

Gulf Hotels Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2023 (REVIEWED)

REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF HOTELS GROUP B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Gulf Hotels Group B.S.C. ("the Company") and its subsidiaries (together "the Group") as at 31 March 2023, comprising of the interim condensed consolidated statement of financial position as at 31 March 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the three-month period ended 31 March 2022 ("Consolidated Financial Statements") were audited and reviewed respectively by another auditor who expressed an unmodified audit opinion dated 26 February 2023 and review conclusion dated 9 May 2022 on those Consolidated Financial Statements.



Partner's Registration No. 115
14 May 2023
Manama, Kingdom of Bahrain

Gulf Hotels Group B.S.C.

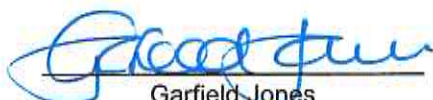
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

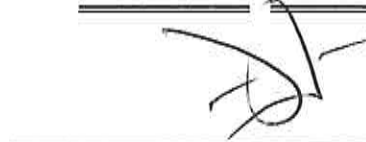
		31 March 2023 (Reviewed) BD	31 December 2022 (Audited) BD
	Note		
ASSETS			
Non-current assets			
Property and equipment		67,709,272	68,680,687
Investment properties		641,868	655,749
Investments in associates and a joint venture	8	6,517,960	7,475,062
Advance for acquisition	14	500,000	-
Prepayments and other assets		687,021	717,621
Investments	5	12,466,289	12,762,912
		<u>88,522,410</u>	<u>90,292,031</u>
Current assets			
Inventories		3,230,196	3,021,757
Trade receivables		2,204,276	1,409,769
Prepayments and other assets		2,278,723	1,649,983
Cash, bank balances and short-term deposits		17,793,152	15,421,145
		<u>25,506,347</u>	<u>21,502,654</u>
TOTAL ASSETS		<u>114,028,757</u>	<u>111,794,685</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		22,599,487	22,599,487
Share premium		17,514,442	17,514,442
Reserves		23,602,407	23,934,960
Retained earnings		36,989,387	39,553,862
Total equity		<u>100,705,723</u>	<u>103,602,751</u>
Non-current liability			
Employees' end of service benefits		<u>1,207,096</u>	<u>1,183,203</u>
Current liabilities			
Trade payables		2,533,484	3,153,138
Accrued expenses and other liabilities	9	9,582,454	3,855,593
		<u>12,115,938</u>	<u>7,008,731</u>
Total liabilities		<u>13,323,034</u>	<u>8,191,934</u>
TOTAL EQUITY AND LIABILITIES		<u>114,028,757</u>	<u>111,794,685</u>



Farooq Yousuf Almoayyed
Chairman



Garfield Jones
Chief Executive Officer



Fawzi Ahmad Kanoo
Vice Chairman



Charbel Sarkis
Chief Financial Officer

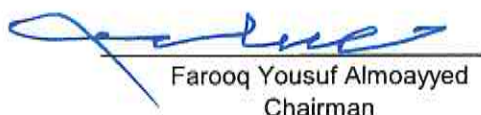
The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.


Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2023 (Reviewed)

	Note	<i>Three-month period ended</i>	
		31 March 2023 BD	31 March 2022 BD
Revenue	6	8,785,498	7,854,925
Share of results of associates and a joint venture	8	439,625	469,851
Dividend income		574,439	504,089
Interest income		168,645	2,041
Rental and other income		630,100	511,696
TOTAL INCOME		10,598,307	9,342,602
Staff costs		(2,489,268)	(2,226,913)
Food and beverages costs		(1,989,114)	(1,774,369)
Depreciation		(1,335,754)	(1,397,288)
Utilities		(304,614)	(272,585)
Interest expense		(39)	(43,472)
Allowance for expected credit losses		(104,711)	(95,982)
Other operating expenses		(1,289,410)	(1,409,410)
PROFIT FOR THE PERIOD		3,085,397	2,122,583
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	7	14	9


Farooq Yousuf Almoayyed
Chairman


Fawzi Ahmad Kanoo
Vice Chairman


Garfield Jones
Chief Executive Officer



Charbel Sarkis
Chief Financial Officer

Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023 (Reviewed)

	<i>Three-month period ended</i>	
	31 March	31 March
	2023	2022
	BD	BD
Profit for the period	3,085,397	2,122,583
Other comprehensive income		
<i>Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:</i>		
Net (loss) gain on equity instruments at fair value through other comprehensive income	(296,623)	187,556
Share of other comprehensive income of associates and a joint venture	3,273	33,166
	(293,350)	220,722
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operation	(22,033)	-
Other comprehensive (loss) income for the period	(315,383)	220,722
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,770,014	2,343,305


Farbuk Yousuf Almoayyed
Chairman


Fawzi Alnmed Kanoo
Vice Chairman


Garfield Jojies
Chief Executive Officer


Charbel Sarkis
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2023 (Reviewed)

		Three-month period ended	
		31 March 2023 BD	31 March 2022 BD
	Note		
OPERATING ACTIVITIES			
Profit for the period		3,085,397	2,122,583
Adjustments to reconcile profit to net cash flows:			
Depreciation		1,335,754	1,397,288
Share of results of associates and a joint venture	8	(439,625)	(469,851)
Dividend income		(574,439)	(504,089)
Interest income		(168,645)	(2,041)
Interest expense		39	43,472
Allowance for expected credit losses		104,711	95,982
Provision for employees' end of service benefits		100,686	90,737
Operating profit before working capital changes		3,443,878	2,774,081
Working capital changes:			
Inventories		(208,439)	(371,319)
Trade receivables		(899,218)	(1,539,455)
Prepayments and other assets		(23,701)	(614,200)
Trade payables		(619,654)	345,966
Accrued expenses and other liabilities		287,989	645,624
Cash generated from operations		1,980,855	1,240,697
Directors' remuneration paid		(211,000)	(200,600)
Employees' end of service benefits paid		(76,793)	(76,536)
Net cash flows from operating activities		1,693,062	963,561
INVESTING ACTIVITIES			
Purchase of property and equipment		(350,458)	(49,208)
Interest received		168,645	2,041
Advance for acquisition	14	(500,000)	-
Dividend received from an associate	8	1,400,000	1,500,000
Dividends received		-	504,089
Net cash flows from investing activities		718,187	1,956,922
FINANCING ACTIVITIES			
Repayment of bank loan		-	(1,350,000)
Donations paid		(17,170)	(2,000)
Interest paid		(39)	(49,294)
Cash flows used in financing activities		(17,209)	(1,401,294)
NET CHANGE IN CASH AND CASH EQUIVALENTS		2,394,040	1,519,189
Net foreign exchange difference		(22,033)	-
Cash and cash equivalents at 1 January		15,421,145	5,958,355
CASH AND CASH EQUIVALENTS AT 31 MARCH		17,793,152	7,477,544

Non-cash items:

Non-cash items excluded from the above interim condensed consolidated statement of cash flows were, as follows:

- Dividend receivable amounting to BD 574,439 (31 March 2022: nil) has been excluded from movement in prepayments and other assets.
- Dividend payable amounting to BD 5,649,872 (31 March 2022: BD 4,519,871) has been excluded from movement in accrued expenses and other liabilities.

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023 (Reviewed)

	Reserves							Total reserves BD	Retained earnings BD	Total equity BD
	Share capital BD	Share premium BD	Statutory reserve BD	General reserve BD	Charity reserve BD	Foreign currency reserve BD	Fair value reserve BD			
Balance at 1 January 2022	22,599,487	17,514,442	11,299,744	5,000,000	1,828,321	-	6,182,627	24,310,692	37,404,718	101,829,339
Profit for the period	-	-	-	-	-	-	-	-	2,122,583	2,122,583
Other comprehensive income for the period	-	-	-	-	-	-	220,722	220,722	-	220,722
Total comprehensive income for the period	-	-	-	-	-	-	220,722	220,722	2,122,583	2,343,305
Utilised during the period	-	-	-	-	(2,000)	-	-	(2,000)	-	(2,000)
Dividend (note 9)	-	-	-	-	-	-	-	-	(4,519,871)	(4,519,871)
Balance at 31 March 2022	22,599,487	17,514,442	11,299,744	5,000,000	1,826,321	-	6,403,349	24,529,414	35,007,430	99,650,773

	Reserves							Total reserves BD	Retained earnings BD	Total equity BD
	Share capital BD	Share premium BD	Statutory reserve BD	General reserve BD	Charity reserve BD	Foreign currency reserve BD	Fair value reserve BD			
Balance at 1 January 2023	22,599,487	17,514,442	11,299,744	5,000,000	1,794,011	101,327	5,739,878	23,934,960	39,553,862	103,602,751
Profit for the period	-	-	-	-	-	-	-	-	3,085,397	3,085,397
Other comprehensive loss for the period	-	-	-	-	-	(22,033)	(293,350)	(315,383)	-	(315,383)
Total comprehensive (loss) income for the period	-	-	-	-	-	(22,033)	(293,350)	(315,383)	3,085,397	2,770,014
Utilised during the period	-	-	-	-	(17,170)	-	-	(17,170)	-	(17,170)
Dividend (note 9)	-	-	-	-	-	-	-	-	(5,649,872)	(5,649,872)
Balance at 31 March 2023	22,599,487	17,514,442	11,299,744	5,000,000	1,776,841	79,294	5,446,528	23,602,407	36,989,387	100,705,723

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

1 ACTIVITIES

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 and Commerce 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. The Company is engaged in the business providing hotel services and import and sale of beverages.

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 2023.

The Group owns and operates the Gulf Hotel, Gulf Hotel Laundry service, GHG Colombo, Gulf Court Hotel Business Bay in Dubai, Bahrain Airport Hotel and Crowne Plaza Hotel Bahrain. 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.

The Group comprises the Company and the following subsidiaries, associates and a joint venture:

Name	<u>Ownership interest</u>		Relationship	Country of incorporation	Principal activities
	31 March 2023	31 December 2022			
Gulf Hotel Laundry Services W.L.L	100%	100%	Subsidiary	Kingdom of Bahrain	Provision of laundry services.
Bahrain Tourism Company - Crowne Plaza Bahrain W.L.L.	100%	100%	Subsidiary	Kingdom of Bahrain	Hotel operations
Gulf Court Hotel Business Bay L.L.C.	100%	100%	Subsidiary	United Arab Emirates	Hotel operations
GHG Colombo (Private) Limited	100%	100%	Subsidiary	Sri Lanka	Retail operations
Bahrain Family Leisure Company B.S.C.	28.06%	28.06%	Associate	Kingdom of Bahrain	Operating restaurants, provision of family entertainment.
African and Eastern (Bahrain) W.L.L.	33.33%	33.33%	Associate	Kingdom of Bahrain	Importing and selling alcohol beverage
Bahrain Airport Hotel Company W.L.L.	51%	51%	Joint venture	Kingdom of Bahrain	Owning and operating a hotel

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the three months ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new and amended standards as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A number of new amendments to standards have been issued and are effective from 1 January 2023. These did not have a material effect on this condensed consolidated interim financial information.

The following new and amended standard apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group:

- *IFRS 17 Insurance Contracts: In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers;*
- *Definition of Accounting Estimates - Amendments to IAS 8: The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates;*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures; and*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12: The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.*

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant accounting judgements and estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

4 SEASONALITY OF RESULTS

Due to the nature of Hotel room operations, October to April is usually a busy season. In addition, the dividend income for the three-month period ended 31 March 2023 amounting to BD 574,439 (31 March 2022: BD 504,089) is also seasonal in nature.

Accordingly, the interim condensed consolidated financial results may not represent a proportionate share of the annual results.

5 INVESTMENTS

	31 March 2023 (Reviewed) BD	31 December 2022 (Audited) BD
<i>Investments at fair value through Other Comprehensive Income</i>		
Quoted equity securities	10,117,890	10,414,513
Unquoted equity securities	2,348,399	2,348,399
	12,466,289	12,762,912

6 REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<i>Three-month period ended</i>	
	31 March 2023 (Reviewed) BD	31 March 2022 (Reviewed) BD
a) Type of goods or service		
Food and beverages	5,613,737	4,975,678
Hotel rooms	2,967,140	2,586,916
Others	204,621	292,331
	8,785,498	7,854,925
b) Geographical markets		
Kingdom of Bahrain	7,589,116	6,477,184
United Arab Emirates	1,140,155	1,299,997
Sri Lanka	56,227	77,744
	8,785,498	7,854,925
c) Timing of revenue recognition		
Goods and services transferred at a point in time	8,785,498	7,854,925

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss for the period attributed to ordinary equity holders of the Group by the weighted average number of ordinary shares and is as follows:

	<i>Three-month period ended</i>	
	31 March 2023 (Reviewed)	31 March 2022 (Reviewed)
Profit for the period (BD)	3,085,397	2,122,583
Weighted average number of shares	225,994,863	225,994,863
Basic and diluted earnings per share (fils)	14	9

7 EARNINGS PER SHARE (continued)

Basic and diluted earnings per share are the same since the Group has not issued any instruments that would have a dilutive effect.

8 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE**31 March 2023 (Reviewed)**

	<i>African and Eastern (Bahrain) W.L.L BD</i>	<i>Bahrain Family Leisure Company B.S.C. BD</i>	<i>Bahrain Airport Hotel Company W.L.L. BD</i>	<i>Total BD</i>
Balance at 1 January 2023	6,807,504	491,383	176,175	7,475,062
Share of profit / (loss) for the period	465,137	(943)	(24,569)	439,625
Share of other comprehensive income for the period	3,273	-	-	3,273
Dividend received	(1,400,000)	-	-	(1,400,000)
Balance at 31 March 2023	5,875,914	490,440	151,606	6,517,960

31 December 2022 (Audited)

Balance at 1 January 2022	6,943,886	714,911	318,822	7,977,619
Share of profit / (loss) for the period	2,028,586	(223,528)	(142,647)	1,662,411
Share of other comprehensive income for the period	35,032	-	-	35,032
Dividend received	(2,200,000)	-	-	(2,200,000)
Balance at 31 December 2022	6,807,504	491,383	176,175	7,475,062

The Group's share in the associates' and a joint venture commitments for capital expenditure was BD 348,374 (31 December 2022: (Audited) BD 383,941) as of 31 March 2023. The associates and the joint venture did not have any contingencies as of 31 March 2023 and as of 31 March 2022.

9 DIVIDEND

At the annual general meeting of the shareholders held on 27 March 2023, a cash dividend of 25 fils per share totalling BD 5,649,872 for the year ended 31 December 2022 was declared, which has been fully paid subsequent to period ended 31 March 2023 (31 March 2022: at the annual general meeting of the shareholders held on 23 March 2022, a cash dividend of 20 fils per share totalling BD 4,519,871 for the year ended 31 December 2021 was declared). Accrued expenses and other liabilities include dividend payable of BD 5,649,872 as of 31 March 2023.

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and Board of Directors.

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions with related parties included in the interim condensed consolidated statement of comprehensive income are as follows:

	<i>Three months ended</i>	
	31 March 2023 (Reviewed) BD	<i>31 March 2022 (Reviewed) BD</i>
Major shareholders and their affiliates		
<i>Revenue and other income</i>		
Revenue	62,085	76,552
Management fee income	91,984	123,292
	154,069	199,844
<i>Expenses</i>		
Interest expense	39	43,472
Purchases	163,933	139,881
	163,972	183,353
Associates and joint venture		
<i>Revenue and other income</i>		
Revenue	18,307	12,471
Management fee income	4,450	2,039
Share of profit from associates	439,625	469,851
Share of other comprehensive income from associates	3,273	35,032
Dividends received	1,400,000	1,500,000
	1,865,655	2,019,393
<i>Expenses</i>		
Purchases	8,475	131,452
Directors and related affiliates		
<i>Revenue and other income</i>		
Revenue	36,821	13,902
<i>Expenses</i>		
Purchases	76,395	370

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

	Trade receivables BD	Other receivables BD	Trade payables BD
As at 31 March 2023 (Reviewed)			
Major shareholders and their affiliates	99,523	-	12,504
Associates and joint venture	11,857	717,621	-
Directors and related affiliates	29,384	-	11,455
	140,764	717,621	23,959

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>As at 31 December 2022 (Audited)</i>	<i>Trade receivables BD</i>	<i>Other receivables BD</i>	<i>Trade payables BD</i>
Major shareholders and their affiliates	82,047	2,917	54,147
Associates and joint venture	13,755	680,658	16,228
Directors and related affiliates	7,150	-	26,685
	<u>102,952</u>	<u>683,575</u>	<u>97,060</u>

Terms and conditions

Outstanding balances at the period end arise in the normal course of business and are interest free, unsecured and payable on demand.

Compensation of key management personnel

The remuneration of directors and other members of key management during the three-month period ended was as follows:

	<i>Three-month period ended</i>	
	<i>31 March 2023 (Reviewed) BD</i>	<i>31 March 2022 (Reviewed) BD</i>
Salaries and short-term employee benefits	115,437	208,889
Post employment benefits	-	9,122
Directors sitting fees	6,000	63,750
	<u>121,437</u>	<u>281,761</u>

11 COMMITMENTS

As at 31 March 2023, the Group has commitment of BD 9,500,000 (31 December 2022: nil) relating to acquisition of Novotel AlDana Resort Bahrain.

As at 31 March 2023, the Group has a capital commitments amounted to BD 469,703 (31 December 2022: BD 88,499) arising from multiple contracts.

12 FAIR VALUE MEASUREMENT

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.

Fair value of financial instruments

The fair value of financial instruments are estimated based on the following methods and assumptions:

- Cash, bank balances, short term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities.

12 FAIR VALUE MEASUREMENT (continued)**Fair value of financial instruments (continued)**

- b) Fair value of quoted equity investments is derived from quoted market prices in active markets and in the case of unquoted investments at fair value through other comprehensive income using fair values provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

The fair values of financial assets and liabilities are not materially different from their carrying values as at 31 March 2023 and as at 31 December 2022.

Fair value of non-financial assets and liabilities

The Group does not have any non-financial assets or liabilities which have been remeasured at fair value as at 31 March 2023 and as at 31 December 2022.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The following table provides fair value hierarchy of the Group's assets and liabilities:

	31 March 2023 (Reviewed)			Total BD
	Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income</i>				
- Quoted equity investments	10,117,890	-	-	10,117,890
- Unquoted equity investments	-	-	2,348,399	2,348,399
	10,117,890	-	2,348,399	12,466,289

12 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

	31 December 2022 (Audited)			Total BD
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	BD	BD	BD	
Assets measured at fair value				
Investments at fair value through other comprehensive income				
- Quoted equity investments	10,414,513	-	-	10,414,513
- Unquoted equity investments	-	-	2,348,399	2,348,399
	<u>10,414,513</u>	<u>-</u>	<u>2,348,399</u>	<u>12,762,912</u>

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 March 2023 and as of 31 December 2022.

During the three-month period ended 31 March 2023 and year ended 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and there are no transfers into or out of Level 3 fair value measurements.

Reconciliation of fair value measurement of Level 3 financial assets

Level 3 equity investments have been estimated using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

Movement in the fair values of financial assets classified as level 3 category were, as follows:

	31 March 2023 (Reviewed) BD	31 December 2022 (Audited) BD
At beginning of the period / year	2,348,399	2,688,509
Remeasurement recognised in other comprehensive income	-	(340,110)
At end of the period / year	<u>2,348,399</u>	<u>2,348,399</u>

13 SEGMENTS REPORTING

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments, as follows:

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

Food and beverages 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 Group and the convention operations of the Gulf Convention Centre have been aggregated for segmental reporting in food and beverage.

13 SEGMENTS REPORTING (continued)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained later in a table, is measured differently from operating profit or loss in the interim condensed consolidated financial statements.

Transfer prices between operating segments are set in a manner similar to transactions with third parties.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

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

Inter-segment revenues, transactions, assets and liabilities are eliminated upon consolidation and reflected in the adjustment and eliminations column.

Revenue for the three-month period ended 31 March 2023 in the United Arab Emirates and Sri Lanka amounted to BD 1,196,382 (three-month period ended 31 March 2022: BD 1,377,741) and profit for the three-month period ended 31 March 2023 amounted to BD 8,526 (three-month period ended 31 March 2022: BD 135,455). The remaining revenue and profit for the three-month period then ended is generated from the primary geographical segment in the Kingdom of Bahrain.

At 31 March 2023, total assets in the United Arab Emirates and Sri Lanka amounted to BD 29,000,054 (31 December 2022 (Audited): BD 28,981,753) and total liabilities amounted to BD 1,193,534 (31 December 2022 (Audited): BD 1,852,213). All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

13 SEGMENTS REPORTING (continued)

The following table presents the details of segmental operating results for the three-month periods ended 31 March 2023 and 31 March 2022:

Three-month ended 31 March (Reviewed)	<i>Hotel room operations</i>		<i>Food and beverages</i>		<i>Investment and other activities</i>		<i>Adjustments and eliminations</i>		<i>Consolidated</i>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Revenue	3,802,595	2,691,643	4,886,560	5,035,801	279,027	292,331	(182,684)	(164,850)	8,785,498	7,854,925
Share of results of associates and a joint venture	-	-	-	-	439,625	469,851	-	-	439,625	469,851
Dividend income	-	-	-	-	1,974,439	2,704,089	(1,400,000)	(2,200,000)	574,439	504,089
Interest income	-	-	-	-	168,645	2,041	-	-	168,645	2,041
Rental and other income	207,974	255,307	-	1,893	422,126	254,496	-	-	630,100	511,696
Total revenue	4,010,569	2,946,950	4,886,560	5,037,694	3,283,862	3,722,808	(1,582,684)	(2,364,850)	10,598,307	9,342,602
Staff costs	1,347,695	709,523	865,195	967,069	276,378	550,321	-	-	2,489,268	2,226,913
Food and beverages costs	-	-	1,989,114	1,774,369	-	-	-	-	1,989,114	1,774,369
Depreciation	1,305,837	1,358,127	29,113	36,476	804	2,685	-	-	1,335,754	1,397,288
Utilities	304,614	272,585	-	-	-	-	-	-	304,614	272,585
Interest expense	-	-	-	-	39	43,472	-	-	39	43,472
Allowance for expected credit losses	104,711	95,982	-	-	-	-	-	-	104,711	95,982
Other operating expenses	1,039,555	1,163,781	352,202	249,666	80,337	160,813	(182,684)	(164,850)	1,289,410	1,409,410
Total expenses	4,102,412	3,599,998	3,235,624	3,027,580	357,558	757,291	(182,684)	(164,850)	7,512,910	7,220,019
Segment profit (loss) for the period	(91,843)	(653,048)	1,650,936	2,010,114	2,926,304	2,965,517	(1,400,000)	(2,200,000)	3,085,397	2,122,583

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

13 SEGMENTS REPORTING (continued)

The following table presents the details of segmental assets and liabilities as at 31 March 2023 and as at 31 December 2022:

	<i>Hotel room operations</i>		<i>Food and beverages</i>		<i>Investment and other activities</i>		<i>Adjustments and eliminations</i>		<i>Consolidated</i>	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Reviewed)	<i>(Audited)</i>	(Reviewed)	<i>(Audited)</i>	(Reviewed)	<i>(Audited)</i>	(Reviewed)	<i>(Audited)</i>	(Reviewed)	<i>(Audited)</i>
	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>
Total assets	44,658,484	47,186,058	27,878,066	29,274,016	41,492,207	35,334,611	-	-	114,028,757	111,794,685
Total liabilities	3,324,118	4,178,351	2,498,622	3,094,083	7,500,294	919,500	-	-	13,323,034	8,191,934

14 SUBSEQUENT EVENTS

On 27 February 2023, the Group has signed an agreement with Aljazeera Tourism Company B.S.C. (c) ("the Seller") to acquire Novotel AlDana Hotel and Resort and inventories for a total consideration of BD 10 million and the Group has paid an advance of BD 500,000 as of 31 March 2023. The acquisition is subject to completion of legal and regulatory formalities at a date to be mutually agreed between the Group and the Seller.

15 COMPARATIVES

Certain comparative amounts in these interim condensed consolidated financial statements have been reclassified to conform with the current period presentation. Such reclassifications had no impact on previously reported profit or equity.