

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

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION  
31 March 2019**

**Condensed consolidated interim financial information  
for the three months ended 31 March 2019**

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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

17 April 2019

### **Introduction**

We have reviewed the accompanying 31 March 2019 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 2019;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2019;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2019;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2019;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2019; 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**

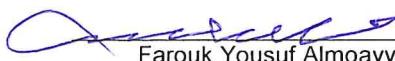
Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 31 March 2019

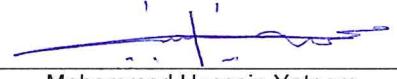
Bahraini Dinars

	note	31 March 2019 (reviewed)	31 December 2018 (audited)
<b>ASSETS</b>			
Property and equipment	6	101,136,852	102,538,484
Investment properties		863,361	797,676
Investment in associates	7	8,947,015	9,563,532
Investment securities		11,965,398	13,870,550
<b>Total non-current assets</b>		<b>122,912,626</b>	<b>126,770,242</b>
Inventories		2,596,948	3,439,004
Trade receivables		2,287,678	1,950,625
Other assets		3,352,263	2,884,172
Cash and bank balances		8,862,377	6,600,498
<b>Total current assets</b>		<b>17,099,266</b>	<b>14,874,299</b>
<b>Total assets</b>		<b>140,011,892</b>	<b>141,644,541</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		22,599,487	22,599,487
Share premium		17,514,442	17,514,442
Treasury shares		(33,248)	(33,248)
Other reserves		23,427,845	23,437,131
Retained earnings		46,389,523	50,166,694
<b>Total equity</b>		<b>109,898,049</b>	<b>113,684,506</b>
<b>Liabilities</b>			
Employees' end of service benefits		2,111,230	2,137,984
Non-current portion of bank loan		13,000,000	14,000,000
<b>Total non-current liabilities</b>		<b>15,111,230</b>	<b>16,137,984</b>
Trade payables		2,103,502	2,063,973
Accrued expenses and other payables		8,899,111	5,758,078
Current portion of bank loan		4,000,000	4,000,000
<b>Total current liabilities</b>		<b>15,002,613</b>	<b>11,822,051</b>
<b>Total liabilities</b>		<b>30,113,843</b>	<b>27,960,035</b>
<b>Total equity and liabilities</b>		<b>140,011,892</b>	<b>141,644,541</b>

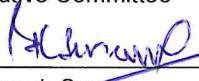
The condensed consolidated interim financial information was approved by the Board of Directors on 17 April 2019 and signed on its behalf by:

  
Farouk Yousuf Almoayyed  
Chairman

  
Garfield Jones  
Chief Executive Officer

  
Mohammed Hussain Yateem

Director & Chairman  
Executive Committee

  
Suresh Surana  
Chief Financial Officer

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**for the three months ended 31 March 2019**

Bahraini Dinars

	note	31 March 2019 (reviewed)	31 March 2018 (reviewed)
<b>HOTEL OPERATIONS</b>			
Revenue		10,082,101	8,710,989
Operating costs		(6,527,520)	(5,636,582)
<b>Profit from hotel operations</b>		<b>3,554,581</b>	<b>3,074,407</b>
<b>INVESTMENT ACTIVITIES</b>			
Dividend income		572,907	549,955
Management fee and other income		303,069	272,461
Share of profit from associates	7	552,334	344,800
Interest income		31,766	182,102
<b>Income from investment activities</b>		<b>1,460,076</b>	<b>1,349,318</b>
Depreciation		(1,874,985)	(1,119,672)
Interest expense		(242,770)	-
Pre-operating project expenses		(134,486)	-
General and administration expenses		(463,834)	(412,550)
<b>PROFIT FOR THE PERIOD</b>		<b>2,298,582</b>	<b>2,891,503</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (IN FILS)</b>		<b>10</b>	<b>13</b>



Farouk Yousuf Almoayyed  
Chairman



Mohammed Hussain Yateem  
Director & Chairman  
Executive Committee



Garfield Jones  
Chief Executive Officer



Suresh Surana  
Chief Financial Officer

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three months ended 31 March 2019**

Bahraini Dinars

	note	31 March 2019 (reviewed)	31 March 2018 (reviewed)
<b>Profit for the period</b>		<b>2,298,582</b>	2,891,503
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Investment securities at FVOCI – net change in fair value		661,971	56,830
		661,971	56,830
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Investment in associates – share of other comprehensive income	7	31,149	15,753
		31,149	15,753
<b>Total other comprehensive income for the period</b>		<b>693,120</b>	72,583
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,991,702</b>	2,964,086

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2019**

Bahraini Dinars

2019 (reviewed)	Share capital	Share premium	Treasury shares	Other reserves				Retained earnings	Total equity
				Statutory reserve	General reserve	Charity Reserve	Fair value reserve		
<b>As at 31 December 2018</b>	<b>22,599,487</b>	<b>17,514,442</b>	<b>(33,248)</b>	<b>11,299,744</b>	<b>5,000,000</b>	<b>2,238,098</b>	<b>4,899,289</b>	<b>50,166,694</b>	<b>113,684,506</b>
<b>Comprehensive income for the period:</b>									
Profit for the period									
Other comprehensive income for the period									
<b>Total comprehensive income for the period</b>									
Transfer on sale of investment securities									
<b>Transactions with shareholders of the Group:</b>									
- Dividends declared									
<b>At 31 March 2019</b>	<b>22,599,487</b>	<b>17,514,442</b>	<b>(33,248)</b>	<b>11,299,744</b>	<b>5,000,000</b>	<b>2,238,098</b>	<b>4,890,003</b>	<b>46,389,523</b>	<b>109,898,049</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2019**

Bahraini Dinars

2018 (reviewed)	Share capital	Share premium	Treasury shares	Other reserves					Retained earnings	Total equity
				Statutory reserve	General reserve	Charity Reserve	Fair value reserve	Proposed dividend		
As at 31 December 2017	22,599,487	17,514,442	(33,248)	11,299,744	5,000,000	2,238,098	3,127,358	6,776,623	43,246,229	111,768,733
Impact of adopting IFRS 9 as at 1 January 2018	-	-	-	-	-	-	1,260,802	-	-	1,260,802
Share of impact of adopting IFRS of associated companies as at 1 January 2018	-	-	-	-	-	-	42,843	-	(42,843)	-
Restated balances as at 1 January 2018	22,599,487	17,514,442	(33,248)	11,299,744	5,000,000	2,238,098	4,431,003	6,776,623	43,203,386	113,029,535
Comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	2,891,503	2,891,503
Other comprehensive income for the period	-	-	-	-	-	-	72,583	-	-	72,583
Total comprehensive income for the period	-	-	-	-	-	-	72,583	-	2,891,503	2,964,086
Transactions with shareholders of the Group:										
- Dividends declared	-	-	-	-	-	-	-	(6,776,623)	-	(6,776,623)
At 31 March 2018	22,599,487	17,514,442	(33,248)	11,299,744	5,000,000	2,238,098	4,503,586	-	46,094,889	109,216,998

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2019**

Bahraini Dinars

	note	31 March 2019 (reviewed)	31 March 2018 (reviewed)
<b>Cash flow from operating activities</b>			
Profit for the period		<b>2,298,582</b>	2,891,503
Adjustments for:			
Depreciation		1,874,985	1,119,672
Share of profit of associates	7	(552,334)	(344,800)
Dividend income		(572,907)	(549,955)
Interest income		(31,766)	(182,102)
Interest expense		242,770	-
Impairment allowance for receivables		6,510	4,488
Provision for allowance for slow-moving inventories		4,532	1,993
Provision for employees' end of service benefits		54,798	51,194
<b>Profit for the period after adjustments</b>		<b>3,325,170</b>	2,991,993
<b>Change in operating assets and liabilities:</b>			
Inventories		837,523	542,778
Trade and other receivables		(811,653)	(3,166,060)
Trade and other payables		(424,502)	(127,469)
Directors' remuneration and fees paid		(220,000)	(261,250)
Employees' end of service benefits paid		(81,551)	(18,344)
<b>Net cash from / (used in) operating activities</b>		<b>2,624,987</b>	(38,352)
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(398,641)	(5,200,164)
Disposal of investment securities		2,567,122	53,742
Interest received		31,766	208,856
Dividend received from an associate	7	1,200,000	1,100,000
Other dividend received		572,907	269,596
Maturity of deposits over 90 days		-	14,906,959
<b>Net cash from investing activities</b>		<b>3,973,154</b>	11,338,989
<b>Cash flow from financing activities</b>			
Dividends paid		(3,074,009)	-
Repayment of bank loan		(1,000,000)	-
Donations paid		(19,483)	(4,600)
Interest paid		(242,770)	-
<b>Net cash used in financing activities</b>		<b>(4,336,262)</b>	(4,600)
<b>Net increase in cash and cash equivalents</b>		<b>2,261,879</b>	11,296,037
Cash and cash equivalents at 1 January		6,024,549	19,278,910
<b>Cash and cash equivalents as at 31 March</b>		<b>8,286,428</b>	30,574,947

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2019** 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. The postal address of the Company's registered head office is at P O Box 580, Manama, Kingdom of Bahrain.

This financial information is the reviewed condensed consolidated interim financial information (the "condensed consolidated interim financial information") of the Company and its subsidiaries (together referred to as the "Group") for the three months ended 31 March 2019.

The Group owns and operates the Gulf Hotel, Gulf Executive Residence, the Gulf Convention Centre, Gulf Executive Offices, Bahrain Tourism Company – Crowne Plaza Bahrain S.P.C. ("BTC") 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 to 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), 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 annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2018, except for the effects of adoption of IFRS 16 as described in Note 4 to this condensed interim financial information. 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 2018.

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2018 and the comparatives for the condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed consolidated interim financial information for the three-month period ended 31 March 2018.

**(b) Judgements and estimates**

Preparing the 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.

In preparing the condensed consolidated interim financial information, significant judgments made by the management in applying the Group's accounting policies and key source of estimation of uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended 31 December 2018, except for the changes arising on adoption of 16.

**(c) Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2018, except for the changes arising on adoption of IFRS 16.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2019** Bahraini Dinars

**3. SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, 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 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

**4. CHANGE IN ACCOUNTING POLICIES**

**(a) Adoption of IFRS 16**

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in this condensed consolidated interim financial information.

The Group applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – ie. It is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

**I. Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the new definition of a lease.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

**II. As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group has elected not to recognise right-of-use assets and lease liability for some leases of low value assets and to some short term leases. For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2019****Bahraini Dinars****4. CHANGE IN ACCOUNTING POLICIES (continued)****Significant accounting policies**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

**Leases classified as operating leases under IAS 17**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group has applied this approach to all leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**III. As a lessor**

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

**(b) Impact of adopting IFRS 16**

On transition to IFRS 16, the Group recognised BD 140,398 of right-of-use assets in property and equipment and BD 140,398 of lease liabilities in accrued expenses and other payables.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2019** Bahraini Dinars

**5. SEASONALITY**

Due to the nature of Hotel operations, October to April is usually a busy season. Accordingly, the interim financial results may not represent a proportionate share of the annual profits.

**6. PROPERTY AND EQUIPMENT**

During the three-month period ended 31 March 2019, the Group incurred capital expenditure amounting to BD 398,641 (31 March 2018: BD 5,221,003) on its various capital projects.

**7. INVESTMENT IN ASSOCIATES**

The Group has a 28.06% interest in Bahrain Family Leisure Company B.S.C. (BFLC). BFLC is a company registered in the Kingdom of Bahrain and listed on Bahrain Bourse and primarily involved in operating restaurants, providing services related to family entertainment, supply of amusement related equipment and investing in businesses with similar objectives to those of BFLC.

The Group also has a 33.33% interest in African & Eastern (Bahrain) W.L.L., a private Company incorporated in the Kingdom of Bahrain and is involved in the business of investment, importing and selling consumer products.

The Group's interests in its associates are accounted for using the equity method in the interim condensed consolidated financial statements.

The movements in the carrying value of the investment in associates are as follows:

**31 March 2019 (Reviewed)**

	<b>African &amp; Eastern</b>	<b>BFLC</b>	<b>Total</b>
Balance at 1 January	7,880,419	1,683,113	9,563,532
Share of profit during the period	519,160	33,174	552,334
Dividends received	(1,200,000)	-	(1,200,000)
Share in associates' cumulative changes in fair values	31,149	-	31,149
<b>Balance at the end of the period</b>	<b>7,230,728</b>	<b>1,716,287</b>	<b>8,947,015</b>

**31 March 2018 (Reviewed)**

	<b>African &amp; Eastern</b>	<b>BFLC</b>	<b>Total</b>
Balance at 1 January	7,835,632	2,074,900	9,910,532
Share of profit/(loss) during the period	369,595	(24,795)	344,800
Dividends received	(1,100,000)	-	(1,100,000)
Share in associates' cumulative changes in fair values	15,753	-	15,753
<b>Balance at the end of the period</b>	<b>7,120,980</b>	<b>2,050,105</b>	<b>9,171,085</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2019** Bahraini Dinars

**8. APPROPRIATIONS**

The Shareholders approved the following appropriations for 2018 in their Annual General Meeting held on 11 March 2019 that were effected during the quarter:

	<b>2019</b>	<b>2018</b>
Cash dividends	<b>6,778,159</b>	6,776,623

At the annual general meeting of the shareholders held on 11 March 2019, the shareholders of the Company resolved to distribute cash dividend of 30 fils per share totaling BD 6,778,159 for the year 2018 (2017: 30 fils per share totaling BD 6,776,623 for the year 2017). Unpaid dividends as at 31 March 2019 are included within accrued expenses and other payables in the interim consolidated statement of financial position.

Directors' remuneration of BD 205,000 has been approved by the shareholders in the AGM.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2019**

Bahraini Dinars

**9. 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 2019						For the three-month period ended 31 March 2018					
	Operating costs	Revenue	Management fee income	Interest expense	Share of profit from associates	Dividends received	Operating costs	Revenue	Management fee income	Share of profit from associates	Dividends received	
Major shareholders and their affiliates	-	4,423	109,226	242,770	-	-	93,309	103,764	97,343	-	-	
Associates (note 7)	120,005	10,278	-	-	552,334	1,200,000	9,491	-	-	344,800	1,100,000	
Directors and related affiliates	56,553	64,932	-	-	-	-	-	-	-	-	-	
	<b>176,558</b>	<b>79,633</b>	<b>109,226</b>	<b>242,770</b>	<b>552,334</b>	<b>1,200,000</b>	<b>102,800</b>	<b>103,764</b>	<b>97,343</b>	<b>344,800</b>	<b>1,100,000</b>	

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2019**

Bahraini Dinars

**9. RELATED PARTY TRANSACTIONS (continued)**

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

	31 March 2019				31 December 2018			
	Trade receivables	Other receivables	Trade payables	Bank loan	Trade receivables	Other receivables	Trade payables	Bank loan
Major shareholders and their affiliates	-	367,829	-	17,000,000	84,538	179,486	64,631	18,000,000
Associates	9,211	-	53,383	-	-	-	-	-
Directors and related affiliates	47,034	-	2,684	-	18,722	-	-	-
	56,245	367,829	56,067	17,000,000	103,260	179,486	64,631	18,000,000

**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	
	2019	2018
Salaries and short-term employee benefits	70,003	79,749
Post employment benefits	4,732	4,731
Directors attendance fees and remuneration	69,150	69,999
Previous year directors' remuneration and fees paid	220,000	261,250

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**9 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 virtually certain the debt will not be recovered. For the three-month period ended 31 March 2019, the Group has not recorded any impairment of amounts owed by related parties (three-month period ended 31 March 2018: nil and year ended 31 December 2018: nil).

**10. COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>31 March 2019</b>	<b>31 December 2018</b>
	<b>Reviewed</b>	<b>Audited</b>
Letter of guarantees	<b><u>27,623</u></b>	<b><u>77,639</u></b>

As at 31 March 2019, the Group had commitments of BD 900,000 (2018: BD 1,844,025) relating to their capital projects.

**11. 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

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**11 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 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities at FVOCI	9,994,524	-	1,970,874	11,965,398
	<b>9,994,524</b>	<b>-</b>	<b>1,970,874</b>	<b>11,965,398</b>
<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities at FVOCI	187,697	-	-	187,697
Equity securities at FVOCI	11,711,979	-	1,970,874	13,682,853
	<b>11,899,676</b>	<b>-</b>	<b>1,970,874</b>	<b>13,870,550</b>

## **12. 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, plant 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

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## 12 SEGMENT INFORMATION (continued)

<i>Three-month ended 31 March</i>	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
Gross operating revenue	<b>3,370,155</b>	2,229,724	<b>6,711,946</b>	6,481,265	-	-	<b>10,082,101</b>	8,710,989
Gross operating costs	<b>(2,293,444)</b>	(1,457,281)	<b>(4,234,076)</b>	(4,179,301)	-	-	<b>(6,527,520)</b>	(5,636,582)
Gross operating profit	<b>1,076,711</b>	772,443	<b>2,477,870</b>	2,301,964	-	-	<b>3,554,581</b>	3,074,407
Investment income	-	-	-	-	<b>1,125,241</b>	894,755	<b>1,125,241</b>	894,755
Interest income	-	-	-	-	<b>31,766</b>	182,102	<b>31,766</b>	182,102
Management fee and other income	<b>62,493</b>	38,912	<b>4,322</b>	15,982	<b>236,254</b>	217,567	<b>303,069</b>	272,461
Interest expense	-	-	-	-	<b>(242,770)</b>	-	<b>(242,770)</b>	-
Depreciation	<b>(1,100,916)</b>	(524,073)	<b>(770,464)</b>	(590,633)	<b>(3,605)</b>	(4,966)	<b>(1,874,985)</b>	(1,119,672)
Pre-operating project expenses	-	-	-	-	<b>(134,486)</b>	-	<b>(134,486)</b>	-
Other expenses	<b>(198,950)</b>	(16,190)	-	-	<b>(264,884)</b>	(396,360)	<b>(463,834)</b>	(412,550)
Segment profit (loss) for the period	<b>(160,662)</b>	271,092	<b>1,711,728</b>	1,727,313	<b>747,516</b>	893,098	<b>2,298,582</b>	2,891,503

	Hotel room operations		Food and beverage		Investment and other activities		Consolidated	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Total assets	<b>72,790,896</b>	73,538,170	<b>40,749,353</b>	42,039,292	<b>26,471,643</b>	26,067,079	<b>140,011,892</b>	141,644,541
Total liabilities	<b>6,000,035</b>	6,399,498	<b>1,555,384</b>	1,736,371	<b>22,558,424</b>	19,824,166	<b>30,113,843</b>	27,960,035
Capital expenditure *	<b>101,483</b>	2,177,166	<b>48,860</b>	1,928,542	<b>248,298</b>	1,115,295	<b>398,641</b>	5,221,003

\*Comparative for capital expenditure is for the period ended 31 March 2018.

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**13 COMPARATIVES**

The corresponding figures have been regrouped where necessary to conform to the current period's presentation. Such regroupings did not affect previously reported net profit for the period, comprehensive income or total equity.