

**Kuwait Resorts Company K.P.S.C.**

And its Subsidiary

. State of Kuwait

**Interim Condensed Consolidated Financial Information**

**For the nine months ended 30 September 2021**

**And review report**

**(Unaudited)**

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

**Interim Condensed Consolidated Financial Information**  
**For the nine months ended 30 September 2021**  
**And review report**  
**(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 September 2021 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this 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 interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

*Emphasis of Matter*

We draw attention to notes (4) and (16) of Interim Condensed Consolidated Financial Information, which describes details about managements assumption relating to the renewal of the lease contract for the Hilton Kuwait Resort. Our conclusion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim 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 nine-months period ended 30 September 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 nine-month period ended 30 September 2021, that might had a material effect on the business of the Parent Company or on its financial position.



**Talal Y. Al-Muzaini**

License No. 209 A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 9 November 2021

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

(All amounts are in Kuwaiti Dinars)

	Note	30 September 2021 (unaudited)	31 December 2020 (audited)	30 September 2020 (unaudited)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		85,037	3,861	96,691
Investment properties		9,837,399	9,840,036	11,633,631
Investment in associate		100,726	100,814	101,750
Investment in joint ventures		-	73,011	73,011
Financial assets at fair value through OCI	5	17,714,546	16,695,678	15,406,018
		<u>27,737,708</u>	<u>26,713,400</u>	<u>27,311,101</u>
<b>Current assets</b>				
Receivables and other debit balances	6	4,882,019	5,090,574	5,250,024
Cash, bank accounts and time deposits	7	1,210,273	1,498,146	1,800,951
		<u>6,092,292</u>	<u>6,588,720</u>	<u>7,050,975</u>
<b>Total assets</b>		<u>33,830,000</u>	<u>33,302,120</u>	<u>34,362,076</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		21,021,809	21,021,809	21,021,809
Statutory reserve		3,545,243	3,545,243	3,518,021
Treasury shares	8	(948,122)	(754,651)	(613,794)
Change in fair value reserve		2,287,469	1,256,958	311,910
Foreign currency translation reserve		(179,906)	(176,373)	(133,285)
Retained earnings		5,456,116	4,465,844	5,075,343
		<u>31,182,609</u>	<u>29,358,830</u>	<u>29,180,004</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provision for employees' end of service indemnity		767,688	943,362	946,314
<b>Current liabilities</b>				
Due to banks	9	560,000	1,496,553	2,398,179
Payables and other credit balances	10	1,319,703	1,503,375	1,837,579
		<u>1,879,703</u>	<u>2,999,928</u>	<u>4,235,758</u>
<b>Total liabilities</b>		<u>2,647,391</u>	<u>3,943,290</u>	<u>5,182,072</u>
<b>Total equity and liabilities</b>		<u>33,830,000</u>	<u>33,302,120</u>	<u>34,362,076</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 nine-months ended 30 September 2021****(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
Operating revenue		2,295,906	2,003,838	5,607,365	4,217,037
Operating cost		(1,290,530)	(1,054,768)	(3,284,133)	(2,602,041)
Gross operating profit	11	1,005,376	949,070	2,323,232	1,614,996
Loss from investment properties		-	(5,351)	-	(5,351)
Cash dividends from investments		-	(8,740)	280,666	512,570
Other income / (losses)		15,996	9,239	295,721	(191,107)
Impairment	6	-	-	(480,235)	-
Expected credit loss		-	(617,299)	-	(686,246)
General and administrative expenses		(101,880)	(107,689)	(297,148)	(304,640)
Finance costs		(7,425)	(30,305)	(44,578)	(58,744)
<b>Net profit before deductions</b>		912,067	188,925	2,077,658	881,478
Contribution to KFAS		(8,209)	(1,700)	(18,699)	(7,933)
National Labor Support Tax		(23,105)	(4,779)	(52,514)	(15,876)
Zakat expense		(9,242)	(1,911)	(21,006)	(6,350)
<b>Net profit for the period</b>		871,511	180,535	1,985,439	851,319
<b>Earnings per share (fils)</b>	12	4.46	0.88	9.89	4.15

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 nine-months ended 30 September 2021  
(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net profit for the period	871,511	180,535	1,985,439	851,319
<b>Other comprehensive income/ (loss) items</b>				
<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	1,261,637	232,026	1,018,868	409,856
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income</i>				
Foreign currency translation reserve	25,711	(21,879)	(3,533)	38,774
<b>Total comprehensive income for the period</b>	<b>1,287,348</b>	<b>210,147</b>	<b>1,015,335</b>	<b>448,630</b>
	<b>2,158,859</b>	<b>390,682</b>	<b>3,000,774</b>	<b>1,299,949</b>

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

**Interim Condensed Consolidated Statement of Changes in Equity for the nine-months ended 30 September 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
<b>Balance as at 1 January 2020</b>	19,646,550	3,518,021	(388,370)	(107,479)	(172,059)	5,608,816	28,105,479
Net profit for the period	-	-	-	-	-	851,319	851,319
Other comprehensive income items	-	-	-	409,856	38,774	-	448,630
Transfer to retained earnings on disposal of fair value through other comprehensive income investment	-	-	-	9,533	-	(9,533)	-
Purchase of treasury shares	-	-	(225,424)	-	-	-	(225,424)
Issue of bonus shares	1,375,259	-	-	-	-	(1,375,259)	-
<b>Balance as at 30 September 2020</b>	<u>21,021,809</u>	<u>3,518,021</u>	<u>(613,794)</u>	<u>311,910</u>	<u>(133,285)</u>	<u>5,075,343</u>	<u>29,180,004</u>
<b>Balance as at 1 January 2021</b>	21,021,809	3,545,243	(754,651)	1,256,958	(176,373)	4,465,844	29,358,830
Net profit for the period	-	-	-	-	-	1,985,439	1,985,439
Other comprehensive income items	-	-	-	1,018,868	(3,533)	-	1,015,335
Loss on disposal of investment	-	-	-	11,643	-	(11,643)	-
Cash dividends (Note 13)	-	-	-	-	-	(393,413)	(393,413)
Dividends in kind from treasury shares (Note 13)	-	-	590,111	-	-	(590,111)	-
Purchase of treasury shares	-	-	(783,582)	-	-	-	(783,582)
<b>Balance as at 30 September 2021</b>	<u>21,021,809</u>	<u>3,545,243</u>	<u>(948,122)</u>	<u>2,287,469</u>	<u>(179,906)</u>	<u>5,456,116</u>	<u>31,182,609</u>

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 Cash Flows for the nine-months ended 30 September 2021  
(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	Note	Nine months ended 30 September	
		2021	2020
<b>Cash flows from operating activities</b>			
Net profit for the period		1,985,439	851,319
<b>Adjustments:</b>			
Depreciation		97,893	63,781
Cash dividends from investments		(280,666)	(512,570)
Finance costs		44,578	58,744
Loss on sale on investment property		-	5,351
Expected credit losses		-	686,246
Impairment	6	480,235	-
Provision for employees' end of service indemnity		127,682	109,515
Operating profits before working capital changes		2,455,161	1,262,386
Receivables and other debit balances		(198,669)	(278,151)
Payables and other credit balances		(184,480)	(299,065)
Payment of end of service indemnity		(303,356)	(61,337)
Net cash generated /(used in) from operating activities		1,768,656	623,833
<b>Cash flows from investing activities</b>			
Paid for purchase of property, plant and equipment		(179,069)	(105,131)
Purchase of Financial assets at fair value through OCI		-	(1,335,439)
Proceeds from sale of Financial assets at fair value through OCI		-	11,324
Proceeds from sale of investment property		-	215,806
Cash dividends received		280,666	509,470
Net cash generated/ (used in) from investing activities		101,597	(703,970)
<b>Cash flows from financing activities</b>			
Cash dividends Paid		(393,413)	-
Purchase of treasury shares		(783,582)	(225,423)
Net change in due to banks		(936,553)	582,382
Finance costs paid		(44,578)	(84,306)
Net cash (used in)/ generating from financing activities		(2,158,126)	272,653
Net (decrease)/ increase in cash and cash equivalents		(287,873)	192,516
Cash and cash equivalents at the beginning of period		1,498,146	2,294,681
Expected credit loss		-	(686,246)
<b>Cash and cash equivalents at the end of period</b>	7	1,210,273	1,800,951

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

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

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**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 September 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 nine months ended 30 September 2021 was authorized for issue by the board of directors of the Parent Company on 9 November 2021.

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 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 September 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.

**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	<p>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.</p> <p>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.</p> <ul style="list-style-type: none"><li>- The amendments apply to all entities and are not optional.</li><li>- The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.</li></ul>
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**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.
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> 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. Early application is permitted if an entity also applies all other updated references (published together with the updated <i>Conceptual Framework</i> ) 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.
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.

**Kuwait Resorts Company K.P.S.C**

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**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2021****(Unaudited)***(All amounts are in Kuwaiti Dinars unless otherwise stated)*

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
	30/09/2021	31/12/2020	30/09/2020				
Quoted Shares	8,915,230	7,892,885	6,684,672	1	Last bid price	-	-
Unquoted shares	8,799,316	8,802,793	8,721,346	3	Adjusted book value	Adjustments to carrying value	The higher discount rate and market risk results in lower fair value

**Reconciliation of Level 3 fair value measurements**

	Unquoted investments		
	30 September 2021 (unaudited)	31 December 2020 (Audited)	30 September 2020 (unaudited)
Balance as at beginning period/ year	8,802,793	8,536,766	8,536,766
Change in fair value	(3,477)	(179,451)	(260,898)
Addition/ disposal	-	445,478	445,478
Balance as at ending period/ year	8,799,316	8,802,793	8,721,346

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.

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

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**4. Critical accounting judgments and 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.

**Hotel lease renewal**

The group is expecting the renewal of lease contract of Hilton Kuwait Resorts which is still operational as of the reporting date and is operated by the Group based on the utilization right contract with the Ministry of Finance that ended in Dec 2020. The Group has paid rent in advance to the government against this lease and is currently negotiating with the government for renewal of the lease contract. The Group therefore, expects the lease to be renewed for another year (note 16)

**5. Financial assets at fair value through OCI**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Quoted investments	8,915,230	7,892,885	6,684,672
Unquoted investments	8,799,316	8,802,793	8,721,346
	<u>17,714,546</u>	<u>16,695,678</u>	<u>15,406,018</u>

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

The investments include an amount of KD 13,022,978 pledged to banks as at 30 September 2021 (KD 12,849,941 - 31 December 2020, KD 11,849,014 - 30 September 2020) against facilities granted to the Group and the invested Company.

**6. Receivables and other debit balances**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Trade receivables	258,522	283,735	318,448
Less: Provision for loss allowance	(117,000)	(102,720)	(104,216)
	<u>141,522</u>	<u>181,015</u>	<u>214,232</u>
Prepayments	214,600	110,948	127,421
Advance payments to acquire investment properties-net*	4,073,566	4,322,278	4,240,543
Due from related parties (Note 14)	340,500	340,500	340,500
Other receivables	111,831	135,833	327,328
	<u>4,882,019</u>	<u>5,090,574</u>	<u>5,250,024</u>

\* During the period ended 30 September 2021, the management has booked an impairment of KD 407,224 (KD Nil – 31 December 2020) 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**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Cash in hand	14,587	13,466	11,875
Cash at banks and portfolios	1,195,686	1,484,680	1,789,076
	<u>1,210,273</u>	<u>1,498,146</u>	<u>1,800,951</u>

**Kuwait Resorts Company K.P.S.C**

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**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2021****(Unaudited)***(All amounts are in Kuwaiti Dinars unless otherwise stated)***8. Treasury shares**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Number of shares (share)	15,175,354	11,253,928	8,769,769
Ownership percentage (%)	7.22	5.35	4.17
Market value (KD)	1,441,659	701,120	469,183

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 September 2021 was 3.5% (3.5% - 31 December 2020, 5% - 30 September 2020).

**10. Payables and other credit balances**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Trade payables	79,231	140,797	215,483
Accrued expenses and leave	77,753	366,270	300,210
Due to related parties (Note 14)	-	156,988	173,649
Contribution to KFAS	143,800	125,101	130,584
Dividends payables	54,554	31,901	31,900
Others	964,365	682,318	985,753
	<u>1,319,703</u>	<u>1,503,375</u>	<u>1,837,579</u>

**11. Gross operating profit**

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue from hotel operation	2,295,906	2,003,838	5,607,365	4,217,037
Hotel expenses	(1,227,644)	(1,012,781)	(3,186,834)	(2,541,196)
Other expenses	(62,886)	(41,987)	(97,299)	(60,845)
	<u>1,005,376</u>	<u>949,070</u>	<u>2,323,232</u>	<u>1,614,996</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:

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net profit for the period (KD)	871,511	180,535	1,985,439	851,319
Weighted average number of outstanding shares during the period after deduction of treasury shares (shares)	<u>195,472,733</u>	<u>203,810,120</u>	<u>200,742,082</u>	<u>205,188,668</u>
Earnings per share (fils)	<u>4.46</u>	<u>0.88</u>	<u>9.89</u>	<u>4.15</u>

**Kuwait Resorts Company K.P.S.C**

And its Subsidiary

State of Kuwait

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 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 dividend of 2 fils per share and distribution of 3 treasury shares of the Parent Company for each 100 shares (distribution of 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:

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
<b>Balances</b>			
Investments at FVOCI	17,086,888	16,078,429	-
Due from related parties	340,500	340,500	340,500
Due to related parties	-	156,988	173,649

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

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Transactions</b>				
Key management benefits	60,337	60,337	249,010	310,760
Gains from investments	-	(8,891)	280,666	512,419

**15. Contingent commitments and liabilities**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>	<b>30 September 2020 (unaudited)</b>
Capital commitment	112,215	768,272	361,623
Letter of Guarantees	440,225	440,225	440,225

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

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**16. Segment reporting**

The Group is organized into three major operating segments; hotels, financial investment and real estate. 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 September 2021				30 September 2020			
	Hotels	Financial Investment	Real Estate	Total	Hotels	Financial Investment	Real Estate	Total
Revenues	5,607,365	280,666	219,267	6,107,298	4,217,037	512,570	(207,591)	4,522,016
Expenses	(3,284,133)	-	(407,224)	(3,691,357)	(2,602,041)	(686,246)	-	(3,288,287)
Segments results	2,323,232	280,666	(187,957)	2,415,941	1,614,996	(173,676)	(207,591)	1,233,729
Other income	3,658	-	-	3,658	5,364	1,133	-	6,497
Un allocated expenses	-	-	-	(434,160)	-	-	-	(383,556)
Net profit for the period	2,330,548	280,666	(187,957)	1,985,439	1,625,724	(171,410)	(207,591)	856,670
<b>Segments assets</b>	1,550,288	17,714,546	14,565,166	33,830,000	1,661,625	15,406,018	17,294,433	34,362,076
<b>Segments liabilities</b>	1,550,373	-	1,097,018	2,647,391	1,874,124	-	3,307,948	5,182,072

**Geographic distribution**

	30 September 2021			30 September 2020		
	State of Kuwait	GCC	Total	State of Kuwait	GCC	Total
Segment revenue	6,071,689	19,882	6,091,571	4,751,588	24,926	4,776,514
Segment expenses	(4,103,656)	(2,476)	(4,106,132)	(3,913,127)	(12,068)	(3,925,195)
Segment result	1,968,033	17,406	1,985,439	838,461	12,858	851,319
<b>Segments assets</b>	23,542,158	10,287,842	33,830,000	22,169,428	12,192,648	34,362,076
<b>Segments liabilities</b>	2,087,391	560,000	2,647,391	4,932,182	249,891	5,182,073

Hilton Kuwait Resorts is operated by the Group based on the utilization right contract with the Ministry of Finance that ended in Dec 2020. The Group's management expects to renew this contract in the current period. The utilization contract requires the transfer of all Hilton resorts tangible assets to the Ministry of Finance without any consideration or compensation on maturity of the lease contract. Also, the higher of annual utilization fee of KD 500,000 or 10% of annual revenue is paid to the Ministry of Finance. The Group has paid rent in advance to the government against this lease and is currently negotiating with the government for renewal of the lease contract. The Group therefore, expects the lease to be renewed for another year.

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

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

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**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 September 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.