

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

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION  
31 March 2021**

**Condensed consolidated interim financial information  
for the three months ended 31 March 2021**

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

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

10 May 2021

### Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial information of Gulf Hotels Group BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2021;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2021; and
- notes to the condensed consolidated interim financial information.

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

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'

### Emphasis of matter

We draw attention to note 13 to the condensed consolidated interim financial information which describes the effect of the Coronavirus (COVID-19) pandemic on the Group's operations, its interim results and related uncertainties. Our conclusion is not modified in respect of this matter.

### Other matter

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2021

Bahraini Dinars

	Note	31 March 2021 (reviewed)	31 December 2020 (audited)
<b>ASSETS</b>			
Property and equipment		83,731,142	85,235,020
Investment properties		752,643	765,613
Equity accounted investees	6	7,411,753	8,564,656
Investment securities	5	13,219,751	13,164,149
<b>Total non-current assets</b>		<b>105,115,289</b>	<b>107,729,438</b>
Inventories		2,429,450	2,738,257
Trade receivables		1,218,471	653,210
Other assets		4,347,743	3,422,022
Cash and cash equivalents		4,450,018	4,237,306
<b>Total current assets</b>		<b>12,445,682</b>	<b>11,050,795</b>
<b>Total assets</b>		<b>117,560,971</b>	<b>118,780,233</b>
<b>EQUITY</b>			
Share capital		22,599,487	22,599,487
Share premium		17,514,442	17,514,442
Other reserves		24,289,331	24,239,290
Retained earnings		33,801,261	36,268,329
<b>Total equity</b>		<b>98,204,521</b>	<b>100,621,548</b>
<b>LIABILITIES</b>			
Employees' end of service benefits		1,197,575	1,173,882
Non-current portion of bank loan		6,688,953	7,758,000
<b>Total non-current liabilities</b>		<b>7,886,528</b>	<b>8,931,882</b>
Trade payables		1,742,406	1,937,589
Accrued expenses and other liabilities		5,551,516	3,207,214
Current portion of bank loan		4,176,000	4,082,000
<b>Total current liabilities</b>		<b>11,469,922</b>	<b>9,226,803</b>
<b>Total liabilities</b>		<b>19,356,450</b>	<b>18,158,685</b>
<b>Total equity and liabilities</b>		<b>117,560,971</b>	<b>118,780,233</b>

The condensed consolidated interim financial information was approved by the Board of Directors on 10 May 2021 and signed on its behalf by:

Farouk Yousuf Almoayyed  
Chairman

Garfield Jones  
Chief Executive Officer

Fawzi Ahmed Kanoo  
Vice Chairman

Charbel Sarkis  
Chief Financial Officer

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**for the three months ended 31 March 2021**

Bahraini Dinars

	Note	2021 (reviewed)	2020 (unreviewed)
Revenue		4,459,513	7,653,200
Operating costs		(2,671,998)	(4,402,827)
<b>Gross profit</b>		<b>1,787,515</b>	3,250,373
Dividend income		442,646	579,543
Management fee and other income		238,174	372,456
Share of profit from equity accounted investees	6	54,665	177,784
Interest income		2,914	35,651
<b>Total income</b>		<b>2,525,914</b>	4,415,807
Administrative staff cost		(623,150)	(775,755)
Depreciation on property and equipment		(1,484,802)	(1,776,970)
Interest expense		(120,355)	(177,897)
Impairment allowance on trade receivables		(1,234)	-
Other expenses		(503,492)	(612,612)
<b>(Loss)/profit for the period</b>		<b>(207,119)</b>	1,072,573
<b>Basic and diluted earnings per share (fils)</b>		<b>(1)</b>	<b>5</b>



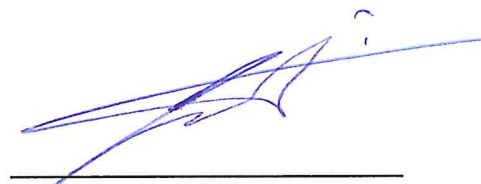
Farouk Yousuf Almoayyed  
Chairman



Fawzi Ahmed Kanoo  
Vice Chairman



Garfield Jones  
Chief Executive Officer



Charbel Sarkis  
Chief Financial Officer

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three months ended 31 March 2021**

Bahraini Dinars

	Note	<b>2021 (reviewed)</b>	2020 (unreviewed)
<b>(Loss)/ profit for the period</b>		<b>(207,119)</b>	1,072,573
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Equity securities at FVOCI – net change in fair value		55,609	(392,703)
Investment in associates – share of changes in investment fair value reserve	6	(5,568)	(73,590)
<b>Total other comprehensive income for the period</b>		<b>50,041</b>	(466,293)
<b>Total comprehensive income for the period</b>		<b>(157,078)</b>	606,280

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2021**

Bahraini Dinars

	Share Capital	Share premium	Other reserves				Retained earnings	Total equity
			Statutory reserve	General reserve	Charity reserve	Investment fair value reserve		
2021 (reviewed)								
At 1 January 2021	22,599,487	17,514,442	11,299,744	5,000,000	1,879,631	6,059,915	36,268,329	100,621,548
<b>Comprehensive income for the period:</b>								
Loss for the period	-	-	-	-	-	-	(207,119)	(207,119)
Other comprehensive income for the period	-	-	-	-	-	50,041	-	50,041
<b>Total comprehensive income for the period</b>	-	-	-	-	-	<b>50,041</b>	<b>(207,119)</b>	<b>(157,078)</b>
Dividends declared for 2020	-	-	-	-	-	-	(2,259,949)	(2,259,949)
<b>At 31 March 2021</b>	<b>22,599,487</b>	<b>17,514,442</b>	<b>11,299,744</b>	<b>5,000,000</b>	<b>1,879,631</b>	<b>6,109,956</b>	<b>33,801,261</b>	<b>98,204,521</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2021 (Continued)**

Bahraini Dinars

	Share capital	Share premium	Other reserves				Retained earnings	Total equity
			Statutory reserve	General reserve	Charity reserve	Investment fair value reserve		
2020 (unreviewed)								
At 1 January 2020	22,599,487	17,514,442	11,299,744	5,000,000	2,207,221	6,313,344	50,044,780	114,979,018
Comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	1,072,573	1,072,573
Other comprehensive income for the period	-	-	-	-	-	(466,293)	-	(466,293)
Total comprehensive income for the period	-	-	-	-	-	(466,293)	1,072,573	606,280
Utilisation of donation reserve	-	-	-	-	(11,700)	-	-	(11,700)
Dividends declared for 2019	-	-	-	-	-	-	(5,648,466)	(5,648,466)
At 31 March 2020	22,599,487	17,514,442	11,299,744	5,000,000	2,195,521	5,847,051	45,468,887	109,925,132

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



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2021**

Bahraini Dinars

	note	<b>2021</b> <b>(reviewed)</b>	2020 (unreviewed)
<b>Cash flows from operating activities</b>			
(Loss) / profit for the period		(207,119)	1,072,573
Adjustments for:			
Depreciation		1,484,802	1,822,779
Share of profit of equity accounted investees	6	(54,665)	(177,784)
Dividend income		(442,646)	(579,543)
Interest income		(2,914)	(35,651)
Interest expense		120,355	177,897
Impairment allowance on trade and other receivables		1,234	-
Provision for employees' end of service benefits		58,921	74,081
<b>Profit for the period after adjustments</b>		<b>957,968</b>	<b>2,354,352</b>
<b>Change in operating assets and liabilities:</b>			
Inventories		308,807	263,490
Trade and other receivables		(1,290,216)	42,479
Trade and other liabilities		(172,953)	(2,463,772)
Directors' remuneration paid		(19,100)	(13,500)
Employees' end of service benefits paid		(35,230)	(145,511)
<b>Net cash (used in) / from operating activities</b>		<b>(250,724)</b>	<b>37,538</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		32,045	(82,122)
Interest received		2,914	35,651
Dividend received from an associate	6	1,000,000	1,400,000
Dividend received from investment securities		442,646	579,543
<b>Net cash from investing activities</b>		<b>1,477,605</b>	<b>1,933,072</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(16,637)	(382,244)
Repayment of bank loan		(975,047)	-
Donations paid		-	(11,700)
Interest paid		(22,485)	(179,748)
<b>Net cash used in financing activities</b>		<b>(1,014,169)</b>	<b>(573,692)</b>
<b>Net increase in cash and cash equivalents</b>		<b>212,712</b>	<b>1,396,918</b>
Cash and cash equivalents at 1 January		4,237,306	7,130,581
<b>Cash and cash equivalents as at 31 March</b>		<b>4,450,018</b>	<b>8,527,499</b>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2021**

Bahraini Dinars

**1. REPORTING ENTITY**

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

This condensed consolidated interim financial information comprise the results of the Company and its subsidiaries (collectively, the "Group") for the three-month period ended 31 March 2021.

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

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

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

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

*Comparative information*

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their condensed consolidated interim financial information for the three-month period ended 31 March 2020. Accordingly, the comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2020 and comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the management accounts of the Group for the three month period ended 31 March 2020. Hence, the comparative information included in the current period statements of profit or loss and other comprehensive income, cash flows and changes in equity were not reviewed.

**(b) Judgements and estimates**

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

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the three months ended 31 March 2021

Bahraini Dinars

**2. BASIS OF PREPARATION (continued)****(c) Financial risk management**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

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

**4. SEASONALITY OF OPERATIONS**

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

**5. INVESTMENT SECURITIES**

	<b>31 March 2021</b>	31 December 2020
Quoted equity securities at FVOCI	10,365,808	10,351,153
Unquoted equity securities at FVOCI	2,853,943	2,812,996
	<b>13,219,751</b>	<b>13,164,149</b>

**6. EQUITY ACCOUNTED INVESTEES**

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

**31 March 2021 (reviewed)**

	<b>African &amp; Eastern</b>	<b>BFLC</b>	<b>BAHC</b>	<b>Total</b>
Balance at 1 January 2021	6,938,041	914,615	712,000	8,564,656
Reclassification to other assets	-	-	(202,000)	(202,000)
Share of profit / (loss) for the period	159,175	(29,538)	(74,972)	54,665
Dividends received	(1,000,000)	-	-	(1,000,000)
Share of associates' cumulative changes in fair values	(5,568)	-	-	(5,568)
<b>Balance at 31 March 2021</b>	<b>6,091,648</b>	<b>885,077</b>	<b>435,028</b>	<b>7,411,753</b>

**31 March 2020 (unreviewed)**

	African & Eastern	BFLC	Total
Balance at 1 January 2020	8,117,445	1,232,858	9,350,303
Share of profit / (loss) for the period	357,075	(179,291)	177,784
Dividends received	(1,400,000)	-	(1,400,000)
Share of associates' cumulative changes in fair values	(73,590)	-	(73,590)
<b>Balance at 31 March 2020</b>	<b>7,000,930</b>	<b>1,053,567</b>	<b>8,054,497</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2021**

Bahraini Dinars

**7. APPROPRIATIONS**

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

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

Unpaid dividends as at 31 March 2021 are included within accrued expenses and other payables in the condensed consolidated statement of financial position.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2021**

Bahraini Dinars

**8. RELATED PARTY TRANSACTIONS**

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

Transactions with related parties during the period are as follows:

	For the three-month period ended 31 March 2021 (reviewed)						For the three-month period ended 31 March 2020 (unreviewed)					
	Purchases	Revenue	Management fee income	Interest expense	Share of profit	Dividends received	Purchases	Revenue	Management fee income	Interest expense	Share of profit	Dividends received
Major shareholders and their affiliates	5,989	100,882	13,698	120,355	-	-	84,954	29,327	84,722	177,897	-	-
Equity accounted investees (note 6)	6,890	2,528	-	-	54,665	1,000,000	107,529	13,110	-	-	177,784	1,400,000
Directors and related affiliates	11,961	2,802	-	-	-	-	-	15,135	-	-	-	-
	<b>24,840</b>	<b>106,212</b>	<b>13,698</b>	<b>120,355</b>	<b>54,655</b>	<b>1,000,000</b>	<b>192,483</b>	<b>57,572</b>	<b>84,722</b>	<b>177,897</b>	<b>177,784</b>	<b>1,400,000</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2021**

Bahraini Dinars

**8 RELATED PARTY TRANSACTIONS (continued)**

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

	31 March 2021				31 December 2020			
	Trade receivables	Other receivables	Trade payables	Bank loan	Trade receivables	Other receivables	Trade payables	Bank loan
Major shareholders and their affiliates	143,551	2,731	17,532	10,864,953	148,394	5,989	49,942	11,840,000
Equity accounted investees	4,663	589,585	3,529	-	6,481	40,000	-	-
Directors and related affiliates	759	-	11,214	-	7,389	-	639	-
	<b>148,973</b>	<b>592,316</b>	<b>32,275</b>	<b>10,864,953</b>	162,264	45,989	50,581	11,840,000

**Compensation of key management personnel**

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

	Three-month period ended 31 March	
	2021 (reviewed)	2020 (unreviewed)
Salaries and short-term employee benefits	73,189	107,884
Post-employment benefits	4,200	3,147
Directors attendance fees and remuneration	69,350	69,350
	<b>146,739</b>	180,381

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2021**

Bahraini Dinars

8 *RELATED PARTY TRANSACTIONS (continued)*

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

**9. COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>31 March 2021 Reviewed</b>	31 December 2020 Audited
Letter of guarantees	<u><b>124,404</b></u>	<u>100,800</u>

As at 31 March 2021, the Group had commitments of BD 825,223 (2020: BD 255,350) relating to their capital projects.

**10. FAIR VALUES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

***Fair value hierarchy***

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

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2021**

Bahraini Dinars

10 FAIR VALUES (continued)

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

<b>31 March 2021</b>	Level 1	Level 2	Level 3	Total
Equity securities at FVOCI	<b>10,365,808</b>	-	<b>2,853,943</b>	<b>13,219,751</b>

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

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

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

## 11. SEGMENTAL INFORMATION FOR OPERATING SEGMENTS

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

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

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

Investments and other activities - Investment activities of the Group.

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

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

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

The Group operates substantially in the Kingdom of Bahrain.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2021

Bahraini Dinars

## 11 SEGMENT INFORMATION (continued)

	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	2021 (reviewed)	2020 (unreviewed)	2021 (reviewed)	2020 (unreviewed)	2021 (reviewed)	2020 (unreviewed)	2021 (reviewed)	2020 (unreviewed)
<b>Three-month ended 31 March</b>								
Gross operating revenue	<b>1,380,390</b>	3,290,203	<b>3,079,123</b>	4,362,997	-	-	<b>4,459,513</b>	7,653,200
Gross operating costs	<b>(696,951)</b>	(1,873,797)	<b>(1,975,047)</b>	(2,529,030)	-	-	<b>(2,671,998)</b>	(4,402,827)
Gross operating profit	<b>683,439</b>	1,416,406	<b>1,104,076</b>	1,833,967	-	-	<b>1,787,515</b>	3,250,373
Investment income	-	-	-	-	<b>497,311</b>	757,327	<b>497,311</b>	757,327
Interest income	-	-	-	-	<b>2,914</b>	35,651	<b>2,914</b>	35,651
Management fee and other income	<b>124,456</b>	92,818	<b>20,636</b>	5,951	<b>93,082</b>	273,687	<b>238,174</b>	372,456
Interest expense	-	-	-	-	<b>(120,355)</b>	(177,897)	<b>(120,355)</b>	(177,897)
Administrative staff cost	<b>(354,618)</b>	(487,616)	<b>(82,794)</b>	(71,864)	<b>(185,738)</b>	(216,275)	<b>(623,150)</b>	(775,755)
Depreciation	<b>(963,357)</b>	(1,153,859)	<b>(515,910)</b>	(618,018)	<b>(5,535)</b>	(5,093)	<b>(1,484,802)</b>	(1,776,970)
Impairment allowance on trade receivables	<b>(1,234)</b>	-	-	-	-	-	<b>(1,234)</b>	-
Other operating expenses	<b>(386,783)</b>	(486,679)	-	(104)	<b>(116,709)</b>	(125,829)	<b>(503,492)</b>	(612,612)
Segment profit / (loss) for the period	<b>(898,097)</b>	(618,930)	<b>526,008</b>	1,149,932	<b>164,970</b>	541,571	<b>(207,119)</b>	1,072,573

	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Total assets	<b>54,069,409</b>	56,718,013	<b>32,089,069</b>	33,757,833	<b>31,402,493</b>	28,304,387	<b>117,560,971</b>	118,780,233
Total liabilities	<b>(4,511,717)</b>	(3,044,710)	<b>(3,004,168)</b>	(2,351,014)	<b>(11,840,573)</b>	(12,762,961)	<b>(19,356,458)</b>	(18,158,685)
Capital expenditure *	<b>13,791</b>	62,306	<b>21,752</b>	11,523	-	1,044	<b>35,543</b>	74,873

\*Comparative for capital expenditure is for the period ended 31 March 2020.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2021**Bahraini Dinars

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**12. IMPACT OF COVID-19**

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

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

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

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



The unprecedented COVID-19 outbreak at the beginning of 2020 came with dire consequences. Action taken by countries across the globe created a snowball effect, dramatically impacting on most industries but in particular the entire travel and hospitality industry. The effect of the Covid-19 pandemic on our business can be summarized as follows:

- The almost total non-existence of tourists and visitors to Bahrain
- The King Fahad Causeway closure deprived the industry from the valuable influx of traffic from KSA.
- The retail business closure as ruled by the government to prevent the virus spread impacted on our retailing business
- The suspension of normal restaurant operations (except for takeaway & limited seating) for almost 3 months has resulted in major revenue loss
- The restriction on gatherings and meetings resulted in the cancellation of all meetings, events and weddings.
- The supply chain disruption, from manufacturing to delivery sourced from across the world.
- Creditor's inability to fulfil their commitments.
- Inventories expiring as result of no demand.
- Projects were put on hold except for Bahrain Airport Hotel that is expected to open on the upcoming weeks.
- Increase in cybersecurity risks
- Lack of employees' confidence in jobs' continuity.
- Huge uncertainty in the virus related information to make mid to long terms decisions
- The risk of wider virus spread

In light of the above challenges, the Gulf Hotels Group trading was hugely affected and the Group's management strived to minimize the damage from the biggest crisis to face the Group in its 51-year history. The major challenges included:

- Some units reported zero income vs. sizeable fixed and operating costs.
- Decrease in lease revenues.
- Trade imbalance between revenues and dues on one side and receivables and payables on the other side.
- Restructuring the manpower across the entire hierarchy.
- Cutting costs through extreme controls.
- Embracing a suddenly emerging shift towards change.
- Embracing remote working as contingency to safeguard our staff.
- Introducing a raft of new procedures, particularly in the area of hygiene and sanitation.
- Creating exhaustive weekly reports for sound and timely decision making and crisis response.
- Rapid response to track and trace any possible positive virus case, isolating staff in order to keep the team at large safe.
- Changes to the marketing plan to address customer concerns of hygiene and safety during the pandemic
- Mitigating a global economic downturn resulting in lesser consumer spending along a decrease in consumers' confidence.
- Accepting that losses to incur are inevitable facts and the most important is keeping the business afloat as the top priority.

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

- By improving the health and safety standard operating procedures and techniques
- Adopting the best practices to safeguard our staff, our clients and preventing virus transmission
- Practicing cash disinfection and utilizing wireless payments technologies.
- Rotating staff to support other divisions where business exists.



- Sharing resources across the Group.
- Empowering the Shared Services Center to reduce overheads.
- Attending all actions that can be taken as stated by laws and regulations.
- Financially developing forecast models simulating all possible scenarios, and actions.
- Benefiting in all extents from our Research and Sourcing (Procurement) functions.
- Avoiding any outsourcing by benefiting of our staff and senior management soft skills by multitasking roles.

The above summarizes the impact of the crisis from an operational perspective, while our financials have recorded for the first three months of year 2021 a GOP of BD 1.788m reflecting the Group's ability to generate cash in very difficult trading conditions, while the net result loss of BD 207,119 is substantiated as follows:

- 1- A 42% decrease in sales
- 2- Most of constant elements remained the same as previous year i.e. depreciation and loan interest.
- 3- No increase in provisions for doubtful debts from year 2020.

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

Getting the vaccine has become a reality; different types of treatments for Covid-19 have been announced in different countries, proving that the government containment plans and government plans are in the preservation of the country. Where the average horse is in its average score over the average score in the life cycle and economy.

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

The below statutory auditors' condensed interim financial information for the three-month period ended 31 March 2021 are as follows:

<u>Financial statement area</u>	<u>Nature of impact</u>	<u>Amount &lt;BD&gt;</u>
Operating Income	Decreases	3,193,687
Government grants		0
Accumulated losses		207,119

No other significant impact has been noted by the management on other financial statement areas during the period ended 31 March 2021.