

Kuwait Resorts Company K.P.S.C.

And its Subsidiary

State of Kuwait

Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

And review report

(Unaudited)

Kuwait Resorts Company K.P.S.C.
And its Subsidiary
State of Kuwait

Interim Condensed Consolidated Financial Information
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(Unaudited)

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Kuwait Resorts Company K.P.S.C.

State of Kuwait

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Resorts Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 30 June 2021 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, the Executive Regulation, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-months period ended 30 June 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2021, that might had a material effect on the business of the Parent Company or on its financial position.



Talal Y. Al-Muzaini

Licence No. 209 A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 5 August 2021

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment		73,131	3,861	118,512
Investment properties		9,818,263	9,840,036	11,873,805
Investment in associate		100,083	100,814	102,327
Investment in joint ventures		-	73,011	73,011
Financial assets at fair value through OCI	5	16,452,910	16,695,678	14,651,378
		<u>26,444,387</u>	<u>26,713,400</u>	<u>26,819,033</u>
Current assets				
Receivables and other debit balances	6	4,889,247	5,090,574	5,255,808
Cash, bank accounts and time deposits	7	1,998,823	1,498,146	1,763,635
		<u>6,888,070</u>	<u>6,588,720</u>	<u>7,019,443</u>
Total assets		<u>33,332,457</u>	<u>33,302,120</u>	<u>33,838,476</u>
Equity and liabilities				
Equity				
Share capital		21,021,809	21,021,809	19,646,550
Statutory reserve		3,545,243	3,545,243	3,518,019
Treasury shares	8	(839,914)	(754,651)	(392,460)
Change in fair value reserve		1,014,189	1,256,958	79,885
Foreign currency translation reserve		(205,617)	(176,373)	(111,406)
Retained earnings		4,596,247	4,465,844	6,270,066
		<u>29,131,957</u>	<u>29,358,830</u>	<u>29,010,654</u>
Liabilities				
Non-current liabilities				
Provision for employees' end of service indemnity		755,571	943,362	952,150
Current liabilities				
Due to banks	9	1,243,663	1,496,553	2,326,879
Payables and other credit balances	10	2,201,266	1,503,375	1,548,793
		<u>3,444,929</u>	<u>2,999,928</u>	<u>3,875,672</u>
Total liabilities		<u>4,200,500</u>	<u>3,943,290</u>	<u>4,827,822</u>
Total equity and liabilities		<u>33,332,457</u>	<u>33,302,120</u>	<u>33,838,476</u>

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



Adwan Mohammad Al-Adwani
Chairman



Ibrahim Mohamed Al-Ghanim
Vice Chairman and CEO

Kuwait Resorts Company K.P.S.C.

And its Subsidiary

State of Kuwait

Interim Condensed Consolidated Statement of Income for the six-months ended 30 June 2021**(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
Operating revenue		1,990,908	534,216	3,311,459	2,213,199
Operating cost		(1,135,899)	(468,592)	(1,993,603)	(1,547,273)
Gross operating profit	11	855,009	65,624	1,317,856	665,926
Cash dividends from investments		208,647	521,310	280,666	521,310
Other income / (losses)		278,376	3,184	279,725	(200,346)
Expected credit loss		-	(68,947)	-	(68,947)
Impairment	6	(480,235)	-	(480,235)	-
General and administrative expenses		(99,714)	(105,041)	(195,268)	(196,951)
Finance costs		(15,004)	(7,759)	(37,153)	(28,439)
Net profit before deductions		747,079	408,371	1,165,591	692,553
Contribution to KFAS		(6,723)	(3,675)	(10,490)	(6,233)
National Labor Support Tax		(23,567)	(3,246)	(29,409)	(11,097)
Zakat expense		(9,427)	(1,299)	(11,764)	(4,439)
Net profit for the period		707,362	400,151	1,113,928	670,784
Earnings per share (fils)	12	3.43	2.08	5.48	3.48

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

Kuwait Resorts Company K.P.S.C.
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**Interim Condensed Consolidated Statement of Comprehensive Income for the six-months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
Net profit for the period	707,362	400,151	1,113,928	670,784
Other comprehensive income/ (loss) items				
<i>Items that may not be reclassified subsequently to the interim condensed consolidated statement of income</i>				
Investments at fair value through other comprehensive income:				
Change in fair value through other comprehensive income	1,082,280	473,147	(242,769)	177,830
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income</i>				
Foreign currency translation reserve	(17,956)	(10,153)	(29,244)	60,653
Total other comprehensive income/ (loss) items	1,064,324	462,994	(272,013)	238,483
Total comprehensive income for the period	1,771,686	863,145	841,915	909,267

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

Interim Condensed Consolidated Statement of Changes in Equity for the six-months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Share capital	Statutory reserve	Treasury shares	Change in fair value reserve	Foreign currency translation reserve	Retained earnings	Total
Balance as at 1 January 2020	19,646,550	3,518,019	(388,370)	(107,479)	(172,059)	5,608,816	28,105,477
Net profit for the period	-	-	-	-	-	670,784	670,784
Loss on sale of investment at fair value through OCI	-	-	-	9,534	-	(9,534)	-
Purchase of treasury shares	-	-	(4,090)	-	-	-	(4,090)
Other comprehensive loss items	-	-	-	177,830	60,653	-	238,483
Balance as at 30 June 2020	<u>19,646,550</u>	<u>3,518,019</u>	<u>(392,460)</u>	<u>79,885</u>	<u>(111,406)</u>	<u>6,270,066</u>	<u>29,010,654</u>
Balance as at 1 January 2021	21,021,809	3,545,243	(754,651)	1,256,958	(176,373)	4,465,844	29,358,830
Net profit for the period	-	-	-	-	-	1,113,928	1,113,928
Other comprehensive income items	-	-	-	(242,769)	(29,244)	-	(272,013)
Cash dividends (Note 13)	-	-	-	-	-	(393,414)	(393,414)
Dividends in kind from treasury shares (Note 13)	-	-	590,111	-	-	(590,111)	-
Purchase of treasury shares	-	-	(675,374)	-	-	-	(675,374)
Balance as at 30 June 2021	<u>21,021,809</u>	<u>3,545,243</u>	<u>(839,914)</u>	<u>1,014,189</u>	<u>(205,617)</u>	<u>4,596,247</u>	<u>29,131,957</u>

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

Interim Condensed Consolidated Statement of Cash Flows for the six-months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended	
		30 June	
		2021	2020
Cash flows from operating activities			
Net profit for the period		1,113,928	670,784
Adjustments:			
Depreciation		34,855	19,973
Cash dividends from investments		(280,666)	(521,310)
Finance costs		37,153	28,439
Expected credit losses		-	68,947
Impairment		480,235	-
Provision for employees' end of service indemnity		89,443	72,795
Operating profits before working capital changes		1,474,948	339,628
Receivables and other debit balances		(205,897)	18,217
Payables and other credit balances		691,019	(585,968)
Payment of end of service indemnity		(277,234)	(18,781)
Net cash generated /(used in) from operating activities		1,682,836	(246,904)
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(104,125)	(83,143)
Purchase of Financial assets at fair value through OCI		-	(812,865)
Proceeds from sale of Financial assets at fair value through OCI		-	11,324
Cash dividends received		280,666	216,098
Net cash generated /(used in) from investing activities		176,541	(668,586)
Cash flows from financing activities			
Cash dividends Paid		(393,414)	-
Purchase of treasury shares		(675,374)	(4,090)
Net change in due to banks		(259,631)	513,367
Finance costs paid		(30,281)	(55,886)
Net cash (used in)/ generating from financing activities		(1,358,700)	453,391
Net increase/(decrease) in cash and cash equivalents		500,677	(462,099)
Cash and cash equivalents at the beginning of period		1,498,146	2,294,681
Expected credit loss		-	(68,947)
Cash and cash equivalents at the end of period	7	1,998,823	1,763,635

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

Kuwait Resorts Company K.P.S.C

And its Subsidiary

State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information for the six-months ended 30 June 2021

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation and activities

Kuwait Resorts Company is a Kuwaiti Shareholding Company (Public) "the Parent Company" - Kuwait established in Kuwait, under article of incorporation No. 4179 dated 7 August 2002 and registered in the commercial register under No. 91093 dated 22 September 2002.

The registered office of the Parent Company is at P.O. Box No. 7887, Fahaheel 64009, State of Kuwait.

The Parent Company's objectives are as follows:

- 1- Design, construct, manage and utilize Mangaf Resort (Plage 13) according to contract signed with Touristic Enterprise Company (KSC) and its annexure signed with Ministry of Finance, which includes five stars hotel, ballroom, shops, chalets and gyms.
- 2- Purchase and rent equipment, machines, catering and consumables that serve the Company's objectives.
- 3- Owning, selling and acquiring real estate and lands and developing them in the Company's favor, inside and outside Kuwait, also managing others' properties, without violating the laws relating to private residential houses.
- 4- Owning, selling and acquiring real estate company's shares and bonds only in favor of the Company inside and outside Kuwait.
- 5- Preparing studies and providing consultations in the field of real estate.
- 6- Owning and managing hotels, gyms and touristic facilities and renting them.
- 7- Conducting maintenance activities relating to buildings and real estates owned by the Company including civil, mechanic and electrical works and elevators and air condition maintenance that maintain safety of the buildings.
- 8- Managing, operating, investing and renting all kind of hotels, clubs, motels, rest houses, resorts, parks, exhibitions, restaurants, cafeterias, residential compounds, health and touristic resorts, entertaining and sport projects and shops including all basic and supporting services and facilities.
- 9- Organizing real estate exhibitions relating to the Company's real estate projects according to rules and practices in the ministry.
- 10- Conducting real estate auctions according to rules and practices in the ministry.
- 11- Owning and managing commercial complexes and residential compounds.
- 12- Investing the surplus funds in investment and real estate portfolios managed by specialized companies.

The Company conducts the above mentioned activities inside and outside Kuwait by itself or through agent.

The Company can incorporate, acquire interest or participate in all means with corporations with similar activities or assist in achieving the Company's objectives inside and outside Kuwait.

The activities of the Parent Company are carried out in accordance with Noble Islamic Sharia principles.

The Parent Company owns a five star hotel "Hilton Kuwait Resort" in the State of Kuwait.

The Parent Company was listed on the Kuwait Stock Exchange on 21 July 2007.

The interim condensed consolidated financial information for the Group includes the financial information of the Parent Company and its wholly owned subsidiary Bahraini Resort Company W.L.L., together referred as "The Group". The subsidiary has been consolidated based on management accounts as at 30 June 2021.

The Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2020 at the annual general assembly meeting held on 20 April 2021 (Note 13).

These interim condensed consolidated financial information for the six months ended 30 June 2021 was authorized for issue by the board of directors of the Parent Company on 5 August 2021.

**Notes to the Interim Condensed Consolidated Financial Information for the six-months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 30 June 2021 are not necessarily indicative of results that may be expected for the year ending 31 December 2021. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2020.

The Group's component Hilton Kuwait Resort financial statements for year ended 31 December 2020 have been prepared on a going concern basis as the management believes that the owner will get the lease term, relating to the property on which the Resort operates, extended for one year on expiration of the current term.

2.2 Significant accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as follows:

2.2.1 Application of new and revised International Financial Reporting Standards (IFRS)

Interest Rate Benchmark Reform "phase two" amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16	The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.
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The amendments affect many entities and in particular those with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform.

- The amendments apply to all entities and are not optional.
- The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.

IFRSs issued but not yet mandatorily effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 <i>Insurance Contracts</i>	The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.
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Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
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The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 <i>Reference to the Conceptual Framework</i>	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
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Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same or earlier.

Amendments to IAS 16 <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted.
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**Notes to the Interim Condensed Consolidated Financial Information for the six-months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

Amendments to IAS 37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018-2020 Cycle	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i> The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 The amendment is effective for annual periods beginning on or after 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies the amendment is effective for annual periods beginning on or after 1 January 2023
Amendments to IAS 8	Definition of accounting estimates The amendment is effective for annual periods beginning on or after 1 January 2023

The management do not expect that the adoption of the Standards listed above will have a material impact on the interim condensed consolidated financial information of the Group in future periods.

3. Fair value estimation

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

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

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

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/06/2021	31/12/2020	30/06/2020				
Quoted Shares	7,653,593	7,892,885	5,890,015	1	Last bid price	-	The higher discount rate and market risk results in lower fair value
Unquoted shares	8,799,317	8,802,793	8,761,363	3	Adjusted book value	Adjustments to carrying value	

Reconciliation of Level 3 fair value measurements

	Unquoted investments		
	30 June 2021 (unaudited)	31 December 2020 (Audited)	30 June 2020 (unaudited)
Balance as at beginning period/ year	8,802,793	8,536,766	8,536,766
Change in fair value	(3,476)	(179,451)	(220,880)
Addition/ disposal	-	445,478	445,477
Balance as at ending period/ year	8,799,317	8,802,793	8,761,363

The fair values of other financial assets and financial liabilities which are not measured at fair value on ongoing basis equal approximately their carrying values.

Kuwait Resorts Company K.P.S.C

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Notes to the Interim Condensed Consolidated Financial Information for the six-months ended 30 June 2021**(Unaudited)***(All amounts are in Kuwaiti Dinars unless otherwise stated)***4. Estimates**

The preparation of interim condensed consolidated 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 expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020.

5. Financial assets at fair value through OCI

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Quoted investments	7,653,593	7,892,885	5,890,015
Unquoted investments	8,799,317	8,802,793	8,761,363
	<u>16,452,910</u>	<u>16,695,678</u>	<u>14,651,378</u>

Financial assets at fair value through OCI are mainly represents investments with related parties as at 30 June 2021.

The investments include an amount of KD 12,065,573 pledged to banks as at 30 June 2021 (KD 12,849,941 - 31 December 2020, KD 11,638,468 - 30 June 2020) against facilities granted to the Group and the invested Company.

6. Receivables and other debit balances

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Trade receivables	316,424	283,735	341,704
Less: Provision for loss allowance	(117,000)	(102,720)	(104,881)
	<u>199,424</u>	<u>181,015</u>	<u>236,823</u>
Prepayments	262,563	110,948	119,000
Advance payments to acquire investment properties-net*	4,015,049	4,322,278	4,148,570
Due from related parties (Note 14)	340,500	340,500	340,500
Other receivables	71,711	135,833	410,915
	<u>4,889,247</u>	<u>5,090,574</u>	<u>5,255,808</u>

*During the period ended 30-June-2021, the management has booked an impairment of KD 407,224 against advance payment to acquire an investment property due to probable decline in property value in the near future.

7. Cash, bank accounts and time deposits

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Cash in hand	11,720	13,466	12,347
Cash at banks and portfolios	1,987,103	1,484,680	1,130,763
Time deposits	679,280	686,246	689,472
Expected credit losses	(679,280)	(686,246)	(68,947)
	<u>1,998,823</u>	<u>1,498,146</u>	<u>1,763,635</u>

**Notes to the Interim Condensed Consolidated Financial Information for the six-months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

8. Treasury shares

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Number of shares (share)	13,827,155	11,253,928	3,932,593
Ownership percentage (%)	6.58	5.35	1.95
Market value (KD)	1,050,864	701,120	212,360

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the relevant instructions of the regulatory authorities.

9. Due to banks

Due to banks are secured by investment properties, financial assets through OCI (Note 5), and secured by a mortgage of certain real estate properties owned by a major shareholder and his guarantee.

The average effective finance cost of credit facilities as at 30 June 2021 was 3.5% (3.5% - 31 December 2020, 5% - 30 June 2020).

10. Payables and other credit balances

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Trade payables	80,689	140,797	96,480
Accrued expenses and leave	646,870	366,270	100,375
Due to related parties (Note 14)	104,637	156,988	162,126
Contribution to KFAS	135,591	125,101	129,505
Dividends payables	97,080	31,901	31,900
Others	1,136,399	682,318	1,028,407
	<u>2,201,266</u>	<u>1,503,375</u>	<u>1,548,793</u>

11. Gross operating profit

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Revenue from hotel operation	1,990,908	534,216	3,311,459	2,213,199
Hotel expenses	(1,112,322)	(458,335)	(1,959,190)	(1,528,415)
Other expenses	(23,577)	(10,257)	(34,413)	(18,858)
	<u>855,009</u>	<u>65,624</u>	<u>1,317,856</u>	<u>665,926</u>

This item mainly represents the gross operating profit from Hilton Kuwait Resort operations.

12. Earnings per share

Earnings per share is computed by dividing net profit for the period by the weighted average number of ordinary shares outstanding, which is determined based on number of issued capital shares outstanding during the period, taking into account treasury shares, as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net profit for the period (KD)	707,362	400,151	1,113,928	670,784
Weighted average number of outstanding shares during the period after deduction of treasury shares (shares)	206,189,219	192,548,022	203,420,426	192,589,590
Earnings per share (fils)	<u>3.43</u>	<u>2.08</u>	<u>5.48</u>	<u>3.48</u>

Kuwait Resorts Company K.P.S.C

And its Subsidiary

State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information for the six-months ended 30 June 2021**(Unaudited)***(All amounts are in Kuwaiti Dinars unless otherwise stated)***13. Dividends**

On 20 April 2021, the Ordinary General Assembly of the shareholders has approved the consolidated financial statements for the year ended 31 December 2020 and approved to distribute cash dividends 2 fils per share and distribution of 3 treasury shares of the Parent Company for each 100 shares (distribution 7 treasury shares of the Parent Company for each 100 share – 2019)

14. Related party transactions

Related parties comprise of the Parent Company's shareholders who are members in the board of directors, major shareholders, and key management personnel. In the ordinary course of business, the Group entered into transactions with related parties during the period. The following are the transactions and balances resulted from these transactions included in the interim condensed consolidated financial information:

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Balances			
Investments at FVOCI	15,809,971	16,078,429	14,067,965
Due from related parties	340,500	340,500	340,500
Due to related parties	104,637	156,988	162,126

The amounts due from/to related parties are non-interest bearing and are recoverable/payable on demand.

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Transactions				
Key management benefits	128,337	54,042	188,673	114,423
Gains from investments	280,666	521,310	280,666	521,310

15. Contingent commitments and liabilities

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Capital commitment	116,543	768,272	1,126,823
Letter of Guarantees	440,225	440,225	440,225

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

16. Segment reporting

The Group is organized into two major operating segments; hotels and investment. Both segments results are reported to senior executive management. Further, Group's operating results, assets and liabilities are reported according to geographical areas in which it operates. Revenue, profits, assets and liabilities are measured according to the same accounting bases followed in preparation of consolidated financial statements. Segment analysis in line with internal reports submitted to management is as follows:

	30 June 2021				30 June 2020			
	Hotels	Financial Investment	Real Estate	Total	Hotels	Financial Investment	Real Estate	Total
Revenues	3,311,459	280,666	277,517	3,869,642	2,213,199	-	302,587	2,515,786
Expenses	(1,993,603)	-	(480,235)	(2,473,838)	(1,547,273)	(68,947)	-	(1,616,220)
Segments results	1,317,856	280,666	(202,718)	1,395,804	665,926	(68,947)	302,587	899,566
Other income	2,438	-	-	2,438	-	-	-	5,147
Un allocated expenses	-	-	-	(284,314)	-	-	-	(233,929)
Net profit for the year	-	-	-	1,113,928	-	-	-	670,784
Segments assets	2,131,752	16,452,910	14,747,795	33,332,457	1,432,831	620,525	31,785,120	33,838,476
Segments liabilities	2,331,585	-	1,868,915	4,200,500	1,797,110	-	3,030,712	4,827,822

Geographic distribution

	30 June 2021			30 June 2020		
	State of Kuwait	GCC	Total	State of Kuwait	GCC	Total
Segment revenue	3,866,959	5,121	3,872,080	2,751,760	22,525	2,774,285
Segment expenses	(2,683,753)	(74,399)	(2,758,152)	(2,092,227)	(11,274)	(2,103,501)
Segment result	1,183,206	(69,278)	1,113,928	659,533	11,251	670,784
Segments assets	22,951,989	10,380,468	33,332,457	20,744,550	13,093,926	33,838,476
Segments liabilities	2,956,837	1,243,663	4,200,500	4,553,387	274,435	4,827,822

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

17. Impact of COVID-19

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Fiscal and monetary authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of local authorities and IFRS, and incorporated the outcome in these interim condensed consolidated financial information and explained the changes below related to the impairment of investment properties and valuation estimates and judgements as at and for the period ended 30 June 2021:

Valuation estimates and judgements

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that Group has sufficient liquid assets to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.