

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

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**30 September 2021**

**Condensed consolidated interim financial information  
for the nine months ended 30 September 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

### **Introduction**

We have reviewed the accompanying 30 September 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 September 2021;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2021;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 September 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.

10 November 2021

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

Bahraini Dinars

	Note	30 September 2021 (reviewed)	31 December 2020 (audited)
<b>ASSETS</b>			
Property and equipment		80,774,957	85,235,020
Investment properties		725,278	765,613
Equity accounted investees	6	7,568,248	8,564,656
Investment securities	5	13,249,794	13,164,149
<b>Total non-current assets</b>		<b>102,318,277</b>	<b>107,729,438</b>
Inventories		2,035,304	2,738,257
Trade receivables		688,749	653,210
Other assets		2,350,041	3,422,022
Cash and cash equivalents		4,082,644	4,237,306
<b>Total current assets</b>		<b>9,156,738</b>	<b>11,050,795</b>
<b>Total assets</b>		<b>111,475,015</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		24,351,833	24,239,290
Retained earnings		34,210,567	36,268,329
<b>Total equity</b>		<b>98,676,329</b>	<b>100,621,548</b>
<b>LIABILITIES</b>			
Employees' end of service benefits		1,150,580	1,173,882
Non-current portion of bank loan		4,050,000	7,758,000
<b>Total non-current liabilities</b>		<b>5,200,580</b>	<b>8,931,882</b>
Trade payables		1,821,108	1,937,589
Accrued expenses and other liabilities		3,400,998	3,207,214
Current portion of bank loan		2,376,000	4,082,000
<b>Total current liabilities</b>		<b>7,598,106</b>	<b>9,226,803</b>
<b>Total liabilities</b>		<b>12,798,686</b>	<b>18,158,685</b>
<b>Total equity and liabilities</b>		<b>111,475,015</b>	<b>118,780,233</b>

The condensed consolidated interim financial information was approved by the Board of Directors on 10 November 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 nine months ended 30 September 2021

Bahraini Dinars

	Note	Nine months ended 30 September		Three months ended 30 September	
		2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (reviewed)
Revenue		15,245,343	14,797,684	6,117,270	3,727,128
Operating costs		(8,588,494)	(9,426,460)	(3,265,515)	(2,572,261)
<b>Gross profit</b>		<b>6,656,849</b>	<b>5,371,224</b>	<b>2,851,755</b>	<b>1,154,867</b>
Dividend income		471,414	600,770	34,441	34,442
Management fee and other income		723,965	624,948	286,961	144,384
Share of profit from equity accounted investees	6	562,202	393,214	431,537	64,823
Interest income		9,237	56,504	3,762	7,875
Government assistance	12	365,145	658,203	102,401	177,382
<b>Total income</b>		<b>8,788,812</b>	<b>7,704,863</b>	<b>3,710,857</b>	<b>1,583,773</b>
Administrative staff cost		(1,925,017)	(2,091,046)	(652,784)	(712,459)
Interest expense		(320,936)	(535,335)	(90,067)	(179,747)
Impairment allowance on trade receivables		(29,901)	(399,558)	16,569	(16,797)
Other operating expenses		(1,703,393)	(1,648,634)	(606,759)	(552,983)
Depreciation of property and equipment		(4,607,378)	(5,396,185)	(1,543,995)	(1,804,531)
<b>Profit/(loss) before impairment</b>		<b>202,187</b>	<b>(2,365,895)</b>	<b>833,821</b>	<b>(1,682,744)</b>
Impairment on property and equipment		-	(2,315,810)	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>202,187</b>	<b>(4,681,705)</b>	<b>833,821</b>	<b>(1,682,744)</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (IN FILS)</b>		<b>1</b>	<b>(21)</b>	<b>4</b>	<b>(8)</b>



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 nine months ended 30 September 2021**

Bahraini Dinars

	note	Nine months ended 30 September		Three months ended 30 September	
		2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (reviewed)
<b>Profit/(loss) for the period</b>		<b>202,187</b>	<b>(4,681,705)</b>	<b>833,821</b>	<b>(1,682,744)</b>
<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		85,653	(697,025)	41,440	481,594
Investment in associates – share in investment in fair value reserve	6	43,390	(62,933)	30,440	27,246
<b>Total other comprehensive income for the period</b>		<b>129,043</b>	<b>(759,958)</b>	<b>71,880</b>	<b>508,840</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>331,230</b>	<b>(5,441,663)</b>	<b>905,701</b>	<b>(1,173,904)</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 nine months ended 30 September 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</b> (reviewed)								
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>								
Profit for the period	-	-	-	-	-	-	202,187	202,187
Other comprehensive income for the period	-	-	-	-	-	129,043	-	129,043
<b>Total comprehensive income for the period</b>	-	-	-	-	-	<b>129,043</b>	202,187	<b>331,230</b>
Utilisation of donations reserve	-	-	-	-	(16,500)	-	-	(16,500)
Dividends declared for 2020	-	-	-	-	-	-	(2,259,949)	(2,259,949)
<b>At 30 September 2021</b>	<b>22,599,487</b>	<b>17,514,442</b>	<b>11,299,744</b>	<b>5,000,000</b>	<b>1,863,131</b>	<b>6,188,958</b>	<b>34,210,567</b>	<b>98,676,329</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 nine months ended 30 September 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	-	-	-	-	-	-	(4,681,705)	(4,681,705)
Other comprehensive income for the period	-	-	-	-	-	(759,958)	-	(759,958)
Total comprehensive income for the period	-	-	-	-	-	(759,958)	(4,681,705)	(5,441,663)
Utilisation of donations reserve	-	-	-	-	(237,950)	-	-	(237,950)
Dividends declared for 2019	-	-	-	-	-	-	(5,648,466)	(5,648,466)
At 30 September 2020	22,599,487	17,514,442	11,299,744	5,000,000	1,969,271	5,553,386	39,714,609	103,650,939

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 nine months ended 30 September 2021**

Bahraini Dinars

	note	30 September 2021 (reviewed)	30 September 2020 (reviewed)
<b>Cash flows from operating activities</b>			
Profit / (Loss) for the period		202,187	(4,681,705)
Adjustments for:			
Depreciation		4,607,378	5,396,185
Share of profit of associates	6	(562,202)	(393,214)
Dividend income		(471,414)	(600,770)
Interest income		(9,237)	(56,504)
Interest expense		320,936	535,335
Impairment of property and equipment		-	2,315,810
Impairment allowance on trade receivables		29,901	399,558
Allowance for slow-moving inventories		-	(1,200)
Provision for employees' end of service benefits		81,043	184,282
<b>Profit for the period after adjustments</b>		<b>4,198,592</b>	<b>3,097,777</b>
<b>Change in operating assets and liabilities:</b>			
Inventories		702,953	782,724
Trade and other receivables		1,208,541	793,359
Trade and other payables		(344,101)	(2,122,653)
Directors' remuneration paid		(72,300)	(240,300)
Employees' end of service benefits paid		(104,337)	(473,447)
<b>Net cash from operating activities</b>		<b>5,589,348</b>	<b>1,837,460</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(106,980)	(425,837)
Disposal of property and equipment		-	(33,084)
Investment in equity accounted investee	6	-	(560,000)
Interest received		9,237	56,504
Dividend received from an associate	6	1,400,000	2,100,000
Other dividend received		471,414	600,770
<b>Net cash from investing activities</b>		<b>1,773,671</b>	<b>1,738,353</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,293,179)	(5,602,597)
Repayment of bank loan		(5,414,000)	-
Donations paid		(16,500)	(237,950)
Interest paid		205,998	(439,626)
<b>Net cash used in financing activities</b>		<b>(7,517,681)</b>	<b>(6,280,173)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(154,662)</b>	<b>(2,704,360)</b>
Cash and cash equivalents at 1 January		4,237,306	7,130,581
<b>Cash and cash equivalents as at 30 September</b>		<b>4,082,644</b>	<b>4,426,221</b>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the nine months ended 30 September 2021**

Bahraini Dinars

**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 nine-month period ended 30 September 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.

**(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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the nine months ended 30 September 2021**

Bahraini Dinars

**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**

	<b>30 September 2021</b>	<b>31 December 2020</b>
Quoted equity securities at FVOCI	10,395,860	10,351,153
Unquoted equity securities at FVOCI	2,853,934	2,812,996
	<b>13,249,794</b>	<b>13,164,149</b>

**6. EQUITY ACCOUNTED INVESTEEES**

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

**30 September 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	762,055	(60,638)	(139,215)	562,202
Dividends received	(1,400,000)	-	-	(1,400,000)
Share of associates' cumulative changes in fair values	43,390	-	-	43,390
<b>Balance at 30 September 2021</b>	<b>6,343,486</b>	<b>853,977</b>	<b>370,785</b>	<b>7,568,248</b>

**30 September 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	-	-	560,000	560,000
Share of profit / (loss) for the period	737,866	(344,652)	-	393,214
Dividends received	(2,100,000)	-	-	(2,100,000)
Share of associates' cumulative changes in fair values	(62,933)	-	-	(62,933)
<b>Balance at 30 September 2020</b>	<b>6,692,378</b>	<b>888,206</b>	<b>560,000</b>	<b>8,140,584</b>

**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:

	<b>2021</b>	<b>2020</b>
Cash dividends	<b>2,259,949</b>	5,648,466

Unpaid dividends as at 30 September 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 nine months ended 30 September 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 nine-month period ended 30 September 2021						For the nine-month period ended 30 September 2020					
	Purchases	Revenue	Management fee income	Interest expense	Share of profit from associates	Dividends received	Purchases	Revenue	Management fee income	Interest expense	Share of profit from associates	Dividends received
Major shareholders and their affiliates	237,654	92,922	86,497	320,936	-	-	35,915	115,164	188,351	535,335	-	-
Equity accounted investees (note 6)	171,174	50,773	-	-	562,202	1,400,000	13,403	75,909	-	-	393,214	2,100,000
Directors and related affiliates	34,089	26,606	-	-	-	-	26,762	584	-	-	-	-
	<b>442,917</b>	<b>170,301</b>	<b>86,497</b>	<b>320,936</b>	<b>562,202</b>	<b>1,400,000</b>	<b>76,080</b>	<b>191,657</b>	<b>188,351</b>	<b>535,335</b>	<b>393,214</b>	<b>2,100,000</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the nine months ended 30 September 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 September 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	57,229	4,080	3,046	6,426,000	148,394	5,989	49,942	11,840,000
Equity accounted investees	21,616	690,658	58,568	-	6,481	40,000	-	-
Directors and related affiliates	59,713	-	549	-	7,389	-	639	-
	<b>138,558</b>	<b>694,738</b>	<b>62,163</b>	<b>-</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:

	Nine-month period ended 30 September	
	2021	2020
Salaries and short-term employee benefits	242,517	123,668
Post employment benefits	11,588	8,691
Directors sitting fees	101,800	208,050
	<b>355,905</b>	<b>340,409</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 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 nine-month period ended 30 September 2021, the Group has not recorded any impairment of amounts owed by related parties (nine-month period ended 30 September 2020: nil and year ended 31 December 2020: nil).

**9. COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>30 September 2021 Reviewed</b>	31 December 2020 Audited
Letter of guarantees	<u><b>115,675</b></u>	<u>100,800</u>

As at 30 September 2021, the Group had commitments of BD Nil (2020: BD 64,135) 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 nine months ended 30 September 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.

**30 September 2021**

Equity securities at FVOCI

Level 1	Level 2	Level 3	Total
10,395,860	-	2,853,934	<b>13,249,794</b>

31 December 2020

Equity securities at FVOCI

Level 1	Level 2	Level 3	Total
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.

**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 nine months ended 30 September 2021**

Bahraini Dinars

**11 SEGMENT INFORMATION (continued)**

	<b>Hotel room operations</b>		<b>Food and beverage</b>		<b>Investment and other activities</b>		<b>Consolidated</b>	
<i>Three-month ended 30 September</i>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Gross operating revenue	<b>1,966,158</b>	833,576	<b>4,151,112</b>	2,893,552	-	-	<b>6,117,270</b>	3,727,128
Gross operating costs	<b>(801,764)</b>	(80,004)	<b>(2,463,751)</b>	(2,492,257)	-	-	<b>(3,265,515)</b>	(2,572,261)
Gross operating profit	<b>1,164,394</b>	753,572	<b>1,687,361</b>	401,295	-	-	<b>2,851,755</b>	1,154,867
Investment income	-	-	-	-	<b>465,978</b>	99,265	<b>465,978</b>	99,265
Interest income	-	-	-	-	<b>3,762</b>	7,875	<b>3,762</b>	7,875
Management fee and other income	<b>149,827</b>	55,762	<b>3,034</b>	405	<b>134,100</b>	88,217	<b>286,961</b>	144,384
Government assistance	<b>89,847</b>	120,770	<b>2,469</b>	23,376	<b>10,085</b>	33,236	<b>102,401</b>	177,382
Interest expense	-	-	-	-	<b>(90,067)</b>	(179,747)	<b>(90,067)</b>	(179,747)
Administrative staff cost	<b>(389,696)</b>	(502,393)	<b>(78,460)</b>	(47,273)	<b>(184,628)</b>	(162,793)	<b>(652,784)</b>	(712,459)
Depreciation	<b>(1,002,310)</b>	(1,174,317)	<b>(536,617)</b>	(569,829)	<b>(5,068)</b>	(60,385)	<b>(1,543,995)</b>	(1,804,531)
Impairment allowance on trade receivables	<b>(14,760)</b>	(16,797)	-	-	<b>31,329</b>	-	<b>16,569</b>	(16,797)
Other operating expenses	<b>(558,653)</b>	(375,468)	-	-	<b>(48,106)</b>	(177,515)	<b>(606,759)</b>	(552,983)
Segment profit / (loss) for the period	<b>(561,351)</b>	(1,138,871)	<b>1,077,787</b>	(192,026)	<b>317,385</b>	(351,847)	<b>833,821</b>	(1,682,744)



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
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**11 SEGMENT INFORMATION (continued)**

	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Nine-month ended 30 September</b>								
Gross operating revenue	<b>5,148,419</b>	4,319,588	<b>10,096,924</b>	10,478,096	-	-	<b>15,245,343</b>	14,797,684
Gross operating costs	<b>(2,260,700)</b>	(2,307,994)	<b>(6,327,794)</b>	(7,118,466)	-	-	<b>(8,588,494)</b>	(9,426,460)
Gross operating profit	<b>2,887,719</b>	2,011,594	<b>3,769,130</b>	3,359,630	-	-	<b>6,656,849</b>	5,371,224
Investment income	-	-	-	-	<b>1,033,616</b>	993,984	<b>1,033,616</b>	993,984
Interest income	-	-	-	-	<b>9,237</b>	56,504	<b>9,237</b>	56,504
Management fee and other income	<b>240,070</b>	174,718	<b>24,373</b>	6,875	<b>459,522</b>	443,355	<b>723,965</b>	624,948
Government assistance	<b>340,998</b>	530,606	<b>4,937</b>	61,763	<b>19,210</b>	65,834	<b>365,145</b>	658,203
Interest expense	-	-	-	-	<b>(320,936)</b>	(535,335)	<b>(320,936)</b>	(535,335)
Administrative staff cost	<b>(1,105,187)</b>	(1,307,640)	<b>(240,682)</b>	(206,416)	<b>(579,148)</b>	(576,990)	<b>(1,925,017)</b>	(2,091,046)
Depreciation	<b>(2,992,554)</b>	(3,508,571)	<b>(1,599,296)</b>	(1,707,662)	<b>(15,528)</b>	(179,952)	<b>(4,607,378)</b>	(5,396,185)
Impairment on property and equipment	-	-	-	-	-	(2,315,810)	-	(2,315,810)
Impairment allowance on trade receivables	<b>(21,449)</b>	(206,890)	-	(159,444)	<b>(8,452)</b>	(33,224)	<b>(29,901)</b>	(399,558)
Other operating expenses	<b>(1,448,333)</b>	(1,337,305)	-	-	<b>(255,060)</b>	(311,329)	<b>(1,703,393)</b>	(1,648,634)
Segment profit / (loss) for the period	<b>(2,098,736)</b>	(3,643,488)	<b>1,958,462</b>	1,354,746	<b>342,461</b>	(2,392,963)	<b>202,187</b>	(4,681,705)

	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Total assets	<b>50,331,142</b>	56,718,013	<b>29,786,376</b>	33,757,833	<b>31,357,497</b>	28,304,387	<b>111,475,015</b>	118,780,233
Total liabilities	<b>(3,037,203)</b>	(3,044,710)	<b>(2,358,217)</b>	(2,351,014)	<b>(7,403,266)</b>	(12,762,961)	<b>(12,798,686)</b>	(18,158,685)
Capital expenditure *	<b>16,929</b>	373,075	<b>75,079</b>	51,299	<b>14,972</b>	1,463	<b>106,980</b>	425,837

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
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**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 September 2021, the Group received a total subsidy of BD 365,145 (2020: 658,203) comprising BD 179,910 towards staff costs (2020: 444,005) and BD 185,235 towards government levy exemption (2020: 49,744) and BD Nil towards utilities (2020: 164,454). 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**

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 COVID implications for business by means of transformation have become the "Post COVID recovery", stage for businesses in general and the hospitality in particular including food and beverage as well as the retail operation.

However, a sustainable recovery looms a bit farther than what's desired since both factors of Inflation and the Bahrain consumer shift in demand in particular the spending patterns, are yet to stabilize near 2019 rates.

The Group leadership vision is about delivering growth and sustainability without trading off heritage/legacy and values, to cope with the Kingdom's path towards recovery at both macro and micro-economies. What has been witnessed as new dire consequences, are continuously developing in global economic load, represented by a material increase in cost and sourcing what called the Group management for further actions to tackle a bundle of repercussions as mitigated in 2022 budget planning to maintain a cost reduction approach while aiming towards competitiveness in a very challenging regional market.

Such challenges materialized in forces shaping the post-pandemic theme for Bahrain whereas regional tourism equals 90% of the country's influx therefore, regional touristic influx deviation means either growth or downfall.

Globally speaking, the empowerment of global markets trends has little positive influence on the touristic - hospitality industries in Bahrain.

Combatting COVID, Bahrain's Government has achieved excellence in supporting local businesses during the peak of the pandemic, equally to glorious result against COVID up and close to normal life in the Kingdom; equally, we are expecting more from the Government by introducing additional initiatives to leverage and boost the local economy as well as to drive in a share from the regional growth, what would contribute further leverage to the economy in general and the hospitality sector in particular.

Gulf Hotels Group recovery is steadily progressing as recorded in the first nine months financials of the year 2021 a GOP of BD 6.657m reflecting the Group's ability to generate cash, also the net result profit of BD 202,187 is substantiated as follows:

- 1- Third quarter NP of BD 833,821
- 2- Depreciation dropped from 5,396,185 to BD 4,607,378.
- 3- A decrease in provisions for doubtful debts from year 2020 by BD 369,657.

We are not foreseeing any going concern qualification for GHG despite the decrease in revenue if compared by 2019, however, the business optimization activities resulted in a higher profitability rate; hand in hand, the group management, the operation managers, and entire finance teams are continuously developing best practices; GHG has a robust accounting and reporting systems in place with a professional team continuously monitoring and reporting trends and financial indicators. Besides, GHG doesn't have any legal obligations.

GHG's future cash flows forecasts do not indicate any red flags about the business going concern when it comes to working capital and liquidity.

The below statutory auditors condensed interim financial information for the nine months ended 30 September 2021 are as follows:

<u>Financial statement area</u>	<u>Nature of impact</u>	<u>Amount &lt;BD&gt;</u>
Operating Income	Increase	447,659
Government grants	Decrease	293,058
Nine months Profit		202,187

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