

Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

30 June 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 30 June 2023, comprising of the interim condensed consolidated statement of financial position as at 30 June 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 and six month periods 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 six month period ended 30 June 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 10 August 2022 on those Consolidated Financial Statements.



Partner's Registration No. 115
9 August 2023
Manama, Kingdom of Bahrain

Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2023

	Note	30 June 2023 (Reviewed) BD	31 December 2022 (Audited) BD
ASSETS			
Non-current assets			
Property and equipment		76,508,834	68,680,687
Investment properties		629,266	655,749
Investments in associates and a joint venture	9	6,895,682	7,475,062
Prepayments and other assets		687,021	717,621
Investments	6	12,488,238	12,762,912
		<u>97,209,041</u>	<u>90,292,031</u>
Current assets			
Inventories		3,523,643	3,021,757
Trade receivables		2,266,570	1,409,769
Prepayments and other assets		1,500,693	1,649,983
Cash, bank balances and short-term deposits		3,988,448	15,421,145
		<u>11,279,354</u>	<u>21,502,654</u>
TOTAL ASSETS		<u>108,488,395</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		23,562,618	23,934,960
Retained earnings		38,096,042	39,553,862
Total equity		<u>101,772,589</u>	<u>103,602,751</u>
Non-current liability			
Employees' end of service benefits		1,227,585	1,183,203
Current liabilities			
Trade payables		2,346,847	3,153,138
Accrued expenses and other liabilities		3,141,374	3,855,593
		<u>5,488,221</u>	<u>7,008,731</u>
Total liabilities		<u>6,715,806</u>	<u>8,191,934</u>
TOTAL EQUITY AND LIABILITIES		<u>108,488,395</u>	<u>111,794,685</u>



Farooq Yousuf Almoayyed
Chairman



Fawzi Ahmad Kanoo
Vice Chairman



Garfield Jones
Chief Executive Officer



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 AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2023 (Reviewed)

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2023 BD	2022 BD	2023 BD	2022 BD
Revenue	7	7,556,105	6,664,687	16,341,603	14,728,878
Share of results of associates and a joint venture	9	415,549	351,193	855,174	821,044
Dividend income		96,182	-	670,621	504,089
Interest income		78,113	11,888	246,758	13,929
Rental and other income		497,623	259,587	1,127,723	562,016
TOTAL INCOME		8,643,572	7,287,355	19,241,879	16,629,956
Staff costs		(2,443,013)	(1,988,312)	(4,932,281)	(4,215,225)
Food and beverages costs		(1,844,285)	(1,514,653)	(3,833,399)	(3,289,022)
Depreciation		(1,292,669)	(1,385,131)	(2,628,423)	(2,782,419)
Utilities		(408,412)	(360,208)	(713,026)	(632,793)
Interest expense		(152)	(33,695)	(191)	(77,167)
Allowance for expected credit losses		(97,774)	(5,056)	(202,485)	(101,038)
Other operating expenses		(1,450,612)	(1,298,672)	(2,740,022)	(2,708,083)
TOTAL EXPENSES		(7,536,917)	(6,585,727)	(15,049,827)	(13,805,747)
PROFIT FOR THE PERIOD		1,106,655	701,628	4,192,052	2,824,209
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	5	3	19	12
OTHER COMPREHENSIVE INCOME (LOSS)					
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>					
- Net change on equity instruments at fair value through other comprehensive income		21,949	(305,482)	(274,674)	(117,483)
- Share of other comprehensive income of associates and a joint venture		(37,827)	(6,666)	(34,554)	26,055
		(15,878)	(312,148)	(309,228)	(91,433)
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>					
- Exchange differences on translation of foreign operations		20,489	-	(1,544)	-
Other comprehensive income (loss) for the period		4,611	(312,148)	(310,772)	(91,433)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,111,266	389,480	3,881,280	2,732,776



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 CASH FLOWS

For the period ended 30 June 2023 (Reviewed)

	Note	<i>Six-month period ended 30 June</i>	
		2023 <i>BD</i>	2022 <i>BD</i>
OPERATING ACTIVITIES			
Profit for the period		4,192,052	2,824,209
Adjustments to reconcile profit to net cash flows:			
Depreciation		2,628,423	2,782,419
Share of results of associates and a joint venture	9	(855,174)	(821,044)
Bargain purchase gain on acquisition of subsidiary - provisional	5	(21,801)	-
Dividend income		(670,621)	(504,089)
Interest income		(246,758)	(13,929)
Interest expense		191	77,167
Allowance for expected credit losses		202,485	101,038
Provision for employees' end of service benefits		126,321	90,738
Operating profit before working capital changes		5,355,118	4,536,509
Working capital changes:			
Inventories		(426,420)	(707,645)
Trade receivables		(1,059,286)	(672,388)
Prepayments and other assets		213,176	(839,912)
Trade payables		(806,291)	(220,214)
Accrued expenses and other liabilities		(488,889)	904,283
Cash generated from operations		2,787,408	3,000,633
Directors' remuneration paid		(250,493)	(221,200)
Donations paid		(61,570)	(4,500)
Employees' end of service benefits paid		(81,939)	(24,153)
Net cash flows from operating activities		2,393,406	2,750,780
INVESTING ACTIVITIES			
Purchase of property and equipment		(322,252)	(122,582)
Deposit received against sale of land		-	820,000
Disposal of property and equipment		-	11,270
Interest received		246,758	13,929
Acquisition of a subsidiary, net of cash acquired	5	(10,169,623)	-
Dividend received from an associate	9	1,400,000	1,500,000
Dividends received		670,621	504,089
Net cash flows (used in) from investing activities		(8,174,496)	2,726,706
FINANCING ACTIVITIES			
Dividends paid		(5,649,872)	(4,519,578)
Repayment of bank loan		-	(1,350,000)
Interest paid		(191)	(91,936)
Cash flows used in financing activities		(5,650,063)	(5,961,514)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		(11,431,153)	(484,028)
Cash and cash equivalents at 1 January		(1,544)	-
CASH AND CASH EQUIVALENTS AT 30 JUNE		15,421,145	5,958,355
		3,988,448	5,474,327

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 period ended 30 June 2023 (Reviewed)

	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 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	-	-	-	-	-	-	-	-	2,824,209	2,824,209
Other comprehensive loss for the period	-	-	-	-	-	-	(91,433)	(91,433)	-	(91,433)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(91,433)	(91,433)	2,824,209	2,732,776
Utilised during the period	-	-	-	-	(4,500)	-	-	(4,500)	-	(4,500)
Dividend (note 10)	-	-	-	-	-	-	-	-	(4,519,871)	(4,519,871)
Balance at 30 June 2022	<u>22,599,487</u>	<u>17,514,442</u>	<u>11,299,744</u>	<u>5,000,000</u>	<u>1,823,821</u>	<u>-</u>	<u>6,091,194</u>	<u>24,214,759</u>	<u>35,709,056</u>	<u>100,037,744</u>
	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 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	-	-	-	-	-	-	-	-	4,192,052	4,192,052
Other comprehensive loss for the period	-	-	-	-	-	(1,544)	(309,228)	(310,772)	-	(310,772)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,544)	(309,228)	(310,772)	4,192,052	3,881,280
Utilised during the period	-	-	-	-	(61,570)	-	-	(61,570)	-	(61,570)
Dividend (note 10)	-	-	-	-	-	-	-	-	(5,649,872)	(5,649,872)
Balance at 30 June 2023	<u>22,599,487</u>	<u>17,514,442</u>	<u>11,299,744</u>	<u>5,000,000</u>	<u>1,732,441</u>	<u>99,783</u>	<u>5,430,650</u>	<u>23,562,618</u>	<u>38,096,042</u>	<u>101,772,589</u>

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 30 June 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 interim condensed consolidated financial statements comprise the results of the Company and its subsidiaries (collectively, the "Group") for the three and six month periods ended 30 June 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, Al Dana Resort 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	Ownership interest		Relationship	Country of incorporation	Principal activities
	30 June 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 Hotel Al Dana Resort W.L.L *	100%	-	Subsidiary	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 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	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

* During the period ended 30 June 2023, the Group acquired 100% stake in Novotel Al Dana Resort Bahrain and the detail of acquisition is disclosed in note 5.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 9 August 2023.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three and six month periods ended 30 June 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, 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 and six month periods ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 interim condensed financial statements.

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.*

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

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 amounting to BD 670,621 (2022: BD 504,089) for the six-month period ended 30 June 2023 are of seasonal nature.

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

5 BUSINESS COMBINATION

On 27 February 2023, the Group has signed an agreement with Aljazeera Tourism Company B.S.C. (c) ("the Seller") to acquire Novotel Al Dana Resort Bahrain ("the Resort") for a total consideration of BD 10 million and the Group has also incurred costs of BD 161,501 towards transfer and registration of the Resort's land in the Group's name.

On 2 May 2023, the Group incorporated a limited liability company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration (CR) number 164164 - 1, Gulf Hotel Al Dana Resort W.L.L. This new subsidiary was established to expand the Group's presence in the hospitality sector and strengthen its portfolio of assets.

On 8 June 2023, the Group acquired the control of the Resort and transferred its assets and liabilities to Gulf Hotel Al Dana Resort W.L.L. As per agreement, the Seller shall settle assets and liabilities on or before the date of acquisition and shall make reasonable endeavours to transfer the employees to the Gulf Hotel Al Dana Resort W.L.L. after settlement of all employment benefits.

The acquisition has been accounted for using the acquisition method in accordance with *IFRS 3 "Business Combinations"*. The interim condensed consolidated financial statements include the results of the Resort for the twenty-three days period from the acquisition date.

The Group has accounted for this acquisition using provisional fair values of the acquired assets and assumed liabilities as at the acquisition date. Adjustment to the provisional values will be finalised within twelve months of the date of acquisition.

The following table summarises the recognised amounts (provisional fair values) of assets acquired and liabilities assumed at the date of acquisition.

	2023 BD
Assets	
Property and equipment	10,107,835
Inventories	75,467
Prepayments and other assets	33,285
Cash, bank balances and short-term deposits	6,750
	<hr/> 10,223,337 <hr/>
Liability	
Accrued expenses and other liabilities	25,163
Total identifiable net assets	<hr/> 10,198,174 <hr/>

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

5 BUSINESS COMBINATION (continued)

	2023 BD
Less:	
Purchase consideration transferred	10,176,373
Net bargain purchase gain (provisional)	21,801
Cashflow on acquisition	
Cash acquired with the Resort (included in cash flows from investing activities)	(6,750)
Cash paid	10,176,373
Net cash flow on acquisition	10,169,623

During the period ended 30 June 2023, the Group incurred acquisition related costs on account of fees to third parties for legal and transaction services as well as costs of third party consultants amounting to BD 43,000. Such amount was charged to other operating expenses in interim condensed consolidated statement of profit or loss account and other comprehensive income.

From the date of acquisition, the Resort has contributed BD 253,709 of revenue and a profit of BD 83,886 to the results of the Group. If the acquisition had taken place at the beginning of 2023, revenue of the Group for the period ended 30 June 2023 would have been BD 17,430,549 and the results of the Group for the period ended 30 June 2023 would have been BD 4,163,264.

The Group has recorded the gain on bargain purchase (provisional) as a part of rental and other income in interim condensed consolidated statement of profit or loss account and other comprehensive income.

6 INVESTMENTS

	30 June 2023 (Reviewed) BD	31 December 2022 (Audited) BD
<i>Investments at fair value through Other Comprehensive Income</i>		
Quoted equity securities	10,139,839	10,414,513
Unquoted equity securities	2,348,399	2,348,399
	12,488,238	12,762,912

7 REVENUE

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

a) Type of goods or service	<i>Three-month period ended 30 June (Reviewed)</i>		<i>Six-month period ended 30 June (Reviewed)</i>	
	2023 BD	2022 BD	2023 BD	2022 BD
Food and beverages	5,020,462	4,315,957	10,634,199	9,321,546
Hotel rooms	2,306,738	2,077,536	5,273,878	4,843,807
Others	228,905	271,194	433,526	563,525
	7,556,105	6,664,687	16,341,603	14,728,878

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2023 (Reviewed)

7 REVENUE (continued)

	<i>Three-month period ended 30 June (Reviewed)</i>		<i>Six-month period ended 30 June (Reviewed)</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
b) Geographical markets				
Kingdom of Bahrain	7,011,010	6,111,627	14,600,126	12,844,226
United Arab Emirates	500,992	506,937	1,641,147	1,807,760
Sri Lanka	44,103	46,123	100,330	76,892
	7,556,105	6,664,687	16,341,603	14,728,878
c) Timing of revenue recognition				
Goods and services transferred at a point in time	7,556,105	6,664,687	16,341,603	14,728,878

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 30 June (Reviewed)</i>		<i>Six-month period ended 30 June (Reviewed)</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Profit for the period (BD)	1,106,655	701,628	4,192,052	2,824,209
Weighted average number of shares	225,994,863	225,994,863	225,994,863	225,994,863
Basic and diluted earnings per share (fils)	5	3	19	12

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

9 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

30 June 2023 (Reviewed)

	<i>African and Eastern (Bahrain) W.L.L</i>	<i>Bahrain Family Leisure Company B.S.C.</i>	<i>Bahrain Airport Hotel Company W.L.L.</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	906,382	6,323	(57,531)	855,174
Share of other comprehensive loss for the period	-	(34,554)	-	(34,554)
Dividend received	(1,400,000)	-	-	(1,400,000)
Balance at 30 June 2023	6,313,886	463,152	118,644	6,895,682

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2023 (Reviewed)

9 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE (continued)

31 December 2022 (Audited)

	African and Eastern (Bahrain) W.L.L BD	Bahrain Family Leisure Company B.S.C. BD	Bahrain Airport Hotel Company W.L.L. BD	Total BD
Balance at 1 January 2022	6,943,886	714,911	318,822	7,977,619
Share of profit / (loss) for the year	2,028,586	(223,528)	(142,647)	1,662,411
Share of other comprehensive income for the year	35,032	-	-	35,032
Dividend received	(2,200,000)	-	-	(2,200,000)
Balance at 31 December 2022	<u>6,807,504</u>	<u>491,383</u>	<u>176,175</u>	<u>7,475,062</u>

The Group's share in the associates' and a joint venture commitments for capital expenditure was BD 313,572 as of 30 June 2023 (31 December 2022: (Audited) BD 383,941). The associates and the joint venture did not have any contingencies as of 30 June 2023 and as of 31 December 2022.

10 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 as of 30 June 2023 (30 June 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, which has been fully paid).

11 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 profit or loss and comprehensive income are as follows:

	<i>Six-month period ended 30 June (Reviewed)</i>	
	<i>2023</i> <i>BD</i>	<i>2022</i> <i>BD</i>
<i>Major shareholders and their affiliates</i>		
Revenue and other income		
Revenue	122,394	164,446
Management fee income	125,976	85,488
Dividend received	153,180	24,602
	<u>401,550</u>	<u>274,536</u>
Expenses		
Interest expense	-	77,167
Purchases	110,897	249,891
	<u>110,897</u>	<u>327,058</u>

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2023 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	<i>Six-month period ended 30 June (Reviewed)</i>		
	<i>2023</i>	<i>2022</i>	
	<i>BD</i>	<i>BD</i>	
Associates and joint venture			
<i>Revenue and other income</i>			
Revenue	41,711	14,659	
Management fee income	6,789	29,309	
Share of profit from associates	855,174	821,044	
Share of other comprehensive (loss) income from associates	(34,554)	26,055	
Dividends received	1,400,000	1,500,000	
	2,269,120	2,391,067	
<i>Expenses</i>			
Purchases	263,679	219,443	
Directors and related affiliates			
<i>Revenue and other income</i>			
Revenue	23,700	36,393	
<i>Expenses</i>			
Purchases	9,000	34,336	
Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:			
	<i>Trade receivables</i>	<i>Other receivables</i>	<i>Trade payables</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
As at 30 June 2023 (Reviewed)			
Major shareholders and their affiliates	69,162	-	16,042
Associates and joint venture	18,169	-	171,247
Directors and related affiliates	5,003	-	-
	92,334	-	187,289
	<i>Trade receivables</i>	<i>Other receivables</i>	<i>Trade payables</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
As at 31 December 2022 (Audited)			
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
	102,952	683,575	97,060

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.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

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

	<i>Six-month period ended</i>	
	<i>30 June (Reviewed)</i>	
	<i>2023</i> <i>BD</i>	<i>2022</i> <i>BD</i>
Salaries and short-term employee benefits	236,486	497,559
Post employment benefits	26,667	21,832
Directors sitting fees	117,150	127,500
	380,303	646,891

12 COMMITMENTS

As at 30 June 2023, the Group has capital commitments amounted to BD 632,153 (31 December 2022: BD 88,499) arising from multiple contracts.

13 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.
- 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 30 June 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 30 June 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:

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2023 (Reviewed)

13 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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:

		30 June 2023 (Reviewed)			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total BD
		Level 1 BD	Level 2 BD	Level 3 BD	
Assets measured at fair value					
<i>Investments at fair value through other comprehensive income</i>					
- Quoted equity investments		10,139,839	-	-	10,139,839
- Unquoted equity investments		-	-	2,348,399	2,348,399
		10,139,839	-	2,348,399	12,488,238
 31 December 2022 (Audited)					
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total BD
		Level 1 BD	Level 2 BD	Level 3 BD	
Assets measured at fair value					
<i>Investments at fair value through other comprehensive income</i>					
- Quoted equity investments		10,414,513	-	-	10,414,513
- Unquoted equity investments		-	-	2,348,399	2,348,399
		10,414,513	-	2,348,399	12,762,912

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 30 June 2023 and as of 31 December 2022.

During the six-month period ended 30 June 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.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

13 FAIR VALUE MEASUREMENT (continued)

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:

	30 June 2023 (Reviewed)	31 December 2022 (Audited)
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>

14 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.

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

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 30 June 2023 in the United Arab Emirates and Sri Lanka amounted to BD 545,095 (three-month period ended 30 June 2022: BD 553,060) and loss for the three-month period ended 30 June 2023 amounted to BD 496,631 (three-month period ended 30 June 2022: profit of BD 241,570). The remaining revenue and profit for the three-month period then ended is generated from the primary geographical segment in the Kingdom of Bahrain.

Revenue for the six-month period ended 30 June 2023 in the United Arab Emirates and Sri Lanka amounted to BD 1,741,477 (six-month period ended 30 June 2022: BD 1,884,652) and loss for the six-month period ended 30 June 2023 amounted to BD 488,105 (six-month period ended 30 June 2022: profit of BD 377,025). The remaining revenue and profit for the six-month period then ended is generated from the primary geographical segment in the Kingdom of Bahrain.

At 30 June 2023, total assets in the United Arab Emirates and Sri Lanka amounted to BD 28,412,612 (31 December 2022 (Audited): BD 28,981,753) and total liabilities amounted to BD 663,141 (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 30 June 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

The following table presents the details of segmental operating results for the three-month periods ended 30 June 2023 and 30 June 2022:

Three-month ended 30 June (Reviewed)	Hotel room operations		Food and beverages		Investment and other activities		Adjustments and eliminations		Consolidated	
	2023 BD	2022 BD	2023 BD	2022 BD	2023 BD	2022 BD	2023 BD	2022 BD	2023 BD	2022 BD
Revenue	1,588,897	2,588,208	5,971,366	4,076,479	-	-	(4,158)	-	7,556,105	6,664,687
Share of results of associates and a joint venture	-	-	-	-	415,549	351,193	-	-	415,549	351,193
Dividend income	-	-	-	-	96,182	-	-	-	96,182	-
Interest income	-	-	-	-	78,113	11,888	-	-	78,113	11,888
Rental and other income	376,227	135,398	-	4,598	121,396	119,591	-	-	497,623	259,587
Total revenue	1,965,124	2,723,606	5,971,366	4,081,077	711,240	482,672	(4,158)	-	8,643,572	7,287,355
Staff costs	1,320,468	1,149,637	852,384	568,466	270,161	270,209	-	-	2,443,013	1,988,312
Food and beverages costs	-	-	1,844,285	1,514,653	-	-	-	-	1,844,285	1,514,653
Depreciation	1,263,425	1,348,222	28,440	34,224	804	2,685	-	-	1,292,669	1,385,131
Utilities	394,131	360,208	14,281	-	-	-	-	-	408,412	360,208
Interest expense	-	-	-	-	152	33,695	-	-	152	33,695
Allowance for expected credit losses	97,774	5,056	-	-	-	-	-	-	97,774	5,056
Other operating expenses	1,206,951	1,058,702	118,336	97,229	129,483	142,741	(4,158)	-	1,450,612	1,298,672
Total expenses	4,282,749	3,921,825	2,857,726	2,214,572	400,600	449,330	(4,158)	-	7,536,917	6,585,727
Segment profit (loss) for the period	(2,317,625)	(1,198,219)	3,113,640	1,866,505	310,640	33,342	-	-	1,106,655	701,628

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

The following table presents the details of segmental operating results for the six-month periods ended 30 June 2023 and 30 June 2022:

Six-month ended 30 June (Reviewed)	Hotel room operations		Food and beverages		Investment and other activities		Adjustments and eliminations		Consolidated	
	2023 BD	2022 BD	2023 BD	2022 BD	2023 BD	2022 BD	2023 BD	2022 BD	2023 BD	2022 BD
Revenue	5,391,492	5,279,851	10,857,926	9,321,546	279,027	292,331	(186,842)	(164,850)	16,341,603	14,728,878
Share of results of associates and a joint venture	-	-	-	-	855,174	821,044	-	-	855,174	821,044
Dividend income	-	-	-	-	2,070,621	2,004,089	(1,400,000)	(1,500,000)	670,621	504,089
Interest income	-	-	-	-	246,758	13,929	-	-	246,758	13,929
Rental and other income	584,201	390,705	-	6,491	543,522	164,820	-	-	1,127,723	562,016
Total revenue	5,975,693	5,670,556	10,857,926	9,328,037	3,995,102	3,296,213	(1,586,842)	(1,664,850)	19,241,879	16,629,956
Staff costs	2,668,163	1,859,160	1,717,579	1,535,535	546,539	820,530	-	-	4,932,281	4,215,225
Food and beverages costs	-	-	3,833,399	3,289,022	-	-	-	-	3,833,399	3,289,022
Depreciation	2,569,262	2,706,349	57,553	70,700	1,608	5,370	-	-	2,628,423	2,782,419
Utilities	698,745	632,793	14,281	-	-	-	-	-	713,026	632,793
Interest expense	-	-	-	-	191	77,167	-	-	191	77,167
Allowance for expected credit losses	202,485	101,038	-	-	-	-	-	-	202,485	101,038
Other operating expenses	2,246,506	2,222,484	470,538	346,895	209,820	303,554	(186,842)	(164,850)	2,740,022	2,708,083
Total expenses	8,385,161	7,521,824	6,093,350	5,242,152	758,158	1,206,621	(186,842)	(164,850)	15,049,827	13,805,747
Segment profit (loss) for the period	(2,409,468)	(1,851,268)	4,764,576	4,085,885	3,236,944	2,089,592	(1,400,000)	(1,500,000)	4,192,052	2,824,209

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

The following table presents the details of segmental assets and liabilities as at 30 June 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>	
	<i>30 June 2023</i>	<i>31 December 2022</i>	<i>30 June 2023</i>	<i>31 December 2022</i>	<i>30 June 2023</i>	<i>31 December 2022</i>	<i>30 June 2023</i>	<i>31 December 2022</i>	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Total assets	43,248,525	47,186,058	27,604,631	29,274,016	37,635,239	35,334,611	-	-	108,488,395	111,794,685
Total liabilities	3,519,073	4,178,351	2,744,608	3,094,083	452,125	919,500	-	-	6,715,806	8,191,934

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.