



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 2019
(Unaudited)



Kuwait National Cinema Company K.P.S.C.

And its Subsidiaries

State of Kuwait

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and Review Report

For the nine months ended 30 September 2019

(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 2019 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 2019 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, 6 November 2019

**Interim Condensed Consolidated Statement of Financial Position as at 30 September 2019
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2019	31 December 2018 (Audited)	30 September 2018
ASSETS				
Non-current assets				
Property, plant and equipment	6	18,542,862	15,280,339	14,432,623
Investments property		7,080,740	7,080,740	7,077,887
Right-of-use assets	5	13,055,205	-	-
Intangible assets		1,285,058	1,598,840	1,223,086
Investments in associate	7	38,213,932	38,564,125	37,341,309
Investments at FVTOCI	8	6,670,628	12,195,675	12,955,564
		<u>84,848,425</u>	<u>74,719,719</u>	<u>73,030,469</u>
Current assets				
Inventories		618,888	625,829	455,232
Trade and other receivables		2,211,156	1,951,859	2,302,338
Cash at banks, on hand and Investment portfolios	9	26,655,025	34,631,716	34,592,720
		<u>29,485,069</u>	<u>37,209,404</u>	<u>37,350,290</u>
Total assets		<u>114,333,494</u>	<u>111,929,123</u>	<u>110,380,759</u>
Equity and Liabilities				
Equity				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	10	(8,122,474)	(8,095,324)	(7,739,149)
Statutory reserve		5,065,834	5,065,834	5,065,834
Voluntary reserve		13,346,691	13,346,691	12,475,047
Other reserves	11	17,500,090	17,444,180	17,720,526
Retained earnings		38,845,835	36,760,616	36,331,525
Equity attributable to Company's shareholders		<u>76,742,226</u>	<u>74,628,247</u>	<u>73,960,033</u>
Non-controlling Interest		40,408	36,124	35,019
		<u>76,782,634</u>	<u>74,664,371</u>	<u>73,995,052</u>
Liabilities				
Non-current liabilities				
Lease liabilities	5	10,993,637	-	-
Post employment benefits		1,729,943	1,893,452	1,873,833
		<u>12,723,580</u>	<u>1,893,452</u>	<u>1,873,833</u>
Current liabilities				
Trade and other payables		9,262,678	9,143,063	9,055,052
Lease liabilities	5	1,882,176	-	-
Loans and bank facilities	12	13,682,426	26,228,237	25,456,822
		<u>24,827,280</u>	<u>35,371,300</u>	<u>34,511,874</u>
Total liabilities		<u>37,550,860</u>	<u>37,264,752</u>	<u>36,385,707</u>
Total equity and liabilities		<u>114,333,494</u>	<u>111,929,123</u>	<u>110,380,759</u>

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


Abdul Wahab Marzouq Al-Marzouq
Chairman


Hisham Fahad Al-Ghanim
Vice Chairman

Kuwait National Cinema Company K.P.S.C.

And its Subsidiaries

State of Kuwait

**Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2019
(Unaudited)***(All amounts are in Kuwaiti Dinar)*

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2019	2018	2019	2018
Operating revenues		5,552,986	5,139,059	14,393,882	12,969,088
Operating costs		(4,439,768)	(4,188,043)	(12,388,220)	(10,606,709)
Gross profit		1,113,218	951,016	2,005,662	2,362,379
Other operating income		2,915,853	2,518,109	7,926,851	6,466,869
General and administrative expenses		(481,205)	(578,433)	(1,818,532)	(1,870,338)
Other operating expenses		(870,915)	(737,573)	(2,457,999)	(1,921,064)
Net profit of financial investments		(1,390)	7,072	235,376	661,014
Group's share in an associate results	7	771,150	688,602	2,521,932	2,353,873
(Provide)/ reversal expected credit losses		-	(30,092)	(62,925)	136,907
Finance costs		(252,276)	(272,176)	(920,939)	(795,647)
Net profit before deductions		3,194,435	2,546,525	7,429,426	7,393,993
Contribution to Kuwait Foundation for the Advancement of Sciences		(20,178)	(16,410)	(40,952)	(44,276)
National Labor Support Tax		(79,017)	(121,386)	(178,445)	(238,920)
Zakat		(19,805)	(39,066)	(39,815)	(67,981)
Net profit for the period		3,075,435	2,369,663	7,170,214	7,042,816
Distributed as follows:					
Parent Company's shareholders		3,072,417	2,367,751	7,165,555	7,039,980
Non-controlling interest		3,018	1,912	4,659	2,836
		<u>3,075,453</u>	<u>2,369,663</u>	<u>7,170,214</u>	<u>7,042,816</u>
Earnings per share (fils)	13	<u>33.14</u>	<u>25.70</u>	<u>77.28</u>	<u>75.25</u>

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 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Net profit for the period	3,075,435	2,369,663	7,170,214	7,042,816
Other comprehensive income items:				
Items can not be re-classified later into statement of income:				
Net changes in fair value of financial investments at fair value through OCI	(869,262)	1,009,342	701,627	282,604
Group's share in an associates' reserves	(395,061)	(54,213)	(635,801)	(678,319)
	<u>(1,264,323)</u>	<u>955,129</u>	<u>65,826</u>	<u>(395,715)</u>
Items can be re-classified later into statement of income:				
Group's share in an associate's reserve	8,021	2,835	7,611	12,764
Foreign currency translation differences of a subsidiary	(5,838)	(294)	(17,527)	(1,013)
	<u>2,183</u>	<u>2,541</u>	<u>(9,916)</u>	<u>11,751</u>
Total other comprehensive income items	<u>(1,262,140)</u>	<u>957,670</u>	<u>55,910</u>	<u>(383,964)</u>
Total comprehensive income for the period	<u>1,813,295</u>	<u>3,327,333</u>	<u>7,226,124</u>	<u>6,658,852</u>
Distributed as follows:				
Parent Company's shareholders	1,810,277	3,325,421	7,221,465	6,656,016
Non-controlling interest	3,018	1,912	4,659	2,836
	<u>1,813,295</u>	<u>3,327,333</u>	<u>7,226,124</u>	<u>6,658,852</u>

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

Kuwait National Cinema Company K.P.S.C.

And its Subsidiaries

State of Kuwait



Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2019

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company						Total	Non-controlling Interest	Total
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 11)	Retained earnings			
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	-	-	-	-	-	(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
Balance as at 1 January 2019	10,106,250	(8,095,324)	5,065,834	13,346,691	17,444,180	36,760,616	74,628,247	36,124	74,664,371
Impact of adoption of IFRS 16 (Note 2.2.1)	-	-	-	-	-	(443,935)	(443,935)	-	(443,935)
Balance as at 1 January 2019 (restated)	10,106,250	(8,095,324)	5,065,834	13,346,691	17,444,180	36,316,681	74,184,312	36,124	74,220,436
Net profit for the period	-	-	-	-	-	7,165,555	7,165,555	4,659	7,170,214
Other comprehensive income items	-	-	-	-	55,910	-	55,910	-	55,910
Total comprehensive income for the period	-	-	-	-	55,910	7,165,555	7,221,465	4,659	7,226,124
Purchase of treasury shares	-	(27,150)	-	-	-	-	(27,150)	-	(27,150)
Cash dividends (Note 16)	-	-	-	-	-	(4,636,401)	(4,636,401)	(375)	(4,636,776)
Balance as at 30 September 2019	10,106,250	(8,122,474)	5,065,834	13,346,691	17,500,090	38,845,835	76,742,226	40,408	76,782,634

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 2019
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	Nine months ended 30 September	
		2019	2018
Cash flows from operating activities			
Net profit for the period		7,170,214	7,042,816
<i>Adjustments:</i>			
Depreciation and amortization		2,332,696	1,484,589
Amortization of right-of-use assets		1,674,435	-
Net gains from investments at FVTOCI		(235,376)	(661,014)
Group's share in an associate's results		(2,521,932)	(2,353,873)
Provide/ (reversal) expected credit losses		62,925	(140,685)
Post employment benefits		140,105	290,968
Finance costs		566,181	795,647
Interest portion of lease liability		354,758	-
Operating profit before changes in operating assets and liabilities		9,544,006	6,458,448
Inventories		6,941	287,610
Trade and other receivables		(321,662)	26,018
Trade and other payables		(13,133)	(249,463)
Cash generated from operating activities		9,216,152	6,522,613
Post employment benefits paid		(303,614)	(36,929)
Net cash generated from operating activities		8,912,538	6,485,684
Cash flows from investment activities			
Paid for purchase of property, plant and equipment		(4,282,598)	(5,449,509)
Paid for purchase of intangible assets		(1,255,980)	(1,274,433)
Paid-for investments at FVTOCI		(5,893,772)	-
Proceeds from sale of investments at FVTOCI		12,120,445	5,476,619
Dividends received		2,043,751	2,620,782
Net cash generated from investing activities		2,731,846	1,373,459
Cash flows from financing activities			
Loans and bank facilities		(12,545,811)	452,410
Paid for purchase of treasury shares		(27,150)	(1,234,294)
Finance costs paid		(730,796)	(969,668)
Repayment of lease liability		(1,863,115)	-
Dividends paid		(4,454,203)	(5,161,105)
Net cash used in financing activities		(19,621,075)	(6,912,657)
Net change in cash and cash equivalents		(7,976,691)	946,486
Cash and cash equivalents at the beginning of the period		34,631,716	33,636,234
Cash and cash equivalents at the end of the period		26,655,025	34,582,720

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

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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 Company's address is Al-Zahara area, 360 Mall, fourth floor, P.O. Box 502 Safat, 13006 Safat, Kuwait.

This Consolidated financial information includes the financial information of the 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

The interim condensed consolidated financial information for the nine months ended 30 September 2019 was authorized for issuance by the Board of Directors 6 November 2019. The consolidated financial statements for the year ended 31 December 2018 were approved by the general assembly for the shareholders on 23 April 2019.

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 2019 are not necessarily indicative of results that may be expected for the year ending 31 December 2019. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2018.

2.2 Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

2.2.1 New and amended standards adopted by the Group

The Group has adopted the new and amended standards and interpretations that became effective in the current period. The adoption of these standards and interpretations has no material impact on the financial statements of the Group, except as mentioned below:

IFRS 16 "Leases"

General impact

IFRS 16 'Leases' replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions in the Legal Form of a Lease'.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees.

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated financial position as at 31 December 2018.

Impact on accounting policy

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to Income statement on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group unless the term is 12 months or less or the lease for low value asset. Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to Income statement over the lease period.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Practical expedient

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The change in accounting policy affected the following items in the consolidated financial position on 1 January 2019:

- right-of-use assets – increase by KD 14,729,640
- intangible assets - decrease by KD 295,335
- prepaid expenses - decrease by KD 50,135
- lease liabilities – Increase by KD 14,384,170
- retained earnings – decrease by KD 443,935

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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 2019	31 December 2018	30 September 2018		
Equity instruments designated as FVTOCI					
quoted shares	5,091,949	10,616,996	11,376,885	Level 1	Last bid price
unquoted shares	1,574,511	1,574,511	1,574,511	Level 3	Discounted cash flows
Investment funds	4,168	4,168	4,168	Level 2	Net assets value

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

4. Critical judgments and key sources of estimation uncertainty

Changes in judgements and estimation uncertainty

The critical judgements and estimates used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except for the changes highlighted below:

Lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the time of first time application of IFRS 16.

5. Leases

5.1 When the Group is a lessee

Right-of-use assets

The Group as a lessee has leased several assets including buildings, lands, equipment. The average lease term is 20 years. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Right-of-use assets	Buldings	lands	Total
Net carrying amount			
1 January 2019	13,691,309	1,038,331	14,729,640
30 September 2019	12,129,276	925,929	13,055,205
Amortization expense for the period ended 30 September 2019	1,562,033	112,402	1,674,435

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Lease liabilities	30 September 2019	31 December 2018
Non Current lease liabilities		
Amounts due for settlement after 12 months	10,993,637	-
Current lease liabilities		
Amounts due for settlement within 12 months	1,882,176	-
	<u>12,875,813</u>	<u>-</u>
Maturity analysis		
Maturity dates of undiscounted lease liabilities are as follows:		
	30 September 2019	31 December 2018
Not later than 1 year	2,297,668	-
Later than 1 year and not later than 5 years	10,047,370	-
Later than 5 years	2,095,998	-
	<u>14,441,036</u>	<u>-</u>

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

	Nine months ended 30 September 2019
Amortization expense on right-of-use assets	1,674,435
Interest expense on lease liabilities	354,758
Analysis of expense relating to short-term leases	364,703
Analysis of expense relating to variable lease payments not included in the measurement of the lease liability	774,978
	<u>3,168,874</u>

5.2 When the Group is a lessor

Operating lease arrangements

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between five to nine years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 8 years. The Group did not identify any indications that this situation will change.

6. Property, plant and equipment

Property, plant and equipment movement represented as follows:

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Net carrying value at the beginning of the period / year	15,280,339	9,330,088	9,330,088
Additions during the period / year	4,282,598	6,523,587	5,449,509
Depreciation of the period / year	<u>(1,020,075)</u>	<u>(573,336)</u>	<u>(346,974)</u>
Net carrying value at the end of the period / year	<u>18,542,862</u>	<u>15,280,339</u>	<u>14,432,623</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

7. Investments in an associate

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

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Balance as at the beginning of the period/ year	38,564,125	37,488,774	37,488,775
Impact of IFRS 9 :			
Changes in fair value reserve through comprehensive income	-	88,010	88,010
Retained earnings	-	(18,862)	(18,862)
	-	69,148	69,148
Impact of IFRS 16:			
Retained earnings (Note 2.2.1)	(443,935)	-	-
	(443,935)	69,148	-
Group's share in an associate's results	2,521,932	3,156,825	2,353,873
<i>Group's share from an associate's reserve:</i>			
Changes in fair value reserves	(635,801)	(260,370)	(678,319)
Group's share from difference of foreign currency reserve	7,611	14,650	12,764
	(628,190)	(245,720)	(665,555)
Group's share from increase of contribution of an associate in a subsidiary	-	45,098	45,068
Dividends received	(1,800,000)	(1,950,000)	(1,950,000)
Balance at the end of the period/ year	38,213,932	38,564,125	37,341,309

8. Investments at fair value through statement of comprehensive income

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Quoted shares	5,091,949	10,616,996	11,376,885
Unquoted shares	1,574,511	1,574,511	1,574,511
Investment funds	4,168	4,168	4,168
	6,670,628	12,195,675	12,955,564

- Fair value is determined based on valuation techniques disclosed in (Note 3).
- During the period, the Group disposed an investment classified at fair value through comprehensive income. The fair value of the disposal investments and carried from the beginning of the period as at the date of de-recognition is KD 6,226,674 and the disposal investments acquired during the period as at de-recognition date KD 5,893,772 and the gains resulted from the sale and carried in fair value reserve KD 3,950,791 as at 30 September 2019.
- The accumulated gains of sold investments and carried in change in fair value reserve amounted to KD 6,328,160 as at 30 September 2019 (Note 11).

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. Cash at banks, on hand and investment portfolios

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Cash on hand	42,556	46,879	58,572
Banks' current accounts	3,272,432	5,974,904	12,525,564
Time deposit	22,688,671	19,410,976	12,826,160
Cash in investment portfolios (Note 15)	660,696	9,212,942	9,196,329
Total Cash at banks, on hand and investment portfolios	26,664,355	34,645,701	34,606,625
Expected credit losses	(9,330)	(13,985)	(13,905)
	<u>26,655,025</u>	<u>34,631,716</u>	<u>34,592,720</u>

For the purpose of cash flows:

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Total Cash at banks, on hand and investment portfolios	26,655,025	34,631,716	34,592,720
Less: deposits pledged at banks more than three months	-	-	(10,000)
Cash at banks, on hand and investment portfolios	<u>26,655,025</u>	<u>34,631,716</u>	<u>34,582,720</u>

During the period ended 30 September 2019, the effective interest rate on time deposits 2.29% (2.37% - 31 December 2018, 2.5% 30 September 2018).

10. Treasury shares

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Number of treasury shares (share)	8,344,369	8,316,770	7,965,618
Percentage to issued shares (%)	8.26	8.23	7.88
Market value	6,425,164	8,890,627	7,224,816

The Company should keep reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the 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 2018 (restated)	10,066,140	7,607,578	303,679	127,093	18,104,490
Changes in fair value of financial investments at FVTOCI	-	(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	<u>10,066,140</u>	<u>7,211,863</u>	<u>315,430</u>	<u>127,093</u>	<u>17,720,526</u>
Balance at 1 January 2019	10,066,140	6,869,922	381,025	127,093	17,444,180
Changes in fair value of financial investments at FVTOCI	-	65,826	-	-	65,826
Foreign currency translation reserve	-	-	(9,916)	-	(9,916)
Other comprehensive Income items for the period	-	65,826	(9,916)	-	55,910
Balance at 30 September 2019	<u>10,066,140</u>	<u>6,935,748</u>	<u>371,109</u>	<u>127,093</u>	<u>17,500,090</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019 (Unaudited)
(All amounts are in Kuwaiti Dinar unless otherwise stated)
12. Loans and bank facilities

	30 September 2019	31 December 2018 (Audited)	30 September 2018
Short term loans	10,000,000	21,950,000	24,550,000
Banks - overdraft	3,682,426	4,278,237	906,822
	<u>13,682,426</u>	<u>26,228,237</u>	<u>25,456,822</u>
Average effective rate (%)	4.07	4.11	4.18

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

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	
	2019	2018	2019	2018
Net profit for the Parent Company	3,072,417	2,367,751	7,165,555	7,039,980
Weighted average number of outstanding shares (share)	<u>92,718,196</u>	<u>92,142,596</u>	<u>92,724,699</u>	<u>93,550,087</u>
Earnings per share (fils)	<u>33.14</u>	<u>25.70</u>	<u>77.28</u>	<u>75.25</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 theaters.
- 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 September 2019				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	14,393,882	5,787,982	3,129,805	1,703,447	25,015,116
Costs	<u>(12,388,220)</u>	<u>(1,939,533)</u>	<u>(123,301)</u>	<u>(3,393,848)</u>	<u>(17,844,902)</u>
Segment's profit	<u>2,005,662</u>	<u>3,848,449</u>	<u>3,006,504</u>	<u>(1,690,401)</u>	<u>7,170,214</u>
Assets	<u>27,793,240</u>	<u>478,784</u>	<u>52,281,536</u>	<u>33,779,934</u>	<u>114,333,494</u>
	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	<u>(10,606,709)</u>	<u>(1,672,985)</u>	<u>(105,691)</u>	<u>(3,159,549)</u>	<u>(15,544,934)</u>
Segment's profit	<u>2,362,379</u>	<u>2,851,139</u>	<u>3,379,087</u>	<u>(1,549,789)</u>	<u>7,042,816</u>
Assets	<u>11,491,935</u>	<u>180,810</u>	<u>61,571,731</u>	<u>37,136,283</u>	<u>110,380,759</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2019 (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 September 2019	30 September 2018
Key management compensation	151,538	217,863
Expenses (rents, consultancy and others) charged in statement of Income	921,726	1,254,650
Other income	172,826	165,850
	30 September 2019	31 December 2018
Balances resulting from those transactions:	(Audited)	
Due from related parties	-	121
Due to related parties	105,376	-
Cash at investment portfolios (Note 9)	660,696	9,212,942
management compensation long term	(81,362)	(175,904)
management compensation short term	(7,654)	(17,201)
	30 September 2019	30 September 2018

A related party manages investment portfolios on behalf of the Company. The book value of such portfolio is amounted to KD 7,476,460 as at 30 September 2019 (KD 12,191,507 as at 31 December 2018, KD 12,951,396 as at 30 September 2018).

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

16. Subsequent events

On 23 April 2019, the General Assembly of the Company's shareholders approved the consolidated financial statements for the year ended 31 December 2018, also approved cash dividends of 50 fils per share from the profits for the year 2018. Also approved Board of Directors remuneration for 2018.

17. Contingent liabilities

Letters of Guarantee were contingently liable for a third party with an amount of KD 2,386,680 as at 30 September 2019 (KD 2,386,680 as at 31 December 2018, KD 2,386,680 as at 30 September 2018).