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 2018

(Unaudited)

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

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And Its Subsidiaries

State of Kuwait

Interim Condensed Consolidated Financial Information
and Review Report
For the nine months ended 30 September 2018
(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 September 2018 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 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 nine-month period ended 30 September 2018 that might have had a material effect on the business of the Group or on its consolidated financial position.

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

Kuwait, 31 October 2018

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2018 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2018	31 December 2017 (Audited)	30 September 2017
ASSETS				
Non-current assets				
Property, plant and equipment	5	14,432,623	9,330,088	10,149,214
Investments property		7,077,887	7,077,887	7,020,417
Intangible assets		1,223,086	1,084,709	890,874
Investments in associate	6	37,341,309	37,488,774	36,530,591
Financial investments	7	12,955,564	18,149,580	20,801,572
		73,030,469	73,131,038	75,392,668
Current assets				
Inventories		455,232	742,842	347,577
Trade and other receivables	8	2,302,338	2,133,679	2,542,548
Cash on hand, at banks and investment portfolios	9	34,592,720	33,656,363	25,815,742
		37,350,290	36,532,884	28,705,867
Total assets		110,380,759	109,663,922	104,098,535
Equity and liabilities				
Equity				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	10	(7,739,149)	(6,504,855)	(6,502,597)
Statutory reserve		5,065,834	5,065,834	5,053,125
Voluntary reserve		12,475,047	12,475,047	11,414,197
Other reserves	11	17,720,526	18,016,480	18,932,334
Retained earnings		36,331,525	34,378,713	34,223,051
Equity attributable to Company's shareholders		73,960,033	73,537,469	73,226,360
Non-controlling interest		35,019	32,558	32,431
		73,995,052	73,570,027	73,258,791
Liabilities				
Non-current liabilities				
Post-employment benefits		1,873,833	1,619,794	1,583,806
Current liabilities				
Trade and other payables		9,055,052	9,469,689	9,219,289
Loans and bank facilities	12	25,456,822	25,004,412	20,036,649
		34,511,874	34,474,101	29,255,938
Total liabilities		36,385,707	36,093,895	30,839,744
Total equity and liabilities		110,380,759	109,663,922	104,098,535

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

Abdul Wahab Marzouq Al-Marzouq
Chairman

Ahmed Abdul Aziz Al Sarawi
Vice Chairman

YS

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2018 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2018	**2017**	**2018**	**2017**
Operating revenues		5,139,059	5,328,177	12,969,088	13,872,403
Operating costs		(4,188,043)	(4,089,012)	(10,606,709)	(10,863,283)
Gross profit		951,016	1,239,165	2,362,379	3,009,120
Other operating income		2,518,109	2,189,622	6,466,869	6,103,021
General and administrative expenses		(608,525)	(706,703)	(1,733,431)	(1,907,558)
Other operating expenses		(737,573)	(674,200)	(1,921,064)	(1,830,618)
Net profit of financial investments		7,072	490,008	661,014	1,920,294
Group's share in an associate results	6	688,602	735,452	2,353,873	2,660,294
Finance costs		(272,176)	(210,387)	(795,647)	(624,969)
Net profit before deductions		2,546,525	3,062,957	7,393,993	9,329,584
Contribution to Kuwait Foundation for the Advancement of Sciences		(16,410)	(22,981)	(44,276)	(65,161)
National Labor Support Tax		(121,386)	(77,495)	(238,920)	(231,839)
Zakat		(39,066)	(51,755)	(67,981)	(92,958)
Net profit for the period		2,369,663	2,910,726	7,042,816	8,939,626
Distributed as follows:					
Parent Company's shareholders		2,367,751	2,910,507	7,039,980	8,938,486
Non-controlling interest		1,912	219	2,836	1,140
		2,369,663	2,910,726	7,042,816	8,939,626
Earnings per share (fils)	13	25.70	30.87	75.25	94.87

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

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2018
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended 30 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Net profit for the period	2,369,663	2,910,726	7,042,816	8,939,626
Other comprehensive income items:				
Items cannot be re-classified later into statement of income:				
Net changes in fair value of financial investments at fair value through OCI	1,009,342	-	282,604	-
Group's share in an associates' reserves	(54,213)	(198,188)	(678,319)	(289,811)
	955,129	(198,188)	(395,715)	(289,811)
Items can be re-classified later into statement of income:				
Transferred to statement of income from sale of available for sale investments	-	(328,333)	-	(568,082)
Group's share in an associate's reserve	2,835	(8,041)	12,764	(33,241)
Foreign currency translation differences of a subsidiary	(294)	(6,783)	(1,013)	(14,074)
Net changes in fair value of available for sale investments	-	30,856	-	965,477
	2,541	(312,301)	11,751	350,080
Total other comprehensive income items	957,670	(510,489)	(383,964)	60,269
Total comprehensive income for the period	3,327,333	2,400,237	6,658,852	8,999,895
Distributed as follows:				
Parent Company's shareholders	3,325,421	2,400,018	6,656,016	8,998,755
Non-controlling interest	1,912	219	2,836	1,140
	3,327,333	2,400,237	6,658,852	8,999,895

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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شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2018
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company								
	Share Capital	Treasury Shares	Statutory Reserve	Voluntary Reserve	Other Reserves (Note 11)	Retained Earnings	Equity Attributable to Company's Shareholders	Non-controlling Interest	Total
Balance as at 1 January 2017	**10,106,250**	**(6,698,660)**	**5,053,125**	**11,414,197**	**18,768,492**	**30,280,037**	**68,923,441**	**31,666**	**68,955,107**
Net profit for the period	-	-	-	-	-	8,938,486	8,938,486	1,140	8,939,626
Other comprehensive income items	-	-	-	-	60,269	-	60,269	-	60,269
Total comprehensive income for the period	-	-	-	-	60,269	8,938,486	8,998,755	1,140	8,999,895
Purchase of treasury shares	-	(12,817)	-	-	-	-	(12,817)	-	(12,817)
Sale of treasury shares	-	208,880	-	-	103,573	-	312,453	-	312,453
Cash dividends (Note 14)	-	-	-	-	-	(4,995,472)	(4,995,472)	(375)	(4,995,847)
Balance as at 30 September 2017	**10,106,250**	**(6,502,597)**	**5,053,125**	**11,414,197**	**18,932,334**	**34,223,051**	**73,226,360**	**32,431**	**73,258,791**
Balance as at 1 January 2018	**10,106,250**	**(6,504,855)**	**5,065,834**	**12,475,047**	**18,016,480**	**34,378,713**	**73,537,469**	**32,558**	**73,570,027**
Adjustments from adoption of IFRS 9 (Note 2.2.1.2)	-	-	-	-	88,010	22,639	110,649	-	110,649
Balance as at 1 January 2018 (restated)	**10,106,250**	**(6,504,855)**	**5,065,834**	**12,475,047**	**18,104,490**	**34,401,352**	**73,648,118**	**32,558**	**73,680,676**
Net profit for the period	-	-	-	-	-	7,039,980	7,039,980	2,836	7,042,816
Other comprehensive income items	-	-	-	-	(383,964)	-	(383,964)	-	(383,964)
Total comprehensive income for the period	-	-	-	-	(383,964)	7,039,980	6,656,016	2,836	6,658,852
Transferred from changes in fair value reserve of retained earnings resulted from sale	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(1,234,294)	-	-	-	-	(1,234,294)	-	(1,234,294)
Group's share from increase of associate's contribution in a subsidiary	-	-	-	-	-	45,068	45,068	-	45,068
Cash dividends (Note 14)	-	-	-	-	-	(5,154,875)	(5,154,875)	(375)	(5,155,250)
Balance as at 30 September 2018	**10,106,250**	**(7,739,149)**	**5,065,834**	**12,475,047**	**17,720,526**	**36,331,525**	**73,960,033**	**35,019**	**73,995,052**

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

Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2018 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Nine months ended 30 September	
		2018	2017
Cash flows from operating activities			
Net profit for the period		7,042,816	8,939,626
Adjustments:			
Depreciation and amortization		1,484,589	982,660
Net gains from financial investment		(661,014)	(1,920,294)
Group's share in an associate's results		(2,353,873)	(2,660,294)
Credit profit and loss		(140,685)	-
Post-employment benefits		290,968	163,671
Finance costs		795,647	624,969
Operating profit before changes in operating assets and liabilities		6,458,448	6,130,338
Inventories		287,610	(72,671)
Trade and other receivables		26,018	(888,411)
Trade and other payables		(249,463)	(122,344)
Cash generated from operating activities		6,522,613	5,046,912
Post-employment benefits paid		(36,929)	(37,640)
Net cash generated from operating activities		6,485,684	5,009,272
Cash flows from investment activities			
Paid for purchase of property, plant and equipment		(5,449,509)	(1,448,656)
Paid for purchase of intangible assets		(1,274,433)	-
Proceeds from sale of investments at FVTOCI		5,476,619	2,355,305
Dividends received		2,620,782	2,858,287
Net cash generated from investing activities		1,373,459	3,764,936
Cash flows from financing activities			
Loans and bank facilities		452,410	153,700
(Paid for purchase) / collected from selling treasury shares		(1,234,294)	299,637
Finance costs paid		(969,668)	(605,019)
Dividends paid		(5,161,105)	(4,926,391)
Net cash used in financing activities		(6,912,657)	(5,078,073)
Net increase in cash and cash equivalents		946,486	3,696,135
Cash and cash equivalents at the beginning of the period		33,636,234	22,109,607
Cash and cash equivalents at the end of the period	9	34,582,720	25,805,742

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

1. Company's incorporations

Kuwait National Cinema Company K.P.S.C. "The 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 Company is listed on the Kuwait Stock Exchange.

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

These Consolidated financial information include the financial information of the Company and its following subsidiaries "together referred to as the Group":

	Ownership percentage (%)	Activity	Incorporation country
International Film Distribution Company K.S.C.C.	99.25	Publishing and film distribution	Kuwait
Al-Kout Film Production and Distribution Company S.A.E.	100	Production and film distribution	Egypt

The interim condensed consolidated financial information for the nine months ended 30 September 2018 was authorized for issuance by the Board of Directors on 31 October 2018. The consolidated financial statements for the year ended 31 December 2017 were approved by the general assembly for the shareholders on 27 March 2018.

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 September 2018 are not necessarily indicative of results that may be expected for the year ending 31 December 2018. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2017.

2.2 Significant accounting policies

The accounting policies used in preparing the interim condensed consolidated financial information similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2017 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as the follows:

2.2.1 Impact of application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment for financial assets and
3) General hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in the standard starting on 1 January 2018.

In accordance with the transitional provision in IFRS 9, the Group chooses not to restate comparative information for prior periods, and then applied IAS 39 for the comparative period.

The key changes to the Group's accounting policies as well as impact on the Group's financial information are described below.

2.2.1.1 Accounting policy

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through consolidated statement of income are recognised immediately in consolidated statement of income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the aforementioned, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income if certain criteria are met;
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost

Financial assets classified at amortized cost are subsequently measured at amortized cost using the effective interest method adjusted for impairment losses, if any.

Interest income is recognized in the consolidated statement of income.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Investments in equity instruments designated as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

The cumulative gain or loss will not be reclassified to consolidated statement of income on disposal of these investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in consolidated statement of income when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated statement of income to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in statement of income includes any dividend or interest earned on the financial assets. Fair value is determined in the manners described in Note 3.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For financial assets measured at amortised cost, exchange differences are recognised in consolidated statement of income.
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.
- For financial assets measured at FVTPL, exchange differences are recognised in consolidated statement of income.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each financial reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood of risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of income. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of income, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not:

1) Contingent consideration of an acquirer in a business combination,
2) Held-for trading, or
3) Designated as at FVTPL.

Are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'other gains and losses' line item in consolidated statement of income for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, is recognized in consolidated statement of income.

2.2.1.2 Disclosures in relation to the initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Differences
Investments in equity instruments	Available-for-sale investments	FA at FVTOCI	18,149,580	18,149,580	-
Receivables and other debit balances	Loans and receivables	FA at amortized cost	2,133,679	2,185,765	52,086
Cash and cash equivalents	Loans and receivables	FA at amortized cost	33,656,363	33,646,234	(10,129)
Trade and other credit balances	Financial liabilities at amortized cost	Financial liabilities at amortized cost	(9,469,689)	(9,470,145)	(456)
					41,501
Group's share from the effect on retained earnings of associate (Note 5)					(18,862)
Adjustments resulted from adoption of IFRS 9 on Group's retained earnings					**22,639**
Group's share from the effect on associate's reserves (Note 6)					**88,010**

There were no financial assets or financial liabilities, which the Group had previously designated as at FVTPL under IAS 39, and there were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of IFRS 9.

2.2.2 Impact of application of IFRS 15 Revenue form Contract from Customers

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It established a new five-step model that will apply to revenue arising from contracts with customers as follows:

Step 1: Identify the contract(s) with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group adopted IFRS 15 'Revenue from Contracts with Customers' resulting in no change in the revenue recognition policy of the Group in relation to its contracts with customers. Further, adoption of IFRS 15 had no impact on this 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.

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 September 2018	31 December 2017	30 September 2017		
Equity instruments designated as FVTOCI					
Quoted shares	11,376,885	-	-	Level 1	Last bid price
Unquoted shares	1,574,511	-	-	Level 3	Discounted cash flows
Investment funds	4,168	-	-	Level 2	Net assets value
Available for sale investments:					
Quoted shares	-	16,570,901	19,222,791	Level 1	Last bid price
Investment funds	-	4,168	4,270	Level 2	Net assets value

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

4. Judgment and estimates

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognized in the financial information:

Classification of investments in equity instruments - IFRS 9 (Effective from 1 January 2018)

On acquisition of an investment, the Group decides whether it should be classified as "FVTPL" or "FVTOCI". The Group follows the guidance of IFRS 9 on classifying its investments.

The Group has designated all investments in equity instruments as at FVTOCI as these investments are strategic investments and are not held for trading.

Impairment

The Group has to assess whether credit risk on financial assets and other items has increased significantly since initial recognition in order to determine whether 12 months ECL or lifetime ECL should be recognized.

Sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Valuation of financial instruments

The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability the Group uses market observable data to the extent it is available. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in Note (3).

Impairment

The Group uses of forward-looking information and assumptions about the probability of default and expected credit risk rates.

5. Property, plant and equipment

Property, plant and equipment movement represented as follows:

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Net carrying value at the beginning of the period / year	9,330,088	17,050,341	17,050,341
Additions during the period / year	5,449,509	529,135	474,902
Disposables	-	(531,990)	-
Transfer to investment properties	-	(7,020,417)	(7,020,417)
Depreciation of the period / year	(346,974)	(696,981)	(355,612)
Net carrying value at the end of the period / year	14,432,623	9,330,088	10,149,214

6. Investments in an associate

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

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Balance as at the beginning of the period/ year	37,488,775	35,993,349	35,993,349
Adjustments from adoption of IFRS 9 (Note 2.2.1.2)			
Changes in fair value reserve through comprehensive income	88,010	-	-
Effective on retained earnings	(18,862)	-	-
	69,148	-	-
Group's share in an associate's results	2,353,873	3,332,067	2,660,294
Group's share from an associate's reserve:			
Changes in fair value reserves	(678,319)	381	(289,811)
Group's share from difference of foreign currency reserve	12,764	(37,023)	(33,241)
	(665,555)	(36,642)	(323,052)
Group's share from changes in retained earnings	45,068	-	-
Dividends	(1,950,000)	(1,800,000)	(1,800,000)
Balance at the end of the period/ year	37,341,309	37,488,774	36,530,591

7. Financial investments

During the year, the Group reclassified its investments available for sale as investments at fair value through statement of comprehensive income in accordance with the implementing IFRS 9.

Accordingly, the carrying value of its investments as 30 September 2018 is as follows:

Investments at fair value through statement of comprehensive income

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Quoted shares	11,376,885	-	-
Unquoted shares	1,574,511	-	-
Investment funds	4,168	-	-
	12,955,564	-	-

Available for sale investments

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Quoted shares	-	16,570,901	19,222,791
Unquoted shares	-	1,574,511	1,574,511
Investment funds	-	4,168	4,270
	-	18,149,580	20,801,572
	12,955,564	18,149,580	20,801,572

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

8. Trade and other receivables

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Trade receivables	612,942	664,812	583,831
Due from related parties (Note 17)	777	493,031	528,591
Prepaid expenses	789,011	210,911	391,930
Refundable deposits	774,538	774,038	775,513
Staff receivables	524,894	434,480	415,711
Other receivables	82,397	233,305	350,000
	2,784,559	2,810,577	3,045,576
Provision of impairment and credit losses	(482,221)	(676,898)	(503,028)
	2,302,338	2,133,679	2,542,548

The movement of provision for impairment and credit losses is as follows:

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Balance as at the beginning of the period/ year	676,898	503,028	503,028
Effect of the adoption of IFRS 9 retroactively	(52,086)	-	-
(Reverse)/ provide provision of impairment and credit losses	(142,591)	173,870	-
Balance as at the end of the period/ year	482,221	676,898	503,028

9. Cash on hand and at banks investment portfolios

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Cash on hand	58,572	144,245	251,084
Banks' current accounts	12,525,564	14,388,792	13,991,083
Time deposit	12,826,160	12,583,475	7,585,998
Cash in investment portfolios	9,196,329	6,539,851	3,987,577
Total cash and cash equivalents	34,606,625	33,656,363	25,815,742
Provisions and credit losses	(13,905)	-	-
Net cash and cash equivalents	34,592,720	33,656,363	25,815,742
For the purpose of cash flows			
Net cash and cash equivalents	34,592,720	33,656,363	25,815,742
Less: deposits pledged at banks more than three months	(10,000)	(10,000)	(10,000)
Cash and cash equivalents for the purpose of cash flows	34,582,720	33,646,363	25,805,742

Provisions of impairment losses include KD 10,129 represents provided value deducting from retained earnings as at 1 January 2018, which resulted from the adoption of IFRS (9) retroactively.

10. Treasury shares

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Number of treasury shares (share)	7,965,618	6,765,123	6,763,132
Percentage to issued shares (%)	7.88	6.69	6.69
Market value	7,224,816	8,524,055	8,115,758

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.

11. Other reserves

	Land revaluation reserve	Change in fair value reserve	Foreign currency translation reserve	Treasury shares reserve	Total
Balance at 1 January 2017	10,066,140	8,327,810	351,022	23,520	18,768,492
Other comprehensive income items for the period	-	107,584	(47,315)	-	60,269
Purchase of treasury shares	-	-	-	103,573	103,573
Balance at 30 September 2017	10,066,140	8,435,394	303,707	127,093	18,932,334
Balance at 1 January 2018	10,066,140	7,519,568	303,679	127,093	18,016,480
Adjustments from adoption of IFRS 9	-	88,010	-	-	88,010
Balance at 1 January 2018 (restated)	10,066,140	7,607,578	303,679	127,093	18,104,490
Fair value of financial investments at fair value through OCI	-	(395,715)	-	-	(395,715)
Foreign currency translation reserve	-	-	11,751	-	11,751
Other comprehensive income items for the period	-	(395,715)	11,751	-	(383,964)
Balance at 30 September 2018	10,066,140	7,211,863	315,430	127,093	17,720,526

12. Loans and bank facilities

	30 September 2018	31 December 2017 (Audited)	30 September 2017
Short term loans	24,550,000	24,550,000	19,550,000
Banks - overdraft	906,822	454,412	486,649
	25,456,822	25,004,412	20,036,649

- Loans and bank facilities granted to the Group from local banks are pledged against promissory notes.
- The effective interest rate on loans and bank facilities is 4.18% as at 30 September 2018 (3.99% as at 31 December 2017 and 4.09% - 30 September 2017).

13. 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 September		Nine months ended 30 September	
	2018	2017	2018	2017
Net profit for the Parent Company	2,367,751	2,910,507	7,039,980	8,938,486
Weighted average number of outstanding shares (share)	92,142,596	94,297,899	93,550,087	94,221,910
Earnings per share (fils)	25.70	30.87	75.25	94.87

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

14. Cash dividends

On 27 March 2018, the General Assembly of the Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2017, also approved cash dividends of 55 fils per share from the profits for the year 2017. Also approved Board of Directors remuneration for 2017.

15. Segments information

The main objective of the Group is to engage in all activities relating to the cinema industry, entertainment, and culture events. In addition, the Group invests its available excess funds through investment portfolios.

The following is the Group's segment information which consists with the internal reporting presented to management:

- Cinema division: which represents all activities related to cinema shows.
- Concession division: which represents all activities related to concessions supplemented to theaters.
- Investments division: which represents investments in shares and funds and investment properties.

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

	Divisions activity as at 30 September 2018				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	12,969,088	4,524,124	3,484,778	1,609,760	22,587,750
Costs	(10,606,709)	(1,672,985)	(105,691)	(3,159,549)	(15,544,934)
Segment's profit	2,362,379	2,851,139	3,379,087	(1,549,789)	7,042,816
Assets	11,491,935	180,810	61,571,731	37,136,283	110,380,759

	Divisions activity as at 30 September 2017				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	13,872,403	4,412,017	5,051,136	1,220,456	24,556,012
Costs	(10,863,283)	(1,604,215)	(102,991)	(3,045,897)	(15,616,386)
Segment's profit	3,009,120	2,807,802	4,948,145	(1,825,441)	8,939,626
Assets	11,470,937	256,619	66,594,707	25,776,272	104,098,535

16. Contingent liabilities

Letters of Guarantee were contingently liable for a third party with an amount of KD 2,386,680 as at 30 September 2018 (KD 385,796 as at 31 December 2017, KD 346,306 as at 30 September 2017).

17. Related parties transactions

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

Related parties transactions	**30 September 2018**	**30 September 2017**
Key management compensation	217,863	213,581
Expenses (rents, consultancy and others) charged in statement of income	1,254,650	1,084,101
Other income	165,850	138,941

The balances resulting from those transactions are as follows:

Balances resulting from those transactions:	**30 September 2018**	**31 December 2017 (Audited)**	**30 September 2017**
Due from related parties (Note 8)	777	493,031	528,591
Due to related parties	215,523	-	16,220
Cash at investment portfolios (Note 9)	9,196,329	6,539,851	3,987,577
Long-term key management compensation	171,643	179,489	174,542
Short-term key management compensation	18,904	20,531	23,913

A related party manages investment portfolios on behalf of the company. The book value of such portfolio is amounted to KD 12,951,396 as at 30 September 2018 (KD 18,145,412 as at 31 December 2017, KD 20,797,302 as at 30 September 2017).

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