

**Gulf Hotels Group B.S.C.**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**30 June 2021**

**Condensed consolidated interim financial information  
for the six months ended 30 June 2021**

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**Independent auditors' report on review of condensed consolidated interim financial information**

The Board of Directors  
Gulf Hotels Group BSC  
Manama, Kingdom of Bahrain

4 August 2021

## Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial information of Gulf Hotels Group BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2021; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with the 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.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'

### Emphasis of matter

We draw attention to note 12 to the condensed consolidated interim financial information which describes the effect of the Coronavirus (COVID-19) pandemic on the Group's operations, its interim results and related uncertainties. Our conclusion is not modified in respect of this matter.

### Other matter

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain vide its circular OG/124/2020 dated 30 March 2020 had exempted all public shareholding companies and locally incorporated banks from preparation and publication of condensed consolidated interim financial information for the three-month period ended 31 March 2020. Accordingly, we have not reviewed comparative information presented for the three-month period ended 30 June 2020 in the condensed consolidated statements of profit or loss and comprehensive income, which has been extracted from management accounts of the Group and, we do not express any review conclusion on them.


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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2021

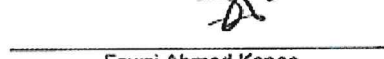
Bahraini Dinars

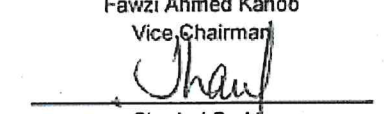
	Note	30 June 2021 (reviewed)	31 December 2020 (audited)
<b>ASSETS</b>			
Property and equipment		82,242,991	85,235,020
Investment properties		738,770	765,613
Equity accounted investees	6	7,506,271	8,564,656
Investment securities	5	13,208,355	13,164,149
<b>Total non-current assets</b>		<b>103,696,387</b>	<b>107,729,438</b>
Inventories		2,300,334	2,738,257
Trade receivables		943,071	653,210
Other assets		4,036,209	3,422,022
Cash and cash equivalents		2,650,931	4,237,306
<b>Total current assets</b>		<b>9,930,545</b>	<b>11,050,795</b>
<b>Total assets</b>		<b>113,626,932</b>	<b>118,780,233</b>
<b>EQUITY</b>			
Share capital		22,599,487	22,599,487
Share premium		17,514,442	17,514,442
Other reserves		24,285,453	24,239,290
Retained earnings		33,376,746	36,268,329
<b>Total equity</b>		<b>97,776,128</b>	<b>100,621,548</b>
<b>LIABILITIES</b>			
Employees' end of service benefits		1,197,092	1,173,882
Non-current portion of bank loan		5,644,953	7,758,000
<b>Total non-current liabilities</b>		<b>6,842,045</b>	<b>8,931,882</b>
Trade payables		1,717,590	1,937,589
Accrued expenses and other liabilities		3,115,169	3,207,214
Current portion of bank loan		4,176,000	4,082,000
<b>Total current liabilities</b>		<b>9,008,759</b>	<b>9,226,803</b>
<b>Total liabilities</b>		<b>15,850,804</b>	<b>18,158,685</b>
<b>Total equity and liabilities</b>		<b>113,626,932</b>	<b>118,780,233</b>

The condensed consolidated interim financial information was approved by the Board of Directors on 4 August 2021 and signed on its behalf by:

  
Farouk Yousuf Almoayyed  
Chairman

  
Garfield Jones  
Chief Executive Officer

  
Fawzi Ahmed Kanoo  
Vice Chairman


  
Charbel Sarkis  
Chief Financial Officer


The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.


**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
for the six months ended 30 June 2021

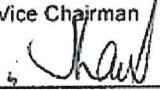
Bahraini Dinars

	Note	Six months ended 30 June		Three months ended 30 June	
		2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (unreviewed)
Revenue		9,128,073	11,070,556	4,668,560	3,417,356
Operating costs		(5,322,979)	(6,854,199)	(2,650,981)	(2,451,372)
<b>Gross profit</b>		<b>3,805,094</b>	<b>4,216,357</b>	<b>2,017,579</b>	<b>965,984</b>
Dividend income		436,973	566,328	(5,673)	(13,215)
Management fee and other income		437,004	480,564	198,830	108,108
Share of profit from equity accounted investees	6	130,665	328,391	76,000	150,607
Interest income		5,475	48,629	2,561	12,978
Government assistance	12	262,744	480,821	262,744	480,821
<b>Total income</b>		<b>5,077,955</b>	<b>6,121,090</b>	<b>2,552,041</b>	<b>1,705,283</b>
Administrative staff cost		(1,272,233)	(1,378,587)	(649,083)	(602,832)
Depreciation of property and equipment		(3,063,383)	(3,591,654)	(1,578,581)	(1,814,684)
Interest expense		(230,869)	(355,588)	(110,514)	(177,691)
Impairment allowance on trade receivables		(46,470)	(382,761)	(45,236)	(382,761)
Other operating expenses		(1,096,634)	(1,095,651)	(593,142)	(483,039)
<b>Loss before impairment</b>		<b>(631,634)</b>	<b>(683,151)</b>	<b>(424,515)</b>	<b>(1,755,724)</b>
Impairment on property and equipment		-	(2,315,810)	-	(2,315,810)
<b>LOSS FOR THE PERIOD</b>		<b>(631,634)</b>	<b>(2,998,961)</b>	<b>(424,515)</b>	<b>(4,071,534)</b>
Basic and diluted earnings per share (in fils)		(3)	(13)	(2)	(18)

  
Farouk Yousuf Almoayyed  
Chairman

  
Garfield Jones  
Chief Executive Officer

  
Fawzi Ahmed Kanoo  
Vice Chairman

  
Charbel Sarkis  
Chief Financial Officer

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the six months ended 30 June 2021**

Bahraini Dinars

	note	Six months ended 30 June		Three months ended 30 June	
		2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (unreviewed)
<b>Loss for the period</b>		<b>(631,634)</b>	(2,998,961)	<b>(424,515)</b>	(4,071,534)
<b>Other comprehensive income:</b> <i>Items that will not be reclassified to profit or loss:</i>					
Equity securities at FVOCI – net change in fair value		44,213	(1,178,619)	(11,396)	(785,916)
Investment in associates – share in fair value reserve	6	12,950	(90,179)	18,518	(16,589)
<b>Total other comprehensive income for the period</b>		<b>57,163</b>	(1,268,798)	<b>7,122</b>	(802,505)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(574,471)</b>	(4,267,759)	<b>(417,393)</b>	(4,874,039)

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2021**

Bahraini Dinars

	Share Capital	Share premium	Other reserves				Retained earnings	Total equity
			Statutory reserve	General reserve	Charity reserve	Investment fair value reserve		
<b>2021 (reviewed)</b>								
At 1 January 2021	22,599,487	17,514,442	11,299,744	5,000,000	1,879,631	6,059,915	36,268,329	100,621,548
<b>Comprehensive income for the period:</b>								
Loss for the period	-	-	-	-	-	-	(631,634)	(631,634)
Other comprehensive income for the period	-	-	-	-	-	57,163	-	57,163
<b>Total comprehensive income for the period</b>	-	-	-	-	-	<b>57,163</b>	<b>(631,634)</b>	<b>(574,471)</b>
Utilisation of donations reserve	-	-	-	-	(11,000)	-	-	(11,000)
Dividends declared for 2020	-	-	-	-	-	-	(2,259,949)	(2,259,949)
<b>At 30 June 2021</b>	<b>22,599,487</b>	<b>17,514,442</b>	<b>11,299,744</b>	<b>5,000,000</b>	<b>1,868,631</b>	<b>6,117,078</b>	<b>33,376,746</b>	<b>97,776,128</b>

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2021** *(Continued)*

Bahraini Dinars

	Share capital	Share premium	Other reserves				Retained earnings	Total equity
			Statutory reserve	General reserve	Charity reserve	Fair value reserve		
2020 (reviewed)								
As at 1 January 2020	22,599,487	17,514,442	11,299,744	5,000,000	2,207,221	6,313,344	50,044,780	114,979,018
Comprehensive income for the period:								
Loss for the period	-	-	-	-	-	-	(2,998,961)	(2,998,961)
Other comprehensive income for the period	-	-	-	-	-	(1,268,798)	-	(1,268,798)
Total comprehensive income for the period	-	-	-	-	-	(1,268,798)	(2,998,961)	(4,267,759)
Utilisation of donations reserve	-	-	-	-	(218,700)	-	-	(218,700)
Dividends declared for 2019	-	-	-	-	-	-	(5,648,466)	(5,648,466)
At 30 June 2020	22,599,487	17,514,442	11,299,744	5,000,000	1,988,521	5,044,546	41,397,353	104,844,093

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2021**

Bahraini Dinars

	note	<b>30 June 2021 (reviewed)</b>	<b>30 June 2020 (reviewed)</b>
<b>Cash flow from operating activities</b>			
Loss for the period		(631,634)	(2,998,961)
Adjustments for:			
Depreciation		3,063,383	3,647,058
Share of profit of associates	6	(130,665)	(328,391)
Dividend income		(436,973)	(566,328)
Interest income		(5,475)	(48,629)
Interest expense		230,869	355,588
Impairment of property and equipment		-	2,315,810
Impairment allowance on trade receivables		46,470	382,761
Provision for allowance for slow-moving inventories		-	1,200
Provision for employees' end of service benefits		70,181	118,194
<b>Profit for the period after adjustments</b>		<b>2,206,156</b>	<b>2,878,302</b>
<b>Change in operating assets and liabilities:</b>			
Inventories		437,923	443,039
Trade and other receivables		(886,387)	893,804
Trade and other payables		(431,334)	(1,534,303)
Directors' sitting fees paid		(39,700)	(208,500)
Employees' end of service benefits paid		(46,970)	(175,266)
<b>Net cash from operating activities</b>		<b>1,239,688</b>	<b>2,297,076</b>
<b>Cash flow from investing activities</b>			
Purchase of property and equipment		(44,511)	(361,525)
Disposal of property and equipment		-	1,010
Investment in equity accounted investee	6	-	(510,000)
Interest received		5,475	48,629
Dividend received from an associate	6	1,000,000	1,400,000
Other dividend received		436,973	566,328
<b>Net cash from investing activities</b>		<b>1,397,937</b>	<b>1,144,442</b>
<b>Cash flow from financing activities</b>			
Dividends paid		(2,289,263)	(5,512,536)
Repayment of bank loan		(2,019,047)	-
Donations paid		(11,000)	(218,700)
Interest paid		95,310	(550,325)
<b>Net cash used in financing activities</b>		<b>(4,224,000)</b>	<b>(6,281,561)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,586,375)</b>	<b>(2,840,043)</b>
Cash and cash equivalents at 1 January		4,237,306	7,130,581
<b>Cash and cash equivalents as at 30 June</b>		<b>2,650,931</b>	<b>4,290,538</b>

The accompanying notes 1 to 12 are an integral part of the condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2021**Bahraini Dinars

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**1. REPORTING ENTITY**

Gulf Hotels Group B.S.C. (the "Company") is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry, Commerce and Tourism under commercial registration (CR) number 950 and listed on Bahrain Bourse. The postal address of the Company's registered head office is at P O Box 580, Manama, Kingdom of Bahrain.

This condensed consolidated interim financial information comprise the results of the Company and its subsidiaries (collectively, the "Group") for the six-month period ended 30 June 2021.

The Group owns and operates the Gulf Hotel, Gulf Executive Residence Adliya and Juffair, the Gulf Convention Centre, Gulf Executive Offices, Gulf Court Hotel Business Bay in Dubai, GHG Colombo (retail) in Sri Lanka, Bahrain Tourism Company – Crowne Plaza Hotel Bahrain W.L.L. ("BTC"), Gulf Hotels Laundry Services, and Gulf Brands International in the Kingdom of Bahrain and provides other catering facilities. It also provides management services to The K Hotel and Asdal Gulf-inn Seef, Kingdom of Bahrain, and is a shareholder and operator of Ocean Paradise Resort, Zanzibar, Republic of Tanzania.

**2. BASIS OF PREPARATION****(a) Statement of compliance**

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting, which permits the condensed consolidated interim financial information to be in summarised form. The condensed consolidated interim financial information does not include all of the information required for full set of IFRS financial statements and should be read in conjunction with the Group's last audited consolidated financial statements for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2020.

The condensed consolidated interim financial information is reviewed, not audited.

**(b) Judgements and estimates**

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

The areas of significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the last audited consolidated financial statements as at and for the year ended 31 December 2020.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2021**

Bahraini Dinars

**2. BASIS OF PREPARATION (continued)**

**(c) Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the last audited consolidated financial statements for the year ended 31 December 2020.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and computation methods applied in this condensed consolidated interim financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

A number of new standards and amendments to standards have been issued and are effective from 1 January 2021. These did not have a material effect on this condensed consolidated interim financial information.

**4. SEASONALITY OF OPERATIONS**

Due to the nature of Hotel operations, October to April is usually a busy season. However, the overall operating model and occupancy of hotels continues to be impacted by the consequential effects of the COVID-19 pandemic. Accordingly, the interim financial results may not represent a proportionate share of the annual results.

**5. INVESTMENT SECURITIES**

Quoted equity securities at FVOCI  
 Unquoted equity securities at FVOCI

<b>30 June 2021</b>	<b>31 December 2020</b>
10,354,412	10,351,153
2,853,943	2,812,996
<b>13,208,355</b>	<b>13,164,149</b>

**6. EQUITY ACCOUNTED INVESTEEES**

Movement on the carrying value of the equity accounted investees are as follows:

**30 June 2021 (reviewed)**

	<b>African &amp; Eastern</b>	<b>BFLC</b>	<b>BAHC</b>	<b>Total</b>
Balance at 1 January 2021	6,938,041	914,615	712,000	8,564,656
Reclassification to other assets	-	-	(202,000)	(202,000)
Share of profit / (loss) for the period	303,607	(50,499)	(122,443)	130,665
Dividends received	(1,000,000)	-	-	(1,000,000)
Share of associates' cumulative changes in fair values	12,950	-	-	12,950
<b>Balance at 30 June 2021</b>	<b>6,254,598</b>	<b>864,116</b>	<b>387,557</b>	<b>7,506,271</b>

**30 June 2020 (reviewed)**

	<b>African &amp; Eastern</b>	<b>BFLC</b>	<b>BAHC</b>	<b>Total</b>
Balance at 1 January 2020	8,117,445	1,232,858	-	9,350,303
Additional investment	-	-	510,000	510,000
Share of profit / (loss) for the period	548,225	(219,834)	-	328,391
Dividends received	(1,400,000)	-	-	(1,400,000)
Share of associates' cumulative changes in fair values	(90,179)	-	-	(90,179)
<b>Balance at 30 June 2020</b>	<b>7,175,491</b>	<b>1,013,024</b>	<b>510,000</b>	<b>8,698,515</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2021**

Bahraini Dinars

**7. APPROPRIATIONS**

The Shareholders approved the following appropriations for 2020 in their Annual General Meeting held on 28 March 2021 that were affected during the period:

	2021	2020
Cash dividends	2,259,949	5,648,466

Unpaid dividends as at 30 June 2021 are included within accrued expenses and other payables in the condensed consolidated statement of financial position.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2021**

Bahraini Dinars

**8. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company. Transactions between related parties are on terms agreed between the parties.

Transactions with related parties during the period are as follows:

	For the six-month period ended 30 June 2021						For the six-month period ended 30 June 2020					
	Purchases	Revenue	Management fee income	Interest expense	Share of profit	Dividends received	Purchases	Revenue	Management fee income	Interest expense	Share of profit	Dividends received
Major shareholders and their affiliates	4,267	130,741	49,209	230,869	-	-	74,561	126,734	133,133	355,588	-	-
Equity accounted investees (note 6)	42,447	6,694	-	-	130,665	1,000,000	11,103	3,369	-	-	328,391	1,400,000
Directors and related affiliates	58,535	29,290	-	-	-	-	7,740	12,653	-	-	-	-
	<b>105,249</b>	<b>166,725</b>	<b>49,209</b>	<b>230,869</b>	<b>130,665</b>	<b>1,000,000</b>	<b>93,404</b>	<b>142,756</b>	<b>133,133</b>	<b>355,588</b>	<b>328,391</b>	<b>1,400,000</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2021**

Bahraini Dinars

**8 RELATED PARTY TRANSACTIONS (continued)**

Balances with related parties included in the condensed consolidated statement of financial position are as follows:

	30 June 2021				31 December 2020			
	Trade receivables	Other receivables	Trade payables	Bank loan	Trade receivables	Other receivables	Trade payables	Bank loan
Major shareholders and their affiliates	143,701	5,639	1,230	9,820,953	148,394	5,989	49,942	11,840,000
Equity accounted investees	5,786	690,153	5,918	-	6,481	40,000	-	-
Directors and related affiliates	13,514	-	19,455	-	7,389	-	639	-
	<b>163,001</b>	<b>695,792</b>	<b>26,603</b>	<b>9,820,953</b>	<b>162,264</b>	<b>45,989</b>	<b>50,581</b>	<b>11,840,000</b>

**Compensation of key management personnel**

Key management personnel are those persons having responsibility for planning, directing and controlling the activities of the Group. The sitting fees of directors and members of key management during the period were as follows:

	six-month period ended 30 June	
	2021 (reviewed)	2020 (reviewed)
Salaries and short-term employee benefits	147,708	99,791
Post-employment benefits	8,400	5,794
Directors sitting fees	108,200	138,700
	<b>264,308</b>	<b>244,285</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2021**

Bahraini Dinars

**8 RELATED PARTY TRANSACTIONS (continued)**

Outstanding balances at the period end arise in the normal course of business and are interest free and unsecured. The Group only creates an impairment provision for related party balances where it is certain the debt will not be recovered. For the six-month period ended 30 June 2021, the Group has not recorded any impairment of amounts owed by related parties (six-month period ended 30 June 2020: nil and year ended 31 December 2020: nil).

**9. COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>30 June 2021 Reviewed</b>	31 December 2020 Audited
Letter of guarantees	<u><b>105,685</b></u>	<u>100,800</u>

As at 30 June 2021, the Group had commitments of BD 825,223 (2020: BD 255,350) relating to their capital projects.

**10. FAIR VALUES**

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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

***Fair value hierarchy***

The Group measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. ask prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2021**

Bahraini Dinars

**10 FAIR VALUES (continued)**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

<b>30 June 2021</b>	Level 1	Level 2	Level 3	Total
Equity securities at FVOCI	<b>10,354,412</b>	-	<b>2,853,943</b>	<b>13,208,355</b>

<b>31 December 2020</b>	Level 1	Level 2	Level 3	Total
Equity securities at FVOCI	10,351,153	-	2,812,996	13,164,149

Equity securities at FVOCI in the level 3 hierarchy comprise of unquoted equity investments, which are fair valued primarily based on market multiples of comparable companies using level 3 input.

There has been no movement in the level 3 investments during the period.

**11. SEGMENTAL INFORMATION FOR OPERATING SEGMENTS**

For management purposes, the Group is organized into four main business segments:

Hotel operations - Hotel room and rental and management of executive apartments and offices and provisioning of automatic laundry services.

Food and beverage - Retail sale of food and beverages and convention operations.

Investments and other activities - Investment activities of the Group.

The operations of Gulf Brands International and the retail sales of food and beverages of the Gulf Hotel and the convention operations of the Gulf Convention Center have been aggregated for segmental reporting.

Segment assets include all operating assets used by a segment and consist primarily of property and equipment, inventories and accounts receivable. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments are allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist primarily of trade and other payables.

The Group operates substantially in the Kingdom of Bahrain.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2021**

Bahraini Dinars

**11 SEGMENT INFORMATION (continued)**

	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Six-month ended 30 June</b>								
Gross operating revenue	<b>3,182,261</b>	3,486,012	<b>5,945,812</b>	7,584,544	-	-	<b>9,128,073</b>	11,070,556
Gross operating costs	<b>(1,458,936)</b>	(2,227,990)	<b>(3,864,043)</b>	(4,626,209)	-	-	<b>(5,322,979)</b>	(6,854,199)
Gross operating profit	<b>1,723,325</b>	1,258,022	<b>2,081,769</b>	2,958,335	-	-	<b>3,805,094</b>	4,216,357
Investment income	-	-	-	-	<b>567,638</b>	894,719	<b>567,638</b>	894,719
Interest income	-	-	-	-	<b>5,475</b>	48,629	<b>5,475</b>	48,629
Management fee and other income	<b>90,243</b>	118,956	<b>21,338</b>	6,470	<b>325,423</b>	355,138	<b>437,004</b>	480,564
Government assistance	<b>251,151</b>	409,836	<b>2,468</b>	38,387	<b>9,125</b>	32,598	<b>262,744</b>	480,821
Interest expense	-	-	-	-	<b>(230,869)</b>	(355,588)	<b>(230,869)</b>	(355,588)
Staff cost	<b>(715,492)</b>	(805,247)	<b>(162,222)</b>	(159,143)	<b>(394,519)</b>	(414,197)	<b>(1,272,233)</b>	(1,378,587)
Depreciation	<b>(1,990,244)</b>	(2,334,254)	<b>(1,062,679)</b>	(1,137,833)	<b>(10,460)</b>	(119,567)	<b>(3,063,383)</b>	(3,591,654)
Impairment on property and equipment	-	-	-	-	-	(2,315,810)	-	(2,315,810)
Impairment allowance on trade receivables	<b>(6,688)</b>	(190,093)	-	(159,444)	<b>(39,782)</b>	(33,224)	<b>(46,470)</b>	(382,761)
Other operating expenses	<b>(889,680)</b>	(702,861)	-	(258,976)	<b>(206,954)</b>	(133,814)	<b>(1,096,634)</b>	(1,095,651)
Segment profit (loss) for the period	<b>(1,537,385)</b>	(2,245,641)	<b>880,674</b>	1,287,796	<b>25,077</b>	(2,041,116)	<b>(631,634)</b>	(2,998,961)

	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Total assets	<b>52,535,418</b>	56,718,013	<b>31,235,177</b>	33,757,833	<b>29,856,337</b>	28,304,387	<b>113,626,932</b>	118,780,233
Total liabilities	<b>(2,947,460)</b>	(3,044,710)	<b>(2,109,436)</b>	(2,351,014)	<b>(10,793,908)</b>	(12,762,961)	<b>(15,850,804)</b>	(18,158,685)
Capital expenditure *	<b>14,428</b>	361,525	<b>27,763</b>	-	<b>2,320</b>	-	<b>44,511</b>	361,525

\*Comparative for capital expenditure is for the period ended 30 June 2020.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2021**

Bahraini Dinars

**12. IMPACT OF COVID-19**

On 11 March 2020, the Coronavirus (COVID 19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global equity and commodity markets have also experienced great volatility and a significant drop in prices.

Measures taken by the Government of Bahrain and governments of countries where the Group operates to contain the effect of the pandemic continues have had a direct and/ or knock-on impact on the Group's operations including travel restrictions, quarantines measures, closure of businesses and suspension of flights which impacted the numbers of tourist in the country.

The pandemic continues to affect the business of the Group. Management and the Board of Directors (BOD) has been closely monitoring the developments of the pandemic and its impact on the Group's operations and financial position including liquidity, loss of revenue, asset valuations, impairment, review of onerous contracts and debt covenants, outsourcing arrangements etc. The BOD is confident with the resources under its disposal, that the Group will continue as a going concern for the next 12 months from the date of this condensed consolidated interim financial information.

The Government of Kingdom of Bahrain has announced various economic programmes ("Packages") to support businesses in these challenging times. During the period ended 30 June 2021, the Group received a total subsidy of BD 262,744 (2020: 480,821) comprising BD 85,550 towards staff costs (2020: 303,411) and BD 177,194 towards government levy (2020: 18,401) exemption and BD Nil towards utilities (2020: 159,009). These amounts have been accounted for as government grant in accordance with IAS 20 and have been included as income in the condensed consolidated statement of profit or loss.

**13. COMPARATIVES**

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their interim financial information for the three-month period ended 31 March 2020. Accordingly, the 30 June 2020 condensed consolidated interim financial information was the first interim period for 2020 and only included results for the cumulative six-month period ended 30 June 2020. In the current period interim financial information, the comparatives for the:

a) the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2020;

b) the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows, for the six-month period ended have been extracted from the reviewed condensed consolidated interim financial information of the Group for the six month period ended 30 June 2020; and

c) the condensed consolidated statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2020 have been extracted from the management accounts of the Group that was used to prepare the reviewed condensed consolidated interim financial information of the Group for the six month period ended 30 June 2020. However, this information was not published separately in the prior interim period.

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit, comprehensive income for the period or total equity.

**Unreviewed Supplementary Information**  
**Impact of COVID-19**



The ongoing COVID-19 spread and new strains had become a trend despite the significant rate of vaccination in the Kingdom of Bahrain and other countries. Dire consequences loom around and in the horizon, causing a roller coaster effect on the economy in general and on the retail hospitality sectors in particular; while there are periods of good business and others of low levels due to closure and restrictions, add the following factors:

- The influx of Saudi tourists and spending trends didn't show any significant signs of recovery.
- The prosperity of Saudi local tourism had and still have a significant impact on the Kingdom of Bahrain similar to other surrounding countries.
- The suspension of normal restaurant operations, substituted by takeaway & limited seating sometimes or even disallowing dining in, in other occasions.
- The restriction on gatherings and meetings resulted in the cancellation of all meetings, events and weddings.
- Creditor's inability to fulfil their commitments is continuously dragging from previous year, whereas businesses are alleging shortage of cash to meet their obligations.
- Projects remain on hold, to safeguard the Group's cash flow
- The risk of new COVID strains spread
- The contingency of staff isolation

In light of the above challenges, the Gulf Hotels Group trading was largely affected and the Group's management relentlessly strives to minimize and mitigate all financial and non-financial risks associated with the ongoing events, such as:

- Some units keep on reporting low income vs. fixed and operating costs, despite reduction of the same.
- Decrease in lease revenues and lessees seeking further credits.
- Trade imbalance between revenues and dues on one side and receivables and payables on the other side.
- Continuous restructuring of manpower across the entire hierarchy.
- Cutting costs through extreme controls.
- Nurturing the culture of the emerging shift towards change.
- Developing new strategic approach towards post COVID and regional changes
- Supporting remote working whenever required.
- Keeping abreast with new methods and techniques in the area of hygiene and sanitation.
- Rapid response to track and trace any possible positive virus case, isolating staff in order to keep the team at large safe.
- Empowering and leveraging our e-commerce reach
- Increasingly depending on Shared Services
- Adapting to consumers habits
- Accepting that losses to incur are inevitable facts and the most important is keeping the business afloat as the top priority.

While uncertainty reins about reopening parts of the business and what the "new normal" will be, our approach is focused on the best practices during this current period:

- By improving the health and safety standard operating procedures and techniques
- Adopting the best practices to safeguard our staff, our clients and preventing virus transmission
- Practicing cash disinfection and utilizing wireless payments technologies.
- Rotating staff to support other divisions where business exists.
- Sharing resources across the Group.
- Empowering the Shared Services Center to reduce overheads.
- Attending all actions that can be taken as stated by laws and regulations.
- Financially developing forecast models simulating all possible scenarios, and actions.
- Benefiting in all extents from our Research and Sourcing (Procurement) functions.
- Avoiding any outsourcing by benefiting of our staff and senior management soft skills by multitasking roles.



The above summarizes the impact of the crisis from an operational and global Group perspective, while our financials have recorded for the first six months of year 2021 a GOP of BD 3.806m reflecting the Group's ability to generate cash in very difficult trading conditions, also the net result loss of BD 631,364 is substantiated as follows:

- 1- A 17.55% decrease in sales
- 2- Most of constant elements remained the same as previous year except depreciation and loan interest BD 528,271 and BD 124,719 respectively.
- 3- No increase in provisions for doubtful debts from year 2020.

We are not foreseeing any going concern qualification for GHG despite the adverse decrease in revenue, that we aligned with decrease in costs in general and optimization of our costs of sales; any recorded losses won't have a severe impact on the equity of the company. GHG's business structure is continuously evolving and; GHG doesn't have any legal obligations; finally, GHG has a robust accounting and reporting systems in place with a professional team continuously monitoring and reporting trends and financial indicators.

Getting the vaccine has become a routine and soon we could witness a holistic vaccination completion in Bahrain, whereas, the Government has proven high efficiency in combatting and containing local spread.

GHG's future cash flows' forecasts do not indicate red flags about the business going concern, when it comes to working capital and liquidity; even in the worst case scenarios, GHG's group have ample resources to continue to operational existence for years to come.

The below statutory auditors condensed interim financial information for the six-month period ended 30 June 2021 are as follows:

<u>Financial statement area</u>	<u>Nature of impact</u>	<u>Amount &lt;BD&gt;</u>
Operating Income	Decrease	1,942,843
Government grants	Decrease	218,077
Accumulated losses		631,634

No other significant impact has been noted by the management on other financial statement areas during the period ended 30 June 2021.