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سوق الكويت للأوراق المالية

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

**Interim Condensed Consolidated Financial Information and Review Report  
For the nine months ended 30 September 2013  
And review report  
(Unaudited)**

# 3rd Quarter Report

٤ = DEC 2013

إدارة مركز المعلومات والتوثيق الآلي

سوق الكويت للأوراق المالية

صفحة 1 من 1	تاريخ المراجعة: 2013/10/20	مراجعة رقم: 1	تاريخ الإصدار: 2013/10/20	إصدار رقم: 1	نموذج رقم: QF-AD-0123
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**Kuwait National Cinema Company K.P.S.C.  
And its subsidiaries  
State of Kuwait**

**Interim Condensed Consolidated Financial Information and Review Report  
For the nine months ended 30 September 2013  
And review report  
(Unaudited)**

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

**Interim Condensed Consolidated Financial Information  
For the nine months ended 30 September 2013  
And Review Report  
(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 Company" and its subsidiaries "together referred to as the Group" as at 30 September 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. The 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 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 Company's Articles of Association have occurred during the nine-month period ended 30 September 2013 that might have had a material effect on the business of the Group or on its consolidated financial position.



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

Kuwait, 6 November 2013



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**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 Statement of Financial Position as at 30 September 2013  
(Unaudited)  
(All amounts are in Kuwaiti Dinars)

	Note	30 September 2013	31 December 2012 (Audited)	30 September 2012
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	14,616,957	15,347,929	15,709,231
Intangible assets		434,950	723,586	1,039,510
Investments in associates	4	29,878,463	29,059,354	28,287,325
Available for sale investments	5	9,754,270	8,033,142	7,875,459
		<u>54,684,640</u>	<u>53,164,011</u>	<u>52,911,525</u>
<b>Current assets</b>				
Inventories		536,940	433,574	365,031
Trade and other receivables	6	1,591,247	8,533,006	9,212,562
Cash, current accounts and deposits	7	11,677,622	8,836,957	5,614,959
		<u>13,805,809</u>	<u>17,803,537</u>	<u>15,192,552</u>
<b>Total assets</b>		<u>68,490,449</u>	<u>70,967,548</u>	<u>68,104,077</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares		(1,436,516)	(1,050,339)	(891,268)
Statutory reserve		5,053,125	5,053,125	5,053,125
General reserve		7,671,502	7,671,502	7,085,656
Lands revaluation reserve		8,524,134	8,524,134	8,524,134
Change in fair value reserve		1,012,143	(338,018)	(830,586)
Foreign currency translation reserve		154,258	145,277	144,778
Retained earnings		19,012,825	17,544,697	17,320,229
Equity attributable to the Company's shareholders		<u>50,097,721</u>	<u>47,656,628</u>	<u>46,512,318</u>
Non-controlling interest		12,254	16,120	-
		<u>50,109,975</u>	<u>47,672,748</u>	<u>46,512,318</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Post-employment benefits		1,039,610	977,042	940,220
<b>Current liabilities</b>				
Trade and other payables		7,380,289	6,358,939	6,292,720
Loans and bank facilities	8	9,960,575	15,958,819	14,358,819
		<u>17,340,864</u>	<u>22,317,758</u>	<u>20,651,539</u>
<b>Total liabilities</b>		<u>18,380,474</u>	<u>23,294,800</u>	<u>21,591,759</u>
<b>Total equity and liabilities</b>		<u>68,490,449</u>	<u>70,967,548</u>	<u>68,104,077</u>

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

Ahmad Dakheel Al-Osaimi  
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 nine months ended 30 September 2013  
(Unaudited)  
(All amounts are in Kuwaiti Dinars)**

	Note	Three months ended 30 September		Nine months ended 30 September	
		2013	2012	2013	2012
Operating revenues		4,152,306	3,908,532	13,259,356	11,789,324
Operating costs		(3,355,220)	(3,418,410)	(10,581,419)	(10,041,219)
Gross profit		797,086	490,122	2,677,937	1,748,105
Other operating income		1,445,352	1,401,156	4,461,183	4,329,131
General and administrative expenses		(268,986)	(296,610)	(1,103,271)	(1,013,774)
Other operating expenses		(539,263)	(392,649)	(1,797,229)	(1,270,239)
Operating profit		1,434,189	1,202,019	4,238,620	3,793,223
Net gain / (loss) of financial investments		112,166	(1,566)	409,986	205,975
Group's share in associates' results	4	683,977	468,224	2,050,931	1,854,622
Losses on disposal of an associate		-	-	-	(753,037)
Gains on sale of properties held for trading		-	-	-	305,160
Gains on sale of investment properties		-	-	-	119,942
Finance costs		(96,626)	(182,471)	(322,564)	(609,940)
<b>Net profit before deductions</b>		<b>2,133,706</b>	<b>1,486,206</b>	<b>6,376,973</b>	<b>4,915,945</b>
Contribution to Kuwait Foundation for the Advancement of Sciences		(12,712)	(8,590)	(38,214)	(23,685)
National Labor Support Tax		(52,965)	(38,170)	(160,862)	(128,028)
Zakat		(12,745)	(8,977)	(38,888)	(25,664)
<b>Net profit for the period</b>		<b>2,055,284</b>	<b>1,430,469</b>	<b>6,139,009</b>	<b>4,738,568</b>
<b>Attributable to:</b>					
Company's Shareholders		2,054,108	1,430,469	6,135,375	4,738,568
Non-controlling interest		1,176	-	3,634	-
		<b>2,055,284</b>	<b>1,430,469</b>	<b>6,139,009</b>	<b>4,738,568</b>
Earnings per share (fiis)	9	20.69	14.32	61.74	47.43

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  
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Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2013  
(Unaudited)  
(All amounts are in Kuwaiti Dinars)

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
Net profit for the period	2,055,284	1,430,469	6,139,009	4,738,568
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to statement of income:</i>				
Change in fair value of available for sale investments	110,378	(262,802)	1,097,128	(660,279)
Transferred to statement of income on sale of available for sale investments	-	(278)	-	(278)
Group's share in associates' reserves	48,893	(35,069)	268,178	43,199
Transferred to statement of income on sale of an associate	-	-	-	784,651
Foreign currency translation of a subsidiary	(1,210)	10	(6,164)	(656)
Total other comprehensive income items	158,061	(298,139)	1,359,142	166,637
<b>Total comprehensive income for the period</b>	<b>2,213,345</b>	<b>1,132,330</b>	<b>7,498,151</b>	<b>4,905,205</b>
<b>Attributable to:</b>	2,212,169	1,132,330	7,494,517	4,905,205
Company's shareholders	1,176	-	3,634	-
Non-controlling interest	2,213,345	1,132,330	7,498,151	4,905,205

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 nine months ended 30 September 2013  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Company's shareholders							Non-controlling interest	Total		
	Share capital	Treasury shares	Statutory reserve	General reserve	Lands revaluation reserve	Change in fair value reserve	Foreign currency translation reserve			Retained earnings	Equity attributable to the Company's shareholders
Balance as of 1 January 2012	10,106,250	(853,764)	5,053,125	7,085,656	8,524,134	(812,531)	(39,914)	16,778,511	45,841,467	-	45,841,467
Net profit for the period	-	-	-	-	-	-	-	4,738,568	4,738,568	-	4,738,568
<b>Other comprehensive income items:</b>											
Change in fair value of available for sale investments	-	-	-	-	-	(660,279)	-	-	(660,279)	-	(660,279)
Transferred to statement of income on sale of available for sale investments	-	-	-	-	-	(278)	-	-	(278)	-	(278)
Transferred to statement of income on sale of an associate.	-	-	-	-	-	784,651	-	-	784,651	-	784,651
Group's share in change of associates' reserve	-	-	-	-	-	(142,149)	185,348	-	43,199	-	43,199
Foreign currency translation of a subsidiary	-	-	-	-	-	-	(656)	-	(656)	-	(656)
Total other comprehensive income items	-	-	-	-	-	(18,055)	184,692	-	166,637	-	166,637
Purchase of treasury shares	-	(37,504)	-	-	-	-	-	(4,196,850)	(37,504)	-	(37,504)
Cash dividends (Note 10)	-	-	-	-	-	-	-	(4,196,850)	(4,196,850)	-	(4,196,850)
Balance as of 30 September 2012	10,106,250	(891,268)	5,053,125	7,085,656	8,524,134	(830,586)	144,778	17,320,229	46,512,318	-	46,512,318
Balance as of 1 January 2013	10,106,250	(1,050,339)	5,053,125	7,671,502	8,524,134	(338,018)	145,277	17,544,697	47,656,628	16,120	47,672,748
Net profit for the period	-	-	-	-	-	-	-	6,135,375	6,135,375	3,634	6,139,009
<b>Other comprehensive income items:</b>											
Change in fair value of available for sale investments	-	-	-	-	-	1,097,128	-	-	1,097,128	-	1,097,128
Group's share in change of associates' reserve	-	-	-	-	-	253,033	15,145	-	268,178	-	268,178
Foreign currency translation of a subsidiary	-	-	-	-	-	-	(6,164)	-	(6,164)	-	(6,164)
Total other comprehensive income items	-	-	-	-	-	1,350,161	8,981	-	1,359,142	-	1,359,142
Purchase of treasury shares	-	(386,177)	-	-	-	-	-	-	(386,177)	-	(386,177)
Cash dividends (Note 10)	-	-	-	-	-	-	-	(4,667,247)	(4,667,247)	-	(4,667,247)
Non-controlling interest share in a subsidiary's share capital reduction	-	-	-	-	-	-	-	-	-	(7,500)	(7,500)
Balance as of 30 September 2013	10,106,250	(1,436,516)	5,053,125	7,671,502	8,524,134	1,012,143	154,258	19,012,825	50,097,721	12,254	50,109,975

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



**Kuwait National Cinema Company K.P.S.C  
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**Interim Condensed Consolidated Statement of Cash flows for the nine months ended 30 September 2013  
(Unaudited)  
(All amounts are in Kuwaiti Dinars)**

	Note	Nine months ended 30 September	
		2013	2012
<b>Cash flows from operating activities</b>			
Net cash generated from operating activities	11	11,871,765	7,743,364
<b>Cash flows from investment activities</b>			
Paid for purchase of property, plant and equipment and intangible assets		(1,020,870)	(1,934,505)
Paid for purchase of / proceeds from available for sale investments		(700,000)	47,715
Proceeds from sale of an associate		2,020,000	2,500,000
Dividends received		1,988,920	205,975
Net cash generated from investing activities		2,288,050	819,185
<b>Cash flows from financing activities</b>			
Paid for purchase of treasury shares		(386,177)	(37,504)
Loans and bank facilities		(5,998,244)	(6,755,685)
Finance costs paid		(364,457)	(614,359)
Dividends paid		(4,562,772)	(4,111,899)
Paid to non-controlling interest on reduction of a subsidiary's share capital		(7,500)	-
Net cash used in financing activities		(11,319,150)	(11,519,447)
Net increase/ (decrease) in cash and cash equivalents		2,840,665	(2,956,898)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>8,826,957</b>	<b>8,561,857</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>11,667,622</b>	<b>5,604,959</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 nine months ended 30 September 2013 (Unaudited)**

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

**1. Company's incorporations**

Kuwait National Cinema Company K.P.S.C. "the 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 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 Company and its 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

Financial information of subsidiaries was prepared by management. The subsidiaries total assets amounted to KD 2,709,664 as at 30 September 2013 (KD 4,121,851 as at 31 December 2012, KD 2,146,907 at 30 September 2012) and their net profit KD 500,971 for the nine months ended 30 September 2013 (profit of KD 684,476 for the nine months ended 30 September 2012).

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012, which was published in the Official Gazette on 29 November 2012, replaced the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 28 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, the Executive Regulations, which were issued by the Minister of Commerce and Industry and published in the official gazette on 6th of October 2013 determine the basis and rules which the Company shall adopt to regularise its affairs with the Companies Law as amended within one year from the publishing date.

The interim condensed consolidated financial information for the nine months ended 30 September 2013 was authorized for issuance by the Board of Directors on 6 November 2013.

**2. Significant accounting Policies**

**2.1 Basis of preparation**

This interim condensed financial information has been prepared in compliance with International Accounting Standard IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The operating results for the nine-months period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2012.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2012, except for the adoption of the new and amended IFRS that have become effective from 1 January 2013:

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September  
2013 (Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

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*IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with such involvement. The Company does not have any assets with these characteristics so there has been no effect on the interim condensed consolidated financial information of the Group.

*IFRS 10 Consolidated Financial Statements*

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and of SIC-12 Consolidation – Special Purpose Entities.

Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of this standard has not resulted in any significant impact on the financial position or performance of the Group.

*IFRS 11 Joint Arrangements*

The standard replaces IAS 31 "Interests in Joint Ventures". The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs must be accounted for using the equity method. The standard has no significant effect on the interim condensed consolidated financial information.

*IFRS 12 Disclosure of Involvement with Other Entities*

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. The Group will review before the year end and may disclose any additional disclosure in the annual financial statements of the Group.

As a consequence of the new IFRS 11 and IFRS 12; IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard has not resulted in any impact on the financial position or performance of the Group.

*IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

The adoption of this standard has not resulted in any additional disclosure in the interim condensed consolidated financial statements. However additional disclosure may be made in the annual financial statement of the Group.

*IAS 1 Presentation of Financial Statement*

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendment affects presentation only and has no impact on the Company's financial position or performance. The adoption of this standard has not resulted in presentation changes in statement of profit or loss and other comprehensive income.

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**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2013 (Unaudited)**

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

**3. Property, plant and equipment**

Property, plant and equipment movement represented as follows:

	<b>30 September 2013</b>	<b>31 December 2012 (Audited)</b>	<b>30 September 2012</b>
Net book value at the beginning of the period/ year	15,347,929	15,416,343	15,416,343
Additions during the period/ year	308,073	908,776	915,219
Net disposals during the period/ year	(445,275)	(113,560)	(113,553)
Depreciation of the period/ year	(593,770)	(863,630)	(508,778)
Net book value at the end of the period/ year	<u>14,616,957</u>	<u>15,347,929</u>	<u>15,709,231</u>

**4. Investments in associates**

	<b>30 September 2013</b>	<b>31 December 2012 (Audited)</b>	<b>30 September 2012</b>
Balance at the beginning of the period/ year	29,059,354	31,454,538	31,454,538
Group's share in associates' results	2,050,931	2,133,945	1,854,622
Group's share in an associate's change in fair value reserve	253,033	192,736	(142,149)
Group's share in an associate's foreign currency translation reserve	15,145	186,525	185,348
Realized gains from sale of investment properties	-	276,586	119,942
Dividends	(1,500,000)	-	-
Disposal of an associate	-	(5,184,976)	(5,184,976)
Balance at the end of the period/ year	<u>29,878,463</u>	<u>29,059,354</u>	<u>28,287,325</u>

**5. Available for sale investments**

Available for sale investments are represented in the following:

	<b>30 September 2013</b>	<b>31 December 2012 (Audited)</b>	<b>30 September 2012</b>
Quoted shares	5,242,923	4,152,289	3,994,606
Unquoted shares	4,469,308	3,845,308	3,845,308
Investment funds	42,039	35,545	35,545
	<u>9,754,270</u>	<u>8,033,142</u>	<u>7,875,459</u>

- Unquoted investments include investments of KD 810,000 carried at cost as of 30 September 2013 (KD 110,000 as of 31 December 2012 and 30 September 2012) since its fair value cannot be reliably measured. The Group's management believes that there are no indications of impairment for these investments.

Kuwait National Cinema Company K.P.S.C.  
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Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2013 (Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

6. Trade and other receivables

	30 September 2013	31 December 2012 (Audited)	30 September 2012
Trade receivables	375,058	4,566,622	4,593,954
Due from related parties	726,954	3,636,476	4,039,868
	1,102,012	8,203,098	8,633,822
Provision of impairment	(462,202)	(462,202)	(439,307)
	639,810	7,740,896	8,194,515
Prepaid expenses	332,899	211,685	426,255
Refundable deposits	485,101	457,195	459,405
Staff receivables	112,468	77,448	77,232
Others	20,969	45,782	55,155
	1,591,247	8,533,006	9,212,562

7. Cash, current accounts and deposits

	30 September 2013	31 December 2012 (Audited)	30 September 2012
Cash on hand	297,204	59,382	32,437
Banks current accounts	11,272,175	6,739,575	5,543,638
Time deposits	10,213	2,010,154	10,125
Cash in investment portfolios	98,030	27,846	28,759
	11,677,622	8,836,957	5,614,959
Less: deposits pledged at banks (note 8)	(10,000)	(10,000)	(10,000)
Cash and cash equivalents	11,667,622	8,826,957	5,604,959

8. Loans and bank facilities

	30 September 2013	31 December 2012 (Audited)	30 September 2012
Short term loans	9,950,000	15,950,000	14,350,000
Banks - overdraft	10,575	8,819	8,819
	9,960,575	15,958,819	14,358,819

- Loans and bank facilities granted to the Group from local banks are pledged against promissory notes and pledged deposits (note 7).

- Average interest rates for loans and bank facilities are as follows:

	30 September 2013	31 December 2012 (Audited)	30 September 2012
Short term loans	3.75%	4%	4.5%
Banks - overdraft	3.75%	4%	4.5%

9. Earnings per share

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Net profit for the period	2,054,108	1,430,469	6,135,375	4,738,568
Weighted average number of outstanding shares for the period (share)	99,280,043	99,885,806	99,382,129	99,910,028
Earnings per share (fils)	20.69	14.32	61.74	47.43

**Kuwait National Cinema Company K.P.S.C.  
And its Subsidiaries  
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**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2013 (Unaudited)**

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

**10. Dividends**

On 23 April 2013, the General Assembly of the Company's shareholders approved the consolidated financial statements for the year ended 31 December 2012, also approved cash dividends of 47 fils per share from the profit of the year 2012 (cash dividends of 42 fils per share from the profit of the year 2011).

**11. Cash Flows from operating activities**

	Nine months ended 30 September	
	2013	2012
Net profit for the period	6,139,009	4,738,568
<b>Adjustments to:</b>		
Depreciation and amortization	1,513,440	2,009,836
Losses on disposal of property, plant and equipment	445,275	-
Net gains from financial investments	(409,986)	(205,975)
Group's share in associate's result	(2,050,931)	(1,854,622)
Losses on sale of an associate	-	753,037
Gains on sale of properties held for trading	-	(305,160)
Gains on sale of investment properties	-	(119,942)
Post-employment benefits	153,181	238,233
Finance costs	322,564	609,940
Operating profit before changes in operating assets and liabilities	6,112,552	5,863,915
Inventories	(103,366)	(27,734)
Trade and other receivables	4,918,825	425,732
Properties held for trading	-	1,500,000
Trade and other payables	1,034,367	14,794
Cash generated from operating activities	11,962,378	7,776,707
Post-employment benefits paid	(90,613)	(33,343)
Net cash generated from operating activities	11,871,765	7,743,364

**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 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 theatres.
- 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 September 2013				Total
	Cinema division	Concession division	Investment division	Unallocated items	
Net revenues	13,259,356	3,346,813	2,460,917	1,114,370	20,181,456
Costs	(10,581,419)	(1,797,229)	-	(1,663,799)	(14,042,447)
Segment's profit	2,677,937	1,549,584	2,460,917	(549,429)	6,139,009
Assets	15,776,042	290,652	40,167,718	12,256,037	68,490,449

**Kuwait National Cinema Company K.P.S.C.  
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**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2013 (Unaudited)**

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

	Division activity as at 30 September 2012				Total
	Cinema division	Concession division	Investment division	Unallocated items	
Net revenues	11,789,324	3,163,055	1,427,502	1,471,236	17,851,117
Costs	(10,041,219)	(1,270,239)	-	(1,801,091)	(13,112,549)
Segment's profit	1,748,105	1,892,816	1,427,502	(329,855)	4,738,568
Assets	16,395,914	450,776	37,533,179	13,724,208	68,104,077

**13. Contingent liabilities**

Letters of Guarantee issued to third party an amounted to KD 167,220 as at 30 September 2013 (KD 167,220 as at 31 December 2012, KD 167,220 as at 30 September 2012).

**14. Related parties transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Those transactions were conducted in the ordinary course of business and with the usual terms and conditions. Transactions with related parties are subject to the approval of the General Assembly of Shareholders. The following is the volume and nature of those transactions during the period:

	30 September 2013	30 September 2012
Losses on sale of an associate	-	753,037
Salaries and remuneration	119,250	107,250
Post-employment benefits and leave	27,720	26,638

Balances resulted from such transactions are as follows:

	30 September 2013	31 December 2012 (Audited)	30 September 2012
Due from related parties	726,954	3,636,476	4,039,868
Due to related parties	53,571	38,066	59,277

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

**15. 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 included within level I that are observable for the asset or liability from the managers of the funds invested in or other methods of quotation that are not based on observable market data, either directly or indirectly.
- **Level three:** Inputs for the asset or liabilities that are not based on observable market data.

The table below represents the financial instrument's analysis that recorded at fair value on the levels above mentioned:

	30 September 2013			
	Level one	Level two	Level three	Total
Available for sale investments (Note 5)	5,242,923	42,039	3,659,308	8,944,270
	31 December 2012			
	Level one	Level two	Level three	Total
Available for sale investments (Note 5)	4,152,289	35,545	3,735,308	7,923,142