

**FUTURE KID ENTERTAINMENT AND REAL ESTATE COMPANY – K.S.C.P.
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2019 (UNAUDITED)**

FUTURE KID ENTERTAINMENT AND REAL ESTATE COMPANY – K.S.C.P. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT
AUDITOR'S REVIEW REPORT (UNAUDITED)**

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF FUTURE KID ENTERTAINMENT AND REAL ESTATE COMPANY – K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Future Kid Entertainment and Real Estate Company K.S.C.P. ("the parent company") and its subsidiaries (together referred to as "the group") as at 31 March 2019 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. The parent company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim financial reporting' ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

- The group's trade receivables include an amount of KD 355,797 which was not assessed for impairment in accordance with IFRS 9 "expected credit loss". Had this amount been included in the expected credit loss calculation, it would have resulted in an increase in the loss allowance. Consequently, we were unable to determine whether any adjustments to the consolidated financial statements might be necessary.
- The group recognises operating revenues on a cash received basis of accounting which is not in accordance with either the revenue recognition principles under International Financial Reporting Standards (IFRS) or the group's own stated policy. Management has not quantified the effect of this departure from IFRS and we have been unable to satisfy ourselves with respect to the effect of this on the group's operating revenues, profit for the period and retained earnings by any other means.

Qualified conclusion

Based on our review, with the exception of the effect on the interim condensed consolidated financial information of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 'Interim financial reporting'.



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF FUTURE KID ENTERTAINMENT AND REAL ESTATE COMPANY – K.S.C.P. (CONTINUED)

Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the parent company. We further report that nothing has come to our attention indicating any contravention during the three month period ended 31 March 2019, of the Companies Law no. 1 of 2016, its executive bylaws, nor of the parent company's articles of association that might have had a material effect on the parent company's activities or on its financial position.

Moreover, we further report that during the course of our review, we have not become aware of any material violations of Law No. 7 of 2010 pertaining to the Establishment of the Capital Markets Authority and the Regulation of Securities' Activity and subsequent amendments thereto and its executive bylaws during the three month period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

A handwritten signature in blue ink, appearing to be 'Ahmed', written over a horizontal line.

Ahmed Mohammed Abdulrahman Al-Rasheed
License No. 39 A
PricewaterhouseCoopers (Al-Shatti & Co.)

21 May 2019
Kuwait

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of financial position
(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	31 March 2019 (Unaudited)	31 December 2018 (Audited)	31 March 2018 (Unaudited)
ASSETS				
Non-current assets				
Property and equipment		8,216,921	8,428,893	8,624,864
Right of use assets	3	7,407,335	-	-
Intangible assets		183,788	197,665	136,086
Goodwill		7,092,630	7,092,630	7,092,630
Financial assets at fair value through other comprehensive income		14,337	14,337	14,337
		<u>22,915,011</u>	<u>15,733,525</u>	<u>15,867,917</u>
Current assets				
Inventories		294,861	314,110	326,302
Accounts receivable and other debit balances	7	2,403,423	1,682,515	1,751,158
Financial assets at fair value through profit or loss		26,250	26,250	26,250
Term deposits	8	3,168,190	3,167,964	2,017,786
Bank balances and cash	9	882,935	1,371,177	2,784,884
		<u>6,775,659</u>	<u>6,562,016</u>	<u>6,906,380</u>
Total assets		<u>29,690,670</u>	<u>22,295,541</u>	<u>22,774,297</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital		11,624,634	11,624,634	11,624,634
Share premium		5,176,363	5,176,363	5,176,363
Statutory reserve		1,304,265	1,304,265	1,189,666
Voluntary reserve		173,849	173,849	173,849
Treasury shares	10	(716,835)	(716,835)	(716,835)
Treasury shares reserve		17,123	17,123	17,123
Foreign currency translation reserve		(18,348)	(2,330)	2,903
Retained earnings		2,954,091	2,862,158	3,557,338
Equity attributable to equity holders of the parent company		<u>20,515,142</u>	<u>20,439,227</u>	<u>21,025,041</u>
Non-controlling interests		441,880	422,122	426,383
Total equity		<u>20,957,022</u>	<u>20,861,349</u>	<u>21,451,424</u>
Liabilities				
Non-current liabilities				
Lease liabilities		5,992,521	-	-
Employees' end of service benefits		547,075	528,859	572,757
		<u>6,539,596</u>	<u>528,859</u>	<u>572,757</u>
Current liabilities				
Accounts payable and other credit balances		777,854	855,800	700,583
Amounts due to a related party	12	49,533	49,533	49,533
Lease liabilities		1,366,665	-	-
		<u>2,194,052</u>	<u>905,333</u>	<u>750,116</u>
Total liabilities		<u>8,733,648</u>	<u>1,434,192</u>	<u>1,322,873</u>
Total equity and liabilities		<u>29,690,670</u>	<u>22,295,541</u>	<u>22,774,297</u>



Rasha Khaled Saleh Al-Ghunaim
Chief Executive Officer

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of income

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	Three months ended 31 March	
		2019 (Unaudited)	2018 (Unaudited)
Operating revenue		1,625,424	1,583,126
Operating costs		(1,175,381)	(1,125,052)
Gross profit		450,043	458,074
Selling and marketing expenses		(25,064)	(33,394)
General and administrative expenses	14	(308,745)	(301,931)
Other income		59,668	67,235
Gain on sale of property and equipment		5,094	-
Operating profit		180,996	189,984
Interest income		22,270	15,200
Finance costs		(93,620)	-
Foreign currency exchange gain / (loss)		7,975	(7,858)
Profit before provisions for contribution to Kuwait foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		117,621	197,326
KFAS		(1,176)	(1,973)
NLST		(3,396)	(3,717)
Zakat		(1,358)	(1,487)
Profit for the period		111,691	190,149
Attributable to:			
Equity holders of the parent company		91,933	185,506
Non-controlling interests		19,758	4,643
		111,691	190,149
Earnings per share attributable to equity holders of the parent company (fils) (Basic and diluted)	11	0.84	1.69

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of comprehensive income

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Three months ended 31 March	
	2019 (Unaudited)	2018 (Unaudited)
Profit for the period	111,691	190,149
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	(16,018)	(5,532)
Other comprehensive loss for the period	(16,018)	(5,532)
Total comprehensive income for the period	95,673	184,617
Attributable to:		
Equity holders of the parent company	75,915	179,974
Non-controlling interests	19,758	4,643
	95,673	184,617

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of changes in equity

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Attributable to equity holders of the parent company										
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2018	11,624,634	5,176,363	1,189,666	173,849	(716,835)	17,123	8,435	3,371,832	20,845,067	421,740	21,266,807
Profit for the period	-	-	-	-	-	-	-	185,506	185,506	4,643	190,149
Other comprehensive loss for the period	-	-	-	-	-	-	(5,532)	-	(5,532)	-	(5,532)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(5,532)	185,506	179,974	4,643	184,617
Balance at 31 March 2018	11,624,634	5,176,363	1,189,666	173,849	(716,835)	17,123	2,903	3,557,338	21,025,041	426,383	21,451,424
Balance at 31 December 2018	11,624,634	5,176,363	1,304,265	173,849	(716,835)	17,123	(2,330)	2,862,158	20,439,227	422,122	20,861,349
Profit for the period	-	-	-	-	-	-	-	91,933	91,933	19,758	111,691
Other comprehensive loss for the period	-	-	-	-	-	-	(16,018)	-	(16,018)	-	(16,018)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(16,018)	91,933	75,915	19,758	95,673
Balance at 31 March 2019	11,624,634	5,176,363	1,304,265	173,849	(716,835)	17,123	(18,348)	2,954,091	20,515,142	441,880	20,957,022

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Interim condensed consolidated statement of cash flows

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Note	Three months ended 31 March	
		2019	2018
Cash flows from operating activities			
Profit before provisions for contribution to Kuwait foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		117,621	197,326
Adjustments for:			
Depreciation and amortisation		787,660	349,958
Gain on sale of property and equipment		(5,094)	-
Interest income		(22,270)	(15,200)
Finance costs		93,620	-
Provision for employees' end of service benefits		24,397	21,815
		<u>995,934</u>	<u>553,899</u>
Changes in working capital			
Inventories		19,249	(22,756)
Accounts receivable and other debit balances		(850,123)	(173,507)
Accounts payable and other credit balances		(83,876)	(168,696)
Net cash generated from operations		<u>81,184</u>	<u>188,940</u>
Employees' end of service benefits paid		(6,181)	(32,478)
Net cash generated from operating activities		<u>75,003</u>	<u>156,462</u>
Cash flows from investing activities			
Purchase of property and equipment		(120,179)	(107,177)
Proceeds from sale of property and equipment		5,094	-
Placement of term deposits		(18,190)	-
Proceeds from term deposits		17,964	352,424
Interest income received		22,270	15,200
Net cash (used in) / generated from investing activities		<u>(93,041)</u>	<u>260,447</u>
Cash flows from financing activities			
Principal elements of lease payments		(441,861)	-
Net cash used in financing activities		<u>(441,861)</u>	<u>-</u>
Exchange differences arising on translation of foreign operations		(28,343)	11,618
Net (decrease) / increase in cash and cash equivalents		<u>(488,242)</u>	<u>428,527</u>
Cash and cash equivalents at beginning of the period		1,371,177	2,356,357
Cash and cash equivalents at end of the period	9	<u>882,935</u>	<u>2,784,884</u>
Non-cash transaction:			
Right-of-use assets	3	(7,836,642)	-
Accounts receivable and other debit balances		129,215	-
Lease liabilities	3	7,836,642	-

The accompanying notes set out on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. INCORPORATION AND ACTIVITIES

Future Kid Entertainment and Real Estate Company K.S.C.P. (“the parent company”) was incorporated as Kuwaiti Shareholding Company in the State of Kuwait on 12 April 1999 under the former name of Unique Kid Entertainment Company K.S.C.C.

The parent company was listed on the Kuwait Stock Exchange on 18 December 2008.

The parent company was established for the following main objectives:

- Acquisition, selling, and buying real estate and land and improving them for the parent company’s account inside or outside Kuwait besides managing others’ properties.
- Acquisition, selling and purchasing of real estate companies’ shares for the parent company’s account inside or outside Kuwait.
- Preparing feasibility studies and performing consultancy in the real estate sector.
- Acquisition and managing hotels, health clubs and touristic facilities, leasing and sub-leasing them within legal regulations.
- Utilizing the financial surplus available to the parent company through investing them in financial and real estate portfolios operated by specialised companies.

The registered head office of the parent company is P.O. Box 4277 Al-Safat 13043 – State of Kuwait.

The consolidated financial statements for the year ended 31 December 2018 were authorized for issue by the Board of Directors resolution dated 28 March 2019 and were approved by the shareholders at the Annual General Assembly meeting held on 12 May 2019. During the Annual General Assembly meeting, the shareholders also approved the distribution of 12% dividends as proposed by the Board of Directors and disclosed in the audited consolidated financial statements for the year ended 31 December 2018.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on 14 May 2019.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the group has been prepared in accordance with IAS 34, “Interim Financial Reporting”. The interim condensed consolidated financial information does not include all the information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRSs). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included in the interim condensed consolidated financial information.

Operating results for the three month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019. For further information, refer to the annual audited consolidated financial statements of the group and notes thereto for the year ended 31 December 2018.

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3 ACCOUNTING POLICIES

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the most recent annual audited consolidated financial statements for the year ended 31 December 2018 except for the adoption of IFRS 16 “Leases” set out in note 3.1.

The group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019 (if any).

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the group.

3.1 IFRS 16 “Leases” – Accounting policies

The group leases various stores whereby its different branches operate. Rental contracts are typically made for fixed periods between 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, these leases were classified as operating leases. Payments made under operating leases were charged to the interim condensed consolidated statement of income on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the interim condensed consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3 ACCOUNTING POLICIES (CONTINUED)

3.1 IFRS 16 “Leases” – Accounting policies (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the interim condensed consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less.

3.2 Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using borrowing rates 4.75%.

	2019
Borrowing rate at the date of initial application	<u>4.75%</u>
Lease liability recognized as at 1 January 2019 (discounted)	<u>7,707,427</u>
Of which are:	
Current lease liabilities	1,464,411
Non-current lease liabilities	6,243,016
	<u>7,707,427</u>

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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

- Right-of-use assets – increase by KD 7,836,642
- Accounts and other receivables – decrease by KD 129,215
- Lease liabilities – increase by KD 7,707,427

The movement in the right-of-use assets is as follows:

Balance beginning of period	7,836,642
Depreciation	<u>(429,307)</u>
Balance end of period	<u>7,407,335</u>

Finance cost from lease liabilities of KD 93,620 is recognised in the interim condensed consolidated statement of income.

There was no impact on retained earnings on 1 January 2019 as the Group did not have any finance lease as at 31 December 2018.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3 ACCOUNTING POLICIES (CONTINUED)

3.2 Adjustments recognized on adoption of IFRS 16 (Continued)

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

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

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

3.3 Estimates applied on adoption of IFRS 16

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

4 BASIS OF CONSOLIDATION

This interim condensed consolidated financial information for the three month period ended 31 March 2019 includes the parent company and its subsidiaries ("the group").

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing this interim condensed consolidated financial information.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4 BASIS OF CONSOLIDATION (CONTINUED)

Details of subsidiaries are as follows:

Company's name	Ownership %			Country of incorporation	Principal activities
	31 March 2019	31 December 2018	31 March 2018		
Future Kid for Games and Toys Company W.L.L. *	98%	98%	98%	Kuwait	Entertainment
Al-Jazeera Entertainment Enterprises Company K.S.C.	88.9%	88.9%	88.9%	Kuwait	Entertainment
Discovery Al-Saif Company W.L.L. *	98%	98%	98%	Kuwait	Entertainment
Future Capital Group for Purchase, Sale and Lease of Properties W.L.L. *	93.34%	93.34%	-	Kuwait	Real Estate
Happy Land Entertainment Company – L.L.C. (KSA)	100%	100%	100%	KSA	Entertainment
Happy Land Entertainment Company – L.L.C. (Dubai)	100%	100%	100%	UAE	Entertainment

* The remaining ownership interest in these subsidiaries is held within the group.

5 JUDGEMENTS AND ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018.

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the group's annual consolidated financial statements as at 31 December 2018. There have been no changes in the risk management policies since the year end. The fair value of financial assets and liabilities approximates their carrying amounts.

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

7 ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	31 March 2019 (Unaudited)	31 December 2018 (Audited)	31 March 2018 (Unaudited)
Accounts receivables	844,173	781,080	740,016
Provision for doubtful debts	(270,357)	(298,709)	(160,051)
	573,816	482,371	579,965
Refundable deposits	336,628	201,306	193,980
Prepaid expenses	346,603	524,138	434,314
Advances to suppliers	1,073,907	441,299	416,313
Due from staff	19,279	663	7,443
Others receivables	53,190	32,738	119,143
	2,403,423	1,682,515	1,751,158

8 TERM DEPOSITS

Term deposits are placed with a local bank, denominated in Kuwaiti Dinar and carry an effective interest rate between 2.5% to 2.88% (31 December 2018: 2.5% to 2.88% and 31 March 2018: 1.875% to 2.0%) per annum and maturing within twelve months from the date of deposit.

As at the reporting date, the carrying values of term deposits approximate their fair values.

9 BANK BALANCES AND CASH

	31 March 2019 (Unaudited)	31 December 2018 (Audited)	31 March 2018 (Unaudited)
Cash on hand	127,501	48,720	105,436
Cash at banks	755,434	1,322,457	2,304,448
Short term deposits	-	-	375,000
Bank balances and cash	882,935	1,371,177	2,784,884

10 TREASURY SHARES

	31 March 2019 (Unaudited)	31 December 2018 (Audited)	31 March 2018 (Unaudited)
Number of treasury shares	6,575,888	6,575,888	6,575,888
Percentage of issued shares	5.66%	5.66%	5.66%
Market value (KD)	782,531	624,709	723,348
Cost (KD)	716,835	716,835	716,835

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

11 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

Earnings per share are calculated by dividing profit for the period attributable to equity holders of the parent company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the group and held as treasury shares.

The information necessary to calculate earnings per share is as follows:

	Three months ended 31 March	
	2019	2018
Profit for the period attributable to equity holders of the parent company	91,933	185,506
Number of shares outstanding:		
Weighted average number of issued shares	116,246,338	116,246,338
Weighted average number of treasury shares	(6,575,888)	(6,575,888)
Weighted average number of shares outstanding	109,670,450	109,670,450
Earnings per share attributable to equity holders of the parent company (fils)	0.84	1.69

There were no potential dilutive shares.

12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders that have representation in the parent company's Board of Directors and their close relatives, directors and key management personnel of the parent company, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out on terms approved by parent company's management and at an arm's length term.

The related parties' balances and transactions included in the interim condensed consolidated financial information are as follows:

Balances included in the interim condensed consolidated statement of financial position

	31 March 2019 (Unaudited)	31 December 2018 (Audited)	31 March 2018 (Unaudited)
Amounts due to a related party - Shareholder	49,533	49,533	49,533

Transactions included in the interim condensed consolidated statement of income

Key management compensation	Three months ended 31 March	
	2019	2018
Short term benefits	54,004	58,238
Termination benefits	15,508	14,594

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information
(All amounts are in Kuwaiti Dinars unless otherwise stated)

13 COMMITMENTS AND CONTINGENT LIABILITIES

	31 March 2019 (Unaudited)	31 December 2018 (Audited)	31 March 2018 (Unaudited)
Letters of guarantee	16,500	16,500	16,500
Letters of credit	785,856	638,764	-

14 GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2019	2018
Staff costs	199,769	188,886
Depreciation expenses	38,534	39,378
Consultancy fees	18,681	8,868
Subscription fess	15,282	3,022
Other expenses	36,479	61,777
Total	308,745	301,931

15 BREAKDOWN OF EXPENSES BY NATURE

	Three months ended 31 March	
	2019	2018
Staff costs	417,652	396,183
Rent expenses	78,966	476,191
Depreciation	787,938	350,201
Advertising	24,686	30,614
Consultancy fees	50,259	25,616
Finance costs	93,620	-
Subscription fess	16,368	4,744
Other expenses	139,251	191,863
Total	1,608,740	1,475,412

Future Kid Entertainment and Real Estate Company – K.S.C.P. and its Subsidiaries

Notes to the interim condensed consolidated financial information

(All amounts are in Kuwaiti Dinars unless otherwise stated)

16 SEGMENT INFORMATION

The Board of Directors is the group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance. The management organizes the group based on different geographical areas inside and outside Kuwait as follows:

	31 March 2019 (Unaudited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	23,365,983	6,324,687	29,690,670
Liabilities	5,578,800	3,154,848	8,733,648
Revenues	1,432,246	288,185	1,720,431
Expenses	(1,287,266)	(321,474)	(1,608,740)
Profit for the period	144,980	(33,289)	111,691
Depreciation and amortisation	697,069	90,591	787,660
Capital expenditures	120,179	-	120,179
	31 December 2018 (Audited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	19,024,588	3,270,953	22,295,541
Liabilities	1,302,865	131,327	1,434,192
Revenues	6,733,742	1,167,236	7,900,978
Expenses	(5,550,690)	(1,209,047)	(6,759,737)
Profit for the year	1,183,052	(41,811)	1,141,241
Depreciation and amortisation	(991,336)	(384,651)	(1,375,987)
Capital expenditures	802,534	271,195	1,073,729
	31 March 2018 (Unaudited)		
	Inside Kuwait	Outside Kuwait	Total
Assets	19,656,946	3,117,351	22,774,297
Liabilities	1,198,931	123,942	1,322,873
Revenues	1,369,907	295,654	1,665,561
Expenses	(1,185,399)	(290,013)	(1,475,412)
Profit for the period	184,508	5,641	190,149
Depreciation and amortisation	242,798	107,160	349,958
Capital expenditures	94,846	12,331	107,177