluded that, there is no decline of the associate's carrying amount below its recoverable amount (note 5), and the reported amounts represent best management's assessment based on the available observable information.

Unquoted investment

The COVID-19 pandemic and downturn in global economy has affected the fair value of the unquoted investments. Accordingly, the management has performed fair value studies for the unquoted shares. This valuation resulted in recording decline in fair value of unquoted shares with KD 815,553, which is included in net change in fair value of investments at FVTOCI in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2020.

Expected credit losses

The Group reassessed the inputs and assumptions used for the determination of expected credit loss as at 30 June 2020. The Group has updated the forward-looking information based on the best estimates and judgement of the Group's assessment of the current economic climate of the respective market in which it operates its impact on clients by various segments, the resultant significant increase in the credit risk and re-estimated the expected credit losses as of 30 June 2020. Management concluded that, the reported amounts represent best management's assessment based on the available observable information and there is no material impact due to COVID-19.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and based on 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 continues to evolve, but at the present time, the projections show that Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.