



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 2023

(Unaudited)



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 2023
(Unaudited)

Contents	Page
Independent Auditors' Review Report	
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	1
Interim Condensed Consolidated Statement of Income (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	6-14

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 2023 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.

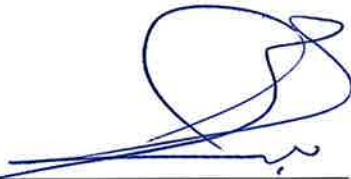
Conclusion

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 2023 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the period ended 30 September 2023, that might have had a material effect on the business of Group or on its consolidated financial position.



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

Kuwait, 8 November 2023

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2023	31 December 2022 (Audited)	30 September 2022
ASSETS				
Non-current assets				
Property, plant and equipment	4	24,626,181	22,449,122	22,495,785
Investments properties	5	84,101,008	71,201,924	65,927,307
Right-of-use assets	6	15,553,986	17,233,289	17,813,864
Intangible assets		320,386	49,616	10,549
Investments in an associate	7	47,932,322	44,894,147	43,980,228
Investments at FVTOCI	8	7,033,378	8,899,352	7,716,370
Trade and other receivables		783,638	775,060	775,060
		<u>180,350,899</u>	<u>165,502,510</u>	<u>158,719,163</u>
Current assets				
Inventories		985,883	979,386	730,748
Trade and other receivables		586,428	490,528	695,185
Cash and cash equivalents	9	32,240,756	24,919,713	25,738,436
		<u>33,813,067</u>	<u>26,389,627</u>	<u>27,164,369</u>
Total assets		<u>214,163,966</u>	<u>191,892,137</u>	<u>185,883,532</u>
Equity and liabilities				
Equity				
Share capital		10,106,250	10,106,250	10,106,250
Treasury shares	10	(8,201,231)	(8,201,231)	(8,201,231)
Statutory reserve		5,065,834	5,065,834	5,065,834
Voluntary reserve		15,487,507	15,487,507	14,697,632
Other reserves	11	20,943,392	20,906,274	19,179,002
Retained earnings		39,384,226	36,796,616	37,003,189
Equity attributable to the Parent Company's shareholders		<u>82,785,978</u>	<u>80,161,250</u>	<u>77,850,676</u>
Non-controlling interest		14,747	13,927	13,095
		<u>82,800,725</u>	<u>80,175,177</u>	<u>77,863,771</u>
Liabilities				
Non-current liabilities				
Trade and other payables	12	10,815,705	7,947,423	7,124,023
Lease liabilities	6	27,827,395	29,785,070	30,172,780
Loans and bank facilities	13	55,420,000	41,920,000	39,768,508
Post-employment benefits		1,583,964	1,506,274	1,502,476
		<u>95,647,064</u>	<u>81,158,767</u>	<u>78,567,787</u>
Current liabilities				
Trade and other payables	12	12,716,514	10,258,938	9,918,264
Lease liabilities	6	1,928,975	1,730,644	2,423,589
Loans and bank facilities	13	21,070,688	18,568,611	17,110,121
		<u>35,716,177</u>	<u>30,558,193</u>	<u>29,451,974</u>
Total liabilities		<u>131,363,241</u>	<u>111,716,960</u>	<u>108,019,761</u>
Total equity and liabilities		<u>214,163,966</u>	<u>191,892,137</u>	<u>185,883,532</u>

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


Abdulaziz Dawoud Marzouq Al-Marzouq
Chairman


Hisham Fahad Al-Ghanim
Vice Chairman

**Interim Condensed Consolidated Statement of Income for the nine months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
Operating revenues	14	9,834,151	8,269,455	22,639,358	19,018,962
Operating costs	15	(8,150,587)	(7,514,243)	(17,418,062)	(15,446,192)
Gross profit		1,683,564	755,212	5,221,296	3,572,770
General and administrative expenses		(467,556)	(403,087)	(1,553,734)	(1,386,547)
Finance costs		(639,547)	(300,173)	(1,465,860)	(1,015,041)
Other operating expenses		(143,311)	(259,445)	(460,472)	(680,295)
Group's share in an associate results	7	1,508,075	1,790,901	4,565,685	5,069,887
Other operating income		748,154	632,757	1,907,467	1,495,127
Net profit of financial investments		2,262	(198)	218,871	207,303
Net Profit before deductions		2,691,641	2,215,967	8,433,253	7,263,204
Contribution to Kuwait Foundation for the Advancement of Sciences		(10,217)	(2,463)	(35,082)	(18,354)
National Labour Support Tax		(67,350)	(55,395)	(212,455)	(178,254)
Zakat		(11,859)	(4,263)	(39,325)	(20,617)
Net profit for the period		2,602,215	2,153,846	8,146,391	7,045,979
Attributable to:					
Parent Company's shareholders		2,601,000	2,152,505	8,143,696	7,044,871
Non-controlling interest		1,215	1,341	2,695	1,108
		2,602,215	2,153,846	8,146,391	7,045,979
Earnings per share (fils)	16	28.09	23.24	87.94	76.08

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 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
Net profit for the period		2,602,215	2,153,846	8,146,391	7,045,979
Other comprehensive income items:					
Items that will not be reclassified subsequently to statement of income:					
Net changes in fair value of financial investments at fair value through OCI		(437,956)	756,550	(305,974)	786,576
Group's share in an associates' change in fair value reserves	7	177,231	(749,647)	262,042	(660,545)
		(260,725)	6,903	(43,932)	126,031
Items that may be reclassified subsequently to statement of income:					
Group's share in an associate's reserve	7	7,565	24,109	10,448	48,431
Foreign currency translation differences of a subsidiary		(9,309)	10,462	70,602	85,711
		(1,744)	34,571	81,050	134,142
Other comprehensive profit for the period		(262,469)	41,474	37,118	260,173
Total comprehensive profit for the period		2,339,746	2,195,320	8,183,509	7,306,152
Attributable to:					
Parent Company's shareholders		2,338,531	2,193,979	8,180,814	7,305,044
Non-controlling interest		1,215	1,341	2,695	1,108
		2,339,746	2,195,320	8,183,509	7,306,152

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 2023
(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		
Balance as at 1 January 2022	10,106,250	(8,201,231)	5,065,834	14,697,632	18,918,829	32,736,361	15,736	73,339,411
Net profit for the period	-	-	-	-	-	7,044,871	1,108	7,045,979
Comprehensive income for the period	-	-	-	-	260,173	-	-	260,173
Total comprehensive income for the period	-	-	-	-	260,173	7,044,871	1,108	7,306,152
Cash dividends	-	-	-	-	-	(2,778,043)	-	(2,778,043)
Cash dividends in subsidiary	-	-	-	-	-	-	(3,749)	(3,749)
Balance as at 30 September 2022	10,106,250	(8,201,231)	5,065,834	14,697,632	19,179,002	37,003,189	13,095	77,863,771
Balance as at 1 January 2023	10,106,250	(8,201,231)	5,065,834	15,487,507	20,906,274	36,796,616	13,927	80,175,177
Net profit for the period	-	-	-	-	-	8,143,696	2,695	8,146,391
Comprehensive income for the period	-	-	-	-	37,118	-	-	37,118
Total comprehensive income for the period	-	-	-	-	37,118	8,143,696	2,695	8,183,509
Cash dividends (Note 20)	-	-	-	-	-	(5,556,086)	-	(5,556,086)
Cash dividends in subsidiary	-	-	-	-	-	-	(1,875)	(1,875)
Balance as at 30 September 2023	10,106,250	(8,201,231)	5,065,834	15,487,507	20,943,392	39,384,226	14,747	82,800,725

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 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Nine months ended 30 September	
	2023	2022
Cash flows from operating activities		
Net profit for the period	8,146,391	7,045,979
<i>Adjustments:</i>		
Depreciation and amortization	2,403,344	1,257,275
Impairment in property plants and equipment	1,143,559	548,033
Depreciation of right-of-use leased assets	1,679,303	1,802,185
Impairment in right-of-use assets	-	1,601,967
Interest income	(578,763)	(136,492)
Rental exemptions	(102,975)	(102,975)
Net profit from investments at FVTOCI	(218,871)	(207,303)
Group's share in an associate's results	(4,565,685)	(5,069,887)
Post-employment benefits	180,215	155,265
Finance costs	771,963	357,198
Interest portion of lease liability	693,897	657,843
Operating profit before changes in operating assets and liabilities	9,552,378	7,909,088
Change in inventories	(6,497)	97,184
Change in trade and other receivables	(33,876)	(399,272)
Change in trade and other payables	5,272,276	2,039,669
Cash generated from operating activities	14,784,281	9,646,669
Post-employment benefits paid	(102,525)	(76,850)
Net cash generated from operating activities	14,681,756	9,569,819
Cash flows from investment activities		
Paid for purchase of property, plant and equipment	(5,550,751)	(1,275,281)
Paid for purchase of investment properties	(12,811,592)	(16,641,003)
Paid for purchase of intangible assets	(443,981)	-
Interest income collected	578,763	136,492
Proceeds from sale of investments at FVTOCI	1,560,000	-
Dividends received	2,018,871	2,007,303
Net cash used in investing activities	(14,648,690)	(15,772,489)
Cash flows from financing activities		
Net proceed from loans and bank facilities	16,002,077	16,696,214
Finance costs paid	(751,080)	(320,466)
Repayment of lease liability	(1,656,369)	(1,160,009)
Repayment of interest of lease liability	(693,897)	(657,843)
Dividends paid	(5,612,754)	(2,718,981)
Net cash generated from financing activities	7,287,977	11,838,915
Net change in cash and cash equivalents	7,321,043	5,636,245
Cash and cash equivalents at the beginning of the period	24,924,155	20,106,633
Cash and cash equivalents at the end of the period (note 9)	32,245,198	25,742,878

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 2023
(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 Bursa Kuwait.

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

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

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

On 30 March 2023, the extraordinary general assembly of the shareholders of the parent company approved the amendment of the memorandum of association and articles of association of the parent company by adding the retail activity of gifts and luxuries, as well as the number of members of the Board of Directors and their remunerations.

The interim condensed consolidated financial information for the nine months ended 30 September 2023 was authorized for issuance by the Board of Directors on 8 November 2023.

2. Basis of preparation and significant accounting policies
2.1 Basis of preparation

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 2023 are not necessarily indicative of results that may be expected for the year ending 31 December 2023. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2022.

2.2 Summary of changes in significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, the adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2023 and which did not result in any material impact on the interim condensed consolidated financial information of the Group.

3. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: valuation techniques that are not based on observable market data.

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

	Fair value as at			Fair value hierarchy	Significant unobservable inputs	Valuation technique(s) and Key input(s)	Relation of unobservable inputs to fair value
	30 September 2023	31 December 2022	30 September 2022				
Equity instruments designated as FVTOCI							
Quoted shares	6,967,182	7,273,158	6,780,973	Level 1	N/A	Last bid price	N/A
Unquoted shares	66,196	56,194	52,832	Level 3	Discount rate	Discounted cash flows	Higher discount results in value decline
Unquoted shares	-	1,570,000	882,565	Level 3	N/A	Net adjusted book value	N/A
	<u>7,033,378</u>	<u>8,899,352</u>	<u>7,716,370</u>				

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

4. Property, plant and equipment

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Net carrying value at the beginning of the period / year	22,449,122	23,003,423	23,003,423
Additions during the period / year	5,550,751	1,671,530	1,275,281
Revaluation of lands	-	67,469	-
Disposals during the period / year	(847,812)	(116,960)	-
Depreciation of disposals during the period/year	847,812	116,960	-
Depreciation during the period/year	(2,230,133)	(1,745,267)	(1,234,886)
Impairment	(1,143,559)	(548,033)	(548,033)
Net carrying value at the end of the period / year	<u>24,626,181</u>	<u>22,449,122</u>	<u>22,495,785</u>

The Group has tested the impairment of an operating location based on value-in-use method. The management concluded that the assets' recoverable amount is less than its carrying amount related to such location by KD 1,143,559 under right-of-use assets under property, plant and equipment. The impairment was recognized at the same amount under "operating costs" in the consolidated statement of income.

During the period, the group reviewed the production work of one of the operational sites, and based on that, the production work was modified from 20 year to 17 year. This resulted in a depreciation expense for the current period in the amount of 866,482 Kuwaiti dinars.

5. Investment properties

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Investment properties	4,754,416	4,754,416	4,673,005
Investment properties under development	79,346,592	66,447,508	61,254,302
Balance at the end of the period/year	<u>84,101,008</u>	<u>71,201,924</u>	<u>65,927,307</u>

Movement on investment properties are as follows:

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Balance at the beginning of the period/year	71,201,924	49,157,893	49,157,893
Additions during the period/year	12,899,084	22,609,532	16,769,414
Impact of lease contract modification	-	(879,665)	-
Change in fair value	-	314,164	-
Balance at the end of the period/year	<u>84,101,008</u>	<u>71,201,924</u>	<u>65,927,307</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**
(All amounts are in Kuwaiti Dinar unless otherwise stated)

- The projects under progress represents in the construction works of a commercial, entertainment and cultural complex in the South Sabahiya area and constructed on leased land from Government of State of Kuwait "Lessor" according to a lease contract for the period end in March 2043 (subject to renewal based on approval from both parties). At the end of the contract, the investment property ownership will be transferred to the lessor. During the period, the project was partially opened, and development work is being completed and is expected to be completed during year subsequent period.
- During current period, finance costs with an amount of KD 1,715,657 has been capitalized to investment property under development (KD 1,299,888 for the year ended 31 December 2022, KD 791,082 for the period ended 30 September 2022).
- Investments properties under development include advance payment to contractors amount to KD 178,217 as at 30 September 2023 (KD 697,508 as at 31 December 2022, KD 1,175,942 as at 30 September 2022).

6. Right-of-use assets

The Group as a lessee has leased several assets including buildings and lands. The average lease term is between 2 and 19 year. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Net book value as on 1 January	17,233,289	20,936,692	20,936,692
Additions	-	281,324	281,324
Amortization	(1,679,303)	(2,382,760)	(1,802,185)
Disposal	-	(1,601,967)	(1,601,967)
Net book value as at end of the period/ year	<u>15,553,986</u>	<u>17,233,289</u>	<u>17,813,864</u>
	30 September 2023	31 December 2022 (Audited)	30 September 2022
<u>Non-Current lease liabilities</u>			
Amounts due for settlement after 12 months	27,827,395	29,785,070	30,172,780
<u>Current lease liabilities</u>			
Amounts due for settlement within 12 months	1,928,975	1,730,644	2,423,589
	<u>29,756,370</u>	<u>31,515,714</u>	<u>32,596,369</u>
Maturity analysis			
Maturity dates of undiscounted lease liabilities are as follows:			
	30 September 2023	31 December 2022 (Audited)	30 September 2022
Not later than 1 year	1,928,975	1,730,644	2,423,589
Later than 1 year and not later than 5 years	12,054,842	14,322,589	13,479,232
Later than 5 years	24,993,001	25,620,211	23,060,985
	<u>38,976,818</u>	<u>41,673,444</u>	<u>38,963,806</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement on lease liabilities during the year is as follows:

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Balance as at the beginning of the period/ year	31,515,714	33,578,029	33,578,029
Addition	306,416	281,324	281,324
Interest expense	693,897	871,612	657,843
Lease Payment	(2,656,682)	(2,198,286)	(1,817,852)
Impact of lease contracts modification waiver of lease payments	-	(879,665)	-
	(102,975)	(137,300)	(102,975)
Balance at the end of the period/ year	<u>29,756,370</u>	<u>31,515,714</u>	<u>32,596,369</u>

All of the above movements has been eliminated during the preparation of consolidated statement of cash flows as they are non-cash transactions except for lease payment.

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

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Amortization expense on right-of-use assets	504,647	601,202	1,679,302	1,802,185
Interest expense on lease liabilities	229,280	213,765	693,896	657,843
Expense relating to short-term leases	-	-	3,988	3,987
Expense relating to variable lease payments not included in the measurement of the lease liability	437,982	425,070	1,090,669	1,001,328
	<u>1,171,909</u>	<u>1,240,037</u>	<u>3,467,855</u>	<u>3,465,343</u>

7. Investments in an associate

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

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Balance as at the beginning of the period/ year	44,894,147	41,322,455	41,322,455
Group's share in an associate's results	4,565,685	5,484,069	5,069,887
Group's share from an associate's reserve:	262,042	(130,620)	(660,545)
Foreign currency translation reserve	10,448	18,243	48,431
Dividends	(1,800,000)	(1,800,000)	(1,800,000)
Balance at the end of the period/ year	<u>47,932,322</u>	<u>44,894,147</u>	<u>43,980,228</u>

8. Investments at FVTOCI

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Quoted shares	6,967,182	7,273,158	6,780,973
Unquoted shares	66,196	1,626,194	935,397
	<u>7,033,378</u>	<u>8,899,352</u>	<u>7,716,370</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. Cash and cash equivalents

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Cash on hand	226,405	242,804	383,238
Banks' current accounts	8,668,255	2,401,575	10,702,626
Time deposits (less than three months)	6,500,000	7,837,800	-
Cash in investment portfolios	16,850,538	14,441,976	14,657,014
Cash and cash equivalents	32,245,198	24,924,155	25,742,878
Expected credit losses	(4,442)	(4,442)	(4,442)
	<u>32,240,756</u>	<u>24,919,713</u>	<u>25,738,436</u>

The rate of return on deposits is 4.24% as of 30 September 2023. 4.46% as of 31 December 2022, nil as of 30 September 2022).

10. Treasury shares

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Number of treasury shares (share)	8,460,323	8,460,323	8,460,323
Percentage to issued shares (%)	8.37	8.37	8.37
Market value	9,729,371	8,451,863	7,690,434

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 2022	11,669,670	6,815,918	306,148	127,093	18,918,829
Changes in fair value of financial investments at FVTOCI	-	126,031	-	-	126,031
Foreign currency translation reserve	-	-	134,142	-	134,142
Other comprehensive income for the period	-	126,031	134,142	-	260,173
Balance at 30 September 2022	<u>11,669,670</u>	<u>6,941,949</u>	<u>440,290</u>	<u>127,093</u>	<u>19,179,002</u>
Balance at 1 January 2023	11,737,139	8,524,856	517,186	127,093	20,906,274
Changes in fair value of financial investments at FVTOCI	-	(43,932)	-	-	(43,932)
Foreign currency translation reserve	-	-	81,050	-	81,050
Other comprehensive income for the period	-	(43,932)	81,050	-	37,118
Balance at 30 September 2023	<u>11,737,139</u>	<u>8,480,924</u>	<u>598,236</u>	<u>127,093</u>	<u>20,943,392</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Land revaluation reserve includes the following:

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Revaluation reserve for Land within property, plant and equipment	8,267,163	8,267,163	8,199,694
Revaluation reserve for land within investment properties	2,363,735	2,363,735	2,363,735
Revaluation reserve for land sold to an associate	1,106,241	1,106,241	1,106,241
	<u>11,737,139</u>	<u>11,737,139</u>	<u>11,669,670</u>

12. Trade and other payables

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Non-current			
Retention payable	5,692,748	4,706,104	4,227,669
Others' deposits	5,122,957	3,241,319	2,896,354
	<u>10,815,705</u>	<u>7,947,423</u>	<u>7,124,023</u>
Current			
Trade payables	5,354,804	3,675,953	4,240,799
Provision for claims	2,154,065	2,154,065	2,154,065
Dividends payable	1,086,952	1,141,745	1,150,776
Construction contract payables	992,273	776,040	-
Expenses and accrued leaves	1,484,514	1,430,817	1,239,876
Deferred income	1,191,364	751,691	853,425
Due to related parties (Note 18)	119,704	1,690	12,618
Board of Directors' remuneration	-	35,000	-
Taxes and deductions	294,973	256,639	232,655
Other payables	37,865	35,298	34,050
	<u>12,716,514</u>	<u>10,258,938</u>	<u>9,918,264</u>
	<u>23,532,219</u>	<u>18,206,361</u>	<u>17,042,287</u>

13. Loans and bank facilities

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Long term			
Long Term loans	55,420,000	41,920,000	39,000,000
Bank facilities	-	-	768,508
	<u>55,420,000</u>	<u>41,920,000</u>	<u>39,768,508</u>
Short term			
Short term loans	18,000,000	18,000,000	17,000,000
Banks - overdraft	3,070,688	568,611	110,121
	<u>21,070,688</u>	<u>18,568,611</u>	<u>17,110,121</u>
	<u>76,490,688</u>	<u>60,488,611</u>	<u>56,878,629</u>

- Loans and bank facilities granted to the Group from local banks are pledged against commitments represents mainly in transferring the revenues of project under process to the company's accounts with those banks.
- The repayment period of long-term loans ranges between 2 to 6 years.
- The effective interest rate on loans and bank facilities was 5.4% during nine month ended 30 September 2023 (5.07% during year 2022, 4.01% during nine months ended 30 September 2022).

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

14. Operating revenues

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Revenue of cinema's activity	5,567,930	5,371,769	13,661,461	12,042,181
Revenue of concession activity	3,084,218	2,777,331	7,570,823	6,622,164
Revenues of real estate investment	1,182,003	120,355	1,407,074	354,617
	<u>9,834,151</u>	<u>8,269,455</u>	<u>22,639,358</u>	<u>19,018,962</u>

15. Operating Costs

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Cinema's activity cost	6,654,895	5,847,527	13,685,187	11,774,146
Concession activity cost	1,273,542	1,640,911	3,412,378	3,588,121
Expenses of real estate investment	222,150	25,805	320,497	83,925
	<u>8,150,587</u>	<u>7,514,243</u>	<u>17,418,062</u>	<u>15,446,192</u>

16. Earnings per share

Basic and diluted earnings per share are computed by dividing earnings 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	
	2023	2022	2023	2022
Net profit attributable to Parent Company's shareholders	2,601,000	2,152,505	8,143,696	7,044,871
Weighted average number of outstanding shares (share)	<u>92,602,177</u>	<u>92,602,177</u>	<u>92,602,177</u>	<u>92,602,177</u>
Earnings per share (fils)	<u>28.09</u>	<u>23.24</u>	<u>87.94</u>	<u>76.08</u>

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

17. 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 and Concession division: which represents all activities related to cinema shows and movies selling and all activities related to concessions supplemented to theatres.
- Real estate investments division: which represents all activities related to properties including investment properties.
- Investments division: which represents investments in shares, funds.

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**
(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

	Divisions activity as at 30 September 2023				
	Cinema and concession division	real estate investment division	Investment division	Unallocated items	Total
Net revenues	21,232,284	1,407,074	3,778,387	2,913,636	29,331,381
Costs	(17,097,565)	(320,497)	-	(3,766,928)	(21,184,990)
Segment's profit / (loss)	4,134,719	1,086,577	3,778,387	(853,292)	8,146,391
Assets	37,889,473	84,101,008	57,586,188	34,587,297	214,163,966
	Divisions activity as at 30 September 2022				
	Cinema and concession division	real estate investment division	Investment division	Unallocated items	Total
Net revenues	18,664,345	354,617	5,277,190	1,495,127	25,791,279
Costs	(15,362,267)	(83,925)	-	(3,299,108)	(18,745,300)
Segment's profit / (loss)	3,302,078	270,692	5,277,190	(1,803,981)	7,045,979
Assets	37,263,110	65,927,307	52,678,908	30,014,207	185,883,532

18. Related parties transactions

The related parties are shareholders who have representation on boards of directors, directors, directors and companies controlled by major shareholders. In Group's normal activities transactions were made with related parties during the period.

The following is a statement of the size and nature of these transactions during the period:

	30 September 2023	30 September 2022
Related parties transactions		
Key management compensation	167,486	166,110
Expenses (rents, consultancy and others)	1,241,336	1,090,733
Other income	87,432	100,807
Selling investments at FVTOCI	1,560,000	-
	30 September 2023	31 December 2022
Balances resulting from those transactions:		(Audited)
Due to related parties (Note 12)	119,704	1,690
Cash at investment portfolios	2,620,492	838,680
Key management compensation balance long term	(178,277)	(160,713)
Key management compensation balance short term	(46,126)	(44,769)
		30 September 2022

A related party manages investment portfolios on behalf of the Group. The book value of such portfolio is amounted to KD 7,033,378 as at 30 September 2023 (KD 8,899,352 as at 31 December 2022, KD 7,716,370 as at 30 September 2022).

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

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

19. Capital commitments and Contingent liabilities

19.1 Capital commitments

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Estimated capital expenditure	5,844,654	14,896,365	14,726,413
Future commitments for purchasing films	793,458	793,458	-

19.2 Contingent liabilities

letters of guarantee	2,386,680	2,386,680	2,386,680
----------------------	-----------	-----------	-----------

20. Ordinary general assembly meeting

The ordinary General Assembly of shareholders was held on 30 March 2023, and approved the consolidated financial statements for the year ended 31 December 2022. It also approved the distribution of cash dividends of 60 fils per share after deducting treasury shares, with a total amount of 5,556,086 Kuwaiti dinars and also approved the board of directors' remuneration in the amount of 35,000 Kuwaiti dinars for the year 2022.

21. Comparative figures

Certain prior period amounts have been reclassified to conform to current year presentation with no effect on net profit or equity.