

Gulf Hotels Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2025 (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 2025, comprising of the interim consolidated statement of financial position as at 31 March 2025 and the related interim 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.



Partner's Registration No. 115

13 May 2025

Manama, Kingdom of Bahrain

Gulf Hotels Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Note	31 March 2025 (Reviewed)	31 December 2024 (Audited) BD
ASSETS			
Non-current assets			
Property and equipment		73,554,304	73,728,435
Investment properties		569,564	576,609
Investments in associates and a joint venture	5	6,631,744	6,998,230
Prepayments and other receivables		559,521	636,021
Investments	6	10,410,319	10,329,955
		91,725,452	92,269,250
Current assets			
Inventories		3,577,245	3,516,702
Trade receivables		2,034,914	1,963,176
Prepayments and other receivables		2,463,080	1,765,437
Cash, bank balances and short-term deposits		13,985,350	13,347,420
		22,060,589	20,592,735
TOTAL ASSETS		113,786,041	112,861,985
EQUITY AND LIABILITIES			
Equity			
Share capital		22,599,487	22,599,487
Share premium		17,514,442	17,514,442
Reserves		21,383,129	21,293,184
Retained earnings		40,926,996	44,125,286
Total equity		102,424,054	105,532,399
Non-current liability			
Employees' end of service benefits		984,958	955,522
Current liabilities			
Trade payables		1,497,434	1,926,746
Accrued expenses and other liabilities	9	8,879,595	4,447,318
		10,377,029	6,374,064
Total liabilities		11,361,987	7,329,586
TOTAL EQUITY AND LIABILITIES		113,786,041	112,861,985



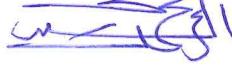
Fawzi Ahmad Ali Kanoo
Chairman



Hala Farouk Almoayyed
Vice Chairperson



Ahmed Janahi
Chief Executive Officer



Mohamed Al Gharbi.
Chief Financial Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

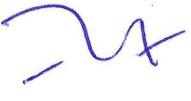
Gulf Hotels Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER

COMPREHENSIVE INCOME

For the three-month period ended 31 March 2025 (Reviewed)

	Note	Three-month period ended	
		31 March 2025 BD	31 March 2024 BD
Revenue	7	8,610,739	8,983,245
Share of results of associates and a joint venture	5	320,794	331,944
Dividend income		600,785	543,328
Interest income		150,064	120,437
Rental and other income		708,249	702,889
TOTAL INCOME		10,390,631	10,681,843
Staff costs		(2,775,383)	(2,524,588)
Food and beverages costs		(1,880,870)	(2,111,278)
Depreciation		(1,327,148)	(1,372,455)
Utilities		(343,502)	(333,680)
Reversal of allowance / (allowance) for expected credit losses		78,207	(24,204)
Other operating expenses		(1,690,353)	(1,652,196)
TOTAL EXPENSES		(7,939,049)	(8,018,401)
PROFIT FOR THE PERIOD		2,451,582	2,663,442
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	11	12
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
- Net changes in fair value of investments at fair value through other comprehensive income		80,364	(257,545)
- Share of other comprehensive income of associates and a joint venture	5	12,720	12,109
		93,084	(245,436)
<i>Item to be reclassified to profit or loss in subsequent periods:</i>			
- Foreign exchange differences on translation of foreign operation		(3,139)	(36,325)
Other comprehensive income (loss) for the period		89,945	(281,761)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,541,527	2,381,681


Fawzi Ahmad Ali Kanoo
Chairman


Hala Farouk Almoayyed
Vice Chairperson


Ahmed Janahi
Chief Executive Officer


Mohamed Al Gharbi
Chief Financial Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Gulf Hotels Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2025 (Reviewed)

	Note	Three-month period ended	
		31 March 2025 BD	31 March 2024 BD
OPERATING ACTIVITIES			
Profit for the period		2,451,582	2,663,442
Adjustments to reconcile profit to net cash flows:			
Depreciation		1,327,148	1,372,455
Share of results of associates and a joint venture	5	(320,794)	(331,944)
Dividend income		(600,785)	(543,328)
Interest income		(150,064)	(120,437)
(Reversal of allowance) / allowance for expected credit losses		(78,207)	24,204
Provision for employees' end of service benefits		73,212	53,191
Operating profit before working capital changes		2,702,092	3,117,583
Working capital changes:			
Inventories		(60,543)	398,232
Trade receivables		6,469	(448,905)
Prepayments and other receivables		(252,518)	(175,558)
Trade payables		(429,312)	57,334
Accrued expenses and other liabilities		(1,018,062)	(43,348)
Cash generated from operations		948,126	2,905,338
Directors' remuneration paid		(199,533)	(125,000)
Employees' end of service benefits paid		(43,776)	(98,632)
Net cash flows from operating activities		704,817	2,681,706
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,145,972)	(714,389)
Interest received		146,979	38,648
Dividend received from an associate	5	700,000	1,400,000
Dividends received		235,245	96,001
Net cash flows (used in) from investing activities		(63,748)	820,260
FINANCING ACTIVITY			
Dividends paid and cash flow used in financing activity		-	(5,649,872)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		641,069	(2,147,906)
Cash and cash equivalents at 1 January		(3,139)	(36,325)
CASH AND CASH EQUIVALENTS AT 31 MARCH		13,347,420	8,538,847
13,985,350		6,354,616	

Non-cash items:

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

- (i) Dividend receivable amounting to BD 365,540 (31 March 2024: BD 447,327) and interest receivable amounting to BD 114,591 (31 March 2024: BD 111,506) has been excluded from movement in prepayments and other receivables.
- (ii) Dividend payable amounting to BD 5,718,613 (31 March 2024: BD 69,920) has been excluded from movement in accrued expenses and other liabilities.

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Gulf Hotels Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2025 (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 2024	22,599,487	17,514,442	11,299,744	5,000,000	1,593,131	239,942	5,215,899	23,348,716	40,890,456	104,353,101	
Profit for the period	-	-	-	-	-	-	-	-	2,663,442	2,663,442	
Other comprehensive loss for the period	-	-	-	-	-	(36,325)	(245,436)	(281,761)	-	(281,761)	
Total comprehensive (loss) income for the period	-	-	-	-	-	(36,325)	(245,436)	(281,761)	2,663,442	2,381,681	
Dividend (note 9)	-	-	-	-	-	-	-	-	(5,649,872)	(5,649,872)	
Balance at 31 March 2024	22,599,487	17,514,442	11,299,744	5,000,000	1,593,131	203,617	4,970,463	23,066,955	37,904,026	101,084,910	
Reserves											
	Share capital BD	Share premium BD	Statutory reserve BD	General reserve BD	Charity reserve BD	Foreign currency reserve BD	Fair value reserve BD	Total reserves BD	Retained earnings BD		Total equity BD
Balance at 1 January 2025	22,599,487	17,514,442	11,324,744	5,000,000	1,539,945	83,853	3,344,642	21,293,184	44,125,286	105,532,399	
Profit for the period	-	-	-	-	-	-	-	-	2,451,582	2,451,582	
Other comprehensive (loss) income for the period	-	-	-	-	-	(3,139)	93,084	89,945	-	89,945	
Total comprehensive (loss) income for the period	-	-	-	-	-	(3,139)	93,084	89,945	2,451,582	2,541,527	
Dividend (note 9)	-	-	-	-	-	-	-	-	(5,649,872)	(5,649,872)	
Balance at 31 March 2025	22,599,487	17,514,442	11,324,744	5,000,000	1,539,945	80,714	3,437,726	21,383,129	40,926,996	102,424,054	

The attached notes 1 to 13 form part of these interim condensed financial statements.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2025 (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 Office 1001, Building 15, Road 3801, Block 338, Manama, Kingdom of Bahrain. The Company is engaged in the business providing hotel services, import and sale of beverages and investing activities.

This interim condensed consolidated financial information comprise the results of the Company and its subsidiaries (collectively, the "Group") for the three-month period ended 31 March 2025.

The Group owns and operates the Gulf Hotel, Gulf Hotel Al Dana Resort and Crown plaza Hotels in the Kingdom of Bahrain and Gulf Court Hotel Business Bay in Dubai, United Arab Emirate. Additionally, the Group oversees the retail operations of Gulf Brand International in the Kingdom of Bahrain, GHG Colombo in Sri Lanka. Moreover, the Group manages multiple restaurants owned by GHG Hospitality W.L.L. The Group also provides management services to The Asdal Gulf-inn Seef, in the Kingdom of Bahrain. The Group is also a shareholder and operator of Bahrain Airport Hotel Company and Ocean Paradise Resort, Zanzibar, Republic of Tanzania.

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

Name	Ownership interest		Relationship	Country of incorporation	Principal activities
	31 March 2025	31 December 2024			
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
Novotel Bahrain Al Dana Resort W.L.L.	100%	100%	Subsidiary	Kingdom of Bahrain	Hotel operations
GHG Hospitality W.L.L.	100%	100%	Subsidiary	Kingdom of Bahrain	Operating restaurants
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
Gulf Court Hotel Business Bay L.L.C.	100%	100%	Subsidiary	United Arab Emirates	Hotel operations
GHG Investments L.L.C.	100%	100%	Subsidiary	United Arab Emirates	Investment and other activities
GH Gulf Investment Limited	100%	100%	Subsidiary	United Arab Emirates	Investment and other activities
GHG Colombo (Private) Limited	100%	100%	Subsidiary	Sri Lanka	Retail operations

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13 May 2025.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2025 (Reviewed)

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2025 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 2024. In addition, results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

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 2024, except for the adoption of new and amended standards as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial statements of the Group.

- *Lack of exchangeability - Amendments to IAS 21: The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.*

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Group's interim condensed consolidated financial statements.

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 2024.

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 2025 amounting to BD 600,785 (31 March 2024: BD 543,328) is also seasonal in nature.

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

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2025 (Reviewed)

5 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

31 March 2025 (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 2025	6,499,872	309,415	188,943	6,998,230
Share of profit / (loss) for the period	347,189	(8,209)	(18,186)	320,794
Share of other comprehensive income for the period	12,720	-	-	12,720
Dividend received	(700,000)	-	-	(700,000)
Balance at 31 March 2025	6,159,781	301,206	170,757	6,631,744

31 December 2024 (Audited)

Balance at 1 January 2024	6,647,011	385,346	232,492	7,264,849
Share of profit / (loss) for the year	1,816,800	(75,931)	(16,168)	1,724,701
Share of other comprehensive loss for the year	(63,939)	-	-	(63,939)
Other equity movement	-	-	(27,381)	(27,381)
Dividend received	(1,900,000)	-	-	(1,900,000)
Balance at 31 December 2024	6,499,872	309,415	188,943	6,998,230

The Group's share in associates' and the joint venture's commitments for capital expenditure was BD 85,389 as of 31 March 2025 (31 December 2024 (audited): BD 85,389) arising from the construction of mega retail store in Mina Salman, Kingdom of Bahrain, which is expected to be completed by the end of financial year 2025.

The Group's share in the associates' and joint venture's contingent liabilities as of 31 March 2025, arising in the ordinary course of business which includes an outstanding letter of guarantee and tender cheques amounting to BD 1,250 (31 December 2024 (audited): BD 1,250).

The share of results of the associate is recognised based on the approved management accounts for the three-month period ended 31 March 2025 and audited accounts for years ended 31 December 2024.

6 INVESTMENTS

	<i>31 March 2025 (Reviewed) BD</i>	<i>31 December 2024 (Audited) BD</i>
<i>At fair value through other comprehensive income:</i>		
Quoted equity investments	8,231,976	8,151,612
Unquoted equity investments	2,178,343	2,178,343
	10,410,319	10,329,955

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2025 (Reviewed)

7 REVENUE

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

	<i>Three-month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2025</i>	<i>2024</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>BD</i>	<i>BD</i>
Food and beverages	5,246,240	5,576,140
Hotel rooms	3,071,938	3,155,999
Others *	292,561	251,106
	8,610,739	8,983,245

* Includes revenue from ancillary services of hotel operations such as spa and wellness facilities, laundry and dry cleaning and parking services etc.

	<i>Three-month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2025</i>	<i>2024</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>BD</i>	<i>BD</i>
Geographical markets		
Kingdom of Bahrain	7,463,710	7,843,020
United Arab Emirates	1,109,842	1,059,739
Sri Lanka	37,187	80,486
	8,610,739	8,983,245
Timing of revenue recognition		
Goods and services transferred at a point in time	5,538,801	5,827,246
Goods and services transferred over time	3,071,938	3,155,999

8 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>	
	<i>31 March</i>	<i>31 March</i>
	<i>2025</i>	<i>2024</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period (BD)	2,451,582	2,663,442
Weighted average number of shares	225,994,863	225,994,863
Basic and diluted earnings per share (fils)	11	12

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

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2025 (Reviewed)

9 DIVIDEND

At the annual general meeting of the shareholders held on 24 March 2025, a cash dividend of 25 fils per share totalling BD 5,649,872 for the year ended 31 December 2024 was declared, which has been fully paid subsequent to period ended 31 March 2025 (31 March 2024: at the annual general meeting of the shareholders held on 25 March 2024, a cash dividend of 25 fils per share totalling BD 5,649,872 for the year ended 31 December 2023 was declared and fully paid).

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.

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

	<i>Three-month period ended</i>	
	31 March	31 March
	2025	2024
	(Reviewed)	(Reviewed)
	BD	BD
<i>Major shareholders and their affiliates</i>		
<i>Revenue and other income</i>		
Revenue	48,890	33,789
Management fee income	60,000	66,080
	108,890	99,869
<i>Expenses</i>		
Purchases	957,332	41,773
	957,332	41,773
<i>Associates and joint venture</i>		
<i>Revenue and other income</i>		
Revenue	41,314	21,207
Management fee income	7,124	8,177
Share of profit from associates	320,794	331,944
Share of other comprehensive income from associates	12,720	12,109
Dividends received	700,000	1,400,000
	700,000	1,400,000
<i>Expenses</i>		
Purchases	22,504	13,228
	22,504	13,228
<i>Directors and related affiliates</i>		
<i>Revenue and other income</i>		
Revenue	7,902	665
	7,902	665

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2025 (Reviewed)

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<i>Trade receivables</i> <i>BD</i>	<i>Other receivables</i> <i>BD</i>	<i>Trade payables</i> <i>BD</i>
As at 31 March 2025 (Reviewed)			
Major shareholders and their affiliates	31,533	-	85,032
Associates and joint venture	64,859	640,958	17,699
Directors and related affiliates	6,102	-	-
	102,494	640,958	102,731
As at 31 December 2024 (Audited)			
Major shareholders and their affiliates	40,598	-	95,613
Associates and joint venture	63,034	707,771	82,497
Directors and related affiliates	5,837	-	-
	109,469	707,771	178,110

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</i> <i>2025</i> <i>(Reviewed)</i> <i>BD</i>	<i>31 March</i> <i>2024</i> <i>(Reviewed)</i> <i>BD</i>
Salaries and short-term employee benefits	261,485	155,759
Post employment benefits	4,524	3,901
Directors sitting fees	21,300	28,457
	287,309	188,117

11 COMMITMENTS AND CONTINGENCIES

a) Commitments

Capital expenditure

As at 31 March 2025, the Group has capital commitments amounted to BD 3,004,228 (31 December 2024 (audited): BD 3,144,822) arising from multiple contracts. The commitments are expected to be settled within 2 years from the reporting date.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (Reviewed)

11 COMMITMENTS AND CONTINGENCIES (continued)

b) Contingencies

At 31 March 2025, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 190,264 (31 December 2024 (audited): BD 190,264) from which it is anticipated that no material liabilities will arise.

As of 31 March 2025 and as of 31 December 2024, the Group was a party to a small number of legal cases and claims filed against the Group. The Board of Directors are confident that no material liabilities will arise from these cases/claims.

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:

- a) Cash and bank balances, trade receivables, a portion of prepayments and other receivables, trade payables and portion of accrued expenses and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- b) The fair values of the quoted investments are determined by reference to published price quotations in an active market and the fair values of unquoted investments have been estimated using indicative bids provided by the fund administrators, using of recent arm's length market transactions, current fair value of another similar instrument or other appropriate valuation techniques.

The fair values of financial assets and liabilities are not materially different from their carrying values as at 31 March 2025 and as at 31 December 2024.

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 2025 and as at 31 December 2024.

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.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2025 (Reviewed)

12 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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

		31 March 2025 (Reviewed)				
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Total
	Date of valuation	Level 1 BD	Level 2 BD	Level 3 BD		BD
Assets measured at fair value						
<i>Investments at fair value through other comprehensive income (note 6):</i>						
- Quoted equity investments	31 Mar 2025	8,231,976	-	-		8,231,976
- Unquoted equity investments	31 Mar 2025	-	-	2,178,343		2,178,343
		8,231,976	-	2,178,343		10,410,319
		31 December 2024 (Audited)				
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Total
	Date of valuation	Level 1 BD	Level 2 BD	Level 3 BD		BD
Assets measured at fair value						
<i>Investments at fair value through other comprehensive income (note 6):</i>						
- Quoted equity investments	31 Dec 2024	8,151,612	-	-		8,151,612
- Unquoted equity investments	31 Dec 2024	-	-	2,178,343		2,178,343
		8,151,612	-	2,178,343		10,329,955

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 March 2025 and as of 31 December 2024.

During the three-month period ended 31 March 2025 and year ended 31 December 2024, 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.

There were no movement in the fair values of financial assets classified as level 3 category during the three-month period ended 31 March 2025 and year ended 31 December 2024.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (Reviewed)

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.

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 2025 in the United Arab Emirates and Sri Lanka amounted to BD 1,147,029 (three-month period ended 31 March 2024: BD 1,140,225) and loss for the three-month period ended 31 March 2025 amounted to BD 40,333 (three-month period ended 31 March 2024: loss amounted to BD 56,933). 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 2025, total assets in the United Arab Emirates and Sri Lanka amounted to BD 25,416,845 (31 December 2024 (audited): BD 25,556,314) and total liabilities amounted to BD 746,369 (31 December 2024 (audited): BD 846,436). 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 2025 (Reviewed)

13 SEGMENTS REPORTING (continued)

The following table presents the details of segmental operating results for the three-month periods ended 31 March 2025 and 31 March 2024:

Three-months period

ended 31 March

(Reviewed)

	Hotel room operations		Food and beverages		Investment and other activities		Adjustments and eliminations		Consolidated	
	2025 BD	2024 BD	2025 BD	2024 BD	2025 BD	2024 BD	2025 BD	2024 BD	2025 BD	2024 BD
	Revenue	3,090,227	3,173,366	5,333,708	5,659,199	364,231	319,164	(177,427)	(168,484)	8,610,739
Share of results of associates and a joint venture	-	-	-	-	320,794	331,944	-	-	320,794	331,944
Dividend income	-	-	-	-	600,785	543,328	-	-	600,785	543,328
Interest income	-	-	-	-	150,064	120,437	-	-	150,064	120,437
Rental and other income	-	-	-	-	708,249	702,889	-	-	708,249	702,889
 Total revenue	 3,090,227	 3,173,366	 5,333,708	 5,659,199	 2,144,123	 2,017,762	 (177,427)	 (168,484)	 10,390,631	 10,681,843
Staff costs	(641,917)	(603,182)	(1,651,019)	(1,522,737)	(482,447)	(398,669)	-	-	(2,775,383)	(2,524,588)
Food and beverages costs	-	-	(1,968,338)	(2,194,337)	-	-	87,468	83,059	(1,880,870)	(2,111,278)
Depreciation	(887,478)	(926,716)	(331,423)	(339,066)	(108,247)	(106,673)	-	-	(1,327,148)	(1,372,455)
Utilities	(212,723)	(215,454)	(92,121)	(80,259)	(38,658)	(37,967)	-	-	(343,502)	(333,680)
Reversal of allowance / (allowance) for credit losses	27,012	(3,122)	37,719	(14,540)	13,476	(6,542)	-	-	78,207	(24,204)
Other operating expenses	(787,390)	(838,404)	(653,232)	(577,124)	(339,690)	(322,093)	89,959	85,425	(1,690,353)	(1,652,196)
 Total expenses	 (2,502,496)	 (2,586,878)	 (4,658,414)	 (4,728,063)	 (955,566)	 (871,944)	 177,427	 168,484	 (7,939,049)	 (8,018,401)
Segment (loss) profit for the period	587,731	586,488	675,294	931,136	1,188,557	1,145,818	-	-	2,451,582	2,663,442

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (Reviewed)

13 SEGMENTS REPORTING (continued)

The following table presents the details of segmental assets and liabilities as at 31 March 2025 and as at 31 December 2024:

	Hotel room operations		Food and beverages		Investment and other activities		Adjustments and eliminations		Consolidated		
	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	48,959,134	48,094,019	30,794,893	29,806,316	34,032,014	34,961,650	-	-	113,786,041	112,861,985	
Total liabilities	2,960,796	3,652,275	2,403,878	2,860,005	5,997,313	817,306	-	-	11,361,987	7,329,586	
Capital expenditure	694,429	3,191,818	441,009	251,219	10,534	111,156	-	-	1,145,972	3,554,193	

* During the period, management has reassessed its measurement basis for allocating expenses across segments and reclassify the revenue, expenses, and assets and liabilities. Such reclassification does not impact the previously reported Group profit for the three-month period ended 31 March 2024 and equity for the year ended 31 December 2024.