



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 2020

(Unaudited)



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Kuwait National Cinema Company K.P.S.C

State of Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait National Cinema Company - K.P.S.C ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2020 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 2020 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2020, that might had a material effect on the business of Group or on its consolidated financial position.



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

Kuwait, 10 November 2020

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

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2020	31 December 2019 (Audited)	30 September 2019
ASSETS				
Non-current assets				
Property, plant and equipment	4	30,271,146	22,770,559	18,542,862
Investments properties		4,673,004	4,673,004	7,080,740
Right-of-use assets	5	10,888,916	12,513,576	13,055,205
Intangible assets		19,847	796,514	1,285,058
Investments in an associate	6	35,205,348	39,460,952	38,213,932
Investments at FVTOCI	7	5,584,990	8,365,409	6,670,628
		<u>86,643,251</u>	<u>88,580,014</u>	<u>84,848,425</u>
Current assets				
Inventories		892,840	658,188	618,888
Trade and other receivables	8	1,558,659	1,745,360	2,211,156
Cash at banks, on hand and investment portfolios	9	20,531,864	28,181,756	26,655,025
		<u>22,983,363</u>	<u>30,585,304</u>	<u>29,485,069</u>
Total assets		<u>109,626,614</u>	<u>119,165,318</u>	<u>114,333,494</u>
Equity and liabilities				
Equity				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	10	(8,201,232)	(8,122,474)	(8,122,474)
Statutory reserve		5,065,834	5,065,834	5,065,834
Voluntary reserve		14,241,729	14,241,729	13,346,691
Other reserves	11	16,390,386	20,077,146	17,500,090
Retained earnings		30,691,310	39,360,176	38,845,835
Equity attributable to the Parent Company's shareholders		<u>68,294,277</u>	<u>80,728,661</u>	<u>76,742,226</u>
Non-controlling interest		19,483	39,735	40,408
		<u>68,313,760</u>	<u>80,768,396</u>	<u>76,782,634</u>
Liabilities				
Non-current liabilities				
Lease liabilities	5	9,065,255	10,721,130	10,993,637
Post-employment benefits		1,636,713	1,755,042	1,729,943
		<u>10,701,968</u>	<u>12,476,172</u>	<u>12,723,580</u>
Current liabilities				
Trade and other payables		8,722,852	9,618,366	9,262,678
Lease liabilities	5	1,859,372	1,594,341	1,882,176
Loans and bank facilities	12	20,028,662	14,708,043	13,682,426
		<u>30,610,886</u>	<u>25,920,750</u>	<u>24,827,280</u>
Total liabilities		<u>41,312,854</u>	<u>38,396,922</u>	<u>37,550,860</u>
Total equity and liabilities		<u>109,626,614</u>	<u>119,165,318</u>	<u>114,333,494</u>

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

Abdul Wahab Marzouq Al-Marzouq
Chairman



Hisham Fahad Al-Ghanim
Vice Chairman

Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2020	2019	2020	2019
Operating revenues		645,445	5,552,986	4,941,674	14,393,882
Operating costs		(1,701,794)	(4,439,768)	(6,755,297)	(12,388,220)
Gross (loss)/ profit		(1,056,349)	1,113,218	(1,813,623)	2,005,662
Other operating income		523,291	2,915,853	3,368,180	7,926,851
General and administrative expenses		(520,330)	(481,205)	(1,637,885)	(1,818,532)
Other operating expenses		(394,943)	(870,915)	(1,395,556)	(2,457,999)
Net profit of financial investments		(1,231)	(1,390)	105,581	235,376
Group's share in an associate results	6	(1,548,613)	771,150	(3,361,337)	2,521,932
Expected credit losses		(30,130)	-	(30,130)	(62,925)
Finance costs		(207,834)	(252,276)	(652,990)	(920,939)
Net (loss)/profit before deductions		(3,236,139)	3,194,435	(5,417,760)	7,429,426
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(20,178)	-	(40,952)
National Labor Support Tax		-	(79,017)	-	(178,445)
Zakat		-	(19,805)	-	(39,815)
Net (loss)/profit for the period		(3,236,139)	3,075,435	(5,417,760)	7,170,214
Attributable to:					
Parent Company's shareholders		(3,237,461)	3,072,417	(5,423,758)	7,165,555
Non-controlling interest		1,322	3,018	5,998	4,659
		(3,236,139)	3,075,453	(5,417,760)	7,170,214
(Loss)/earnings per share (fils)	13	(34.93)	33.14	(58.51)	77.28

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 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Net (loss)/ profit for the period	(3,236,139)	3,075,435	(5,417,760)	7,170,214
Other comprehensive income items:				
<i>Items that will not be reclassified subsequently to statement of income:</i>				
Net changes in fair value of financial investments at fair value through OCI	(591,250)	(869,262)	(2,780,418)	701,627
Group's share in an associates' reserves	112,721	(395,061)	(920,643)	(635,801)
	(478,529)	(1,264,323)	(3,701,061)	65,826
<i>Items that may be reclassified subsequently to statement of income:</i>				
Group's share in an associate's reserve	(1,844)	8,021	26,376	7,611
Foreign currency translation differences of a subsidiary	(7,571)	(5,838)	(12,075)	(17,527)
	(9,415)	2,183	14,301	(9,916)
Other comprehensive (loss)/ income for the period	(487,944)	(1,262,140)	(3,686,760)	55,910
Total comprehensive (loss)/ income for the period	(3,724,083)	1,813,295	(9,104,520)	7,226,124
Attributable to:				
Parent Company's shareholders	(3,725,405)	1,810,277	(9,110,518)	7,221,465
Non-controlling interest	1,322	3,018	5,998	4,659
	(3,724,083)	1,813,295	(9,104,520)	7,226,124

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

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company							Non-controlling Interest	Total
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 11)	Retained earnings	Total		
Balance as at 1 January 2109	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 for the period	-	-	-	-	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	-	-	-	-	-	(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
Balance as at 1 January 2020	10,106,250	(8,122,474)	5,065,834	14,241,729	20,077,146	39,360,176	80,728,661	39,735	80,768,396
Net loss for the period	-	-	-	-	-	(5,423,758)	(5,423,758)	5,998	(5,417,760)
Other comprehensive loss for the period	-	-	-	-	(3,686,760)	-	(3,686,760)	-	(3,686,760)
Total comprehensive loss for the period	-	-	-	-	-	(33,936,418)	(33,936,418)	45,733	(33,890,685)
Purchase of treasury shares	-	(78,758)	-	-	-	-	(78,758)	-	(78,758)
Cash dividends (Note 16)	-	-	-	-	-	(3,245,108)	(3,245,108)	-	(3,245,108)
Impact of cash dividends in subsidiaries	-	-	-	-	-	-	-	(26,250)	(26,250)
Balance as at 30 September 2020	10,106,250	(8,122,474)	5,065,834	14,241,729	16,390,386	30,691,310	68,294,277	19,483	68,313,760

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 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Nine months ended 30 September	
		2020	2019
Cash flows from operating activities			
Net (loss)/ profit for the period		(5,417,760)	7,170,214
<i>Adjustments:</i>			
Depreciation and amortization		1,854,411	2,332,696
Amortization of right-of-use assets		1,624,660	1,674,435
Net gains from investments at FVTOCI		(105,581)	(235,376)
Group's share in an associate's results		3,361,337	(2,521,932)
Expected credit losses		-	62,925
Post-employment benefits		147,045	140,105
Finance costs		342,066	566,181
Interest portion of lease liability		310,924	354,758
Operating profit before changes in operating assets and liabilities		2,117,102	9,544,006
Inventories		(234,652)	6,941
Trade and other receivables		(3,662,647)	(321,662)
Trade and other payables		(1,050,639)	(13,133)
Cash (used in)/generated from operating activities		(2,830,836)	9,216,152
Post-employment benefits paid		(265,374)	(303,614)
Net cash (used in)/generated from operating activities		(3,096,210)	8,912,538
Cash flows from investment activities			
Paid for purchase of property, plant and equipment		(4,580,644)	(4,282,598)
Paid for purchase of intangible assets		(143,796)	(1,255,980)
Paid-for investments at FVTOCI		-	(5,893,772)
Proceeds from sale of investments at FVTOCI		-	12,120,445
Dividends received		105,581	2,043,751
Net cash (used in)/generated from investing activities		(4,618,859)	2,731,846
Cash flows from financing activities			
Loans and bank facilities		5,320,619	(12,545,811)
Paid for purchase of treasury shares		(78,758)	(27,150)
Finance costs paid		(361,859)	(730,796)
Repayment of lease liability		(1,701,768)	(1,863,115)
Dividends paid		(3,113,057)	(4,454,203)
Net cash generated from/ (used in) financing activities		65,177	(19,621,075)
Net change in cash and cash equivalents		(7,649,892)	(7,976,691)
Cash and cash equivalents at the beginning of the period		28,190,494	34,631,716
Cash and cash equivalents at the end of the period	9	20,540,602	26,655,025

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 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Company's incorporations

Kuwait National Cinema Company K.P.S.C. "the Parent Company" is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 5 October 1954 and is licensed to engage in all activities relating to the cinema industry, entertainment, and cultural events.

The Parent Company is listed on the Bursa Kuwait.

The Parent Company's address is Old Khaitan area, block number 9, building Number 164, second floor, office (1+2), P.O. Box 502 Safat, 13006 Safat, Kuwait.

This Consolidated financial information includes the financial information of the Parent Company and the financial information of its following subsidiaries "together referred to as the Group":

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

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

The interim condensed consolidated financial information for the nine months ended 30 September 2020 was authorized for issuance by the Board of Directors on 10 November 2020.

2. Basis of presentation and significant accounting policies

2.1 Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 30 September 2020 are not necessarily indicative of results that may be expected for the year ending 31 December 2020. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2019.

2.2 Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

2.2.1 New and amended standards adopted by the Group

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

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

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

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Definition of a Business – Amendments to IFRS 3 Business Combinations

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

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

The amendments to IFRS 16

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

This amendment:

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

Effect to the Group

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

Effect to the interim financial information for the current period

- Decrease in Lease Liability in the financial position amounted to KD 971,401.
- Increase of other revenues in the statement of income amounted to KD 971,401.

Other amendments to IFRSs that are effective for annual accounting period starting from 1 January 2020 have not had any material impact on the accounting policies, financial position or performance of the Group.

2.2.2 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2020
(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 2020	31 December 2019	30 September 2019		
Equity instruments designated as FVTOCI					
Quoted shares	4,601,232	5,845,197	5,091,949	Level 1	Last bid price
Investment funds	4,168	4,168	4,168	Level 2	Net assets value
Unquoted shares	84,848	1,187,465	1,574,511	Level 3	Discounted cash flows
Unquoted shares	894,742	1,328,579	-	Level 3	Adjusted book value

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

4. Property, plant and equipment

Property, plant and equipment movement represented as follows:

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Net carrying value at the beginning of the period / year	22,770,559	15,280,339	15,280,339
Additions during the period / year	8,429,992	5,405,352	4,282,598
Disposals	-	(515,406)	-
Revaluation of lands	-	1,723,000	-
Transferred from investments property	-	2,501,996	-
Depreciation of the period / year	(929,405)	(1,624,722)	(1,020,075)
Net carrying value at the end of the period / year	30,271,146	22,770,559	18,542,862

5. Right-of-use assets

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

Right-of-use assets	Buildings	land	Total
Net carrying amount			
1 January 2020	11,620,989	892,587	12,513,576
30 September 2020	10,096,126	792,790	10,888,916
Amortization expense for the period ended 30 September 2020	1,524,863	99,797	1,624,660
Right-of-use assets	Buildings	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 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Lease liabilities	30 September 2020	31 December 2019	30 September 2019
Non-Current lease liabilities			
Amounts due for settlement after 12 months	9,065,255	10,721,130	10,993,637
Current lease liabilities			
Amounts due for settlement within 12 months	1,859,372	1,594,341	1,882,176
	<u>10,924,627</u>	<u>12,315,471</u>	<u>12,875,813</u>

Maturity analysis

Maturity dates of undiscounted lease liabilities are as follows:

	30 September 2020	31 December 2019	30 September 2019
Not later than 1 year	2,337,058	2,014,006	2,297,668
Later than 1 year and not later than 5 years	9,041,842	9,896,172	10,047,370
Later than 5 years	746,469	1,571,797	2,095,998
	<u>1,125,369</u>	<u>13,481,975</u>	<u>14,441,036</u>

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

	Nine months ended 30 September	
	2020	2019
Amortization expense on right-of-use assets	1,624,660	1,674,435
Interest expense on lease liabilities	310,324	354,758
Expense relating to short-term leases	229,559	364,703
Expense relating to variable lease payments not included in the measurement of the lease liability	192,523	774,978
	<u>2,357,666</u>	<u>3,168,874</u>
Gain from lessor under lease concession related to COVID-19 (Note 2.2.1)	971,401	-

6. Investments in an associate

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

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Balance as at the beginning of the period/ year	39,460,952	38,564,125	38,564,125
Impact of IFRS 16 in retained earnings	-	(443,935)	(443,935)
			(443,935)
Group's share in an associate's results	(3,361,337)	3,262,947	2,521,932
<u>Group's share from an associate's reserve:</u>			
Changes in fair value reserves	(920,643)	(122,516)	(635,801)
Group's share from difference of foreign currency reserve	26,376	(2,297)	7,611
Group's share from increase of contribution of an associate in a subsidiary	-	2,628	(628,190)
Dividends	-	(1,800,000)	(1,800,000)
Balance at the end of the period/ year	<u>35,205,348</u>	<u>39,460,952</u>	<u>38,213,932</u>

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

7. Investments at FVTOCI

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Quoted shares	4,601,232	5,845,197	5,091,949
Unquoted shares	979,590	2,516,044	1,574,511
Investment funds	4,168	4,168	4,168
	<u>5,584,990</u>	<u>8,365,409</u>	<u>6,670,628</u>

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

8. Trade and other receivables

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Trade receivables	704,648	824,520	1,008,324
Due from related parties	3,863	11,309	-
	374,958	293,138	461,688
Refundable deposits	784,046	784,046	785,521
Staff receivables	381,039	516,604	506,666
Other receivables	-	5,638	16,396
Impairment and credit losses	(689,895)	(689,895)	(567,439)
	<u>1,558,659</u>	<u>1,745,360</u>	<u>2,211,156</u>

9. Cash at banks, on hand and investment portfolios

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Cash on hand	31,736	40,968	42,556
Banks' current accounts	19,741,700	3,869,816	3,272,432
Time deposit	-	23,621,404	22,688,671
Cash in investment portfolios (Note 15)	767,166	658,306	660,696
Total Cash at banks, on hand and investment portfolios	20,540,602	28,190,494	26,664,355
Expected credit losses	(8,738)	(8,738)	(9,330)
	<u>20,531,864</u>	<u>28,181,756</u>	<u>26,655,025</u>

10. Treasury shares

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Number of treasury shares (share)	8,460,323	8,344,369	8,344,369
Percentage to issued shares (%)	8.37	8.26	8.26
Market value	5,922,226	8,344,369	6,425,164

The Parent Company should keep reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the relevant instructions of the regulatory authorities.

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

11. Other reserves

	Land revaluation reserve	Change in fair value reserve	Foreign currency translation reserve	Treasury shares reserve	Total
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 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>
Balance at 1 January 2020	11,789,140	7,843,813	317,100	127,093	20,077,146
Changes in fair value of financial investments at FVTOCI	-	(2,780,418)	-	-	(2,780,418)
Group's share in an associate's reserve (note 6)	-	(920,643)	-	-	(920,643)
Foreign currency translation reserve	-	-	(12,075)	-	(12,075)
Group's share from foreign currency translation reserve (Note 6)	-	-	26,376	-	26,376
Other comprehensive loss for the period	-	(3,701,061)	14,301	-	(3,686,760)
Balance at 30 September 2020	<u>11,789,140</u>	<u>4,142,752</u>	<u>331,401</u>	<u>127,093</u>	<u>16,390,386</u>

Land revaluation reserve includes the following:

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Revaluation reserve for Land within property, plant and equipment	8,319,164	8,319,164	4,701,999
Revaluation reserve for land within investment properties	1,252,735	2,363,735	4,257,900
Revaluation reserve for land sold to an associate	1,106,241	1,106,241	1,106,241
	<u>11,789,140</u>	<u>11,789,140</u>	<u>10,066,140</u>

12. Loans and bank facilities

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Short term loans	14,000,000	10,000,000	10,000,000
Banks - overdraft	5,950,923	4,397,089	3,682,426
Notes payables	77,739	310,954	-
	<u>20,028,662</u>	<u>14,708,043</u>	<u>13,682,426</u>
Average effective rate (%)	2.55	3.94	4.07

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

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(All amounts are in Kuwaiti Dinar unless otherwise stated)

13. (Loss)/earnings per share

Basic and diluted earnings per share are computed by dividing (loss)/ 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	
	2020	2019	2020	2019
Net (loss)/profit attributable to Parent Company's shareholders	(3,237,461)	3,072,417	(5,423,758)	7,165,555
Weighted average number of outstanding shares (share)	92,666,678	92,718,196	92,700,855	92,724,699
(Loss)/earnings per share (fils)	(34.93)	33.14	(58.51)	77.28

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

14. Segments information

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

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

- Cinema division: which represents all activities related to cinema shows and movies selling.
- Concession division: which represents all activities related to concessions supplemented to theatres.
- Investments division: which represents investments in shares, funds and investment property.

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

	Divisions activity as at 30 September 2020				
	Cinema division	Concession division	Investment division	Unallocated items	Total
Net revenues	4,941,674	1,352,254	(3,136,563)	1,896,734	5,054,099
Costs	(6,755,297)	(936,202)	(118,665)	(2,661,695)	(10,471,859)
Segment's loss	(1,813,623)	416,052	(3,255,228)	(764,961)	(5,417,760)
Assets	35,503,613	601,811	45,782,689	27,738,501	109,626,614

	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	(12,388,220)	(1,939,533)	(123,301)	(3,393,848)	(17,844,902)
Segment's profit	2,005,662	3,848,449	3,006,504	(1,690,401)	7,170,214
Assets	27,793,240	478,784	52,281,536	33,779,934	114,333,494

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:

	30 September 2020	30 September 2019
Related parties transactions		
Key management compensation	149,511	151,538
Expenses (rents, consultancy and others)	522,483	921,726
Other income	107,581	172,826

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(All amounts are in Kuwaiti Dinar unless otherwise stated)

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Balances resulting from those transactions:			
Due from related parties	3,863	11,309	-
Due to related parties	10,437	2,499	105,376
Cash at investment portfolios (Note 9)	767,166	658,306	660,696
Management compensation Long term	(134,313)	(83,541)	(81,362)
Management compensation Short term	(12,692)	(4,038)	(7,654)

A related party manages investment portfolios on behalf of the Group. The book value of such portfolio is amounted to KD 5,580,822 as at 30 September 2020 (KD 8,361,241 as at 31 December 2019, KD 7,476,460 as at 30 September 2019).

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

16. Dividends

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

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 2020 (KD 2,386,680 as at 31 December 2019, KD 2,386,680 as at 30 September 2019).

18. Future commitments

	30 September 2020	31 December 2019 (Audited)	30 September 2019
Estimated capital expenditure contracted as of period/year end	36,966,703	43,159,005	41,463,674
Future commitments for purchasing films	345,310	345,310	345,310

19. Covid-19 impact

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

Non-financial asset

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

Associate

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

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

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Unquoted investment

The COVID-19 pandemic and downturn in global economy has affected the fair value of the unquoted investments. Accordingly, the management has performed fair value studies for the unquoted shares. This valuation resulted in recording change in fair value of unquoted shares with KD 1,536,454, which is included in net change in fair value of investments at FVTOCI in the interim condensed consolidated statement of comprehensive income for the nine months ended 30 September 2020.

Expected credit losses

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

Going concern

The Group has performed as assessment of whether it is a going concern in the light of current economic conditions and based on all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 continue to evolve, but at the present time, the projections show that Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.