

Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

30 SEPTEMBER 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 September 2023, comprising of the interim condensed consolidated statement of financial position as at 30 September 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 nine 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 nine month period ended 30 September 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 13 November 2022 on those Consolidated Financial Statements.



Partner's Registration No. 115
13 November 2023
Manama, Kingdom of Bahrain

Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2023

	<i>Note</i>	<i>30 September 2023 (Reviewed)</i>	<i>31 December 2022 (Audited)</i>
ASSETS			<i>BD</i>
Non-current assets			<i>BD</i>
Property and equipment		75,657,586	68,680,687
Investment properties		616,996	655,749
Investments in associates and a joint venture	9	6,678,950	7,475,062
Prepayments and other assets		687,021	717,621
Investments	6	11,985,366	12,762,912
		<u>95,625,919</u>	<u>90,292,031</u>
Current assets			
Inventories		3,227,686	3,021,757
Trade receivables		1,159,369	1,409,769
Prepayments and other assets		1,466,913	1,649,983
Cash, bank balances and short-term deposits		6,795,100	15,421,145
		<u>12,649,068</u>	<u>21,502,654</u>
TOTAL ASSETS		<u>108,274,987</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		23,001,970	23,934,960
Retained earnings		38,778,408	39,553,862
Total equity		<u>101,894,307</u>	<u>103,602,751</u>
Non-current liability			
Employees' end of service benefits		1,234,281	1,183,203
Current liabilities			
Trade payables		1,635,146	3,153,138
Accrued expenses and other liabilities		3,511,253	3,855,593
		<u>5,146,399</u>	<u>7,008,731</u>
Total liabilities		<u>6,380,680</u>	<u>8,191,934</u>
TOTAL EQUITY AND LIABILITIES		<u>108,274,987</u>	<u>111,794,685</u>



Farooq Yousuf Almoayyed
Chairman



Fawzi Ahmad Kanoo
Vice Chairman



Ahmed Janahi
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 September 2023 (Reviewed)

	Note	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2023 BD	2022 BD	2023 BD	2022 BD
Revenue	7	7,390,318	7,217,622	23,731,921	21,946,500
Share of results of associates and a joint venture	9	290,036	496,804	1,145,210	1,317,848
Dividend income		90,472	34,442	761,093	538,530
Interest income		46,415	30,387	293,173	44,316
Rental and other income		549,660	379,171	1,677,383	941,187
TOTAL INCOME		8,366,901	8,158,426	27,608,780	24,788,381
Staff costs		(2,458,797)	(1,920,482)	(7,391,078)	(6,135,707)
Food and beverages costs		(2,012,184)	(1,758,915)	(5,845,583)	(5,047,937)
Depreciation		(1,303,683)	(1,403,343)	(3,932,106)	(4,185,762)
Utilities		(563,957)	(484,575)	(1,276,983)	(1,117,369)
Interest expense		-	-	-	(77,167)
Allowance for expected credit losses		(32,389)	16,846	(234,874)	(84,192)
Other operating expenses		(1,313,525)	(1,320,258)	(4,053,738)	(4,028,342)
TOTAL EXPENSES		(7,684,535)	(6,870,727)	(22,734,362)	(20,676,476)
PROFIT FOR THE PERIOD		682,366	1,287,699	4,874,418	4,111,905
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	3	6	22	18
OTHER COMPREHENSIVE (LOSS) INCOME					
<i>Other comprehensive (loss) income 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		(502,872)	3,722	(777,546)	(113,761)
- Share of other comprehensive (loss) income of associates and a joint venture		(6,768)	2,726	(41,322)	28,776
		(509,640)	6,448	(818,868)	(84,985)
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>					
- Exchange differences on translation of foreign operations		(44,008)	-	(45,552)	-
Other comprehensive (loss) income for the period		(553,648)	6,448	(864,420)	(84,985)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		128,718	1,294,147	4,009,998	4,026,920



Farooq Yousuf Almoayyed
Chairman



Ahmed Janahi
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 CASH FLOWS

For the period ended 30 September 2023 (Reviewed)

	Note	Nine-month period ended 30 September	
		2023	2022
		BD	BD
OPERATING ACTIVITIES			
Profit for the period		4,874,418	4,111,905
Adjustments to reconcile profit to net cash flows:			
Depreciation		3,932,106	4,185,762
Share of results of associates and a joint venture	9	(1,145,210)	(1,317,848)
Bargain purchase gain on acquisition of subsidiary - provisional	5	(21,801)	-
Dividend income		(761,093)	(538,530)
Interest income		(293,173)	(44,316)
Interest expense		-	77,167
Allowance for expected credit losses		234,874	84,192
Provision for employees' end of service benefits		133,017	90,737
Operating profit before working capital changes		6,953,138	6,649,069
Working capital changes:			
Inventories		(130,462)	(890,906)
Trade receivables		15,526	(423,548)
Prepayments and other assets		254,167	(600,533)
Trade payables		(1,517,992)	(146,893)
Accrued expenses and other liabilities		(119,010)	1,026,124
Cash generated from operations		5,455,367	5,613,313
Directors' remuneration paid		(250,493)	(240,300)
Donations paid		(68,570)	(11,500)
Employees' end of service benefits paid		(81,939)	(837)
Net cash flows from operating activities		5,054,365	5,360,676
INVESTING ACTIVITIES			
Purchase of property and equipment		(762,417)	(387,644)
Deposit received against sale of land		-	820,000
Disposal of property and equipment		-	6,355
Interest received		285,961	44,316
Acquisition of a subsidiary, net of cash acquired	5	(10,169,623)	-
Dividend received from an associate	9	1,900,000	2,200,000
Dividends received		761,093	538,530
Net cash flows (used in) from investing activities		(7,984,986)	3,221,557
FINANCING ACTIVITIES			
Dividends paid		(5,649,872)	(4,519,584)
Repayment of bank loan		-	(2,682,000)
Interest paid		-	(134,372)
Cash flows used in financing activities		(5,649,872)	(7,335,956)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		(8,580,493)	1,246,277
Cash and cash equivalents at 1 January		(45,552)	-
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		15,421,145	5,958,355
		6,795,100	7,204,632

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

Gulf Hotels Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 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	-	-	-	-	-	-	-	-	4,111,905	4,111,905
Other comprehensive loss for the period	-	-	-	-	-	-	(84,985)	(84,985)	-	(84,985)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(84,985)	(84,985)	4,111,905	4,026,920
Utilised during the period	-	-	-	-	(11,500)	-	-	(11,500)	-	(11,500)
Dividend (note 10)	-	-	-	-	-	-	-	-	(4,519,871)	(4,519,871)
Balance at 30 September 2022	<u>22,599,487</u>	<u>17,514,442</u>	<u>11,299,744</u>	<u>5,000,000</u>	<u>1,816,821</u>	<u>-</u>	<u>6,097,642</u>	<u>24,214,207</u>	<u>36,996,752</u>	<u>101,324,888</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
	BD	BD	BD	BD	BD	BD	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	-	-	-	-	-	-	-	-	4,874,418	4,874,418
Other comprehensive loss for the period	-	-	-	-	-	(45,552)	(818,868)	(864,420)	-	(864,420)
Total comprehensive (loss) income for the period	-	-	-	-	-	(45,552)	(818,868)	(864,420)	4,874,418	4,009,998
Utilised during the period	-	-	-	-	(68,570)	-	-	(68,570)	-	(68,570)
Dividend (note 10)	-	-	-	-	-	-	-	-	(5,649,872)	(5,649,872)
Balance at 30 September 2023	<u>22,599,487</u>	<u>17,514,442</u>	<u>11,299,744</u>	<u>5,000,000</u>	<u>1,725,441</u>	<u>55,775</u>	<u>4,921,010</u>	<u>23,001,970</u>	<u>38,778,408</u>	<u>101,894,307</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 September 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 nine month periods ended 30 September 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 September 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 (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

* During the period ended 30 September 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 13 November 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three and nine month periods ended 30 September 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 nine month periods ended 30 September 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 consolidated 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 September 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 761,093 (2022: BD 538,530) for the nine-month period ended 30 September 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 three months and 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
Liability	
Accrued expenses and other liabilities	25,163
Total identifiable net assets	<hr/> 10,198,174

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 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 September 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 937,333 of revenue and a profit of BD 220,033 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 September 2023 would have been BD 24,820,867 and the results of the Group for the period ended 30 September 2023 would have been BD 4,972,658.

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 September 2023 (Reviewed) BD	31 December 2022 (Audited) BD
<i>Investments at fair value through Other Comprehensive Income</i>		
Quoted equity securities	9,636,967	10,414,513
Unquoted equity securities	2,348,399	2,348,399
	11,985,366	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 September (Reviewed)</i>		<i>Nine-month period ended 30 September (Reviewed)</i>	
	2023 BD	2022 BD	2023 BD	2022 BD
Food and beverages	4,979,944	4,906,822	15,614,143	14,228,368
Hotel rooms	2,172,598	2,041,291	7,446,476	6,885,098
Others	237,776	269,509	671,302	833,034
	7,390,318	7,217,622	23,731,921	21,946,500

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Reviewed)

7 REVENUE (continued)

	<i>Three-month period ended 30 September (Reviewed)</i>		<i>Nine-month period ended 30 September (Reviewed)</i>	
	<i>2023 BD</i>	<i>2022 BD</i>	<i>2023 BD</i>	<i>2022 BD</i>
b) Geographical markets				
Kingdom of Bahrain	6,931,106	6,658,256	21,531,232	19,502,482
United Arab Emirates	410,281	482,253	2,051,428	2,290,013
Sri Lanka	48,931	77,113	149,261	154,005
	7,390,318	7,217,622	23,731,921	21,946,500
c) Timing of revenue recognition				
Goods and services transferred at a point in time	7,390,318	7,217,622	23,731,921	21,946,500

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 September (Reviewed)</i>		<i>Nine-month period ended 30 September (Reviewed)</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Profit for the period (BD)	682,366	1,287,699	4,874,418	4,111,905
Weighted average number of shares	225,994,863	225,994,863	225,994,863	225,994,863
Basic and diluted earnings per share (fils)	3	6	22	18

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 September 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	1,342,429	(105,268)	(91,951)	1,145,210
Share of other comprehensive loss for the period	(41,322)	-	-	(41,322)
Dividend received	(1,900,000)	-	-	(1,900,000)
Balance at 30 September 2023	6,208,611	386,115	84,224	6,678,950

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 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 301,413 as of 30 September 2023 (31 December 2022: (Audited) BD 383,941). The associates and the joint venture did not have any contingencies as of 30 September 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 September 2023 (30 September 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:

	Nine-month period ended 30 September (Reviewed)	
	2023 BD	2022 BD
Major shareholders and their affiliates		
Revenue and other income		
Revenue	150,518	237,332
Management fee income	74,988	164,936
Dividend received	82,914	76,536
	<u>308,420</u>	<u>478,804</u>
Expenses		
Interest expense	-	77,167
Purchases	156,653	438,061
	<u>156,653</u>	<u>515,228</u>

Gulf Hotels Group B.S.C.

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

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	<i>Nine-month period ended 30 September (Reviewed)</i>	
	2023 BD	2022 BD
Associates and joint venture		
Revenue and other income		
Revenue	61,942	29,851
Management fee income	11,350	30,734
Share of profit from associates	1,145,210	1,317,848
Share of other comprehensive (loss) income from associates	(41,322)	28,776
Dividends received	1,900,000	2,200,000
Expenses		
Purchases	305,583	237,673

Directors and related affiliates

Revenue and other income		
Revenue	32,008	42,350
Expenses		
Purchases	21,586	57,996

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

	<i>Trade receivables BD</i>	<i>Other receivables BD</i>	<i>Trade payables BD</i>
As at 30 September 2023 (Reviewed)			
Major shareholders and their affiliates	38,948	-	9,623
Associates and joint venture	14,755	717,621	44,064
Directors and related affiliates	2,973	-	-
	56,676	717,621	53,687
 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 September 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 nine-month period ended was as follows:

	Nine-month period ended	
	30 September (Reviewed)	
	2023	2022
	BD	BD
Salaries and short-term employee benefits	432,455	359,334
Post employment benefits	34,916	18,509
Directors sitting fees	273,427	214,050
	740,798	591,893

12 COMMITMENTS

As at 30 September 2023, the Group has capital commitments amounted to BD 1,241,846 (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:

- a) 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.
- 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 30 September 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 September 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.

Gulf Hotels Group B.S.C.

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

13 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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 September 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	9,636,967	-	-	9,636,967
- Unquoted equity investments	-	-	2,348,399	2,348,399
	9,636,967	-	2,348,399	11,985,366
 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 September 2023 and as of 31 December 2022.

During the nine-month period ended 30 September 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.

Gulf Hotels Group B.S.C.

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

13 FAIR VALUE MEASUREMENT (continued)

Reconciliation of fair value measurement of Level 3 financial assets (continued)

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

	<i>30 September 2023 (Reviewed) BD</i>	<i>31 December 2022 (Audited) BD</i>
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><u>2,348,399</u></u>	<u><u>2,348,399</u></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.

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

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

Revenue for the three-month period ended 30 September 2023 in the United Arab Emirates and Sri Lanka amounted to BD 459,212 (three-month period ended 30 September 2022: BD 559,366) and loss for the three-month period ended 30 September 2023 amounted to BD 548,524 (three-month period ended 30 September 2022: loss of BD 600,276). 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 nine-month period ended 30 September 2023 in the United Arab Emirates and Sri Lanka amounted to BD 2,200,689 (nine-month period ended 30 September 2022: BD 2,444,018) and loss for the nine-month period ended 30 September 2023 amounted to BD 1,045,155 (nine-month period ended 30 September 2022: profit of BD 977,301). The remaining revenue and profit for the nine-month period then ended is generated from the primary geographical segment in the Kingdom of Bahrain.

At 30 September 2023, total assets in the United Arab Emirates and Sri Lanka amounted to BD 27,517,077 (31 December 2022 (Audited): BD 28,981,753) and total liabilities amounted to BD 654,234 (31 December 2022 (Audited): BD 748,563). 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 September 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

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

Three-month ended 30 September (Reviewed)	Hotel room operations				Food and beverages		Investment and other activities		Adjustments and eliminations		Consolidated	
	2023		2022		2023		2022		2023		2022	
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Revenue	2,331,116	2,310,800	5,059,202	4,906,822	-	-	-	-	-	7,390,318	7,217,622	
Share of results of associates and a joint venture	-	-	-	-	290,036	496,804	-	-	290,036	496,804		
Dividend income	-	-	-	-	590,472	34,442	(500,000)	-	90,472	34,442		
Interest income	-	-	-	-	46,415	30,387	-	-	46,415	30,387		
Rental and other income	295,688	25,871	4,619	1,484	249,353	351,816	-	-	549,660	379,171		
Total revenue	2,626,804	2,336,671	5,063,821	4,908,306	1,176,276	913,449	(500,000)	-	8,366,901	8,158,426		
Staff costs	1,847,834	1,503,648	305,997	205,037	304,966	211,797	-	-	2,458,797	1,920,482		
Food and beverages costs	-	-	2,012,184	1,758,915	-	-	-	-	2,012,184	1,758,915		
Depreciation	1,273,780	1,371,495	28,602	30,527	1,301	1,321	-	-	1,303,683	1,403,343		
Utilities	552,143	484,575	11,814	-	-	-	-	-	563,957	484,575		
Interest expense	-	-	-	-	-	-	-	-	-	-		
Allowance for expected credit losses	32,389	(16,846)	-	-	-	-	-	-	32,389	(16,846)		
Other operating expenses	1,112,047	1,086,800	121,669	110,953	79,809	122,505	-	-	1,313,525	1,320,258		
Total expenses	4,818,193	4,429,672	2,480,266	2,105,432	386,076	335,623	-	-	7,684,535	6,870,727		
Segment (loss) profit for the period	(2,191,389)	(2,093,001)	2,583,555	2,802,874	790,200	577,826	(500,000)	-	682,366	1,287,699		

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

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

Nine-month ended 30 September (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	7,722,608	7,590,651	15,917,128	14,228,368	279,027	292,331	(186,842)	(164,850)	23,731,921	21,946,500
Share of results of associates and a joint venture	-	-	-	-	1,145,210	1,317,848	-	-	1,145,210	1,317,848
Dividend income	-	-	-	-	2,661,093	2,038,530	(1,900,000)	(1,500,000)	761,093	538,530
Interest income	-	-	-	-	293,173	44,316	-	-	293,173	44,316
Rental and other income	879,889	416,576	4,619	7,975	792,875	516,636	-	-	1,677,383	941,187
Total revenue	8,602,497	8,007,227	15,921,747	14,236,343	5,171,378	4,209,661	(2,086,842)	(1,664,850)	27,608,780	24,788,381
Staff costs	4,515,997	3,362,808	2,023,576	1,740,572	851,505	1,032,327	-	-	7,391,078	6,135,707
Food and beverages costs	-	-	5,845,583	5,047,937	-	-	-	-	5,845,583	5,047,937
Depreciation	3,843,042	4,077,844	86,155	101,227	2,909	6,691	-	-	3,932,106	4,185,762
Utilities	1,250,888	1,117,369	26,095	-	-	-	-	-	1,276,983	1,117,369
Interest expense	-	-	-	-	-	77,167	-	-	-	77,167
Allowance for expected credit losses	234,874	84,192	-	-	-	-	-	-	234,874	84,192
Other operating expenses	3,358,553	3,309,285	592,207	457,848	289,820	426,059	(186,842)	(164,850)	4,053,738	4,028,342
Total expenses	13,203,354	11,951,498	8,573,616	7,347,584	1,144,234	1,542,244	(186,842)	(164,850)	22,734,362	20,676,476
Segment (loss) profit for the period	(4,600,857)	(3,944,271)	7,348,131	6,888,759	4,027,144	2,667,417	(1,900,000)	(1,500,000)	4,874,418	4,111,905

Gulf Hotels Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Reviewed)

14 SEGMENTS REPORTING (continued)

The following table presents the details of segmental assets and liabilities as at 30 September 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 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2023</i>	<i>31 December 2022</i>	<i>30 September 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	48,280,119	47,186,058	29,639,632	29,274,016	30,355,236	35,334,611	-	-	108,274,987	111,794,685	
Total liabilities	3,535,212	4,178,351	2,376,254	3,094,083	469,214	919,500	-	-	6,380,680	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.