



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 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 30 June 2021 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.

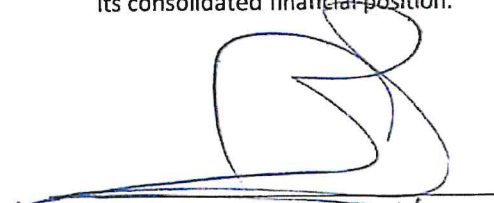
Conclusion

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 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 six-month period ended 30 June 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 August 2021

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 June 2021	31 December 2020 (Audited)	30 June 2020
ASSETS				
Non-current assets				
Property, plant and equipment	4	42,268,804	34,420,143	23,722,508
Investments properties		4,656,722	4,656,722	4,673,004
Right-of-use assets	5	19,990,838	22,199,940	11,430,525
Intangible assets		22,185	2,207	60,585
Investments in an associate	6	38,171,644	36,205,862	36,643,084
Investments at FVTOCI	7	5,950,775	5,540,909	6,176,240
Trade and other receivables		727,063	784,046	784,046
		<u>111,788,031</u>	<u>103,809,829</u>	<u>83,489,992</u>
Current assets				
Inventories		674,334	891,150	649,597
Trade and other receivables		400,392	379,160	2,865,534
Cash at banks, on hand and investment portfolios	8	20,040,885	20,321,601	25,233,470
		<u>21,115,611</u>	<u>21,591,911</u>	<u>28,748,601</u>
Total assets		<u>132,903,642</u>	<u>125,401,740</u>	<u>112,238,593</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	17,518,482	17,167,943	16,878,330
Retained earnings		28,576,039	28,806,250	33,928,771
Equity attributable to the Parent Company's shareholders		67,307,103	67,186,775	72,098,440
Non-controlling interest		14,729	18,215	18,161
		<u>67,321,832</u>	<u>67,204,990</u>	<u>72,116,601</u>
Liabilities				
Non-current liabilities				
Lease liabilities	5	18,980,044	20,797,466	9,737,009
Loans and bank facilities	11	14,400,000	-	-
Post-employment benefits		1,449,746	1,462,036	1,806,452
		<u>34,829,790</u>	<u>22,259,502</u>	<u>11,543,461</u>
Current liabilities				
Trade and other payables		11,261,343	10,328,357	11,541,298
Lease liabilities	5	1,492,839	1,762,879	1,769,467
Loans and bank facilities	11	17,997,838	23,846,012	15,267,766
		<u>30,752,020</u>	<u>35,937,248</u>	<u>28,578,531</u>
Total liabilities		<u>65,581,810</u>	<u>58,196,750</u>	<u>40,121,992</u>
Total equity and liabilities		<u>132,903,642</u>	<u>125,401,740</u>	<u>112,238,593</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 six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
Operating revenues		969,102	993,832	1,603,434	4,296,229
Operating costs		(1,621,225)	(1,868,662)	(3,113,579)	(5,053,503)
Gross loss		(652,123)	(874,830)	(1,510,145)	(757,274)
Other operating income	12	1,046,579	591,750	1,659,566	2,844,889
General and administrative expenses		(498,209)	(616,607)	(921,004)	(1,117,555)
Other operating expenses		(480,274)	(290,512)	(959,731)	(1,000,613)
Net (loss)/ profit of financial investments		(1,168)	106,606	(2,361)	106,812
Group's share in an associate results	6	1,050,730	(2,023,818)	2,027,839	(1,812,724)
Finance costs		(185,602)	(205,701)	(521,112)	(445,156)
Net Profit/ (loss) before deductions		279,933	(3,313,112)	(226,948)	(2,181,621)
Contribution to Kuwait Foundation for the Advancement of Sciences		-	6,600	-	-
National Labor Support Tax		-	25,015	-	-
Zakat		-	48,088	-	-
Net profit/ (loss) for the period		279,933	(3,233,409)	(226,948)	(2,181,621)
Attributable to:					
Parent Company's shareholders		279,305	(3,236,147)	(230,211)	(2,186,297)
Non-controlling interest		628	2,738	3,263	4,676
		279,933	(3,233,409)	(226,948)	(2,181,621)
Earnings/ (loss) per share (fils)	13	3.01	(34.90)	(2.49)	(23.58)

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 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net profit/ (loss) for the period	279,933	(3,233,409)	(226,948)	(2,181,621)
Other comprehensive income items:				
Items that will not be reclassified subsequently to statement of income:				
Net changes in fair value of financial investments at fair value through OCI	791,551	(1,778,690)	409,866	(2,189,168)
Group's share in an associates' reserves (note 6)	425,077	(275,248)	(47,789)	(1,033,364)
	1,216,628	(2,053,938)	362,077	(3,222,532)
Items that may be reclassified subsequently to statement of income:				
Group's share in an associate's reserve (note 6)	(8,667)	(17,852)	(14,268)	28,220
Foreign currency translation differences of a subsidiary	335	7,163	2,730	(4,504)
	(8,332)	(10,689)	(11,538)	23,716
Other comprehensive income/ (loss) for the period	1,208,296	(2,064,627)	350,539	(3,198,816)
Total comprehensive income/ (loss) for the period	<u>1,488,229</u>	<u>(5,298,036)</u>	<u>123,591</u>	<u>(5,380,437)</u>
Attributable to:				
Parent Company's shareholders	1,487,601	(5,300,774)	120,328	(5,385,113)
Non-controlling interest	628	2,738	3,263	4,676
	<u>1,488,229</u>	<u>(5,298,036)</u>	<u>123,591</u>	<u>(5,380,437)</u>

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

**Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 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		
Balance as at 1 January 2020	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	(5,385,113)
Cash dividends	-	-	-	-	-	(3,245,108)	(26,250)	(3,271,358)
Balance as at 30 June 2021	10,106,250	(8,122,474)	5,065,834	14,241,729	16,878,330	33,928,771	18,161	72,116,601
Balance as at 1 January 2021	10,106,250	(8,201,231)	5,065,834	14,241,729	17,167,943	28,806,250	18,215	67,204,990
Net loss for the period	-	-	-	-	-	(230,211)	3,263	(226,948)
Other comprehensive income for the period	-	-	-	-	350,539	-	-	350,539
Total comprehensive income for the period	-	-	-	-	350,539	(230,211)	3,263	123,591
Cash dividends in subsidiary	-	-	-	-	-	-	(6,749)	(6,749)
Balance as at 30 June 2021	10,106,250	(8,201,231)	5,065,834	14,241,729	17,518,482	28,576,039	14,729	67,307,103

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 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Six months ended	
		30 June	
		2021	2020
Cash flows from operating activities			
Net loss for the period		(226,948)	(2,181,621)
<i>Adjustments:</i>			
Depreciation and amortization		891,367	1,521,666
Amortization of right-of-use assets		979,027	1,083,051
Rental exemptions		(376,870)	(557,338)
Gain from disposals of right of use assets		(66,437)	-
Net gains from investments at FVTOCI		-	(106,812)
Group's share in an associate's results		(2,027,839)	1,812,724
Post-employment benefits		61,534	113,575
Finance costs		206,963	234,098
Interest portion of lease liability		314,149	211,058
Operating (loss)/ profit before changes in operating assets and liabilities		(245,054)	2,130,401
Inventories		216,816	8,591
Trade and other receivables		39,822	(1,797,407)
Trade and other payables		235,950	(1,388,872)
Cash generated from/ (used in) operating activities		247,534	(1,047,287)
Post-employment benefits paid		(73,824)	(62,165)
Net cash generated from/ (used in) operating activities		173,710	(1,109,452)
Cash flows from investment activities			
Paid for purchase of property, plant and equipment		(7,814,396)	(1,571,931)
Paid for purchase of intangible assets		(251,424)	(161,212)
Net cash used in investing activities		(8,065,820)	(1,733,143)
Cash flows from financing activities			
Loans and bank facilities		8,551,826	559,723
Finance costs paid		(181,914)	(174,059)
Repayment of lease liability		(728,229)	(462,715)
Dividends paid		(30,289)	(28,640)
Net cash generated from/ (used in) financing activities		7,611,394	(105,691)
Net change in cash and cash equivalents		(280,716)	(2,948,286)
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	20,045,327	25,242,208

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

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 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 the Bursa 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

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, also approved the non-distribution of dividends for the year 2020. Also approved the non-distribution of the Board of Directors remuneration for 2020.

The interim condensed consolidated financial information for the six months ended 30 June 2021 was authorized for issuance by the Board of Directors on 10 August 2021.

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 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 six months ended 30 June 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
	30 June 2021	31 December 2020	30 June 2020				
Equity instruments designated as FVTOCI							
Quoted shares	5,035,109	4,625,243	4,471,581	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	52,832	Level 3	Discount rate	Market multiply	Higher discount results in value decline
Unquoted shares	32,016	32,016	756,429	Level 3	Discount rate	Discounted cash flows	Higher discount results in value decline
Unquoted shares	826,650	826,650	891,230	Level 3	N/A	Net adjusted book value	N/A

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

4. Property, plant and equipment

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Property, plant and equipment	18,587,454	19,248,464	20,243,662
Project under progress	23,681,350	15,171,679	3,478,846
	<u>42,268,804</u>	<u>34,420,143</u>	<u>23,722,508</u>

The movement in property, plant and equipment during the period/year is as follows:

	30 June 2021	31 December 2020 (Audited)	30 June 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	8,509,923	13,021,405	1,571,930
Revaluation of lands	-	(126,070)	-
Disposals during the period / year	(1,296,171)	(707)	-
Depreciation of disposals during the period / year	1,296,171	-	-
Depreciation during the period / year	(661,262)	(1,245,044)	(619,981)
Net carrying value at the end of the period / year	<u>42,268,804</u>	<u>34,420,143</u>	<u>23,722,508</u>

- The projects under progress include an amount of KD 21,112,706 represented in the construction works of a commercial, entertainment and cultural complex in the South Sabahiya area.

- During current period, additions include KD 165,146 finance costs.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. Right-of-use assets

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

	30 June 2021			31 December 2020	30 June 2020
	Buildings	Lands	Total	(Audited)	
1 January	9,587,839	12,612,101	22,199,940	12,513,576	12,513,576
Additions	-	-	-	11,852,632	-
Disposal	(1,230,075)	-	(1,230,075)	-	-
Amortization	(912,593)	(66,434)	(979,027)	(2,166,268)	(1,083,051)
As at end of the period/ year	<u>7,445,171</u>	<u>12,545,667</u>	<u>19,990,838</u>	<u>22,199,940</u>	<u>11,430,525</u>
Lives (year)	<u>7-2</u>	<u>22-6</u>			

During the period, the Group disposed of the right to use the assets of certain sites, which is mainly due to the modification and exclusion of some contracts for those sites.

Lease liabilities

	30 June 2021	31 December 2020	30 June 2020
		(Audited)	
Non-Current lease liabilities			
Amounts due for settlement after 12 months	18,980,044	20,797,466	9,737,009
Current lease liabilities			
Amounts due for settlement within 12 months	<u>1,492,839</u>	<u>1,762,879</u>	<u>1,769,467</u>
	<u>20,472,883</u>	<u>22,560,345</u>	<u>11,506,476</u>

Maturity analysis

Maturity dates of undiscounted lease liabilities are as follows:

	30 June 2021	31 December 2020	30 June 2020
		(Audited)	
Not later than 1 year	1,492,839	1,762,879	1,769,467
Later than 1 year and not later than 5 years	9,012,000	12,669,257	9,890,959
Later than 5 years	<u>9,968,044</u>	<u>12,235,798</u>	<u>1,317,744</u>
	<u>20,472,883</u>	<u>26,667,934</u>	<u>12,978,170</u>

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

	Six months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Amortization expense on right-of-use assets	437,564	541,600	979,027	1,083,051
Interest expense on lease liabilities	151,116	107,901	314,149	211,058
Expense relating to short-term leases	27,501	76,519	106,014	153,039
Expense relating to variable lease payments not included in the measurement of the lease liability	<u>103,370</u>	<u>4,001</u>	<u>108,102</u>	<u>196,524</u>
	<u>719,551</u>	<u>730,021</u>	<u>1,507,292</u>	<u>1,643,672</u>

Revenue exemptions granted by lessors during six months ended 30 June 2021 of KD 376,870 (KD557,338 during six months ended 30 June 2020).

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

6. Investments in an associate

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

	30 June 2021	31 December 2020 (Audited)	30 June 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	2,027,839	(3,306,187)	(1,812,724)
<i>Group's share from an associate's reserve:</i>			
Changes in fair value reserves	(47,789)	49,476	(1,033,364)
Group's share from difference of foreign currency reserve	(14,268)	1,621	28,220
Balance at the end of the period/ year	<u>38,171,644</u>	<u>36,205,862</u>	<u>36,643,084</u>

7. Investments at FVTOCI

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Quoted shares	5,035,109	4,625,243	4,471,581
Unquoted shares	911,498	911,498	1,700,491
Investment funds	4,168	4,168	4,168
	<u>5,950,775</u>	<u>5,540,909</u>	<u>6,176,240</u>

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

8. Cash at banks, on hand and investment portfolios

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Cash on hand	32,067	18,994	31,664
Banks' current accounts	6,095,684	6,288,649	24,550,080
Cash in investment portfolios	13,917,576	14,018,400	660,464
Total Cash at banks, on hand and investment portfolios	20,045,327	20,326,043	25,242,208
Expected credit losses	(4,442)	(4,442)	(8,738)
	<u>20,040,885</u>	<u>20,321,601</u>	<u>25,233,470</u>

9. Treasury shares

	30 June 2021	31 December 2020 (Audited)	30 June 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	7,089,750	6,387,544	6,258,277

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.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

10. Other reserves

	Land revaluation reserve	Change in fair value reserve	Foreign currency translation reserve	Treasury shares reserve	Total
Balance at 1 January 2020	11,789,140	7,843,813	317,100	127,093	20,077,146
Changes in fair value of financial investments at FVTOCI	-	(3,222,532)	-	-	(3,222,532)
Foreign currency translation reserve	-	-	23,716	-	23,716
Other comprehensive income for the period	-	(3,222,532)	23,716	-	(3,198,816)
Balance at 30 June 2020	11,789,140	4,621,281	340,816	127,093	16,878,330
Balance at 1 January 2021	11,663,070	5,068,789	308,991	127,093	17,167,943
Changes in fair value of financial investments at FVTOCI	-	362,077	-	-	362,077
Foreign currency translation reserve	-	-	(11,538)	-	(11,538)
Other comprehensive loss for the period	-	362,077	(11,538)	-	350,539
Balance at 30 June 2021	11,663,070	5,430,866	297,453	127,093	17,518,482

Land revaluation reserve includes the following:

	30 June 2021	31 December 2020 (Audited)	30 June 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
	11,663,070	11,663,070	11,789,140

11. Loans and bank facilities

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Long Term loans	14,400,000	-	-
Short term loans	17,000,000	19,000,000	10,000,000
Banks - overdraft	997,838	4,846,012	5,112,289
Notes payables	-	-	155,477
Total loans and short term bank facilities	17,997,838	23,846,012	15,267,766
Average effective rate (%)	2.58	2.54	2.55

Loans and bank facilities granted to the Group from local banks are pledged against commitments represents mainly in transferring the revenues of the South Sabahiya project to the company's accounts with those banks. The repayment period of long-term loans ranges between 2 to 8 years.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

12. Other operating income

This item includes revenue of cinema's buffets and cafeterias, and any other revenue other than those resulted from the main activity.

The following schedule presents the information about other operating revenues during the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
revenue of cinema's buffets and cafeterias	740,564	6,743	921,048	1,329,370
Shops rental revenue	91,731	29,223	178,708	121,776
Other income	214,284	555,784	559,810	1,393,743
	<u>1,046,579</u>	<u>591,750</u>	<u>1,659,566</u>	<u>2,844,889</u>

13. Earnings/ (loss) per share

Basic and diluted earnings/ (loss) per share are computed by dividing earnings/ (loss) 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	
	2021	2020	2021	2020
Net profit/ (loss) attributable to Parent Company's shareholders	279,305	(3,236,147)	(230,211)	(2,186,297)
Weighted average number of outstanding shares (share)	<u>92,602,177</u>	<u>92,718,131</u>	<u>92,602,177</u>	<u>92,718,131</u>
Earnings/ (loss) per share (fills)	<u>3.01</u>	<u>(34.90)</u>	<u>(2.49)</u>	<u>(23.58)</u>

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

14. 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 2021				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	1,603,434	921,048	2,178,896	587,461	5,290,839
Costs	<u>(3,113,579)</u>	<u>(666,763)</u>	<u>(24,886)</u>	<u>(1,712,559)</u>	<u>(5,517,787)</u>
Segment's (loss)/ profit	<u>(1,510,145)</u>	<u>254,285</u>	<u>2,154,010</u>	<u>(1,125,098)</u>	<u>(226,948)</u>
Assets	<u>36,138,595</u>	<u>609,727</u>	<u>49,537,299</u>	<u>46,618,021</u>	<u>132,903,642</u>
	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	<u>(5,053,503)</u>	<u>(692,170)</u>	<u>(96,807)</u>	<u>(1,774,347)</u>	<u>(7,616,827)</u>
Segment's (loss)/ profit	<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>

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

15. 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	30 June 2021	30 June 2020
Key management compensation	66,899	66,844
Expenses (rents, consultancy and others)	152,094	412,545
Other income	61,200	70,301

Balances resulting from those transactions:	30 June 2021	31 December 2020 (Audited)	30 June 2020
Due from related parties	60	-	30,856
Due to related parties	165,304	14,057	111,227
Cash at investment portfolios (Note 7)	758,158	762,816	660,464
management compensation Long term	(101,489)	(97,761)	(87,602)
management compensation Short term	(22,308)	(12,692)	(4,038)

A related party manages investment portfolios on behalf of the Group. The book value of such portfolio is amounted to KD 5,946,607 as at 30 June 2021 (KD 5,536,741 as at 31 December 2020, KD 6,172,072 as at 30 June 2020).

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

16. Contingent liabilities and Future commitments

15.1 Future commitments

	30 June 2021	31 December 2020 (Audited)	30 June 2020
Estimated capital expenditure contracted as of period end	36,026,894	34,707,740	3,411,623
Estimated capital expenditure contracted subsequently	-	-	37,299,929
Future commitments for purchasing films	9,696	365,064	345,310

15.2 Contingent liabilities

Letters of Guarantee	2,386,680	2,386,680	2,386,680
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17. Comparative figures

Some comparative figures have been reclassified to conform to the current year's classification.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

18. 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 during the period from 9 March 2020 until 12 May 2021 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.

The Group restarted cinema activities on 12 May 2021 in accordance with the health requirements of the regulatory authorities in the State of Kuwait.

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.