

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 2020
And review report
(Unaudited)

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Contents	Page
Report on Review of Interim Condensed Consolidated Financial Information	
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	1
Interim Condensed Consolidated Statement of Income (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to Interim Condensed Consolidated Financial Information (Unaudited)	6-13

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 2020 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 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 nine-months period ended 30 September 2020 that might have had a material effect on the business of the 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 2020, that might had a material effect on the business of the Company or on its financial position.



Bader A. Al-Wazzan

Licence No. 62A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 12 November 2020

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2020
(Unaudited)

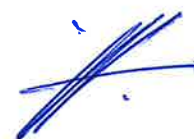
(All amounts are in Kuwaiti Dinars)

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Assets				
Non-current assets				
Property, plant and equipment		96,691	55,342	791,446
Investment properties		11,633,631	11,821,505	12,057,483
Investment in associate		101,750	100,748	101,380
Investment in joint ventures		73,011	136,761	136,761
		<u>11,905,083</u>	<u>12,114,356</u>	<u>13,087,070</u>
Current assets				
Financial assets at fair value through OCI	5	15,406,018	13,672,047	12,980,318
Receivables and other debit balances	6	5,250,024	4,968,773	4,765,569
Cash, bank accounts and time deposits	7	1,800,951	2,294,681	2,383,868
		<u>22,456,993</u>	<u>20,935,501</u>	<u>20,129,755</u>
Total assets		<u>34,362,076</u>	<u>33,049,857</u>	<u>33,216,825</u>
Equity and liabilities				
Equity				
Share capital	9	21,021,809	19,646,550	19,646,550
Statutory reserve		3,518,019	3,518,019	3,408,071
Treasury shares	8	(613,793)	(388,370)	(388,370)
Change in fair value reserve		311,910	(107,479)	(883,426)
Foreign currency translation reserve		(133,285)	(172,059)	(149,996)
Retained earnings		5,075,343	5,608,816	5,879,244
		<u>29,180,003</u>	<u>28,105,477</u>	<u>27,512,073</u>
Liabilities				
Non-current liabilities				
Provision for employees' end of service indemnity		946,314	898,136	879,089
Current liabilities				
Due to banks	10	2,398,179	1,820,286	2,624,645
Payables and other credit balances	11	1,837,580	2,225,958	2,201,018
		<u>4,235,759</u>	<u>4,046,244</u>	<u>4,825,663</u>
Total liabilities		<u>5,182,073</u>	<u>4,944,380</u>	<u>5,704,752</u>
Total equity and liabilities		<u>34,362,076</u>	<u>33,049,857</u>	<u>33,216,825</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

Interim Condensed Consolidated Statement of Income for the nine-months ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
		2020	2019	2020	2019
Hotel operating revenue		2,003,838	2,387,972	4,217,037	7,252,622
Hotel operating cost		(1,054,768)	(2,111,321)	(2,602,041)	(5,867,622)
Gross operating profit		949,070	276,651	1,614,996	1,385,000
Loss from investment properties		(5,351)	-	(5,351)	-
Net (loss)/ gain from investments		(8,740)	-	512,570	529,251
Other income / (losses)		12,482	27,928	(201,094)	(37,188)
(Loss)/ gain from foreign currency differences		(3,243)	13,559	9,987	3,010
Expected credit loss	7	(617,299)	-	(686,246)	(75,000)
General and administrative expenses		(107,689)	(105,312)	(304,640)	(360,953)
Finance costs		(30,305)	(56,012)	(58,744)	(177,537)
Net profit before deductions		188,925	156,814	881,478	1,266,583
Contribution to KFAS		(1,700)	(1,411)	(7,933)	(11,399)
National Labor Support Tax		(4,779)	(3,295)	(15,876)	(26,444)
Zakat expense		(1,911)	(1,318)	(6,350)	(8,007)
Net profit for the period		180,535	150,790	851,319	1,220,733
Earnings per share (fils)	12	0.88	0.73	4.15	6.07

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

**Interim Condensed Consolidated Statement of Comprehensive Income for the nine-months ended 30 September 2020
(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2020	2019	2020	2019
Net profit for the period	180,535	150,790	851,319	1,220,733
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	232,026	(500,011)	409,856	(332,245)
	232,026	(500,011)	409,856	(332,245)
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income</i>				
Foreign currency translation reserve	(21,879)	66,571	38,774	(111,968)
Total other comprehensive income/ (loss) items	(21,879)	66,571	38,774	(111,968)
Total comprehensive income/(loss) for the period	210,147	(433,440)	448,630	(444,213)
	390,682	(282,650)	1,299,949	776,520

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 2020
(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 2019	19,646,550	3,408,071	(1,305,659)	(528,523)	(38,028)	5,553,142	26,735,553
Net profit for the period	-	-	-	-	-	1,220,733	1,220,733
Transfer to retained earnings on disposal of fair value through other comprehensive income investment	-	-	-	(22,658)	-	22,658	-
Distribution of treasury shares (Note 9)	-	-	917,289	-	-	(917,289)	-
Other comprehensive loss items	-	-	-	(332,245)	(111,968)	-	(444,213)
Balance as at 30 September 2019	19,646,550	3,408,071	(388,370)	(883,426)	(149,996)	5,879,244	27,512,073
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	-	-	-	-	-	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	-	-	(225,423)	-	-	-	(225,423)
Issue of bonus shares	1,375,259	-	-	-	-	(1,375,259)	-
Balance as at 30 September 2020	21,021,809	3,518,019	(613,793)	311,910	(133,285)	5,075,343	29,180,003

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

**Interim Condensed Consolidated Statement of Cash Flows for the nine-months ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended	
		30 September	
		2020	2019
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Net profit for the period		851,319	1,220,733
Adjustments:			
Depreciation		63,781	1,644,309
Cash dividends from investments		(512,570)	(529,250)
Finance costs		58,744	177,537
Loss on sale of investment property		5,351	-
Expected credit losses		686,246	-
Provision for employees' end of service indemnity		109,515	154,781
Operating profits before working capital changes		1,262,386	2,668,110
Receivables and other debit balances		(278,151)	509,540
Payables and other credit balances		(299,065)	(428,038)
Payment of end of service indemnity		(61,337)	(100,326)
Net cash generated from operating activities		623,833	2,649,286
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(105,131)	(101,992)
Purchase of financial assets at fair value through OCI		(1,335,439)	(142,715)
Proceeds from sale of financial assets at fair value through OCI		11,324	83,730
Proceeds from sale of investment property		215,806	-
Cash dividend received		509,470	529,251
Net cash (used in) / generated from investing activities		(703,970)	368,274
Cash flows from financing activities			
Cash dividends Paid		-	(19,953)
Purchase of treasury shares		(225,423)	-
Net change in due to banks		582,382	(1,967,665)
Finance costs paid		(84,306)	(345,981)
Net cash generating from/ (used in) financing activities		272,653	(2,333,599)
Net increase in cash and cash equivalents		192,516	683,961
Cash and cash equivalents at the beginning of the period		2,294,681	1,699,907
Expected credit loss		(686,246)	-
Cash and cash equivalents at the end of the period	7	1,800,951	2,383,868

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

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020
(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 September 2020.

The Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2019 at the annual general assembly meeting held on 24 June 2020 (Note 9).

These interim condensed consolidated financial information for the nine months ended 30 September 2020 was authorized for issue by the board of directors of the Parent Company on 12 November 2020.

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020
(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 2020 are not necessarily indicative of results that may be expected for the year ending 31 December 2020. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2019.

The Group's component Hilton Kuwait Resort financial statements for year ended 31 December 2019 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 preparing the interim condensed consolidated financial information are similar to those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as follows:

2.1.1 New and amended standards adopted by the Group

Effective for annual periods beginning on or after January 1, 2020

New and amended IFRSs standards

**Effective for
annual periods
beginning on or after**

Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

January 1, 2020

The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

Definition of a Business – Amendments to IFRS 3 *Business Combinations*

January 1, 2020

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

Amendments to References to the Conceptual Framework in IFRS Standards

January 1, 2020

Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments

January 1, 2020

Amendments regarding pre-replacement issues in the context of the IBOR reform

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

New and amended IFRSs standards

**Effective for
annual periods
beginning on or after**

June 1, 2020

During the period, IASB board have amended IFRS 16 in order to be in line with Covid-19 related rent concession, the amendments are as follows:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies, financial position or performance of the Group.

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
	30/09/2020	31/12/2019	30/09/2019				
Quoted Shares	6,684,672	5,135,281	4,576,577	1	Last bid price	-	-
Unquoted shares	8,721,346	8,536,766	8,403,741	3	Market Multiple	Discount rate, growth rate	The higher market risk the lower the fair value

Reconciliation of Level 3 fair value measurements

	Unquoted investments		
	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Balance as at beginning period/ year	8,536,766	8,403,741	8,403,741
Change in fair value	(260,898)	217,244	-
Addition/ disposal	445,478	(84,219)	-
Balance as at ending period/ year	8,721,346	8,536,766	8,403,741

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 2020
(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 2019, except for the following:

Fair value measurements and valuation techniques

To determine the fair value of unquoted investments, the management is required to make estimates regarding to valuation techniques, discount rate and inputs used in valuation, as disclosed in note 3.

Expected credit losses

To determine the expected credit losses, the group is required to reassess forward-looking information and assumptions about the probability of default and expected credit risk rates (Note 16).

5. Financial assets at fair value through OCI

	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Quoted investments	6,684,672	5,135,281	4,576,577
Unquoted investments	8,721,346	8,536,766	8,403,741
	<u>15,406,018</u>	<u>13,672,047</u>	<u>12,980,318</u>

Financial assets at fair value through OCI mainly represents investments with related parties as at 30 September 2020.

The investments include an amount of KD 11,849,014 pledged to banks as at 30 September 2020 (KD 10,903,390 - 31 December 2019, KD 10,587,854 - 30 September 2019) against facilities granted to the Group and the investee Company.

6. Receivables and other debit balances

	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Trade receivables	318,448	523,693	518,622
Less: Provision for loss allowance	<u>(104,216)</u>	<u>(102,326)</u>	<u>(99,939)</u>
	214,232	421,367	418,683
Prepayments	127,421	101,024	130,608
Advance payments to acquire investment properties	4,240,543	3,932,454	3,532,016
Due from related parties (Note 13)	340,500	340,500	386,841
Other receivables	327,328	173,428	297,421
	<u>5,250,024</u>	<u>4,968,773</u>	<u>4,765,569</u>

7. Cash, bank accounts and time deposits

	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Cash in hand	11,875	15,056	14,287
Cash at banks and portfolios	1,789,076	1,187,470	1,679,788
Time deposits	686,246	1,092,155	689,793
	2,487,197	2,294,681	2,383,868
Expected credit losses	<u>(686,246)</u>	-	-
	<u>1,800,951</u>	<u>2,294,681</u>	<u>2,383,868</u>

The Group has time deposits denominated in US Dollar amounting to KD 686,246 placed with a foreign bank. During the period the bank has failed to payback these deposits to the Group. Accordingly, the management has assessed these deposits to be impaired and accordingly 100% expected credit losses have been recorded in the interim condensed consolidated statement of income for the nine months ended 30 September 2020.

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

8. Treasury shares

	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Number of shares (share)	8,769,769	3,834,343	3,834,287
Ownership percentage (%)	4.17	1.95	1.95
Market value (KD)	469,183	231,211	209,352

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. Share Capital

The authorized, issued and paid up capital of the Parent Company amounting to KD 21,021,809 comprises of 210,218,085 shares of 100 fils each as of 30 September 2020 (KD 19,646,550 comprise of 196,465,500 shares as of 31 December 2019 and 30 September 2019). The effect of bonus share was amended in the commercial register on 9 August 2020.

On 24 June 2020 the Ordinary General Assembly of the shareholders has approved the consolidated financial statements for the year ended 31 December 2019 and approved distribution of bonus shares of 7%. (2018 – Distribution of 5 treasury shares of the Parent company for each 100 shares) which was distributed on 26 August 2020.

10. 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 2020 was 5% (5.5% - 31 December 2019, 5.75% - 30 September 2019).

11. Payables and other credit balances

	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Trade payables	215,483	232,828	177,595
Accrued expenses and leave	300,210	473,572	343,894
Due to purchase of investments	-	-	81,307
Due to related parties (Note 13)	173,650	158,423	192,452
Contribution to KFAS	130,584	122,651	124,155
Dividends payables	31,900	38,265	41,551
Others	985,753	1,200,219	1,240,064
	<u>1,837,580</u>	<u>2,225,958</u>	<u>2,201,018</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine-months ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

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 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2020	2019	2020	2019
Net profit for the period (KD)	180,535	150,790	851,319	1,220,733
Weighted average number of outstanding shares during the period after deduction of treasury shares (shares)	203,810,120	205,927,140	205,188,668	201,209,050
Earnings per share (fils)	0.88	0.73	4.15	6.07

The comparative figures has been amended, taking into consideration the bonus shares of 2019 (Note 9).

13. 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 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Balances			
Due from related parties	340,500	340,500	386,841
Due to related parties	173,649	158,423	192,452

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

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2020	2019	2020	2019
Transactions				
Key management benefits	60,337	60,337	174,760	181,010
Gains from investments	(8,891)	-	512,419	529,250

14. Contingent commitments and liabilities

	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2019 (Unaudited)
Letter of Guarantees	440,225	440,225	440,225

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2020
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

15. 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 September 2020				30 September 2019			
	Hotels	Financial Investment	Real Estate	Total	Hotels	Financial Investment	Real Estate	Total
Revenues	4,217,037	-	304,979	4,522,016	7,252,622	-	387,515	7,640,137
Expenses	(2,602,041)	(686,246)	(5,351)	(3,293,638)	(5,867,622)	-	-	(5,867,622)
Segments results	1,614,996	(686,246)	299,628	1,228,378	1,385,000	-	387,515	1,772,515
Other income	5,364	1,133		6,497				29,541
Un allocated expenses	(383,556)			(383,556)				(581,323)
Net profit for the period	1,236,804	(685,113)	299,628	851,319				1,220,733
Segments assets	1,661,625	-	32,700,451	34,362,076	2,202,640	689,793	30,324,392	33,216,825
Segments liabilities	1,874,125	-	3,307,948	5,182,073	2,073,574	-	3,631,178	5,704,752

Geographic distribution

	30 September 2020			30 September 2019		
	State of Kuwait	GCC	Total	State of Kuwait	GCC	Total
Segment revenue	4,751,588	24,926	4,776,514	7,789,054	59,381	7,848,435
Segment expenses	(3,913,127)	(12,068)	(3,925,195)	(6,553,315)	(74,387)	(6,627,702)
Segment result	838,461	12,858	851,319	1,235,739	(15,006)	1,220,733
Segments assets	22,169,428	12,192,648	34,362,076	20,388,542	12,828,283	33,216,825
Segments liabilities	4,932,182	249,891	5,182,073	4,768,351	936,401	5,704,752

**Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2020
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

16. Impact of COVID-19

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (Covid-19) as a global pandemic. This event has caused widespread disruptions to businesses, with a consequential negative impact on economic activity. The Group operates in economies that are relatively dependent on the crude oil prices. At the reporting date, oil prices have witnessed unprecedented volatility and decline. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak. The Group has performed an assessment of COVID-19 implications on the financial results of the Group, and incorporated the outcome in these interim condensed consolidated financial statements, and explained the significant changes below:

Fair value measurement of financial instruments

The Group has considered potential impact of the current market volatility in determination of the reported amounts of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID-19, the Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario. Further information on the relation to fair value measurements is disclosed in Note 3.

Investment properties

The Group had appointed an independent valuator to evaluate its significant investment properties located outside Kuwait as at 30 June 2020. The valuation reports issued by the valutors indicated no significant impact to the fair value of the investment properties due to Covid-19. However, as markets and economy remain volatile, the Group has been continuously monitoring the events. Based on the assessment made by the Group as at 30 September 2020, there has been no significant movement in fair values of the properties due to Covid-19. The Group's management believes that recorded amounts represent the best estimate in light of the available information.

Expected Credit Losses

The Group has reassessed the inputs and assumptions used for the determination of expected credit losses as of 30 September 2020. The Group has updated forward-looking information based on the best estimates and judgement and considering the current economic climate of the respective market in which it operates and its impact on counterparties in various segments; as well as the resultant significant increase in the credit risk and has re-estimated the expected credit losses as of 30 September 2020. This assessment resulted in recording expected credit losses amounting to KD 686,246 for its time deposits which is included in the interim condensed consolidated statement of income for the nine month period ended 30 September 2020 (Note 7).