Kuwait National Cinema Company K.P.S.C

And its Subsidiaries

State of Kuwait

Consolidated Financial Statements and Independent Auditor's report

For the year ended 31 December 2018

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Consolidated Financial Statements and Independent Auditor's report

For the year ended 31 December 2018

Contents	**Page**
Independent Auditor's Report	1-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Income	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-32

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Independent Auditor's Report to the Shareholders

Kuwait National Cinema K.P.S.C.

State of Kuwait

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Kuwait National Cinema – K.P.S.C ("Parent Company") and its subsidiaries (referred collectively as "the Group") which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, our describtion of how our audit addressed the matter is provided in that context.

Revenue recognition – Movies Shows

There is an inherent risk around the accuracy and timing of revenue recorded due to the complexity of Information Technology (IT) environment over which tickets for movie shows are sold. Under IFRS 15 revenue is recognized at point in time when the tickets are sold to the customer and service is rendered. Accordingly, we have identified revenue recognition from movie shows as a key audit matter.

We evaluated the relevant IT systems and the design and operating effectiveness of controls over the IT environment as well as the controls specific to the recording of ticket sales and the recognition of relevant revenue over point in time. Our audit procedures also included reconciliation between sales and collections and the recording of revenue from the online system for ticket sales to the general ledger.

The accounting policies for revenue recognition from movie shows is set out in Note 2.15 and the details of revenue are disclosed in Note 19 to the consolidated financial statements.

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Independent Auditor's Report to the Shareholders (continued)

Kuwait National Cinema K.P.S.C.

State of Kuwait

Report on the Audit of Consolidated Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information consist of information included in the Annual Report of the Group for the year ended 31 December 2018, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report of 2018 after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent Auditor's Report to the Shareholders (continued)

Kuwait National Cinema K.P.S.C.

State of Kuwait

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No 1 of 2016 and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2018 that might have had a material effect on the business of the Group or on its consolidated financial position.

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

Kuwait, 5 March 2019

شركة السينما الكويتية الوطنية
KUWAIT NATIONAL CINEMA COMPANY

Consolidated Statement of Financial Position as at 31 December 2018

(All amounts are in Kuwaiti Dinar)

	Note	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	5	15,280,339	9,330,088
Investments property	6	7,080,740	7,077,887
Intangible assets	7	1,598,840	1,084,709
Investment in an associate	8	38,564,125	37,488,774
Investments Securities	9	12,195,675	18,149,580
		74,719,719	73,131,038
Current assets			
Inventories		625,829	742,842
Trade and other receivables	10	1,951,859	2,133,679
Cash on hand, at banks and investment portfolios	11	34,631,716	33,656,363
		37,209,404	36,532,884
Total assets		111,929,123	109,663,922
Equity and Liabilities			
Equity			
Share capital	12	10,106,250	10,106,250
Treasury shares	13	(8,095,324)	(6,504,855)
Statutory reserve	14	5,065,834	5,065,834
Voluntary reserve	15	13,346,691	12,475,047
Other reserves	16	17,444,180	18,016,480
Retained earnings		36,760,616	34,378,713
Equity attributable to shareholders of the Parent Company		74,628,247	73,537,469
Non-controlling interests		36,124	32,558
Total equity		74,664,371	73,570,027
Liabilities			
Non-current liabilities			
Post-employment benefits		1,893,452	1,619,794
Current liabilities			
Trade and other payables	17	9,143,063	9,469,689
Loans and bank facilities	18	26,228,237	25,004,412
		35,371,300	34,474,101
Total liabilities		37,264,752	36,093,895
Total equity and liabilities		111,929,123	109,663,922

The accompanying notes form an integral part of these consolidated financial statements.

Abdul Wahab Marzouq Al Marzouq
Chairman

Ahmed Abdul Aziz Al Sarawi
Vice Chairman

Consolidated Statement of Income for the year ended 31 December 2018

(All amounts are in Kuwaiti Dinar)

	Note	2018	2017
Operating revenues	19	16,666,657	17,850,613
Operating costs		(14,000,182)	(14,517,452)
Gross profit		2,666,475	3,333,161
Other operating income	20	8,470,019	7,778,924
Administrative and general expenses		(2,340,768)	(2,728,600)
Other operating expenses	20	(2,841,164)	(3,331,610)
Income from valuation of investments property	6	2,853	57,470
Net profit of financial investments	21	674,530	3,032,759
Group's share in an associate's results	8	3,156,825	3,332,067
Finance charges		(1,068,389)	(864,405)
Net profit before deductions		8,720,381	10,609,766
Contribution to Kuwait Foundation for the Advancement of Sciences		(48,892)	(69,140)
National Labour Support Tax		(217,586)	(247,854)
Zakat		(49,277)	(63,798)
Board of Directors' remuneration	23	(60,000)	(60,000)
Net profit for the year		8,344,626	10,168,974
Attributable to:			
Shareholders of the Parent Company		8,340,685	10,167,707
Non-controlling interest		3,941	1,267
		8,344,626	10,168,974
Basic and diluted earnings per share (fils)	22	89.29	107.89

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2018

(All amounts are in Kuwaiti Dinar)

	Note	2018	2017
Net profit for the year		8,344,626	10,168,974
Other comprehensive income items			
Items that cannot be re-classified subsequently to statement of income:			
Change in fair value of available for sale investments		(477,286)	-
Group's share from changes in fair value reserve of an associate	8	(260,370)	381
		(737,656)	381
Items can be re-classified later into statement of income:			
Transferred to statement of income from sale of available for sale investments		-	(1,398,395)
Group's share from differences of foreign currency reserve of an associate	8	14,650	(37,023)
Exchange differences on translation of a subsidiary		62,696	(10,320)
Change in fair value of available for sale investments		-	589,772
		77,346	(855,966)
Total other comprehensive income items		(660,310)	(855,585)
Total comprehensive income for the year		7,684,316	9,313,389
Attributable to:			
Shareholders of the Parent Company		7,680,375	9,312,122
Non-controlling interest		3,941	1,267
		7,684,316	9,313,389

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2018

(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company								
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 16)	Retained earnings	Total	Non-controlling interests	Total
Balance as at 1 January 2017	**10,106,250**	**(6,698,660)**	**5,053,125**	**11,414,197**	**18,768,492**	**30,280,037**	**68,923,441**	**31,666**	**68,955,107**
Net profit for the year	-	-	-	-	-	10,167,707	10,167,707	1,267	10,168,974
Other comprehensive income items	-	-	-	-	(855,585)	-	(855,585)	-	(855,585)
Cash dividends (Note 23)	-	-	-	-	-	(4,995,472)	(4,995,472)	(375)	(4,995,847)
Purchase of Treasury shares	-	(15,075)	-	-	-	-	(15,075)	-	(15,075)
Sale of Treasury Shares	-	208,880	-	-	103,573	-	312,453	-	312,453
Transferred to reserves (Notes 14 & 15)	-	-	12,709	1,060,850	-	(1,073,559)	-	-	-
Balance as at 31 December 2017	**10,106,250**	**(6,504,855)**	**5,065,834**	**12,475,047**	**18,016,480**	**34,378,713**	**73,537,469**	**32,558**	**73,570,027**
Balance as at 1 January 2018	**10,106,250**	**(6,504,855)**	**5,065,834**	**12,475,047**	**18,016,480**	**34,378,713**	**73,537,469**	**32,558**	**73,570,027**
Adjustments from adoption of IFRS 9 (Note 2.2.1)	-	-	-	-	88,010	22,639	110,649	-	110,649
Balance as at 1 January 2018 (restated)	**10,106,250**	**(6,504,855)**	**5,065,834**	**12,475,047**	**18,104,490**	**34,401,352**	**73,648,118**	**32,558**	**73,680,676**
Net profit for the period	-	-	-	-	-	8,340,685	8,340,685	3,941	8,344,626
Other comprehensive income items	-	-	-	-	(660,310)	-	(660,310)	-	(660,310)
Total comprehensive income for the period	-	-	-	-	(660,310)	8,340,685	7,680,375	3,941	7,684,316
Purchase of treasury shares	-	(1,590,469)	-	-	-	-	(1,590,469)	-	(1,590,469)
Group's share from increase of associate's contribution in a subsidiary	-	-	-	-	-	45,098	45,098	-	45,098
Cash dividends (Note 23)	-	-	-	-	-	(5,154,875)	(5,154,875)	(375)	(5,155,250)
Transferred to reserves (Note 15)	-	-	-	871,644	-	(871,644)	-	-	-
Balance as at 31 December 2018	**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**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2018

(All amounts are in Kuwaiti Dinar)

	Note	2018	2017
Cash flow from operating activities			
Net profit for year		8,344,626	10,168,974
Adjustments for:			
Depreciation and amortization	5 & 7	1,966,927	1,667,278
Loss on disposal of property, plant and equipment		-	531,990
Change in fair value of investment property		(2,853)	(57,470)
Group's share in an associate's results	8	(3,156,825)	(3,332,067)
Net profit of available for sale investments	21	(674,530)	(3,032,759)
Post-employment benefits		334,040	207,673
(reversal)/ provide of provision for doubtful debts	10	(119,189)	173,870
Finance charges		1,068,389	864,405
Operating profit before changes in working capital		7,760,585	7,191,894
Change in inventories		117,013	(467,936)
Change in trade and other receivables		586,166	(663,821)
Change in trade and other payables		(296,943)	124,221
Cash generated from operating activities		8,166,821	6,184,358
Post-employment benefits paid		(60,382)	(45,654)
Net cash generated from operating activities		8,106,439	6,138,704
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment and projects under construction	5	(6,523,587)	(529,135)
Net change in intangible assets	7	(1,906,504)	(1,512,857)
Proceeds from sale of available for sale investments		5,476,619	4,921,482
Dividends received and interest income	8 , 21	2,637,655	2,863,160
Net cash (used in) /generated from investing activities		(315,817)	5,742,650
Cash flows from financing activities			
Paid for acquisition of treasury shares		(1,590,468)	(15,075)
Proceeds from sale of treasury shares		-	312,453
Proceeds from loans and bank facilities		1,223,824	5,121,463
Dividends paid		(5,192,230)	(4,936,739)
Finance charges paid		(1,242,409)	(826,700)
Net cash used in financing activities		(6,801,284)	(344,598)
Net change in cash and cash equivalents		989,338	11,536,756
Cash and cash equivalents at the beginning of the year	11	33,656,363	22,119,607
Cash and cash equivalents at the end of the year	11	34,645,701	33,656,363

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and activities

Kuwait National Cinema Company "the Parent Company" was established as a Kuwaiti Shareholding Public Company in the State of Kuwait on 5 October 1954. The main objectives of the Parent Company are establishing, operating and utilizing cinemas inside and outside Kuwait, importing, producing and distributing movies of different genres and sizes, in addition to exporting, leasing and selling them to others. As well as, importing all machinery and equipment required for cinema industry and trading therein. The Parent Company's objectives also include trading in raw movies, tools of cinematography and projection, along with its furniture and in general, everything that would be involved or used in cinema industry. In addition, bidding for all tenders, government or private is also included within its objectives. The Parent Company has the right to deal with theatre groups, music and marching bands inside and outside the state of Kuwait in order to hold concerts and performances, on the condition that such concerts and performances should be held in accordance with the state's laws and regulations. The Parent Company has also the right to lease cinemas to government and private bodies as well as impresarios. In general, the Parent Company is specialized in everything related to cinema and its aspects of education, entertainment and intellectual activity inside and outside Kuwait. Utilizing financial surpluses available to the company through investing them in real estate and financial portfolios managed by specialized companies and entities. The Parent Company has the right to establish, operate and utilize theatres, import all machinery, equipment and devices required for this activity, utilize and lease shops, restaurants, coffee shops, fun games halls in cinema and theatre buildings, manage and operate the visual and audio media and carry out the activities of publishing, distribution and media. The Parent Company has the right to exercise its activities directly or by leasing to others or acting on behalf of others. The Parent Company may have an interest or participate in any way in any entity that conducts similar business or which may help it achieve its objectives. The company has the right also to establish and participate such entities and carries out its all objectives inside and outside Kuwait.

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

These consolidated financial statements include the financial statements of the Parent Company and its following Subsidiaries (collectively "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 Group have full control to its subsidiaries. There is no material non-controlling interest to be disclosed.

The consolidated financial statements were authorised for issue by the Board of Directors of the Parent Company on 5 March 2019. The general assembly of the shareholders of the Parent Company has the authority to amend the consolidated financial statements.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements are prepared under the historical cost basis of measurement, except for investments property, Lands and certain financial instruments that are measured at fair value, as explained in the accounting policies below. The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Group.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (4).

2.2 New and amended IFRS that are effective from 1 January 2018

The accounting policies applied are consistent with those used in the previous year except for the changes arising from the adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with customers effective from 1 January 2018.

2.2.1 IFRS 9: Financial Instruments

The Group has adopted IFRS 9: Financial Instruments issued in July 2014, with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Mesasurement. IFRS 9 brings fundamental changes to the accounting for financial instruments: classification and measurement, impairment and hedge accounting and certain aspects of the accounting for financial liabilities. Except for hedge accounting, retrospective application is required but restating comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group's accounting policies on financial instruments resulting from the adoption of IFRS 9 are summarized below.

Recognition and derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of profit or loss or in the consolidated statement of profit or loss and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of profit or loss.

Classification and measurement of financial assets and financial liabilities

Financial Assets

The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except equity instruments and derivatives.

The business model assessment:

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cash flow assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cashflows and to sell the financial instrument, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of 'interest' within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets are classified into following categories under IFRS 9:

- Amortised cost (AC)
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

Amortised cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions:-

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

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments at FVOCI are subsequently measured at their fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses are reclassified from OCI to retained earnings in the consolidated statement of changes in equity.

Fair Value Through Profit and Loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of profit or loss. Interest income and dividends are recognised in the consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Financial liabilities

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

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

IFRS 9 introduces three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition, or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL – not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Stage 3: Lifetime ECL – credit impaired.

A financial asset is considered as credit impaired when there is objective evidence that the amount due under the financial asset is uncollectible. The Group considers a financial asset as credit impaired if the amount due under the financial instrument is overdue by more than 90 days, or if it is known that the counter party has any known difficulties in payment, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component are categorised under stage 2 and lifetime ECL is recognised.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for AC.

Hedge Accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

b) The determination of the business model within which a financial asset is held and the SPPI test for the assessment of contractual cash flows have been made on the basis of the facts and circumstances that existed at the date of initial application:

The transition impact of IFRS 9 is disclosed hereinafter.

Disclosures in relation to the initial application of IFRS 9

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

	Original measurement category under IAS 39	**New measurement category under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**	**Differences**
Investments in equity instruments	Available-for-sale investments	FA at FVTOCI	18,149,580	18,149,580	-
Receivables and other debit balances	Loans and receivables	FA at amortized cost	2,133,679	2,185,765	52,086
Cash and cash equivalents	Loans and receivables	FA at amortized cost	33,656,363	33,646,234	(10,129)
Trade and other credit balances	Financial liabilities at amortized cost	Financial liabilities at amortized cost	(9,469,689)	(9,470,145)	(456)
					41,501
Group's share from the effect on retained earnings of associate (Note 8)					(18,862)
Adjustments resulted from adoption of IFRS 9 on Group's retained earnings					22,639
Group's share from the effect on associate's reserves (Note 8)					88,010

Financial impact of initial application of IFRS 9

The table below show the financial impact of the initial application of IFRS 9 on equity as of 1 January 2018:

	Retained earnings	**Fair value reserve**
Closing balance under IAS 39 (31 December 2017)	34,378,713	7,519,568
Impact on reclassification and re-measurements:		
Changes in fair value	-	88,010
Effects on retained earnings	22,639	-
Opening balance under IFRS 9 on date of initial application of 1 January 2018	34,401,352	7,607,578

2.2.2 IFRS 15: Revenue from Contracts with customers

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

The Group adopted IFRS 15 'Revenue from Contracts with Customers' resulting in no change in the revenue recognition policy of the Group in relation to its contracts with customers and accordingly no impact on the consolidated financial statements of the Group.

2.2.3 IFRS 16 'Leases'

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date.

IFRS 16 does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their consolidated statement of financial position as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the consolidated statement of income.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2018, the Group has performed an impact assessment of IFRS 16. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in the financial year 2019, when the Group will adopt IFRS 16.

2.3 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects it returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Company losses control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date in which Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, revenues and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Company's shareholders.

When the Group loses control of a subsidiary, a gain or loss resulted from derecognition is recognized in the statement of income and is calculated as the difference between

The aggregate of the fair value of the consideration received and the fair value of any retained interest,

The carrying amount of the assets before disposal (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except for deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any interest acquired previously over the net of the asset acquired of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If the net of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the any interest acquired previously, the excess is recognised immediately in the consolidated statement of income as gain.

Non-controlling interests may be measured either at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value of such share. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the statement of income where such treatment would be appropriate if that interest were disposed off.

Goodwill

Goodwill, arising on an acquisition of subsidiaries, is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of any of the cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.4 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The resulted assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5"non- current assets held for sale and non-continuing operations. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred constructive obligations or made payments on behalf of the associates or joint venture.

On acquisition of an associate or a joint venture, any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities of the associate and joint venture as at the acquisition date is recognised as goodwill, which is included within the carrying amount of the investment in the associates and joint ventures. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in the consolidated statement of income.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss in the associates or joint ventures. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the requirements of IAS 36 "Impairment of Assets".

When a Group entity transacts with an associate or a joint ventures of the Group, profits and losses resulting from the transactions with the associate or joint venture are disposed from the share of the Group in an associate or a joint venture.

2.5 Property, plant and equipment

Property, plant and equipment, other than lands, are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance, repairs and immaterial renewal are recognized in the consolidated statement of income for the period in which the expenses are incurred.

Land is stated at fair value based on periodic valuations by independent real estate experts usually every three to five years or at early periods if significant or volatile change in fair value are experienced. Any valuation increase arising on revaluation of land is recognised directly in equity under revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed.

Decline in carrying amount arising as a result of the revaluation is directly charged to the consolidated statement of income to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation on the land.

Depreciation is calculated based on estimated useful life of the applicable assets except for the lands on a straight line basis. The carrying amount is written down immediately to its recoverable amount if the carrying amount of Property, plant and equipment is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income.

Projects under construction are included in property, plant and equipment until they are completed and ready for their intended use. At that time they are reclassified under the appropriate category of assets and the depreciation is calculated since then.

2.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

The costs incurred by the Group in exchange for the right of utilization of lands are capitalized within intangible assets and are amortized on the straight-line method according to their expected economic lives (20 years).

Amounts paid as cost for purchasing films are capitalized within intangible assets and are amortized on the time periods according to the expected future benefits.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition are measured as the difference between the net proceeds and the carrying amount of the disposed asset and recognised in the consolidated statement of income.

2.7 Investments property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period in which the property is derecognised.

2.8 Impairment of tangible and intangible assets other than goodwill

The Group annually, reviews the tangible assets and intangible assets to determine whether there is objective evidence that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the asset's fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated statement of income for the year in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

2.9 Financial instruments (Effective up to 31 December 2017)

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

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

Financial assets

Financial assets are classified into specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. At the date of acquisition, the Group determines the appropriate classification of its financial assets based on the purpose of acquisition of such financial assets. All regular way purchases or sales of financial assets are recognised on a trade date basis. The Group classifies its financial assets as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (trade and other receivables and cash at banks) are measured at amortized cost using the effective yield rate, less any impairment losses.

Available for sale of financial assets

AFS financial assets are non-derivatives and are not classified as (a) loans and receivables, (b) held-to-maturity or (c) financial assets at fair value profit or loss.

The financial assets available for sale are re-measured at fair value. The fair value is determined in the manner described in note 3.3.

Change in the fair value is recognised in items of the other comprehensive income and accumulated under the heading of change in fair value reserve. In the case of disposal or impairment of the assets "available for sale", the cumulative gain or loss previously accumulated in the change in fair value reserve is reclassified to the consolidated statement of income.

AFS investments that do not have a quoted market price in an active market and whose fair value cannot be reliably determined are measured at cost less any impairment losses at the end of each reporting period.

Dividends on AFS instruments are recognised in the consolidated statement of income when the Group's right to receive the dividends is established. Foreign exchange gains and losses are recognised in the statement of other comprehensive income.

Impairment

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Impairment loss is recognized directly in the statement of income when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment will be affected.

For AFS investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through making a provision for doubtful debts. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the statement of income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in the comprehensive statement of income are reclassified to the consolidated statement of income for the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses are not reversed through the statement of income. Any increase in fair value subsequent to an impairment loss is recognised in the consolidated statement of other comprehensive income.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of income.

Financial liabilities

Financial liabilities (including loan and trade and other payables) are initially recognised at fair value, net of transaction costs incurred and re-measured at amortised cost using the effective yield method.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged and expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

2.10 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a weighted average cost basis. Net realizable value is determined based on the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

2.11 Post-employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees upon termination of employment. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the consolidated financial statements date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a discount rate that reflects market's assessments and the time value of money and the risks specific to the obligation.

2.13 Treasury shares

Treasury shares represent the Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled till the date of the consolidated financial statements. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within equity. When the treasury shares are reissued; gains resulted are recognized within a separate un-distributable account in equity "treasury shares reserve". Any realised losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings to reserves and then to premium. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

2.14 Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD).

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. At the date of the consolidated financial statements, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign exchange gains or losses are resulted from the settlement of such transactions and from the translation at year-end in the statement of income.

Group's entities

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows (other than companies which are operating in high inflation countries):

- Assets and liabilities for each financial position statement are translated at the closing rate at the date of the financial statements.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

2.15 Revenues recognition

Revenues from contracts with customers are recognized when the entity meets performance obligation through transferring the promised goods or services to the customer. Such goods or services are considered transferred when the customer has control over these goods or services at point in time or point over time.

Revenues are measured at the consideration expected to be received by the entity having the right to do so against transferring the promised good or service to the customer, except for the amounts collected on behalf of third parties. The consideration promised in a contract with the customer includes fixed or variable amounts or both of them.

- Revenues from movies shows are recognized at point in time, when the entity meets performance obligation and the customer has control over such service.
- Revenues from movies distribution are recognized at point over time, when the entity meets performance obligation through transferring the right of use promised to the customer.
- Revenues from foods and drinks goods are recognized at point in time, when the entity meets performance obligation and the customer has control over such goods.
- Revenues from consultancy contracts are recognized at point over time, when the entity meets performance obligation and the customer has control over such service.
- Other revenues are recognized at point in time or point over time, once such service is rendered or upon completing the service according to its nature.
- Revenues from dividends resulting from equity instruments designated at FVOCI in the statement of income, when the Company's right in receiving dividends, unless such dividends are represented clearly in redeeming a portion of investment cost.
- Interest income is recognized on a time proportion basis using the effective yield method.

2.16 Accounting for Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

3. Financial risk management

3.1 Financial risk

The Group's operations expose it to certain financial risks, market risks (which include foreign currency risks and risks of fair value resulting from change in interest rates, and risks of fluctuations in cash flows resulting from change in interest rates, and market prices risks) credit risk and liquidity risks.

The Group manages these financial risks, by the continuous evaluation of market conditions and its trends and the management's assessments of the changes for long-term and short-term market factors.

Market risk

Market risk is the risk of loss resulting from fluctuations in the fair value or the future cash flows of financial instrument due to changes in the market prices. Market risks include three types of risk: foreign currency risk, interest rate risk and price risk.

The Group's senior management monitors and manages its market risks by regular oversight of the market's circumstances and the change in foreign exchange and interest rates, and market prices.

Foreign currency risk

Foreign exchange risk is the risk that the fluctuations in the fair value or the future cash flows of a financial instrument as a result of changes in the Group's foreign exchange rates or the value of monetary assets and liabilities denominated in foreign currencies.

The Group is exposed to foreign currency risks resulted mainly from the Group's dealings with financial instruments denominated in foreign currency. Foreign currency risks are resulting from the future transactions on financial instruments in foreign currency as reflected in the financial statements.

The major transactions of the Group are in Kuwaiti Dinars. Financial assets in foreign currency are represented in available for sale investments and certain receivables and bank current accounts. Financial liabilities in foreign currencies are represented and certain payables in foreign currencies.

The Group follows up the foreign currency risks through:

- Follow-up the changes in foreign currency exchange rates on regular basis
- Minimize dealing with financial instruments denominated in foreign currency and due to the main Group's activity.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	2018	2017
US Dollars	18,536,469	18,899,953

Had the USD changed by 10% against the Kuwaiti Dinar, the consolidated financial statements of the Group would be changed as follows:

	2018	2017
Net profit	1,853,647	1,889,995

Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risks and risks of interest rates). The Group is exposed to such risks as the Group owns investments classified in the consolidated financial position as available for sale investments.

The Group's management monitors and manages such risks through: -

- Manage the Group's investments through portfolios managed by specialized portfolio managers.
- Invest in companies' shares that have good financial positions that generate high operating income and cash dividends and with well performing investment funds.
- Investments in unquoted shares and securities should be in companies that carry similar activities where such investments should be studied and approved by the senior management.
- Periodic follow-up of the changes in market prices.

As at 31 December 2018, if the market price index changes by 5% in excess or less, with all other variables held constant, the effect on other comprehensive income (as a result of changes in the fair value of financial assets available for sale) as a result of the 5% potential change in the market index, with all other variables held constant will be in the range of KD 530,850 as at 31 December 2018 (KD 828,545 as at 31 December 2017).

Interest rate risks

Interest rate risks are the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments with fixed interest rates expose the Group to fair value interest rate risks. Financial instruments with variable interest rates expose the Group to cash flow interest rate risks.

The financial Instruments held by the Group which are exposed to this risk are represented in loans and bank facilities (Note 18).

Borrowings granted to the Group are at variable interest rate.

As at 31 December 2018, had interest rates been 1% higher/lower, net profits of the year would have been lower/higher by KD 287,804 (KD 348,669 - 2017) approximately.

The Group's management monitors and manages such risks through:

- Regular follow-up of the market interest rates.
- Borrowings for short terms, which help mitigating interest rate risks.
- Maintaining short time deposits.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Receivables, cash and cash equivalents are considered the most of the assets exposed to credit risk. The Group monitors and manages this risk by:

- Dealing with high credit worthiness and reputable customers.
- Dealing with highly credit rated banks.

The management of the Group believes that the maximum exposure to credit risks as at 31 December is as follows:

	2018	2017
Trade and other receivables (Note 10)	2,059,937	2,599,666
Current accounts, deposits and cash at investment portfolios (Note 11)	34,598,822	33,512,118

Liquidity risks

Liquidity risk is the risk that the Group fails to meet its financial obligations related to the financial liabilities when due. Liquidity risk management mainly represents in maintaining sufficient cash and high liquid financial instruments and the availability of funding resources to meet the Group's liquidity requirements.

The Group's financial obligations as at 31 December 2018 and 2017 mature within one year. Therefore, the financial liabilities are not significantly different form its fair values as at that date because the effect of such discount is insignificant.

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to the shareholders through the optimisation use of the equity.

The capital structure of the Group consists of net debt (borrowings less cash and cash at banks) and equity (including capital, reserves, retained earnings and non-controlling interests).

During 2018, the Group's strategy does not change from 2017; which is to maintain lowest possible gearing ratio.

3.3 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 - unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

	Fair value as at			
	31 December 2018	**31 December 2017**	**Fair value hierarchy**	**Valuation technique(s) and Key input(s)**
Equity instruments designated as FVTOCI				
Quoted shares	10,616,996	-	Level 1	Last bid price
Investment funds	4,168	-	Level 2	Net assets value
Unquoted shares	1,574,511	-	Level 3	Discounted cash flows
Available for sale investments:				
Quoted shares	-	16,570,901	Level 1	Last bid price
Investment funds	-	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 financial information date.

4. Critical accounting estimates, assumptions and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects future periods. The following are the key estimates and assumptions concerning the future that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial years.

Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognised in the consolidated financial statements.

Classification of investments in equity instruments – IAS 39 (Effective up to 31 December 2017)

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through statement of income" or "available for sale". The Group follows the guidance of IAS 39 on classifying its investments.

The Group classifies investments as "at fair value through statement of income" if they are acquired primarily for the purpose of short term profit making or if they are designated at fair value through statement of income at acquisition, when their fair values can be reliably estimated. All other investments are classified as "available for sale".

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

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

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

Classification of real estate

The management will decide on the acquisition of a real estate whether it should be classified as held for trading, property under development or investment property.

On acquisition, such judgments will determine whether these properties will be measured subsequently at cost less impairment, or a cost or realizable value, whichever is lower, or at fair value, and whether changes in the fair value of such properties will be recorded in the statement of income or in the other comprehensive income.

The Group classifies property as held for trading property if acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development when acquired for the purpose of development.

The Group classifies property as investment property if acquired to generate rental income or for capital appreciation, or for undetermined future use.

Sources of estimation uncertainty

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

Valuation of financial instruments

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Company management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability the Company uses market observable data to the extent it is available. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in note (3.3).

Evidence of impairment of investments (effective up to 31 December 2017)

Company determines the impairment in equity instruments classified as available for sale when there is a significant or prolonged decline in the fair value of these investments. Determination of what is significant or prolonged requires judgment from management. The Company evaluates, among other factors, the usual fluctuation of listed stock prices, expected cash flows and discount rates of unquoted investments, impairment is considered appropriate when there is objective evidence on the deterioration of the financial position for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The impact of such impairment on these consolidation financial statements is disclosed in note (9).

Fair value measurement and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for preparing the financial statements. The Group's management determines the appropriate key methods and inputs required for the fair value's measurement. Upon determining the fair value of assets and liabilities, the management uses an observable market data. In case no market observable data is available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about the evaluation methods and necessary inputs, which are used to determine the fair value of assets and liabilities, has been disclosed in notes 3.3, 5 and 6.

Impairment of associate

Impairment testing of the associate is carried out when there is an indication of such impairment. Impairment is assessed for the entire carrying value of the Group's investment in the associate including goodwill, therefore no impairment study for goodwill is required independently. The Group's management believes that there are no indications for impairment of investment in associates.

Useful lives of property, plant and equipment

The management determines the useful lives and depreciations of property, plant and equipment, as well as increases the depreciation expense when the estimated useful lives became lower than the previously estimated useful lives, or eliminates or write down value of the obsolete assets or non-strategic assets whether disposed or sold.

Impairment of intangible assets

The Group reviews intangible assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Contingent liabilities/liabilities

Contingent liabilities arise as a result of past events confirmed only by the occurrence or non-occurrence of one or more of uncertain future events not fully within the control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

5. Property, plant and equipment

	Lands	Buildings	Machinery, Equipment & Vehicles	Furniture & Computers	Projects in progress	Total
Cost or valuation						
As at 1 January 2017	9,609,899	9,111,090	6,190,723	3,734,550	3,184,584	31,830,846
Additions during the year	-	2,000	162,735	960	363,440	529,135
Transferred from projects under process	-	18,000	5,600	5,678	(29,278)	-
Disposals	-	(990,365)	-	-	-	(990,365)
Transferred to investments property	(4,257,900)	-	-	-	(2,762,517)	(7,020,417)
As at 31 December 2017	5,351,999	8,140,725	6,359,058	3,741,188	756,229	24,349,199
Additions during the year	-	2,408,937	1,312,239	296,133	2,506,278	6,523,587
Transferred from projects under process	-	392,421	252,989	-	(645,410)	-
Disposals	-	(1,670,577)	(965,162)	(579,364)	-	(3,215,103)
As at 31 December 2018	5,351,999	9,271,506	6,959,124	3,457,957	2,617,097	27,657,683
Total depreciation and impairment						
As at 1 January 2017	-	5,816,469	5,615,912	3,348,124	-	14,780,505
Depreciation for the year	-	482,389	137,738	76,854	-	696,981
Disposals	-	(458,375)	-	-	-	(458,375)
As at 31 December 2017	-	5,840,483	5,753,650	3,424,978	-	15,019,111
Depreciation for the year	-	318,250	192,753	62,333	-	573,336
Disposals	-	(1,670,577)	(965,162)	(579,364)	-	(3,215,103)
As at 31 December 2018	-	4,488,156	4,981,241	2,907,947	-	12,377,344
Net book value						
As at 31 December 2018	5,351,999	4,783,350	1,977,883	550,010	2,617,097	15,280,339
As at 31 December 2017	5,351,999	2,300,242	605,408	316,210	756,229	9,330,088
Useful lives (year)		5-40	4-15	5-15		

- The historical cost of land, that are measured at fair value is KD 650,000 as at 31 December 2018 (KD 650,000 as at 31 December 2017). Last valuation of land was in 31 December 2016.
- Certain of the Group's buildings are constructed on lands leased from the State on a land leasehold right basis.

Depreciation has been charged to the statement of income as follows:

	2018	2017
Operating costs	428,837	408,593
Other operating expense	60,661	204,187
Administrative and General expenses	83,838	84,201
	573,336	696,981

6. Investments property

	2018	2017
Balance as at the beginning of the year	7,077,887	-
Transferred from property, plant and equipment	-	7,020,417
Change in fair value	2,853	57,470
Balance at Year End	7,080,740	7,077,887

Investments property are presented in real estate owned by the Group that has been constructed to be used as investment property in accordance with the Articles of Association and its amendments.

The fair value of the Group's investment properties as at 31 December 2018 are estimated based on valuations carried out by independent valuers not related to the Group. The independent valuers are licensed from the relevant regulatory bodies and they have appropriate qualifications and recent experiences in valuation of properties at the relevant locations one of these appraisers is a local bank.

The fair value of properties investments has been determined based on acceptable methods of valuation such as market comparable and replacement cost methods. As the significant valuation inputs used are based on unobservable market data these are classified under level 3 fair value hierarchy (Note 3.3).

The increase in the unobservable inputs would result in a decrease in the fair value in general, and vice versa. In estimating the fair value, their current use was assumed to be the best use of these properties.

7. Intangible assets

Intangible assets represent leasehold rights of lands and cost of purchasing movies. Below is the movement of intangible assets during the year:

	2018	2017
Balance as at 1 January	1,084,709	536,117
Foreign currency exchange differences	1,218	6,032
Additions during the year	2,000,110	1,588,426
Disposals during the year	(93,606)	(75,569)
Amortization for the year	(1,393,591)	(970,297)
Balance as at 31 December	1,598,840	1,084,709

8. Investment in an associate

This represents the Group's investment in Tamdeen Shopping Centres K.S.C.C at 30%. The following is the movement of such investment during the year:

	2018	2017
Balance as at the beginning of the period/ year	37,488,774	35,993,349
Adjustments from adoption of IFRS 9 (Note 2.2.1)		
Changes in fair value reserve through comprehensive income	88,010	-
Effect on retained earnings	(18,862)	-
	69,148	-
Group's share in an associate's results	3,156,825	3,332,067
Group's share from an associate's reserve:		
Changes in fair value reserves	(260,370)	381
Group's share from difference of foreign currency reserve	14,650	(37,023)
Group's share from retained earnings effect	45,098	-
	(200,622)	(36,642)
Dividends	(1,950,000)	(1,800,000)
Balance at the end of the period/ year	38,564,125	37,488,774

Shares of the associate are unquoted. The following is a summary of the associate's financial information as per the consolidated financial statements of the associate which have been prepared in accordance with IFRS:

	2018	2017
Current assets	63,359,887	86,286,816
Non-current assets	302,187,985	239,896,207
Current liabilities	(40,032,868)	(46,435,544)
Non-current liabilities and non-controlling interests	(165,318,597)	(123,135,575)

	2018	2017
Revenues	34,567,976	36,160,560
Profit from continued operations	10,753,151	11,152,435
Profit for the year	10,519,232	11,152,435
Other comprehensive income for the year	(733,924)	(122,139)
Total comprehensive income for the year	9,785,308	11,030,296
Effect on retained earnings of an associate	-	(45,544)
Cash dividends received from an associate during the year	1,950,000	1,800,000

The following is reconciliation of the above-summarized financial information for the purpose of determining the book value of the Group's share in Tamdeen Shopping Centres K.S.C.C recognized in the consolidated financial statements:

	2018	2017
Net assets of an associate	160,196,407	156,611,904
Group's share in net assets (30%)	48,058,922	46,983,571
Unrealized gain on elimination of inter-company transactions	(9,494,797)	(9,494,797)
Book value of Tamdeen Shopping Centres K.S.C.C	38,564,125	37,488,774

9. Investments Securities

During the year, the Group reclassified its investments available for sale as investments at fair value through statement of comprehensive income in accordance with the implementing IFRS 9. Accordingly, the carrying value of its investments as 31 December 2018 is as follows:

Investments at fair value through statement of comprehensive income

	2018	2017
Quoted shares	10,616,996	-
Unquoted shares	1,574,511	-
Investment funds	4,168	-
	12,195,675	-

Available for sale investments

	2018	2017
Quoted shares	-	16,570,901
Unquoted shares	-	1,574,511
Investment funds	-	4,168
	-	18,149,580
	12,195,675	18,149,580

- The fair value was determined on the basis disclosed in note 3.3
- During the year, the Group derecognized part of its financial securities carried at fair value through other comprehensive income. The fair value of the shares disposed on the date of derecognition was KD 5,476,619. Accordingly, the related selling gain amounting KD 2,377,369 have been recorded as change in fair value reserve.

10. Trade and other receivables

	2018	2017
Trade receivables	721,078	664,812
Due from related parties (note 24)	121	493,031
Prepaid expenses	391,781	210,911
Refundable deposits	774,538	774,038
Staff receivables	537,771	434,480
Other receivables	26,429	233,305
	2,451,718	2,810,577
Provision for impairment and credit losses	(499,859)	(676,898)
	1,951,859	2,133,679

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

	2018	2017
Balance as at 1 January	676,898	503,028
Effect of the adoption of IFRS 9 retroactively	(52,086)	-
(Reverse) / Provide provision of impairment and credit losses	(124,953)	173,870
Balance as at 31 December	499,859	676,898

The average credit period granted to customers ranges from 30 days to 90 days. No interest is charged on the overdue trade receivables. The Group does not hold any collateral as security.

The Group always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Accordingly, trade receivables with a past due exceeding 90 days are considered as impaired.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

11. Cash on hand, at banks and investment portfolios

	2018	2017
Cash on hand	46,879	144,245
Banks current accounts	5,974,904	14,388,792
Time deposits	19,410,976	12,583,475
Cash in investment portfolios	9,212,942	6,539,851
Total cash and cash equivalents for the purpose of cash flows	34,645,701	33,656,363
Provision and credit losses	(13,985)	-
Cash on hand and at banks and investment portfolios	34,631,716	33,656,363

The effective yield rate on time deposits is 2.37% for the year 2018 (1.29% - 2017).

Provisions of impairment losses include KD 10,129 representing adjustment of retained earnings as at 1 January 2018, resulting from the adoption of IFRS (9) retroactively.

12. Share capital

The Parent Company's authorized, issued and paid up share capital is amounted to KD 10,106,250 as at 31 December 2018 (KD 10,106,250 as at 31 December 2017) comprising of 101,062,500 shares of 100 fils per share, all shares are in cash.

13. Treasury shares

	2018	2017
Number of treasury shares (share)	8,316,770	6,765,123
Percentage to issued shares (%)	8.23	6.69
Market value	8,890,627	8,524,055

The Parent Company commits to retain 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 relevant regulatory authorities.

14. Statutory reserve

In accordance with Company's Law and the Parent Company's Articles of Association, 10% of annual net profit is to be transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfers when the reserve reaches 50% of the share capital. This reserve is not available for distribution except for the cases stipulated by Companies Law.

On 14 April 2010, the ordinary general assembly decided to stop the deduction from net profit to statutory reserve as exceeds 50% of the share capital.

In 2017, Based on the instruction of Ministry of Commerce and Industry, the Board of Directors decided to transfer KD 12,709 from the retained earnings to statutory reserve, to cover the deficit of transfer on 2009.

15. Voluntary reserve

In accordance with the Parent Company's Articles of Association, a portion of the net profit for the year proposed by the Board of Directors and approved by the General Assembly is transferred to the voluntary reserve. The General Assembly may resolve to discontinue such transfer based on a proposal by the Board of Directors.

On 5 March 2019, the Board of Directors proposed to transfer an amount of KD 871,644 to the voluntary reserve for the year ended 31 December 2018 (KD 1,060,850 - 31 December 2017).

16. Other reserves

	Lands revaluation reserve	Investments fair value reserve	Currency translation reserve	Treasury shares reserve	Total
Balance as at 1 January 2017	10,066,140	8,327,810	351,022	23,520	18,768,492
Total other comprehensive income items	-	(808,242)	(47,343)	-	(855,585)
Items sale of treasury shares	-	-	-	103,573	103,573
Balance as at 31 December 2017	10,066,140	7,519,568	303,679	127,093	18,016,480
Balance at 1 January 2018	10,066,140	7,519,568	303,679	127,093	18,016,480
Adjustments from adoption of IFRS 9	-	88,010	-	-	88,010
Balance at 1 January 2018 (restated)	10,066,140	7,607,578	303,679	127,093	18,104,490
Fair value of financial investments at fair value through OCI	-	(737,656)	14,650	-	(723,006)
Foreign currency translation reserve	-	-	62,696	-	62,696
Other comprehensive income items for the period	-	(737,656)	77,346	-	(660,310)
Balance at 31 December 2018	10,066,140	6,869,922	381,025	127,093	17,444,180

Land revaluation reserve includes the following:

	2018	2017
Land revaluation reserve within property, plant and equipment	4,701,999	4,701,999
Land revaluation reserve within investment properties	4,257,900	4,257,900
Land revaluation reserve sold to an associate	1,106,241	1,106,241
	10,066,140	10,066,140

17. Trade and other payables

	2018	2017
Trade payables	2,900,664	2,882,192
Expenses and accrued leaves	1,558,937	1,924,552
Dividends payables	889,843	926,823
Others' deposits	542,249	379,151
Deferred income	606,398	657,197
Provision for claims	2,154,065	2,154,065
Board of Directors' remuneration (note 23)	60,000	60,000
Taxes and deductions	326,240	384,327
Other payables	104,667	101,382
	9,143,063	9,469,689

18. Loans and bank facilities

	2018	2017
Short term loans	21,950,000	24,550,000
Banks - Overdrafts	4,278,237	454,412
	26,228,237	25,004,412

- Loans and bank facilities are granted to the Group from local banks against promissory notes and mature within one year.
- The effective interest rate on loans and bank facilities was 4.11% during 2018 (3.99% - 2017).

19. Operating income

This item represents revenues from movies shows and from distribution of movies.

20. Other operating income/expenses

This item includes revenue and expenses of cinema's buffets and cafeterias, and any other revenue and expenses other than those resulted from the main activity.

21. Net gains from investment securities

	2018	2017
Cash dividends and interest income	687,655	1,063,160
Portfolio management fees	(13,125)	(12,610)
Gains/ (losses) from sale of investments	-	1,982,209
	674,530	3,032,759

22. Basic and diluted earnings per share to shareholders of the Parent Company

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus the weighted average number of ordinary shares to be issued upon conversion of all dilutive potential ordinary shares into ordinary shares. The parent company had no diluted shares as at 31 December 2018/2017.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding less treasury shares, during the year is as follows:

	2018	2017
Net profit for the year attributable for shareholders of the Parent Company	8,340,685	10,167,707
Weighted average number of outstanding shares less treasury shares (share)	93,411,865	94,241,404
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (fils)	89.29	107.89

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

23. Dividends

On March 27, 2018 the General Assembly of the Parent Company's Shareholders approved the consolidated financial statements for the year ended 31 December 2017 and approved cash dividends of 55 fils per share. In addition, the proposed Board of Director's remuneration of KD 60,000 was approved for the year ended 31 December 2017.

On 5 March 2019, the Parent Company's Board of Directors proposed cash dividends of 50 fils per share from profits of 2018. In addition, Board of Director's remuneration of KD 60,000 has been proposed for the year ended 31 December 2018. This proposal is subject to approval of the shareholder's General Assembly.

24. Related party transactions

Related parties represent the shareholders who have representatives in the Boards of Directors, members of the Boards of Directors, Senior Management and the companies, which are controlled by the major shareholders. In the ordinary course of business, the Group entered into transactions with related parties during the year. The following is the statement of the transactions and balances resulted from such transactions:

	2018	2017
Related parties transactions		
Key management compensation	298,419	344,860
Expenses (rents, consultancy and others) charged in statement of income	1,337,332	1,388,044
Other income	212,694	185,254

The balances resulting from those transactions:

	2018	2017
Due from related parties (Note 10)	121	493,031
Cash at investment portfolios	9,212,942	6,539,851
Key management compensation balance	(193,105)	(200,020)

A related party manages investment portfolios on behalf of the company. The book value of such portfolio is amounted to KD 12,191,507 as at 31 December 2018 (KD 18,145,412 as at 31 December 2017).

Transactions with related parties are subject to the approval of the General Assembly of shareholders.

25. Segments information

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

The following is the segment information which is presented to the management:

- Cinema division: Represents all activities related to cinema shows and films distribution.
- Concession division: Represents all activities related to concessions supplemented to theatres.
- Investments division: Represents investments FVTOCI, investments equity and investments property.

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

	2018				
	Cinema Division	**Buffets Division**	**Investments Division**	**Unallocated Items**	**Total**
Net revenues	16,666,657	6,042,574	4,440,780	1,820,873	28,970,884
Costs	(14,000,182)	(2,237,371)	(135,908)	(4,252,397)	(20,626,258)
Segment profits/ (loss)	2,666,475	3,805,203	4,304,872	(2,431,924)	8,344,626
Assets	15,700,330	298,121	62,368,366	33,562,306	111,929,123

	2017				
	Cinema Division	**Buffets Division**	**Investments Division**	**Unallocated Items**	**Total**
Net revenues	17,850,613	5,594,070	7,118,423	1,488,727	32,051,833
Costs	(14,517,452)	(2,233,940)	(318,909)	(4,812,558)	(21,882,859)
Segment profits/ (loss)	3,333,161	3,360,130	6,799,514	(3,323,831)	10,168,974
Assets	10,968,177	609,260	66,956,027	31,130,458	109,663,922

26. Contingent liabilities

The letters of guarantee issued for third parties were amounted to KD 2,386,680 as at 31 December 2018 (KD 385,796 as at 31 December 2017).

27. Future commitments

27.1 Capital expenditure commitments

	2018	**2017**
Estimated capital expenditure contracted for at the consolidated financial position date	4,149,994	2,867,032
Future commitments for purchasing films	1,458,235	859,764

27.2 Future Lease commitment

	2018	**2017**
Not more than one year	3,185,070	3,011,042
More than one year and less than five years	11,548,691	11,298,557
More than five years	9,112,116	11,652,871
	23,845,877	25,962,470