مجموعة فنادق الخليج
GULF HOTELS GROUP

A Resilient
Path for Growth

2023 ANNUAL REPORT

His Majesty King Hamad bin Isa Al Khalifa

The King of the Kingdom of Bahrain

His Royal Highness Prince Salman bin Hamad Al Khalifa

The Crown Prince and Prime Minister

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CORPORATE OVERVIEW

Enriching Experiences, Empowering Growth.

Gulf Hotels Group was founded in 1969 and has since grown into a highly respected and well-established hospitality brand. The company's journey began with its first property, Gulf Hotel Bahrain, which quickly gained popularity and set the foundation for future growth.

Over the years, the Gulf Hotels Group has expanded its portfolio, acquiring, and developing properties across the Kingdom and the Gulf region.

The Group operates under a robust corporate structure, ensuring effective management and operational efficiency. The company is led by a dedicated executive team, comprising experienced professionals who bring diverse expertise to the table. The executive team is responsible for setting the strategic direction of the group and overseeing its overall operations.

Gulf Hotels Group is committed to continuous growth and innovation. The company has implemented several strategic initiatives to enhance its competitiveness and expand its market reach. These initiatives include:

1. Renovation and Expansion: The group regularly invests in renovating and expanding its existing properties to ensure they meet the evolving needs and preferences of guests. By enhancing facilities and adding new offerings, the Gulf Hotels Group stays ahead of the competition and maintains its reputation for excellence.
2. Sustainability and Environmental Stewardship: Recognizing the importance of sustainable practices, the Gulf Hotels Group has implemented various environmental initiatives across its properties. These include energy-efficient measures, waste management programs, and community engagement activities aimed at minimizing the group's environmental footprint.
3. Technology Integration: To provide a seamless and convenient guest experience, the Gulf Hotels Group leverages technology in its operations. This includes online booking platforms, mobile check-in and check-out services, and personalized guest communication tools. By embracing digital innovation, the group enhances operational efficiency and guest satisfaction.
4. Employee Development: The Gulf Hotels Group recognizes that its employees play a crucial role in delivering exceptional service. The company invests in training and development programs to nurture talent and empower its workforce. By fostering a culture of continuous learning and career growth, the group ensures a motivated and skilled staff that can exceed guest expectations.

The Gulf Hotels Group is a prominent player in the local and regional hospitality industry, known for its luxurious properties, exceptional service, and commitment to sustainability. With a strong corporate structure and a focus on strategic initiatives, the group continues to expand its footprint and maintain its position as a preferred choice for travelers in the region. As the company looks to the future, it remains dedicated to providing memorable experiences and setting new benchmarks in the hospitality sector.

نبذة عـن الشـركـة

إثـــراء التجارب وترسيخ النـمـــو.

تأسست مجموعة فنادق الخليج في عام ١٩٦٩ ونمت منذ ذلك الحين لتصبح علامة تجارية مرموقة وراسخة في مجال الضيافة. بدأت رحلة الشركة مع فندقها الأول، فندق الخليج البحرين، الذي اكتسب شهرة سريعة ووضع الأساس للنمو المستقبلي.

على مر السنين، قامت مجموعة فنادق الخليج بتوسيع محفظتها الاستثمارية، حيث قامت بشراء وتطوير العقارات في المملكة ودول الخليج.

تعمل المجموعة في ظل هيكل مؤسسي قوي، مما يضمن الإدارة الفعالة والكفاءة التشغيلية. ويقود الشركة فريق تنفيذي متخصص، يضم محترفين ذوي خبرة يقدمون خبرات متنوعة. يتولى الفريق التنفيذي مسؤولية تحديد الاتجاه الاستراتيجي للمجموعة والإشراف على عملياتها الشاملة.

تلتزم مجموعة فنادق الخليج بالنمو المستمر والابتكار. نفذت الشركة العديد من المبادرات الإستراتيجية لتعزيز قدرتها التنافسية وتوسيع نطاق وصولها إلى السوق. وتشمل هذه المبادرات:

١. التجديد والتوسعة: تستثمر المجموعة بانتظام في تجديد وتوسيع فنادقها الحالية للتأكد من أنها تلبي احتياجات الضيوف. ومن خلال تعزيز المرافق وإضافة عروض جديدة، تظل مجموعة فنادق الخليج في صدارة المنافسة وتحافظ على سمعتها في التميز.

٢. الاستدامة والرعاية البيئية: إدراكاً لأهمية الممارسات المستدامة، قامت مجموعة فنادق الخليج بتنفيذ العديد من المبادرات البيئية عبر ممتلكاتها. وتشمل هذه التدابير تدابير كفاءة استخدام الطاقة، وبرامج إدارة النفايات، وأنشطة المشاركة المجتمعية التي تهدف إلى تقليل البصمة البيئية للمجموعة.

٣. التكامل التكنولوجي: لتوفير تجربة سلسة ومريحة للضيوف، تستفيد مجموعة فنادق الخليج من التكنولوجيا في عملياتها. ويشمل ذلك منصات الحجز الإلكتروني، وخدمات تسجيل الوصول والمغادرة عبر الهاتف المحمول. ومن خلال تبني الابتكار الرقمي، تعمل المجموعة على تعزيز الكفاءة التشغيلية ورضا الضيوف.

٤. تطوير الموظفين: تدرك مجموعة فنادق الخليج أن موظفيها يلعبون دورًا حاسمًا في تقديم خدمة استثنائية. وتستثمر الشركة في برامج التدريب والتطوير لرعاية المواهب وتمكين القوى العاملة لديها. ومن خلال تعزيز ثقافة التعلم المستمر والنمو الوظيفي، تضمن المجموعة وجود موظفين متحمسين ومهرة يمكنهم تجاوز توقعات الضيوف.

تعد مجموعة فنادق الخليج لاعبًا بارزًا في صناعة الضيافة في المحلية والإقليمية، وهي معروفة بفنادقها الفاخرة وخدماتها الاستثنائية والتزامها بالاستدامة. وبفضل الهيكل المؤسسي القوي والتركيز على المبادرات الاستراتيجية، تواصل المجموعة توسيع نطاق وجودها والحفاظ على مكانتها كخيار مفضل للمسافرين في المنطقة. وبينما تتطلع الشركة إلى المستقبل، فإنها تظل ملتزمة بتوفير تجارب لا تنسى ووضع معايير جديدة في قطاع الضيافة.

BRAND MISSION

Our purpose is to provide first class facilities and services by delivering the best standards, offering warm, friendly hospitality and ensuring the highest levels of customer satisfaction with the aim of diversifying the group's activities and expanding its portfolio.

رسالة المجموعة

نهدف إلى تقديم أرقى الخدمات والتسهيلات بالاعتماد على أفضل المعايير التي تكفل حسن الضيافة وضمان رضى العملاء وكسب ثقتهم آخذين في الاعتبار تنويع أنشطة المجموعة وتنمية مواردها.

CHAIRMAN STATEMENT

On behalf of the Board of Directors, I have the pleasure of submitting the Annual Report and Financial Statements of the Gulf Hotels Group BSC, for the year ended 31st December 2023.

2022 had seen a strong bounce back from the Covd-19 pandemic period with both the hospitality and retail divisions enjoying strong growth in 2022 and that continued in 2023 with a growth rate of 6% in the total income over the last year.

RESULTS

- Total income BD 38,017,537
- Net Profit amounted to BD 6,785,586.

The increase in group's income of BD 2.130 million or 6% against last year is attributed to the revenue from Novotel Al Dana Resort of BD 1.488 million which was acquired during 2023 in addition to the increase in revenue from other group's business units which, resulted in a net profit of BD 6.786 million vs. BD 6.669 million in 2022; such profit was also achieved by an increase in dividend income of BD 223K, increase in interest income by BD 168K and increase in rental and other income by BD 521K. On the other hand, operation expenses have increased proportionately by BD 2.402 million with the increase in revenue, the interest expenses decreased by BD 77K from the previous year and depreciation reduced by BD 313K.

Despite BD 2.130 million increase in total income 5.9% over the 2022, the total expenses increased by 6.9% to BD 2.013 million compared to 2022 resulting in 1.7% increase in profit for the year of BD 117K than the previous year. There was a gain on sale of property and equipment booked in 2022 amounting to BD 819K vs. BD 5K in 2023.

PROPOSED APPROPRIATIONS

Considering the positive financial results achieved by the company and keeping in mind the Group's financial commitment towards funding the planned projects in 2024, the Board of Directors are pleased to recommend for the approval of shareholders the following appropriations:

- Dividend of 25% (BD 5,649,872) equal to 25 fils per share.
- Board of Director's remuneration BD 201,000.

FUTURE PROSPECTS

The Group will continuously explore new business opportunities to grow our portfolio in Bahrain and the Gulf region. We have identified Saudi Arabia as our key market for expansion. We see great potential in the Saudi Arabian hospitality market in line with the Saudi Vision 2030 initiative, which aims to transform Saudi Arabia into a global tourism destination. Gulf Hotels Group is well equipped to provide a wide range of hospitality services in this dynamic market.

In Bahrain, we have plans to expand our food and beverage offerings including the development of multiple premium restaurants in Adliya and the expansion of our homegrown award-winning restaurants outside the hotel. In addition, the group is committed to deliver exceptional guest experiences across our hotels and restaurants by focusing on renovating our hotels, improving our facilities, introducing innovative technologies, and more.

Acknowledgments

On behalf of the Board of Directors of Gulf Hotels Group, I would like to express our sincere gratitude and appreciation to H.M. King Hamad Bin Isa Al Khalifa, HRH the Crown Prince and Prime Minister Salman Bin Hamad Al Khalifa, the Ministers, Undersecretaries, Directors, and Heads of Government Departments, for the immeasurable interest, guidance, and encouragement accorded to Gulf Hotels Group.

We extend the same sentiments to our clients, patrons, and most of all, the people of Bahrain. We thank you for your continued support, trust, and confidence as we strive for progress.

The success of the Company would not have been possible without the hard work and dedication of the Company's management and staff. The Board of Directors joins me in revealing our appreciation to the entire Gulf Hotels Group Management Team under the guidance of Ahmed Janahi, Group Chief Executive Officer. We also thank the management and all our divisions' employees who have worked tirelessly to produce the best possible results.

We are privileged to have such a committed and capable team and are confident that this team will continue to generate the best possible results in the future.

Mr. Farouk Almoayyed
Chairman

GROUP CHIEF EXECUTIVE OFFICER STATEMENT

We are committed to strengthening our foundation for the future through adopting fresh perspectives on how we manage our business and taking a proactive approach to improve the performance of our assets.

As I took the helm as Group Chief Executive Officer on 1st October 2023, I brought with me nearly eight years of experience on the Board of Gulf Hotels Group and the distinct privilege of leading a renowned hospitality management company with over 50 years of industry experience and the backing of strong shareholders. This unique combination presents endless opportunities for the future, and I am filled with enthusiasm as we embark on this journey toward even greater heights.

The past year saw the Gulf Hotels Group persistently achieve progress. The global hospitality industry continued its post-pandemic recovery and Bahrain's tourism sector witnessed positive signs. Key performance indicators like occupancy, average daily rate, and revenue per available room showed improvement. However, the path ahead was not without its obstacles. Oversupply within the Bahrain hospitality market, regional competition, and rising operational costs presented challenges that demanded strategic navigation.

Despite these headwinds, the Group delivered positive financial results for 2023, marked by increased revenue and profitability. The Group achieved a revenue of BD 38.052 million, a year-on-year improvement of 6%, and a net profit of BD 6.865 million grew by 2% compared to the previous year. Food and Beverage continued to be the highest revenue contributor to the group, accounting for 57% of total revenue.

Looking ahead, I am confident that 2024 will materialize new and exciting opportunities. We are in the process of developing our business strategy and the group's five-year business plan with the objective of maximizing long-term shareholder value, optimizing the performance of our portfolio, accelerating our business growth and solidify our position in Bahrain and the Gulf region.

As part of our ongoing organizational transformation, we are committed to strengthening our foundation for the future through adopting fresh perspectives on how we manage our business and taking a proactive approach to improve the performance of our assets. Our goal is to drive and unlock growth and profitability for the group. We recognize the importance of actively overseeing and enhancing the performance of each asset within our portfolio. This effort will enable us to capitalize on growth opportunities and drive long-term success.

In line with our ongoing efforts to enhance asset performance and strategic alignment, we have implemented a Balanced Scorecard framework across our business units which represents a holistic approach to performance management, encompassing financial, customer, internal process, and learning and growth perspectives. This framework will enable us to evaluate performance not only in terms of financial outcomes but also in terms of customer satisfaction, operational efficiency, innovation, and employee development. We are confident that this will unlock new growth opportunities and deliver enhanced value to our shareholders by empowering our teams to focus on the key drivers of success in their respective areas.

In terms of our growth strategy, we have identified Saudi Arabia as our priority market for expansion, the largest economy in the Arab world. Leveraging our established reputation, we will acquire, develop and manage properties across key cities like Riyadh, Jeddah, Makkah, and Madinah. This expansion will be fuelled by partnerships with local investors and developers, encompassing hotels, branded residences, and world-class restaurants.

Within Bahrain, work continues in expanding our brands by offering management services across 4- and 5-star hotels. In the restaurant business, we are passionate about elevating the culinary scene in the Kingdom, and our recent partnership with "Solutions Leisure" Group will shake up the culinary scene through a multi-brand expansion, set to bring a wave of innovative food and beverage concepts to Block 388, the heart of Adliya's vibrant dining district. We look forward to introducing exciting and innovative dining concepts to Bahrain and enhancing our guests' experience. In 2024, we will also be expanding our homegrown restaurants outside the hotels in various locations within Bahrain as well as launching exciting additions to our portfolio of premium restaurants across our hotels. In addition, we have launched China Garden in Al Liwan in Hamala the Northern Governorate, our first venture outside the hotel sector. This new addition showcases our commitment to diversifying our offerings and expanding into different segments of the market.

Meanwhile, we are fully focused on enhancing guest experiences and customer needs across all our hotels and restaurants. We have a lot of exciting plans to continue to improve our offering over the next few years. This encompasses investing in our properties to maximise income, guest experiences, and operational efficiency.

We have developed detailed refurbishment plans and capital expenditure allocation for major renovation projects in 2024. This includes refurbishment of our iconic hotel, The Gulf Hotel Bahrain to bring a fresh new look and feel. This inspired project has taken careful planning and consideration to deliver best-in-class comfort and taste whilst retaining the unique essence of the hotel's great history and heritage. The project will be implemented in a phased approach with a greater focus on rooms, lobby area, entrance, amenities and technology and digital tools.

There are also some great developments and investments been made in various projects including renovation of our authentic Japanese restaurant "Sato" at the Gulf Hotel and extension of Typhoon lounge, development of multi-award-winning beach club and restaurant at the Novotel Al Dana Resort and refurbishment of the Conversion Centre at the Crowne Plaza Hotel.

Lastly, I would like to express my sincere gratitude to the Chairman and Board of Directors for their unwavering trust and support. I am also incredibly thankful to our entire team for their devotion and hard work, which has been instrumental in our success. Together, we are poised to write a new chapter in the illustrious history of Gulf Hotels Group, one filled with innovation, excellence, and exceptional guest experience, and another to maximize the return to our shareholders.

Ahmed M. Janahi
Group Chief Executive Officer

BOARD OF DIRECTORS

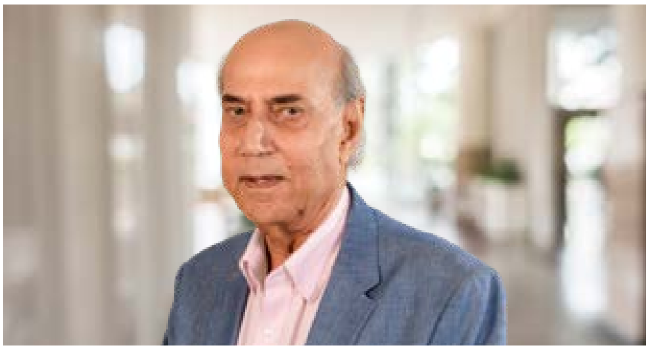
Farouk Yousuf Almoayyed
Chairman of the Board

Fawzi Ahmed Kanoo
Vice Chairman

Khalid Mohamed Kanoo
Director

Olivier Harnisch
Director

Zain Al Amer
Director



Mohamed Jassim Buzizi
Director & Advisor to the Chairman & Business Development Consultant

أعضاء مجلس الإدارة

Hesham Khonji
Director

Adel Husain Al-Maskati
Director

Jassim Hasan Abdulaal
Director

Andrew J. Day
Director

EXECUTIVE MANAGEMENT

Ahmed M. Janahi
Group Chief Executive Officer

Mohamed Al Kayed
Deputy Chief Executive Officer

Charbel Sarkis
Chief Financial Officer

Shaheed Elaiwi
Director of Finance & Board Secretary

Roshan Tennakoon
Technical Services Director

أعضاء الإدارة التنفيذية

Shuvendu Bakshi
Director of Projects

Amit Puri
Director of Human Resources & Development

Fatima H. Bahlool
Director of Marketing Communications & PR

EXECUTIVE MANAGEMENT
(Continued)

The Gulf Hotel Bahrain Convention & Spa

Hameed Ali
General Manager

Mahmood Mukhtar
Deputy General Manager

Shafqat Mahmood
Financial Controller

Sunuj Deen
Director of Food & Beverage

Ibrahim Ahmed
Director of Front Office

Stephen Daniel
Director of Business Development & Strategy

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Gulf Brands International

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Financial Controller

Jack Booth
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Rajan Mathur
Procurement Manager

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EXECUTIVE MANAGEMENT
(Continued)

The K Hotel - Bahrain

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SallyAnn Abreu
Asst. Director of Sales & Marketing

Syam Krishnan
Financial Controller

Jimmy Mathew
Chief Engineer

Ekaterine Usanetashvili
Food & Beverage Manager

Mohammed Qaed Askar
Chief Security

** management agreement ended November 2023*

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Gulf Court Hotel Business Bay - Dubai

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Financial Controller

Austine Obare
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Ibrahim Abdulla
Human Resources Manager

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Director of Sales & Marketing

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EXECUTIVE MANAGEMENT
(Continued)

Crowne Plaza Hotel - Bahrain

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General Manager

Farid Ismayilov
Rooms Manager

Amit Kumar
Financial Controller

Sara Alnajjar
Asst. HR Manager

Kawthar Lanbari
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Chief Accountant

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GHG Colombo

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EXECUTIVE MANAGEMENT
(Continued)

Ocean Paradise Resort & Spa - Zanzibar

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Asdal Gulf Inn Boutique Hotel – Bahrain

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Hitesh Kumar
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Novotel Bahrain Al Dana Resort

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Director of Operation

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GROUP PORTFOLIO

Gulf Hotels Group operates a diverse portfolio of hotels, resorts, and hospitality properties in Bahrain, United Arab Emirates and Zanzibar.

- The Gulf Hotel Bahrain Convention & Spa
- Gulf Convention Centre
- Gulf Executive Residence
- Gulf Executive Residence - Juffair
- Gulf Hotel Laundry Services
- Gulf Executive Offices
- Crowne Plaza Hotel
- The Gulf Spa
- Asdal Gulf Inn Boutique Hotel - Bahrain
- Ocean Paradise Resort & Spa - Zanzibar
- Bahrain Airport Hotel
- Gulf Court Hotel Business Bay - Dubai
- Novotel Bahrain Al Dana Resort

محفظة المجموعة الاستثمارية

تدير مجموعة فنادق الخليج محفظة متنوعة من الفنادق والمنتجعات في مملكة البحرين ودولة الإمارات العربية المتحدة وزنجبار.

GROUP PORTFOLIO
(Continued)

The Gulf Hotel Bahrain Convention & Spa

Bahrain's first 5 star hotel opened in 1969 in the heart of Adliya. Renowned for being the largest hotel in Bahrain featuring 361 rooms and suites and offers a superb choice of award winning restaurants and lounges, in addition to a 3 storey spa and health club.

تم افتتاحه كأول فندق من فئة الخمس نجوم في البحرين في عام ١٩٦٩ متخذاً منطقة العدلية مقراً له. ويضم فندق الخليج ٣٦١ غرفة وجناح بالإضافة إلى باقة رائعة من القاعات والمطاعم الحائزة على العديد من الجوائز، كما يضم المنتجع الصحي (سبا الخليج) والنادي الرياضي.

Gulf Convention Centre

The Gulf Hotel's hugely successful Gulf Convention Centre was the first and largest exhibition facility linked to a hotel when it opened in 1997. It was fully renovated in 2018 featuring spectacular multi-spectrum chandeliers that change colour to suite all themes complimented by a state-of-the-art built in sound system and high digital HD screens.

أول مركز رئيسي للاجتماعات بالمملكة متصل بفندق ٥ نجوم تم افتتاحه في العام ١٩٩٧، والذي تم تجديده عام ٢٠١٨ متميزاً بحلة جديدة لجميع مرافقه والتي تم تطويرها وتجهيزها بأحدث ما وصلت إليه التكنولوجيا في مجال المؤتمرات والمعارض مما رسخ مكانته كأكبر وأكثر مرافق المؤتمرات والولائم المتميزة في المملكة.

Gulf Executive Residence

The Gulf Executive Residence offers 97 apartments and a total of 162 rooms, with distinctive modern and luxurious furnishings. Being located within the Gulf Hotel ensures its residents utmost luxury and comfort.

يضم مبنى أجنحة الخليج الفاخرة ٩٧ شقة فخمة بإجمالي ١٦٢ غرفة و يتمتع المقيمون في أجنحة الخليج الفاخرة بسهولة الوصول إلى جميع المرافق والخدمات المتوفرة في فندق الخليج.

GROUP PORTFOLIO
(Continued)

Gulf Executive Residence – Juffair

This luxurious property opened in 2018 in Juffair and offers 109 elegantly designed apartments ideal for both business and leisure. Each luxury apartment provides a harmonious comfort and convenience. The building boasts a rooftop temperature controlled pool, gym and sauna.

تقع هذه الشقق الفاخرة التي تقدمها مجموعة فنادق الخليج في منطقة الجفير وتم افتتاحها في ديسمبر من العام ٢٠١٨، وتضم ١٠٩ شقة فندقية فاخرة بتصميم عالي الجودة لتوفير أقصى سبل الراحة والرفاهية وتعتبر مكاناً مثالياً للإقامة سواء للعمل أو للترفيه.

Gulf Hotel Laundry Services

The two-storey commercial laundry is a state-of-the-art facility, which services the requirements of more than 30 hotels, restaurants and airlines and launders over a million pieces each month.

يتكون مبنى خدمات مغسلة فندق الخليج من طابقين مجهزين بأحدث التقنيات العصرية في هذا المجال. وتقدم المغسلة مستوى عالي من الخدمات لزبائن فندق الخليج بالإضافة إلى أكثر من ٣٠ فندق ومطعم وخطوط الطيران وتقوم بغسل أكثر من مليون قطعة شهرياً.

Gulf Executive Offices

Located adjacent to the Gulf Hotel, these executive offices offer 7,000 sqm of prime space, along with a 600 bay multi-storey car park. The Gulf Executive Officers benefit from having a unique location in the heart of Manama as well as easy access to the main highways.

يوفر مبنى مكاتب الخليج الفاخرة والموازي لمبنى الفندق ٧٠٠٠ متر مربع من المساحات المكتبية الفارهة بالإضافة إلى أكثر من ٦٠٠ موقف للسيارات. وتمتاز مكاتب الخليج الفاخرة بموقعها الفريد حيث يمكن الوصول إليها بسهولة بسبب موقعها القريب من الشارع العام.

GROUP PORTFOLIO
(Continued)

Crowne Plaza Hotel - Bahrain

In 2016, Gulf Hotels Group acquired Bahrain Tourism Company, which owns the 278 bedroom Crowne Plaza Hotel and Bahrain Conference Centre. The 5-star hotel under franchise from the InterContinental Hotel Group, and is perfectly situated in the heart of the Diplomatic Area.

استحوذت مجموعة فنادق الخليج في عام ٢٠١٦ على أسهم شركة البحرين للسياحة والتي يندرج تحت مظلتها فندق كراون بلازا البحرين والذي يحتوي على ٢٧٨ غرفة فندقية بالإضافة إلى مركز البحرين للمؤتمرات. ويقع فندق كراون بلازا ذو الخمس نجوم، وسط مدينة المنامة وبالتحديد في المنطقة الدبلوماسية، وتديره مجموعة فنادق إنتركونتيننتال العالمية.

The Gulf Spa

The Gulf Spa consists of three floors of ultimate luxury to guarantee a memorable and unique experience. Offering a variety of exceptional services performed by a team of professional therapists.

يتكون سبا الخليج من ثلاثة طوابق مجهزة بأحدث الأجهزة والمرافق. ويقدم باقة من الخدمات المتميزة والتي تتضمن جلسات العناية بالوجه والجسم بأحدث التقنيات بالإضافة إلى العلاجات المختلفة والتي تتم جميعها على أيدي فريق من المعالجين المحترفين.

GROUP PORTFOLIO
(Continued)

Asdal Gulf Inn Boutique Hotel – Bahrain

Situated at the Seef District, Asdal Gulf Inn Hotel offers 89 beautifully appointed rooms and suites which are all designed to satisfy the most discerning traveler.

يقع فندق أسدال جلف إن في منطقة ضاحية السيف على مسافة قريبة من مراكز التسوق الكبرى، ويضم ٨٩ غرفة مصممة على أحدث طراز لإرضاء أذواق المسافرين المتميزين.

Ocean Paradise Resort & Spa – Zanzibar

Considered one of the leading resorts in Zanzibar, the resort is set within 65,000 sqm on beautifully landscaped gardens, with statuesque palm trees, a sandy white beach overlooking the stunning turquoise water of the Indian Ocean.

يعد منتجع وسبا أوشن براديس أحد أفضل المنتجعات في زنجبار، ويقع على مساحة ٦٥ ألف متر مربع في شمال شرق الجزيرة ووسط منطقة رائعة الجمال ذات مناظر خلابة، حيث الحدائق الغناء وأشجار جوز الهند اليانعة وشواطئ الرمال اللؤلؤية البيضاء مطلاً على المحيط الهندي ذو المياه الفيروزية.

GROUP PORTFOLIO
(Continued)

Bahrain Airport Hotel

Partially owned by the Group and operated on behalf of Bahrain Airport Hotel Company, the hotel is located opposite departure gate 15 in the new Bahrain International Airport and provides passengers with equipped and spacious family rooms and state-of-the-art sleeping pods.

يقع فندق مطار البحرين والذي تملكه المجموعة جزئياً وتشرف على إدارته في مطار البحرين الدولي الجديد مقابل بوابة المغادرة ١٥ حيث يضم الفندق خيارات مختلفة من الغرف الصغيرة والغرف العائلية المفروشة بالكامل، إضافة إلى مقصورات النوم تتسع لشخص واحد.

Gulf Court Hotel Business Bay - Dubai

Ideally situated by Dubai's Water Canal, the 4-star deluxe Gulf Court Hotel features 270 tastefully designed rooms and suites alongside a conference centre, spa and a fitness centre; the hotel also holds a variety of outlets to satisfy every taste.

يقدم الفندق خيارات متنوعة من الغرف والأجنحة يبلغ عددها ٢٧٠ غرفة كما يضم مركز الاجتماعات والولائم والمسبح والنادي الرياضي إضافة إلى عدة خيارات من المطاعم المختلفة.

Novotel Bahrain Al Dana Resort

Novotel Bahrain Al Dana Resort is a luxury 4-star beachside hotel in Manama and is just 5 minutes' drive from Bahrain International Airport. The hotel features 166 rooms of various categories and an outdoor temperature-controlled swimming pool, private beach, fitness center and spa alongside several dining outlets.

يقع فندق نوفوتيل الدانة البحرين ذو الأربع نجوم على شاطئ العاصمة المنامة ويبعد ٥ دقائق من مطار البحرين الدولي، حيث يضم الفندق ١٦٦ غرفة بمختلف الفئات. كما ويضم مسبحاً واسعاً وشاطئ خاص وسبا للاسترخاء ونادي صحي إلى جانب العديد من المطاعم ويتميز بإطلالات خلابة على المسبح أو البحر أو أفق مدينة المنامة.

RESTAURANTS

Gulf Hotels Group has brought the finest cuisines from around the world to the shores of Bahrain and internationally.

تشتهر مجموعة فنادق الخليج بجلبها أرقى المأكولات من جميع أنحاء العالم إلى سواحل البحرين وإلى الساحة الدولية.

- China Garden
- Sato
- Royal Thai
- La Pergola
- Margarita Mexicana
- Takht Jamsheed
- Fusions by Tala
- Rasoi by Vineet
- Zahle
- Cafes & Lounges
- Canal Lounge
- Al Waha
- The Other Office Karaoke
- Café Délices
- Sports On 4
- La Mosaique Restaurant
- Waves Seafood Restaurant
- The Harvesters Pub & Terrace
- Cappuccino's Coffee Shop
- Spices Indian Restaurant
- Ocean Restaurant Cuisine
- Jahazi Restaurant
- Mawimbi Restaurant
- Zytoun Restaurant
- Le Bellevue Lounge
- Fishbone Restaurant
- Pool & Beach Lounge
- La Perle Restaurant

GULF HOTEL BAHRAIN RESTAURANTS

China Garden
Chinese cuisine

Designed in contemporary Chinese style offering a wide selection of Szechuan, Cantonese and Pekingese specialties authentically prepared by our team of Chinese Chefs.

مصمم على الطراز الصيني المعاصر ويقدم مجموعة واسعة من الأطباق التقليدية والحديثة معدة خصيصاً بأيدي طهاة مهرة من الصين.

- Winner of Fact Awards 2023 Best Chinese Restaurant
- Awarded as Bahrain's Best Restaurant by Bahrain Confidential 2023

Sato
Japanese cuisine

Sato restaurant has earned itself a reputation for serving the absolute best Japanese cuisine. The restaurant boasts three teppanyaki rooms, three tatami rooms and a beautiful sushi bar overlooking the lush tropical gardens and pool.

يتمتع مطعم ساتو والذي يعتبر من أشهر المطاعم اليابانية في المملكة بسمعة طيبة لتقديمه افضل المأكولات اليابانية. يحتوي المطعم على ثلاث غرف تبنياكي وثلاث غرف تاتامي بالإضافة إلى صالة التقديم الرئيسية المصممة على الطريقة التقليدية للمنازل والحدائق اليابانية.

- Winner of Fact Awards 2023 Best Japanese Restaurant
- Awarded as Bahrain's Best Restaurant by Bahrain Confidential 2023

Royal Thai
Thai cuisine

A magnificent Thai palace overlooking the vast tropical gardens and turquoise waters of the lagoon style swimming pool. Royal Thai offers an exotic setting to relish world class Thai cuisine.

يطل مطعم رويال تاي على حدائق بنيت على الطراز الاستوائي متناغمة مع جو المطعم حيث الشعور بالأجواء التايلندية يرافقها أشهر الأكلات التايلندية والمأكولات البحرية.

- Winner of Fact Awards 2023 Best Thai Restaurant

GULF HOTEL BAHRAIN RESTAURANTS
(Continued)

La Pergola
Italian cuisine

The renowned Italian restaurant is famous for using the highest quality ingredients; every hand roller pasta, kneaded dough and unique sauce is a labour of talent and love.

يشتهر المطعم الإيطالي العريق باستخدامه لمكونات عالية الجودة خلال عملية إعداد المعكرونة والعجين والصلصات الفريدة من نوعها يومياً.

Margarita Mexicana
Mexican cuisine

This authentic restaurant combines indigenous ingredients with contemporary flair to the Mexican cuisine delivering upscale dining experience. It is the first fine-dining Mexican restaurant in Bahrain when it first opened its doors in 2009.

تجمع قائمة الطعام في مارغريتا مكسيكانا بين المكونات المكسيكية الأصلية والذوق المعاصر لتقديم تجربه مميزة مستوحاة من التراث المكسيكي. تم افتتاح المطعم في أكتوبر ٢٠٠٩ وهو أول مطعم راقي يقدم المأكولات المكسيكية في البحرين.

- Winner of Fact Awards 2023 Favourite Mexican Restaurant

Takht Jamsheed
Persian cuisine

Taking inspiration from Persia's royal palace of Takht Jamsheed, this chic restaurant offers a fine-dining experience enjoyed with daily live entertainment.

يتميز مطعم تخت جمشيد بتصاميمه الداخلية التقليدية الساحرة والجداريات المستوحاة من الحضارة الفارسية. ويقدم المطعم لضيوفه أشهر الأطباق الإيرانية الأصيلة التي يتم إعدادها بأيدي طهاة مختصون على أنغام الموسيقى الإيرانية.

- Awarded as Bahrain's Best Restaurant by Bahrain Confidential 2023

GULF HOTEL BAHRAIN RESTAURANTS
(Continued)

Fusions by Tala
International & Middle Eastern cuisine

A multiple award winning restaurant where ingredients of memory and Bahrain tradition are whipped into a frenzy of new and daring dishes by Chef Tala Bashmi. Fusions by Tala offers a synergy of Middle Eastern cuisine and fine dining where local cooking, techniques and ingredients meet.

يتميز المطعم "فيوشنز باي تالا" الحائز على عدد من الجوائز بقدرته على تقديم الأطباق البحرينية التقليدية بطريقة فريدة وحديثة، حيث تدمج المقادير والمكونات الشرق أوسطية مع أساليب الطهي المبتكرة والحديثة لتقدم أشهى وأطيب الأطباق والمأكولات الفاخرة.

- Awarded 63rd Best Chef at The Best Chef awards 2023 in Mexico
- Winner of Fact Awards 2023 Best Fusion Restaurant
- Awarded 3rd Best Restaurant in MENA region 50 Best awards 2023
- Awarded Highest Climber award in MENA region 2023
- Awarded as Bahrain's Best Restaurant by Bahrain Confidential 2023

Rasoi by Vineet
Indian cuisine

The first fine-dining restaurant in Bahrain operated by a Michelin star Chef; renowned chef-restauranteur Vineet Bhatia has a signature interpretation of Indian cuisine that is reflected in his specially crafted menus. Rasoi by Vineet is known as one of the most beautiful restaurants in Bahrain and is overlooked by a team of Indian chefs creating the finest food from the show-kitchen.

أول مطعم في البحرين يديره شيف حائز على تصنيف ميشلان العالمي. يقدم الشيف الشهير فينيت باتيا مفهوماً مميزًا للمطبخ الهندي الذي يتجلى في قوائمه المعدة خصيصًا. يُعرف المطعم بأنه أحد أفضل المطاعم في البحرين ويشرف عليه فريق من الطهاة الهنود المختصون.

- Winner of Fact Awards 2023 Best Indian Restaurant
- Awarded as Best Fine Dining Restaurant by BBC Good Food Middle East Magazine 2022
- Awarded as Best Fine Dining Restaurant in Bahrain by BBC Good Food Middle East Magazine 2023
- Awarded as Bahrain's Best Restaurant by Bahrain Confidential 2023

GULF HOTEL BAHRAIN RESTAURANTS
(Continued)

Zahle
Lebanese cuisine

An icon of Lebanese entertainment, Zahle presents exceptional gastronomy dining with an unsurpassed live entertainment program featuring renowned Lebanese singers alongside a belly dancer.

يعد مطعم زحلة رمزاً للترفيه اللبناني والمكان المفضل في البحرين لأجيال عديده، يحي أمسيات ليلية تضم مطربين لبنانيين مشهورين إلى جانب عروض الرقص الشرقي.

Cafés & Lounges

- Café Délices
- Al Waha
- The Oak Lounge
- Typhoon
- Sherlock Holmes (Winner of Fact Awards 2023 Best Sports Bar)
- The Palace Lounge
- Al Andalus Lounge

GULF COURT HOTEL BUSINESS BAY – DUBAI RESTAURANTS

Canal Lounge
International Lounge

Al Waha
International cuisines

The Other Office Karaoke
International & bites

Café Délices
Middle Eastern & International

Sports On 4
Lounge

CROWNE PLAZA HOTEL - BAHRAIN RESTAURANTS

La Mosaique Restaurant
All day dining

Waves Seafood Restaurant
Seafood restaurant

The Harvesters Pub & Terrace
Lounge

Cappuccino's Coffee Shop
Patisserie

Spices Indian Restaurant
Indian cuisine

OCEAN PARADISE RESORT & SPA – ZANZIBAR RESTAURANTS

Ocean Restaurant Cuisine
Buffet breakfast

Jahazi Restaurant
Zanzibari & International cuisine

Mawimbi Restaurant
Zanzibari seafood & Swahili fusion

NOVOTEL AL DANA RESORT - BAHRAIN RESTAURANTS

Zytoun Restaurant
Mediterranean & Arabic cuisine

Le Bellevue Lounge
Lounge

Fishbone Restaurant
Italian fusion cuisine

Pool & Beach Lounge
Arabic & International cuisine

La Perle Restaurant
Seafood cuisine

COMMUNITY ROLE

The Group is committed to supporting charitable communities through donations. It is a cornerstone of any business and a firm belief to go by and therefore it is an ongoing initiative that provides valuable services to the community in various fields.

تحرص مجموعة فنادق الخليج على القيام بدورها المجتمعي من خلال المساهمة في النشاطات الاجتماعية ودعم الجهات الخيرية المختلفة وذلك عبر خطة المجموعة التي تهدف إلى المشاركة الإيجابية في المجتمع، حيث وتقوم مجموعة فنادق الخليج بتقديم الدعم المادي والتبرعات بشكل سنوي كجزء من مبادراتها المستمرة في سبيل دعم مختلف أوجه الأنشطة المجتمعية.

AWARDS

Gulf Hotel Bahrain

2023 TripAdvisor Traveler's Choice Award
2023 Booking.com Traveller Review Award
2023 Haute Grandeur Awards:
1. Best honeymoon hotel in the Middle East
2. Best lifestyle hotel in the Middle East
3. Best function venue hotel in the Middle East
4. Best MICE hotel in the Middle East

2023 Chef Tala Bashmi was voted 63rd "Best Chef" amongst the top 100 at the Best Chef Awards in Mexico; she was also coveted "rising star" accolade.

2023 Gulf Hotels Group Graduate Program "Al Mostaqbal"
Gulf Hotels Group "Al Mostaqbal" Program has been awarded the Human Resources Management Summit Awards 2023 for "Best Graduate Development Program"; the event was held under the patronage of His Excellency Jameel bin Mohammed Ali Humaidan, Minister of Labor.

Gulf Court Hotel Busines Bay - Dubai

2023 Gold A Certificate for Food
2023 Arabian Awards – Best 4* Hotel
2023 Middle East Hospitality Excellence Awards
Best 4* Hotel Team
2023 Awarded 3rd place (Bronze Award) in the DTCM 2023 Sustainability Awards

Ocean Paradise Resort & Spa - Zanzibar

2023 TripAdvisor Traveler's Choice Award

الجوائز

فندق الخليج البحرين

٢٠٢٣ جائزة اختيار المسافرين من TripAdvisor
٢٠٢٣ جائزة تقييم المسافرين من Booking.com
٢٠٢٣ جوائز أوت جرانديور:
١. أفضل فندق لقضاء شهر العسل في الشرق الأوسط
٢. أفضل فندق نمط الحياة في الشرق الأوسط
٣. أفضل فندق مناسبات في الشرق الأوسط
٤. أفضل فندق MICE في الشرق الأوسط

٢٠٢٣ حصلت الشيف تالا بشمي على المرتبة الـ ٦٣ في جائزة "أفضل شيف" المقامة في المكسيك كما حازت على لقب "النجم الصاعد" في المسابقة ذاتها.

٢٠٢٣ "المستقبل" يفوز بجائزة "أفضل برنامج لتطوير الخريجين"
فوز البرنامج التدريبي لمجموعة فنادق الخليج "المستقبل" بجائزة "أفضل برنامج لتطوير الخريجين" وذلك ضمن مشاركتها في ملتقى إداريو الموارد البشرية الذي أقيم تحت رعاية معالي وزير العمل السيد جميل بن محمد علي حميدان.

فندق جلف كورت بيزنس باي - دبي

٢٠٢٣ الشهادة الذهبية للأغذية
٢٠٢٣ الجوائز العربية - أفضل فندق ٤ نجوم
٢٠٢٣ جوائز التميز في مجال الضيافة في الشرق الأوسط
أفضل فريق فندق ٤ نجوم
٢٠٢٣ فوز الفندق بالمركز الثالث (الجائزة البرونزية) في جائزة دبي للسياحة المستدامة

منتجع وسبا أوشن بارادايس - زنجبار

٢٠٢٣ جائزة اختيار المسافرين من TripAdvisor

Consolidated Financial Statements

31 December 2023

GENERAL INFORMATION

Gulf Hotels Group B.S.C. ("the Company") is a public joint stock company domiciled in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 950.

SHARE CAPITAL

Authorised	: BD 30,000,000 (2022: BD 30,000,000) divided into 300,000,000 shares (2022: 300,000,000 shares) of 100 fils each
Issued and fully paid-up	: BD 22,599,487 (2022: BD 22,599,487)

BOARD OF DIRECTORS

: Farouk Yousuf Almoayyed (Chairman)
: Fawzi Ahmed Kanoo (Vice Chairman)
: Khalid Mohamed Kanoo
: Olivier Harnisch
: Andrew John Day
: Mohamed Jassim Buzizi
: Adel Husain Mahdi Al Maskati
: Jassim Abdulaal
: Zain Hamad Alamer (Joined March 2023)
: Hesham Abdulghaffar Khonji (Joined November 2023)
: Khalid Taqi (Left March 2023)

EXECUTIVE COMMITTEE

: Fawzi Ahmed Kanoo (Chairman)
: Mohamed Jassim Buzizi
: Zain Hamad Alamer

CORPORATE GOVERNANCE COMMITTEE

: Farouk Yousuf Almoayyed (Chairman)
: Olivier Harnisch
: Jassim Abdulaal
: Mohamed Jassim Buzizi

AUDIT COMMITTEE

: Jassim Abdulaal (Chairman)
: Khalid Mohamed Kanoo
: Andrew John Day
: Adel Husain Mahdi Al Maskati

INVESTMENT COMMITTEE

: Farouk Yousuf Almoayyed (Chairman)
: Mohamed Jassim Buzizi (Joined October 2023)
: Olivier Harnisch (Joined March 2023)
: Zain Hamad Alamer (Joined March 2023)

GENERAL INFORMATION (CONTINUED)

REMUNERATION COMMITTEE

: Farouk Yousuf Almoayyed (Chairman)
: Mohamed Jassim Buzizi
: Olivier Harnisch
: Jassim Abdulaal

EXECUTIVE MANAGEMENT

: Ahmed Mohamed Janahi – Group Chief Executive Officer
: Mohamed Alkayed – Deputy Chief Executive Officer
: Charbel Sarkis – Chief Financial Officer

BOARD'S SECRETARY

: Shaheed Elaiwi

HEAD OFFICE

: Gulf Executive Offices, Gulf Hotel
Building no – 11, street no. 3801
Telephone +973 17746446, Fax +973 17742820
Block 338, P.O. Box 580
Manama, Kingdom of Bahrain
www.gulfhotelsgroup.com
info@gulfhotelsgroup.com

AUDITORS

: Ernst & Young
P.O. box 140, floor 14, The tower, Sheraton Complex

BANKERS

: National Bank of Bahrain
: Bank of Bahrain and Kuwait
: Ahli United Bank
: National Bank of Kuwait
: Standard Chartered Bank
: Mashreq Bank - Bahrain
: Mashreq Bank - Dubai
: Emirates NBK - Dubai
: Commercial Bank of Srilanka
: SICO

REGISTRARS

: Bahrain Clear B.S.C. (c)
Manama, Kingdom of Bahrain

GENERAL INFORMATION (CONTINUED)

LISTING

: Bahrain Bourse
P.O. Box 3203
Manama, Kingdom of Bahrain

PRINCIPAL LAWYERS

: Nezar Raees & Associates
P.O. Box 1380
Gulf Executive Offices, Gulf Hotel
Manama, Kingdom of Bahrain

: Essa Ebhrahim Mohammed Law Office
P.O. Box 11021
Manama, Kingdom of Bahrain

: Hassan Radhi & Associates
P.O. Box 5366
605 Diplomat Tower
Manama, Kingdom of Bahrain

INSURANCE CONSULTANTS

: Protection Insurance Services W.L.L
P.O. Box 33133
13th Floor, Jeera Tower
Manama, Kingdom of Bahrain

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf Hotels Group B.S.C. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Assessments for impairment of property and equipment

Refer to note 2 for impairment policy, note 3 for estimate and judgement and note 5 on discosure of property and equipment in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
At 31 December 2023, the Group held property and equipment of BD 75,964 thousand. Property and equipment was important to our audit due to the size of the carrying value of the property and equipment (69% of the total assets as at 31 December 2023) as well as the judgement involved in the assessment of the recoverability of its carrying value. The recoverability of the carrying value of the property and equipment is, in part, dependent on the Group's ability to generate sufficient future profits. This assessment requires management to make assumptions in the underlying cash flow forecasts in respect of factors such as occupancy rate, room rents and sales levels of food and beverages, inflation and overall market and economic conditions of the Hotels within the Group.	Our audit procedures in this area included, among others: - Review of the Group's impairment policy to ensure its adherence to international accounting standards and acceptable accounting practices in hospitality industry; - Evaluation of the basis of developing forecasts and cashflow projections and management's expectation of the performance of the Group's business considering the prevailing economic conditions in general in the countries in which the Group operates and the hospitality industry in particular; - Evaluation of the appropriateness of the methodology used by the Group to assess impairment of property and equipment; - Ensuring consistent application of the impairment assessment methodology; - Evaluation of the independent external property valuer's competence, experience, capabilities and objectivity; - Assessing the reasonableness of management assumptions used in the discounted cash flow models used by the Group against external benchmarks including adjustments for risks specific to the Group, in particular its derivation of revenue forecasts based on forward estimates of room rents, discount rates and expected long-term growth rates; - Checking appropriateness of the discount and growth rates used in impairment model with the prevailing market conditions; and - Checking the mathematical accuracy of relevant financial and quantitative data used in the impairment model and agreeing the relevant data to the latest business plans, budgets and the current capacity of each hotel property.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 26 February 2023.

INDEPENDENT AUDITORS' REPORT (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information in the Group's 2023 annual report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we obtained the Report of the Board of Directors which form part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)
Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that:

a) As required by the Bahrain Commercial Companies Law,

  i) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

  ii. the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements; and

  iii. satisfactory explanations and information have been provided to us by management in response to all our requests.

b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2023 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.

c) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:

  i) has appointed a Corporate Governance Officer; and

  ii) has a board approved written guidance and procedures for corporate governance.

The Partner in charge of the audit resulting in this independent auditor's report is Nader Rahimi.

Ernst + Young

Partner's Registration No. 115
22 February 2024
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	2023 BD	2022 BD
ASSETS			
Non-current assets			
Property and equipment	5	**75,964,176**	68,680,687
Investment properties	6	**614,188**	655,749
Investments in associates and a joint venture	7	**7,264,849**	7,475,062
Prepayments and other assets	11	**687,021**	717,621
Investments	8	**12,109,892**	12,762,912
		96,640,126	90,292,031
Current assets			
Inventories	9	**2,945,447**	3,021,757
Trade receivables	10	**1,216,320**	1,409,769
Prepayments and other assets	11	**1,161,614**	1,639,355
Cash, bank balances and short-term deposits	12	**8,538,847**	15,421,145
		13,862,228	21,492,026
TOTAL ASSETS		**110,502,354**	111,784,057
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**22,599,487**	22,599,487
Share premium	14	**17,514,442**	17,514,442
Other reserves	15	**23,348,716**	23,934,960
Retained earnings		**40,890,456**	39,553,862
Total equity		**104,353,101**	103,602,751
Non-current liability			
Employees' end of service benefits	17	**1,075,711**	1,183,203
Current liabilities			
Trade payables	18	**1,453,981**	3,153,138
Accrued expenses and other liabilities	19	**3,619,561**	3,844,965
		5,073,542	6,998,103
Total liabilities		**6,149,253**	8,181,306
TOTAL EQUITY AND LIABILITIES		**110,502,354**	111,784,057

Farooq Yousuf Almoayyed
Chairman

Fawzi Ahmed Kanoo
Vice Chairman

Ahmed Janahi
Chief Executive Officer

Charbel Sarkis
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 BD	2022 BD
Revenue from contracts with customers	21	**32,999,504**	30,865,774
Share of results of associates and a joint venture	7	**1,560,746**	1,662,411
Dividend income		**761,094**	538,530
Interest income		**379,583**	211,106
Gain on sale of property and equipment		**4,532**	819,228
Rental and other income		**2,312,078**	1,790,865
TOTAL INCOME		**38,017,537**	35,887,914
Staff costs	22	**10,188,485**	9,291,133
Food and beverages cost	23	**8,027,589**	7,054,239
Depreciation of property and equipment	5	**5,212,803**	5,525,732
Depreciation of investment properties	6	**56,322**	55,577
Utilities		**1,699,371**	1,491,194
Interest expense		**-**	77,167
Allowance for expected credit losses	10	**123,975**	124,706
Other operating expenses	24	**5,923,406**	5,599,151
TOTAL EXPENSES		**31,231,951**	29,218,899
PROFIT FOR THE YEAR		**6,785,586**	6,669,015
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	25	**30**	30
OTHER COMPREHENSIVE LOSS			
Items not to be reclassified to profit or loss in subsequent years:			
- Net changes in fair value of investments at fair value through other comprehensive income	8	**(653,020)**	(477,781)
- Share of other comprehensive income of associates and a joint venture	7	**129,041**	35,032
		(523,979)	(442,749)
Item to be reclassified to profit or loss in subsequent years:			
- Foreign exchange differences on translation of foreign operations		**138,615**	101,327
Other comprehensive loss for the year		**(385,364)**	(341,422)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,400,222**	6,327,593

Farooq Yousuf Almoayyed
Chairman

Fawzi Ahmed Kanoo
Vice Chairman

Ahmed Janahi
Chief Executive Officer

Charbel Sarkis
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Note	**2023 BD**	2022 BD
OPERATING ACTIVITIES			
Profit for the year		**6,785,586**	6,669,015
Adjustments to reconcile profit to net cash flows:			
Depreciation of property and equipment	5	**5,212,803**	5,525,732
Depreciation of investment properties	6	**56,322**	55,577
Share of results of associates and a joint venture	7	**(1,560,746)**	(1,662,411)
Dividend income		**(761,094)**	(538,530)
Interest income		**(379,583)**	(211,106)
Interest expense		**-**	77,167
Gain on sale of property and equipment		**(4,532)**	(819,228)
Allowance for expected credit losses	10	**123,975**	124,706
Provision for employees' end of service benefits	17	**311,128**	264,291
Operating profit before working capital changes		**9,783,859**	9,485,213
Inventories		**151,772**	(1,224,796)
Trade receivables		**69,480**	(589,707)
Prepayments and other assets		**449,669**	(355,358)
Trade payables		**(1,699,157)**	1,072,656
Accrued expenses and other liabilities		**686,850**	1,299,804
Cash generated from operations		**9,442,473**	9,687,812
Directors' remuneration paid		**(324,342)**	(258,600)
Employees' end of service benefits paid	17	**(418,620)**	(205,158)
Net cash flows from operating activities		**8,699,511**	9,224,054
INVESTING ACTIVITIES			
Additions to property and equipment	5	**(2,572,521)**	(793,794)
Addition to investment properties	6	**(14,761)**	(300)
Short term deposits	12	**10,483,867**	(11,500,000)
Proceeds from disposals of property and equipment		**6,188**	8,211,427
Acquisition of a business, net of cash acquired	4	**(10,008,122)**	-
Interest received		**470,645**	211,106
Dividend received from an associate	7	**1,900,000**	2,200,000
Dividends received		**761,094**	538,530
Net cash flows from (used in) investing activities		**1,026,390**	(1,133,031)
FINANCING ACTIVITIES			
Dividends paid		**(6,262,947)**	(4,519,871)
Repayment of bank loan		**-**	(5,382,000)
Interest paid		**-**	(293,379)
Payments for donations		**-**	(34,310)
Net cash flows used in financing activities		**(6,262,947)**	(10,229,560)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**3,462,954**	(2,138,537)
Net foreign exchange difference		**138,615**	101,327
Cash and cash equivalents at 1 January		**3,921,145**	5,958,355
Cash and cash equivalents at 31 December	12	**7,522,714**	3,921,145

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

			Other reserves							
2023	**Share capital BD**	**Share premium BD**	**Statutory reserve BD**	**General reserve BD**	**Charity reserve BD**	**Foreign currency reserve BD**	**Fair Value reserve BD**	**Total Other 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 year	-	-	-	-	-	-	-	-	6,669,015	6,669,015
Other comprehensive income (loss) for the year	-	-	-	-	-	101,327	(442,749)	(341,422)	-	(341,422)
Total comprehensive income (loss) for the year	-	-	-	-	-	101,327	(442,749)	(341,422)	6,669,015	6,327,593
Utilisation of donation reserve	-	-	-	-	(34,310)	-	-	(34,310)	-	(34,310)
Dividends (note 16)	-	-	-	-	-	-	-	-	(4,519,871)	(4,519,871)
At 31 December 2022	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 year	-	-	-	-	-	-	-	-	6,785,586	6,785,586
Other comprehensive income (loss) for the year	-	-	-	-	-	138,615	(523,979)	(385,364)	-	(385,364)
Total comprehensive income (loss) for the year	-	-	-	-	-	138,615	(523,979)	(385,364)	6,785,586	6,400,222
Utilisation of donation reserve	-	-	-	-	(200,880)	-	-	(200,880)	200,880	-
Dividends (note 16)	-	-	-		-	-	-	-	(5,649,872)	(5,649,872)
At 31 December 2023	**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**

The retained earning includes an statutory reserve to BD 50,000 as at 31 December 2023 (2022: BD 49,018) relating to Bahrain Tourism Company - Crowne Plaza (Bahrain) W.L.L. and Gulf Hotel Laundry Services W.L.L, the wholly owned subsidiaries of the Group.

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2023

1. CORPORATE INFORMATION AND 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 consolidated financial statements comprise the results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023.

The Group owns and operates the Gulf Hotel 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 and GHG Colombo in Sri Lanka. The Group also provides management services to The K Hotel and Asdal Gulf-inn Seef, in the Kingdom of Bahrain. During the year ended 31 December 2022, the Group has signed a 10 year agreement to manage Gulf Aquamarine Hotel and Gino Paradise Water Park in Tbilisi, Georgia. 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:

	Ownership interest			Country of	
Name	**31 December 2023**	31 December 2022	Relationship	incorporation	Principal activities
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	Owning and operating a hotel and investing activities
Gulf Hotel Al Dana Resort W.L.L.*	**100%**	-	Subsidiary	Kingdom of Bahrain	Hotel operations
Gulf Court Hotel Business Bay L.L.C.	**100%**	100%	Subsidiary	United Arab Emirates	Hotel operations
GHG Colombo (Private) Limited	**100%**	100%	Subsidiary	Sri Lanka	Retail operations
Bahrain Family Leisure Company B.S.C.**	**28.06%**	28.06%	Associate	Kingdom of Bahrain	Operating restaurants, and provision of family entertainment.
African & 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	Hotel operations
GHG Investments L.L.C.	**100%**	100%	Subsidiary	Kingdom of Bahrain	Investment and other activities
GH Gulf Investment Limited	**100%**	100%	Subsidiary	Kingdom of Bahrain	Investment and other activities

* During the period ended 31 December 2023, the Group acquired 100% stake in Novotel Al Dana Resort Bahrain and the detail of acquisition is disclosed in note 4.

** Percentage of ownership interest is calculated based on the investee's share capital net of treasury shares.

*** The investment is accounted for as a joint venture based on shareholders' agreement whereby both parties agreed to share decision making.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

2. MATERIAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, except for investments at fair value through other comprehensive income that have been measured at fair value.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse.

Functional and presentation currency

The consolidated financial statements have been presented in Bahraini Dinars (BD) which is the functional currency of the Company and the presentation currency of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses, cash flows and unrealised gains or losses relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective from 1 January 2023
The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain amendments to standards adopted by the Group as of 1 January 2023. The Group has not early adopted any new and amended standards and interpretations that has been issued but is not yet effective.

- 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;
- 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; and
- International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12: The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The adoption of these new and amended standards and interpretations did not have any effect on the Group's consolidated financial statements.

Standards and interpretations issued but not yet effective
Standards and interpretations issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively;
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback: In September 2022, the IASB issued amendments to IFSR 16 to specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively; and
- Amendments to IAS 7 and IFRS 7 – Disclosures - Supplier Finance Arrangements: In May 2023, the IASB issued these amendments to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024.

Management is currently assessing the impact of the above standards and interpretations on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Fair value measurement

The Group measures financial instruments such as investment, at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices 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 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.

The Group's management, with discussion with the Investment Committee, determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted investments.

External valuers are involved for valuation of significant assets, such as investment properties and investments, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided annually after discussion with the Group's Board of Directors. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Foreign currency transactions

The Group's consolidated financial statements are presented in Bahraini Dinars (BD) which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle to profit or loss the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency transactions (continued)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into BD at the rate of exchange prevailing at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognised in consolidated statement of other comprehensive income. On disposal of a foreign operation, the component recognised in the consolidated statement of changes in equity relating to that particular foreign operation is recognised in consolidated statement of profit or loss.

Property and equipment

Recognition and measurement

Property and equipment is stated at cost, net of accumulated depreciation and impairment loss, if any. Such cost includes the cost of replacing a part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss when incurred.

Capital work-in-progress

The capital work-in-progress is stated at cost less any identified impairment loss and comprises expenditure incurred on the acquisition and installation of property and equipment which is transferred to the appropriate category of asset and depreciated as and when assets are available for use.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. If subsequent expenditure is related to a previously capitalised project, it is depreciated over the remaining useful life.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, except for freehold land and capital work-in-progress, as follows:

- Buildings on freehold land • original structure • subsequent improvements	40 years Over the remaining life of the buildings they relate to, or earlier, as appropriate
- Furniture, fittings and office equipment	2 to 7 years
- Equipment and motor vehicles	2 to 10 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in consolidated statement of profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both and are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation on investment properties is calculated on a straight-line method over the estimated useful lives of 30 years.

Investment properties are derecognised either when they have been disposed off (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Inventories

Inventories of food and beverages are stated at the lower of cost and net realisable value. Inventories of maintenance and general stores are stated at cost less provision for obsolescence. Costs are those expenses incurred in bringing inventories to their present location and condition and are determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in consolidated statement of profit or loss.

Investment in associates and a joint venture

The Group holds an interest in a joint venture, Bahrain Airport Hotel Company W.L.L., and an interest in two associates, Bahrain Family Leisure Company B.S.C. and African and Eastern (Bahrain) W.L.L.

The financial statements of both associates and a joint venture are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of results of associates and a joint venture' in the consolidated statement of profit or loss.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associates and joint venture. Any change in other comprehensive income of the associates and joint venture is presented as part of the consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associates and joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates and joint venture are eliminated to the extent of the Group's interest in the associates and joint venture.

The aggregate of the Group's share of results of associates and joint venture is shown on the face of the consolidated statement of profit or loss and represents results after tax and non-controlling interests in the subsidiaries of the associates and joint venture.

The financial statements of the associates or joint venture are prepared for the same reporting period as the Group. Therefore, no adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Investment in associates and a joint venture (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates or joint venture are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of its investment in associate and its carrying value, then recognises the loss as 'Share of results of associates and a joint venture' in consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

Financial instruments - recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient which are measured at the transaction price determined under contracts with customers (refer to accounting policy for revenue from contracts with customers), the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include investments, trade receivables and a portion of prepayments and other assets, and cash, bank balances and short-term deposits.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost;
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, a portion of prepayments and other assets, and cash, bank balances and short term deposits.

Financial assets designated at fair value through other comprehensive income (FVOCI).

Equity instruments

The Group elected (on an instrument-by-instrument basis) to designate its investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held-for-trading.

A financial asset is held-for-trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Group has designated most of its investments in equity instruments at FVOCI on initial application of IFRS 9, as the Board of Directors believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the consolidated statement of other comprehensive income.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in the consolidated statement of other comprehensive income and accumulated in investment revaluation reserve. The cumulative gain or loss cannot be reclassified to the consolidated statement of profit or loss on disposal of the investments.

Dividends are recognised as dividend income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either;

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables which is the only significant financial asset exposed to credit risk, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for any relevant forward-looking factors.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities mainly include trade payables and a portion of accrued expenses and other liabilities.

Subsequent measurement

All financial liabilities of the Group are subsequently measured at amortized cost. Such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest expense in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with maturities of three months or less, excluding short term deposits pledged against short term borrowings as they are considered an integral part of the Group's cash management.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' end of service benefits

The Group makes contributions to relevant Government schemes for its employees in each jurisdiction, calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The Group also provides for end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Cash dividend to shareholders of the Group

The Company recognises a liability to make cash distributions to shareholders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. Under Bahrain Commercial Companies Law, a distribution is authorised when it is approved by the shareholders in their General Meeting. A corresponding amount is recognised directly in equity.

Value added tax (VAT)

Revenue, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the Government, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax receivable from, or payable to, the Government is included as part of other receivables or other payables in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

"The Group is in the business of providing hotel services and import and sale of beverages. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding discounts and amounts collected on behalf of third parties such as tourism levy, VAT etc. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The following specific recognition criteria must also be met before revenue is recognised:

Room revenue

Room revenue is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. Room revenue is recognised based on an output method, over the length of guests stay at the Hotel.

The Group's contracts with its customers generally contains only one performance obligation. In some cases, the Group's contracts for stay at the Hotel are bundled together with the sale of food, beverages and other services. The Group considers room revenue, sale of food and beverages and other services of being distinct and allocates the transaction price to room revenue, sale of food and beverages and other services based on the stand-alone selling prices of rooms, food and beverages and other services.

Sale of food and beverages

The Group's contracts with customers for the sale of food and beverages generally include one performance obligation. The Group has concluded that revenue from sale of food and beverages should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the food and beverages.

Revenue from rendering of services

Revenue from rendering of services is recognised over time based on an output method. The contract contains only one performance obligation and the transaction price is allocated to the performance obligation.

Revenue from rental income

Revenue from property leased out under an operating lease are recognised on a straight-line basis over the term of the lease.

Revenue from management fee

Management fees are recognised when the services are rendered as determined by the management agreement. The variable consideration related to the fees is estimated as per the agreement and constrained until it is highly probable that there is no significant uncertainty regarding the amount of consideration.

Costs to obtain a contract

The Group pays sales commission to its travel agents for each contract that they obtain for guest bookings. The Group applies the optional practical expedient to immediately recognise the commission paid if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense in the consolidated statement of profit or loss.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to the accounting policy on "Financial assets".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

Contract balances (continued)

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other income recognition

Interest income

Interest income is recorded using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders of the investee approve the dividend.

Other income

Other income is recognised on an accrual basis when income is earned.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern

The Group's Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue the business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast a significant doubt about the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Classification of investments

The Group's management determines the classification of investments on initial recognition as "financial asset at fair value through profit or loss" or "financial asset at fair value through other comprehensive income". The investments are classified as "financial asset at fair value through profit or loss" if they are acquired for the purpose of selling in the near term. All other investments are classified as "financial asset at fair value through other comprehensive income".

Classification of properties

Properties which are purchased with the intention to earn rental income or capital appreciation or both are classified as investment properties. All other properties are classified as property and equipment.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements(continued)

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of revenue from room services

The Group concluded that revenue from room services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group which demonstrates that the Group's performance obligations are complete as and when customer simultaneously receives and consumes the benefits.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property and equipment and investment properties

The Group's management determines the estimated useful lives of its property and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges would be adjusted where management believes the useful lives differ from previous estimates.

Impairment of property and equipment and investment properties

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

The Board of Directors do not believe that there is any impairment of property and equipment and investment properties as at 31 December 2023 and 31 December 2022.

Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

- Estimated room rents in futures;
- Estimated occupancy rates for upcoming years;
- Inflation rate used to extrapolate cash flows;
- Capital expenditure;
- Discount rate;
- Growth rate; and
- Terminal value of property and equipment and investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Sensitivity to changes in assumptions

With regard to the assessment of value in use, management believes that reasonably possible changes in the weighted average cost of capital would cause a material change to the recoverable amount. An increase in weighted average cost of capital by 18% (1800 basis point) (2022: 19% (1900 basis point)) (with all other variables remain unchanged) throughout the forecast period could result in the recoverable amount of the CGU to be lower than its carrying value.

Similarly, an decrease in occupancy rate by 50% (2022: 52%) (with all other variables remain unchanged) throughout the forecast period or a reduction in room rental by BD 57% (2022: BD 56%) (with all other variables remain unchanged) throughout the forecast period could result in the recoverable amount of the CGU to be lower than its carrying value.

The sensitivity to changes in assumptions will not impact the net carrying value of CGU for the year ended 31 December 2023.

Allowance for expected credit losses

The determination of 'allowance of expected credit losses' as discussed in note 2 involves estimates and assumptions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with the forward-looking information. For instance, if forecast economic conditions (i.e. inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consumer sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables (includes amount due from related parties) were BD 2,072,327 (2022: BD 2,174,072), with an allowance for expected credit loss of BD 856,007 (2022: BD 764,303). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in consolidated statement of profit or loss.

Valuation of unquoted investments at fair value through other comprehensive income

Management uses its best judgement in determining fair values of the unquoted private equity investments by reference to using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using a market multiples or other appropriate valuation methodologies. Management uses its best judgement, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted equity investments.

Provision for slow moving and obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated realisable value.

At the reporting date, gross inventories amounted to BD 3,096,605 (2022: BD 3,212,792), with a provision for slow moving and obsolete inventories of BD 151,158 (2022: BD 191,035). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

4. 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.

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 the management of the Resort to Gulf Hotel Al Dana Resort W.L.L. As per agreement, the Seller had to settle assets and liabilities on or before the date of acquisition and had to make the 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 consolidated financial statements include the results of the Resort for the six months and twenty-three days period from the acquisition date.

During the year, the Group finalised the purchase price allocation (PPA) and has accordingly allocated the purchase consideration to identifiable assets and liabilities.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	2023 BD
Assets	
Property and equipment (note 5)	**9,925,427**
Inventories	**75,467**
Prepayments and other assets	**32,391**
Cash, bank balances and short-term deposits	**6,750**
	10,040,035
Liability	
Accrued expenses and other liabilities	**25,163**
Total identifiable net assets	**10,014,872**
Less:	
Purchase consideration transferred	**10,014,872**
Net bargain purchase gain	**-**
Cashflow on acquisition	
Cash acquired with the Resort (included in cash flows from investing activities)	**6,750**
Cash paid	**(10,014,872)**
Net cash outflow on acquisition	**(10,008,122)**

During the year ended 31 December 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 consolidated statement of profit or loss account and other comprehensive income.

From the date of acquisition, the Resort has contributed BD 1,488,071 of revenue and a profit of BD 310,647 to the results of the Group. If the acquisition had taken place at the beginning of 2023, revenue of the Group for the year ended 31 December 2023 would have been BD 34,088,450 and the results of the Group for the year ended 31 December 2023 would have been BD 6,883,826.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

5. PROPERTY AND EQUIPMENT

	Freehold land	Buildings	Furniture, fittings and office equipment	Equipment and motor vehicles	Capital work-in-progress	Total
	BD	BD	BD	BD	BD	BD
At 1 January 2023	12,295,965	100,286,394	23,157,569	20,382,839	255,281	156,378,048
Additions	470,000	620,545	565,862	231,389	684,725	2,572,521
Acquisition of a business (note 4)	8,000,000	1,770,000	27,354	128,073	-	9,925,427
Disposals / write offs	-	-	(90,956)	(71,435)	-	(162,391)
At 31 December 2023	**20,765,965**	**102,676,939**	**23,659,829**	**20,670,866**	**940,006**	**168,713,605**
Accumulated depreciation and impairment:						
At 1 January 2023	-	49,557,744	22,158,349	15,981,268	-	87,697,361
Depreciation charge for the year	-	2,127,255	1,441,753	1,643,795	-	5,212,803
Relating to disposals / write offs	-	-	(89,300)	(71,435)	-	(160,735)
At 31 December 2023	-	51,684,999	23,510,802	17,553,628	-	92,749,429
Net book values:						
At 31 December 2023	**20,765,965**	**50,991,940**	**149,027**	**3,117,238**	**940,006**	**75,964,176**

	Freehold land	Buildings	Furniture, fittings and office equipment	Equipment and motor vehicles	Capital work-in-progress	Total
	BD	BD	BD	BD	BD	BD
Cost:						
At 1 January 2022	19,681,492	100,242,472	22,753,480	20,303,249	5,999	162,986,692
Additions	-	48,608	405,044	90,860	249,282	793,794
Disposals / write offs	(7,385,527)	(4,686)	(955)	(11,270)	-	(7,402,438)
At 31 December 2022	12,295,965	100,286,394	23,157,569	20,382,839	255,281	156,378,048
Accumulated depreciation and impairment:						
At 1 January 2022	-	47,241,604	20,911,800	14,028,464	-	82,181,868
Depreciation charge for the year	-	2,316,404	1,247,504	1,961,824	-	5,525,732
Relating to disposals / write offs	-	(264)	(955)	(9,020)	-	(10,239)
At 31 December 2022	-	49,557,744	22,158,349	15,981,268	-	87,697,361
Net book value:						
At 31 December 2022	12,295,965	50,728,650	999,220	4,401,571	255,281	68,680,687

Capital work-in-progress mainly represents building, furniture, fixtures and office equipment under installation.

Gulf Hotel and Crown Plaza hotel are situated in Bahrain and are between 40-50 and 46 years old respectively. The conference centre building, part of Gulf Hotel, is 28 years old. The Group's hotel in Dubai is 6 years old. The Group's residential building situated in in Bahrain is 5 years old.

During the year ended 31 December 2023, the Group sold property and equipment with a total net carrying amount of BD 1,656 for a cash consideration of BD 6,188. (During the year ended 31 December 2022, the Group sold property and equipment with a net carrying amount of BD 7,392,199 for a cash consideration of BD 8,211,427. The net gains on these disposals were recognised as 'Gain on sale of property and equipment' in the consolidated statement of profit or loss.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

6. INVESTMENT PROPERTIES

	Land	**Buildings**	**Total**
	BD	**BD**	**BD**
Cost:			
At 1 January 2023	**494,515**	**1,898,740**	**2,393,255**
Additions	**-**	**14,761**	**14,761**
At 31 December 2023	**494,515**	**1,913,501**	**2,408,016**
Accumulated depreciation:			
At 1 January 2023	**-**	**1,737,506**	**1,737,506**
Depreciation charge for the year	**-**	**56,322**	**56,322**
At 31 December 2023	**-**	**1,793,828**	**1,793,828**
Net book value at 31 December 2023	**494,515**	**119,673**	**614,188**

	Land	Buildings	Total
	BD	BD	BD
Cost:			
At 1 January 2022	494,515	1,898,440	2,392,955
Additions	-	300	300
At 31 December 2022	494,515	1,898,740	2,393,255
Accumulated depreciation:			
At 1 January 2022	-	1,681,929	1,681,929
Depreciation charge for the year	-	55,577	55,577
At 31 December 2022	-	1,737,506	1,737,506
Net book value at 31 December 2022	494,515	161,234	655,749

The fair value of investment property as at 31 December 2023 was BD 2,284,000 (2022: BD 2,470,000) based on a valuation performed by an independent external property valuers, having appropriate recognsied qualification and experience in the location and category of the property being valued. The fair value measurement was based on Discounted Cash Flow (DCF) method and accordingly has been categorised as level 3 in the fair value hierarchy.

	2023	2022
	BD	BD
Rental income derived from investment properties	**101,574**	177,605
Direct operating expenses generating rental income (included in other operating expense)	**(22,745)**	(27,213)
Depreciation of investment properties	**(56,322)**	(55,577)
Profit arising from investment properties carried at cost	**22,507**	94,815

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

7. INVESTMENT IN ASSOCIATES AND A JOINT VENTURE

Summarised financial information of the associates and joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	African & Eastern (Bahrain) W.L.L.	**Bahrain Family Leisure Company B.S.C.**	**Bahrain Airport Hotel Company W.L.L.**	**Total**
	BD	**BD**	**BD**	**BD**
Balance at 1 January 2023	6,807,504	491,383	176,175	7,475,062
Share of profit / (loss) for the year	1,796,776	(106,037)	(129,993)	1,560,746
Share of other comprehensive loss for the year	(50,620)	-	-	(50,620)
Other equity movement	(6,649)	-	186,310	179,661
Dividends received	(1,900,000)	-	-	(1,900,000)
Balance at 31 December 2023	**6,647,011**	**385,346**	**232,492**	**7,264,849**

	African & Eastern (Bahrain) W.L.L.	Bahrain Family Leisure Company B.S.C.	Bahrain Airport Hotel Company W.L.L.	Total
	BD	BD	BD	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	45,124	-	-	45,124
Other equity movement	(10,092)	-	-	(10,092)
Dividends received	(2,200,000)	-	-	(2,200,000)
Balance at 31 December 2022	6,807,504	491,383	176,175	7,475,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

7 INVESTMENT IN ASSOCIATES AND A JOINT VENTURE (continued)

The following table illustrates the summarised financial information of the Group's investment in the associates and a joint venture:

African & Eastern (Bahrain) W.L.L.	2023 BD	2022 BD
Associate's summarised statement of financial position:		
Current assets, including cash and cash equivalents BD 1,429,858 (2022: BD 1,991,784)	**1,429,858**	1,991,784
Non-current assets	**20,780,199**	13,643,053
Current liabilities	**(1,702,636)**	(1,888,491)
Non-current liabilities	**(643,736)**	(725,146)
Equity	**18,821,924**	19,303,450
Proportion of the Group's ownership	**33.33%**	33.33%
Group's share in equity	**6,273,347**	6,433,840
Goodwill	**373,664**	373,664
Group's carrying amount of the investment in an associate as of 31 December	**6,647,011**	6,807,504
Associate's summarised statement of comprehensive income:		
Revenue from contracts with customers	**17,392,629**	17,737,644
Cost of sales	**(9,405,592)**	(8,776,676)
Administrative expenses, including depreciation	**(3,112,321)**	(3,380,551)
Other income	**516,150**	505,950
Profit for the year	**5,390,866**	6,086,367
Other comprehensive income	**(151,874)**	135,386
Other equity movement	**(19,950)**	(30,280)
Total comprehensive income for the year	**5,219,042**	6,191,473
Group's share of profit for the year 33.33% (2022: 33.33%)	**1,739,507**	2,063,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

7 INVESTMENT IN ASSOCIATES AND A JOINT VENTURE (continued)

Bahrain Family Leisure Company B.S.C. (BFLC)	**2023 BD**	2022 BD
Associate's summarised statement of financial position:		
Current assets, including cash and cash equivalents BD 523,470 (2022: BD 131,257)	**643,632**	559,199
Non-current assets	**1,427,117**	1,723,059
Current liabilities	**(361,700)**	(207,943)
Non-current liabilities	**(335,756)**	(323,127)
Equity	**1,373,293**	1,751,188
Proportion of the Group's ownership	**28.06%**	28.06%
Group's share in equity and Group's carrying amount of the investment in an associate as of 31 December	**385,346**	491,383
Associate's summarised statement of comprehensive income:		
Revenue from contracts with customers	**1,182,716**	956,582
Cost of sales	**(1,074,642)**	(905,091)
Other operating expense	**(172,064)**	(147,111)
Loss on investments	**(328,823)**	(684,980)
Other income	**30,849**	13,048
Finance costs, including interest expense	**(15,929)**	(15,920)
Loss for the year from continuing operations	**(377,893)**	(783,472)
Loss for the year from discontinued operations	**-**	(13,135)
Loss for the year	**(377,893)**	(796,607)
Total comprehensive loss for the year	**(377,893)**	(796,607)
Group's share of loss for the year 28.06% (2022: 28.06%)	**(106,037)**	(223,528)

As at 31 December 2023, BFLC is remined listed on the Bahrain Bourse and have the market price of BD 0.065 per share (2022: BD 0.081). The Group holds 10,100,000 share (2022: 10,100,000 shares) having the total value of BD 656,500 (2022: BD 818,100).

Bahrain Airport Hotel Company W.L.L.	**2023 BD**	2022 BD
Joint venture's summarised statement of financial position:		
Current assets, including cash and cash equivalents of BD 174,830 (2022: BD 163,432)	**163,432**	541,360
Non-current assets	**2,087,060**	1,914,365
Current liabilities	**(1,478,843)**	(2,107,241)
Non-current liabilities	**(423,529)**	(3,041)
Equity	**455,867**	345,443
Proportion of the Group's ownership	**51%**	51%
Group's share in equity	**232,492**	176,175
Group's carrying amount of the investment in an associate as of 31 December	**232,492**	176,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

7 INVESTMENT IN ASSOCIATES AND A JOINT VENTURE (continued)

Bahrain Airport Hotel Company W.L.L.	2023 BD	2022 BD
Joint venture's summarised statement of comprehensive income:		
Revenue from contracts with customers	**415,607**	387,403
Cost of sales	**(270,695)**	(283,971)
Administrative expenses, including depreciation	**(402,962)**	(386,371)
Other income	**3,162**	3,239
Loss for the year	**(254,888)**	(279,700)
Other equity movement	**365,314**	-
Total comprehensive income for the year	**110,426**	(279,700)
Group's share of loss for the year 51% (2022: 51%)	**56,317**	(142,647)

The Group's share in associates' and the joint venture's commitments for capital expenditure was BD 265,165 as of 31 December 2023 (2022: BD 383,941) 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 2024.

The Group's share in the associates' and joint venture's contingent liabilities as of 31 December 2023, arising in the ordinary course of business which includes an outstanding letter of guarantee and tender cheques amounting to BD 1,250 (2022: BD 2,465).

The share of results of the associate is recognised based on the approved management accounts for the years ended 31 December 2023 and 31 December 2022.

8. INVESTMENTS

	2023 BD	2022 BD
At fair value through other comprehensive income:		
Quoted equity investments at FVOCI	**9,761,493**	10,414,513
Unquoted equity investments at FVOCI	**2,348,399**	2,348,399
	12,109,892	12,762,912

Quoted equity investments

The quoted equity investments include investments in listed equity shares. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature. Fair values of these equity shares are determined by reference to published price quotations in an active market.

Unquoted equity investments

Unquoted equity investments include investments in equity shares of non-listed companies designated at fair value through OCI. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

The fair values of unquoted investments have been estimated using indicative bids provided by the fund administrators, market multiples, adjusted net assets value or other appropriate valuation techniques.

The fair value measurement reconciliation for unquoted investments using Level 3 of fair value measurement, along with the disclosure of significant unobservable inputs employed for valuation, is disclosed in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

9. INVENTORIES

	2023 BD	2022 BD
Food and beverages	**2,844,647**	2,970,597
General stores	**103,700**	66,165
Maintenance stores	**148,258**	176,030
	3,096,605	3,212,792
Less: Provision for slow moving and obsolete inventories	**(151,158)**	(191,035)
Total inventories at lower of cost or net realizable value	**2,945,447**	3,021,757

Movements in the provision for slow moving and obsolete inventories during the year were as follows:

	2023 BD	2022 BD
At 1 January	**191,035**	201,774
Reversal for the year, net	**(39,877)**	-
Written off during the year	**-**	(10,739)
At 31 December	**151,158**	191,035

10. TRADE RECEIVABLES

	2023 BD	2022 BD
Trade receivables from third parties	**1,841,074**	2,071,120
Less: Allowance for expected credit losses	**(856,007)**	(764,303)
	985,067	1,306,817
Trade receivables from related parties (note 27)	**231,253**	102,952
	1,216,320	1,409,769

Terms and conditions of the above financial assets are as follows:

- Trade receivables are non-interest bearing and are normally settled on 30 to 60 day terms.
- For terms and conditions of trade receivables from related parties, refer to note 27.
- The Group does not obtain collateral over trade receivables.

The movements in the allowance for expected credit losses of trade receivables during the year were as follows:

	2023 BD	2022 BD
At 1 January	**764,303**	736,564
Change for the year	**123,975**	124,706
Written off during the year	**(32,271)**	(96,967)
At 31 December	**856,007**	764,303

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

10 TRADE RECEIVABLES (continued)

The ageing analysis of trade receivables and allowance for expected credit losses as at 31 December, are as follows:

			Past due		
2023	**Total BD**	**Current BD**	**Less than 90 days BD**	**90 to 180 days BD**	**More than 180 days BD**
Expected credit loss rate (%)	46.5%	6.7%	16.7%	87.2%	94.5%
Gross trade receivables	1,841,074	554,879	488,536	224,947	572,712
Allowance for expected credit losses	(856,007)	(37,040)	(81,368)	(196,103)	(541,496)
Net trade receivables	**985,067**	**517,839**	**407,168**	**28,844**	**31,216**

			Past due		
2022	Total BD	Current BD	Less than 90 days BD	90 to 180 days BD	More than 180 days BD
Expected credit loss rate (%)	36.9%	12.7%	18.7%	52.3%	60.2%
Gross trade receivables	2,071,120	357,846	743,348	56,680	913,246
Allowance for expected credit losses	(764,303)	(45,482)	(138,966)	(29,665)	(550,190)
Net trade receivables	1,306,817	312,364	604,382	27,015	363,056

11. PREPAYMENTS AND OTHER ASSETS

	2023 BD	2022 BD
Other receivables from related parties (note 27)	**751,123**	757,623
Other receivables from third parties	**82,452**	50,922
Advances and prepayments	**572,576**	839,344
Security deposits	**315,152**	446,667
Interest accrued	**105,994**	197,056
Others	**21,338**	65,364
	1,848,635	2,356,976
Non current portion	**(687,021)**	(717,621)
	1,161,614	1,639,355

Terms and conditions of the above financial assets are as follows:

- Other receivables are non-interest-bearing and have terms ranging between one and three months.
- For terms and conditions of other receivables from related parties, refer to note 27.
- Security deposits are non-interest-bearing and have terms ranging between one and three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows consist of the following amounts:

	2023 BD	2022 BD
Bank balances	**2,696,833**	3,871,197
Short term deposits	**5,775,055**	11,500,000
Cash in hand	**66,959**	49,948
Cash, bank balances and short term deposits	**8,538,847**	15,421,145
Less: Short term deposits with maturity exceeding three months	**(1,016,133)**	(11,500,000)
Cash and cash equivalents	**7,522,714**	3,921,145

Bank balance are held with financial institutions in the Kingdom of Bahrain, United Arab Emirates and Democratic Socialist Republic of Sri Lanka. These balances are denominated in Bahraini Dinars, United Arab Emirates Dirham, Euro, United states Dollar and Sri Lankan Rupee.

Short-term deposits are placed with commercial banks in the Kingdom of Bahrain. The deposits have an varying original maturity ranging from one to four months and will mature till April 2024 (2022: April 2023). The deposits are denominated in Bahraini Dinars and earns interest ranges from 4.75% to 6.25% per annum (2022: ranges from 4.75% to 6.10% for per annum).

At 31 December 2023, the Group has available BD 600,000 (2022: BD 600,000) of undrawn committed borrowing facilities.

13. SHARE CAPITAL

a) Share capital

	2023 BD	2022 BD
Authorised:		
300,000,000 (2022: 300,000,000) shares of 100 fils each	**30,000,000**	30,000,000
Issued, subscribed and fully paid-up:		
225,994,863 (2022: 225,994,863) shares of 100 fils each	**22,599,487**	22,599,487

b) Major shareholders

Names and nationalities of the major shareholders and the number of shares held in which they have an interest of 5% or more outstanding shares:

		Number of shares At 31 December		Shareholding At 31 December	
	Nationality	2023	2022	2023	2022
Bahrain Mumtalakat Holding Co. B.S.C.(c)	Bahraini	57,558,331	57,558,331	**25.47%**	25.47%
Social Insurance Organization	Bahraini	28,382,960	28,382,960	**12.56%**	12.56%
Family Investment Company	Bahraini	24,428,215	24,428,215	**10.81%**	10.81%
Y.K.Almoayyed & Sons B.S.C (c)	Bahraini	14,309,817	14,309,817	**6.33%**	6.33%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

13 SHARE CAPITAL (continued)

c) Additional information on shareholding pattern

i. The Group has only one class of equity shares and the holders of the shares have equal voting rights.

ii. Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories for the year ended 31 December 2023:

Categories:	Number of shareholders	Number of shares	% of total outstanding shares
Less than 1 %	3,666	53,438,614	23.65%
1 % up to less than 5 %	18	47,876,926	21.18%
5 % up to less than 10 %	1	14,309,817	6.33%
10% up to less than 20%	2	52,811,175	23.37%
20% up to less than 50%	1	57,558,331	25.47%
Total	**3,688**	**225,994,863**	**100%**

* Expressed as % of total outstanding shares issued and fully paid shares.

The details of the total ownership interest held by the directors are as follows:

	Shareholding At 31 December		% of total outstanding share capital At 31 December	
	2023	2022	**2023**	2022
Director				
Farouk Yousuf Almoayyed	4,234,297	4,234,297	**1.87%**	1.87%
Fawzi Ahmed Ali Kanoo	198,900	198,900	**0.09%**	0.09%
Khalid Mohamed Kanoo	141,436	141,436	**0.06%**	0.06%
Mohamed Jassim Buzizi	448,119	448,119	**0.20%**	0.20%
Adel Hussain Mahdi Almasqati	56,508	56,508	**0.03%**	0.03%

The details of the total ownership interest held by the directors along with the entities controlled, jointly controlled or significantly influenced by them are as follows:

	2023 **BD**	2022 BD
Number of shares	**148,531,351**	146,789,575
Percentage of holdings	**65.72%**	64.95%

14. SHARE PREMIUM

The share premium arose on the issuance of new shares and this can only be utilised as stipulated in the Bahrain Commercial Companies Law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

15. OTHER RESERVES

a) Statutory reserve

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year is to be transferred to statutory reserve every year. The Group may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and paid-up share capital. The Group discontinued further transfer of profit to statutory reserve as the reserve equalled 50% of the paid-up capital of the Group. The reserve cannot be utilised for the purpose of distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

b) General reserves

The general reserve has been made in accordance with the articles of association of the Group. The Group may resolve to discontinue such annual transfers, when deemed appropriate. There are no restrictions on the distribution of this reserve.

c) Charity reserves

The charity reserve has been made in accordance with the articles of association of the Company to support the Group's charitable mission. The Group may resolve to discontinue such annual transfers, when deemed appropriate. There are no restrictions on the distribution of this reserve.

d) Foreign currency reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations.

e) Fair value reserve

This reserve relates to fair value changes of investments carried at fair value through other comprehensive income.

16. DIVIDENDS PAID AND PROPOSED

At the annual general meeting of the shareholders held on 27 March 2023, a final cash dividend of 25 fils per share, totalling BD 5,649,872 for the year ended 31 December 2022 was declared and paid. (2022: At the annual general meeting of the shareholders held on 23 March 2022, a final cash dividend of 20 fils per share totalling BD 4,519,871 for the year ended 31 December 2021 was declared and paid).

A cash dividend of 25 fils per share totalling BD 5,649,872 (2022: a cash dividend of 25 fils per share totalling BD 5,649,872) has been proposed by Board of Directors and will be submitted for formal approval of shareholders at the Annual General Meeting.

17. EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision of employees' end of service benefits recognised in the consolidated statement of financial position during the year, are as follows:

	2023 **BD**	2022 BD
At 1 January	**1,183,203**	1,124,070
Charge for the year	**311,128**	264,291
Paid during the year	**(418,620)**	(205,158)
At 31 December	**1,075,711**	1,183,203

The Group's contributions in respect of Bahraini employees for the year was BD 206,484 (2022: BD 179,453). The Group has a workforce of 1,163 employees at 31 December 2023 (2022: 960 employees).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

18. TRADE PAYABLES

	2023 BD	2022 BD
Trade payables to third parties	**1,389,261**	3,056,078
Trade payables to related parties (note 27)	**64,720**	97,060
	1,453,981	3,153,138

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled on 15 to 45 days terms.
- For terms and conditions relating to amounts due to related parties, refer to note 27.

19. ACCRUED EXPENSES AND OTHER LIABILITIES

	2023 BD	2022 BD
Accrued expenses	**1,316,549**	1,367,120
Contract liabilites (note 21)	**30,323**	12,800
Retention payables to contractors	**31,713**	61,668
Accrued staff benefits	**988,709**	794,651
Government levy	**203,026**	204,170
Unclaimed dividend	**69,921**	682,996
Value added tax payable - net	**317,191**	315,180
Other payables	**662,129**	406,380
	3,619,561	3,844,965

Terms and conditions of the above financial liabilities are as follows:

- Retention payables to contractors are non-interest bearing and are normally settled on 360 days terms.
- Accrued staff benefits include accruals for wages and salaries, bonus, sick leave, annual leave, medical and other benefits.
- Other payables are non-interest bearing and have terms ranging between one to three months.
- Government levy is payable within 30 day from the end of each quarter.
- Unclaimed dividends are payable on demand.
- Value added tax payable is adjustable against input value added tax and is payable to / receivable from the Government with in 30 days from the end of each month.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

20. LEASES

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and residential buildings (note 6). These leases have terms of between one and fifteen years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group during the year is BD 101,574 (2022: BD 177,605).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2023 BD	2022 BD
Within one year	**1,156,292**	773,886
Between 1 and 2 years	**1,036,536**	734,244
Between 2 and 3 years	**905,808**	626,102
Between 3 and 4 years	**834,602**	567,576
Between 4 and 5 years	**696,516**	515,580
More than 5 years	**1,946,000**	1,696,316
	6,575,754	4,913,704

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2023 BD	2022 BD
Food and beverages	**21,438,665**	20,178,759
Hotel rooms	**10,617,963**	10,094,217
Others*	**942,876**	592,798
	32,999,504	30,865,774
Geographical markets		
Kingdom of Bahrain	**29,524,184**	27,481,874
United Arab Emirates	**3,250,644**	3,253,663
Sri Lanka	**224,676**	130,237
	32,999,504	30,865,774
Timing of revenue recognition		
Goods and services transferred at a point in time	**22,381,541**	20,771,557
Goods and services transferred over time	**10,617,963**	10,094,217
	32,999,504	30,865,774

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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21 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

	31 December	
	2023	2022
Contract balances	**BD**	BD
Trade receivables (note 10)	**1,216,320**	1,409,769
Contract liabilities (note 19)	**(30,323)**	(12,800)
	1,185,997	1,396,969

The acquisition of the resort resulted in increase in trade receivables of BD 55,357 in financial year ended 31 December 2023.

Set out below is the amount of revenue recognised from:

	2023	2022
	BD	BD
Amounts included in contract liabilities at the beginning of the year	**12,800**	42,309

22. STAFF COSTS

	2023	2022
	BD	BD
Staff costs		
Salaries and allowances	**6,346,477**	5,780,417
Other staff benefits	**2,848,780**	2,524,148
Other staff costs	**993,228**	986,568
	10,188,485	9,291,133

23. FOOD AND BEVERAGES COST

	2023	2022
	BD	BD
Food and beverages consumption	**8,027,589**	7,054,239

24. OTHER OPERATING EXPENSES

	2023	2022
	BD	BD
Commission	**1,597,460**	1,419,284
Guest supplies	**456,921**	433,200
Maintenance	**408,593**	338,023
Legal and professional fee	**355,471**	431,127
Entertainment	**375,001**	368,635
Directors' sitting fee and remuneration	**318,633**	293,091
Marketing	**277,721**	233,068
Information technology	**241,299**	250,221
Municipality and taxes	**51,919**	50,348
Foreign exchange loss	**5,893**	435,710
Donation	**200,880**	-
Other expenses	**1,633,615**	1,346,444
	5,923,406	5,599,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

25. EARNINGS PER SHARE

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

	2023	2022
	BD	BD
Profit for the year - BD	**6,785,586**	6,669,015
Weighted average number of shares	**225,994,863**	225,994,863
Basic and diluted earnings per share (fils)	**30**	30

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

There have been no other transactions involving ordinary or potential ordinary shares between the reporting date and the date of issue of these consolidated financial statements, that would have a dilutive effect.

26. COMMITMENTS AND CONTINGENCIES

a) Commitments

Capital expenditure

As at 31 December 2023, the Group has capital commitments amounted to BD 1,475,022 (2022: BD 773,298) arising from multiple contracts. The commitments are expected to be settled within 1 to 5 years from the reporting date.

b) Contingencies

At 31 December 2023, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 2,000 (2022: Nil) from which it is anticipated that no material liabilities will arise.

As of 31 December 2023 and as of 31 December 2022, 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.

27. 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 consolidated statement of profit or loss and comprehensive income are as follows:

	2023	2022
	BD	BD
Major shareholders and their affiliates		
Revenue and other income		
Revenue	**310,560**	318,660
Management fee income	**299,845**	239,377
	610,405	558,037
Expenses		
Interest expense	**-**	77,167
Purchases	**708,319**	527,404
	708,319	604,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2023 BD	2022 BD
Associates and a joint venture		
Revenue and other income		
Revenue	**98,000**	48,757
Management fee income	**19,242**	38,366
Share of results of associates and a joint venture	**1,560,746**	1,662,411
Share of other comprehensive (loss) income from associates	**(50,620)**	45,124
Other equity movement	**179,661**	(10,092)
Dividends received	**1,900,000**	2,200,000
Expenses		
Purchases	**401,061**	241,409
Directors and related affiliates		
Revenue and other income		
Revenue	**48,376**	60,696
Expenses		
Purchases	**-**	53,983

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

As at 31 December 2023	**Bank balances BD**	**Trade receivables BD**	**Other receivables BD**	**Trade payables BD**
Major shareholders and their affiliates	-	207,870	-	61,958
Associates and joint venture	-	17,017	751,123	2,762
Directors and related affiliates	1,223,492	6,366	-	-
	1,223,492	**231,253**	**751,123**	**64,720**

As at 31 December 2022	Bank balances BD	Trade receivables BD	Other receivables BD	Trade payables BD
Major shareholders and their affiliates	-	82,047	-	54,147
Associates and joint venture	-	13,755	757,623	16,228
Directors and related affiliates	1,492,410	7,150	-	26,685
	1,492,410	102,952	757,623	97,060

Terms and conditions

Transactions with related parties during the year were held in ordinary course of business. Balances with related parties are unsecured, interest free (except for balance from Airport Hotel Company W.L.L and National Bank of Bahrain B.S.C.), settlement normally occurs in cash and are generally receivable/ payable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel
The remuneration of directors and other members of key management during the year ended was as follows:

	2023 BD	2022 BD
Salaries and short-term employee benefits	**743,739**	615,031
Post employment benefits	**37,935**	28,752
Directors sitting fees	**318,633**	282,600
	1,100,307	926,383

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of trade payables and a portion of accrued and other liabilities. The main purpose of these financial liabilities is to finance the Group's day-to-day operations and capital expenditure. The Group has a trade receivables, portion of prepayment and other assets, and cash and bank balances that arise directly from its operations. The Group also holds investments. The Group is exposed to market, credit, liquidity and operational risks.

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's executive management oversees the management of these risks. The Group's executive management is advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's executive management also provides assurance to the Group's Board of Directors that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, equity price risk and foreign currency risk.

The following assumptions have been made in calculating the sensitivity analysis:

(a) The consolidated statement of financial position sensitivity relates to investments, cash and bank balances and term deposits, trade receivables, a portion of prepayments and other assets, trade payables and a portion of accrued expenses and other liabilities.

(b) The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in market risk. This is based on the financial assets and financial liabilities held at 31 December 2023 and at 31 December 2022.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to interest rate risk as there are no variable interest-bearing assets or liabilities within Group's portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management and Investment Committee on a regular basis. The Group's Investment Committee reviews and approves all equity investment decisions.

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in equity value, with all other variables held constant.

		Effect on other comprehensive income for the year ended 31 December	
Investments at FVOCI	**Change in equity's fair value**	**2023 BD**	2022 BD
- Quoted investments	**+10%**	**976,149**	1,041,451
	-10%	**(976,149)**	(1,041,451)
- Unquoted investments	**+10%**	**234,840**	234,840
	-10%	**(234,840)**	(234,840)

Concentration of investment portfolio

Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of investment concentration. The concentration of the Group's investment portfolio as of 31 December, is as follows:

	2023 BD	2022 BD
Quoted equities	**9,761,493**	10,414,513
Unquoted equities	**2,348,399**	2,348,399
	12,109,892	12,762,912

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's presentational currency) and the Group's net investments in foreign subsidiaries.

As the Bahraini Dinar and United Arab Emirates Dirham is pegged to the US Dollar, balances in the US Dollars and currencies pegged with the US Dollar are not considered to represent a significant foreign currency risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Foreign currency risk (continued)

The table following indicates the Group's sensitivity to foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a 5% upward movement of the Bahraini Dinar currency rate against the Euro, the Pound Sterling (GBP) and other currencies, with all other variables held constant, on the consolidated statement of profit or loss (due to the fair value of currency sensitive monetary assets and liabilities) and the Group's consolidated statement of other comprehensive income due to changes in the net investment in foreign subsidiaries.

	Change in exchange rates	Effect on profit		Effect on other comprehensive income	
		2023 BD	2022 BD	**2023 BD**	2022 BD
Euro	**+ 5%**	**(82)**	(9,096)	**-**	-
Pound Sterling (GBP)	**+ 5%**	**(4,422)**	2,745	**-**	-
Other currencies	**+ 5%**	**55**	(61)	**(14,636)**	(10,919)

A similar decrease in foreign exchange rates would have an equal and opposite impact on profit, other comprehensive income and equity as disclosed above.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its investing activities, including bank balances and investments in financial instruments.

The maximum credit risk exposure at 31 December 2023 and 31 December 2022 is equal to the carrying value of the financial assets shown in the consolidated statement of financial position, which are net of allowance for expected credit losses and write-offs.

Bank balances and investments in financial instruments

With respect to credit risk from the financial assets of the Group, which comprise bank balances and investments in financial instruments, the Group's exposure to credit risk arises from default of the counterparty. The Group limits credit risk by dealing only with reputable banks.

Trade receivables and amounts due from related parties

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to expected credit losses is not significant. The management believes that credit risk associated with the amounts due from related parties is assessed to be low.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Credit risk concentrations

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group sells its products and provides its services to a large number of individuals, companies and government agencies. Its five largest customers account for 85.29% of outstanding trade receivables at 31 December 2023 (31 December 2022: 62.86%).

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position headings without taking account of any collateral and other credit enhancements.

	2023	2022
	BD	BD
Trade receivables (note 10)	**1,216,320**	1,409,769
Other receivables from related parties (note 11)	**751,123**	757,623
Other receivables from third parties (note 11)	**82,452**	50,922
Security deposits (note 11)	**315,152**	446,667
Interest accrued (note 11)	**105,994**	197,056
Bank balances and short term deposits (note 12)	**8,471,888**	15,354,186
	10,942,929	18,216,223

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group limits its liquidity risk by ensuring adequate bank facilities are available at all times. The Group's terms of sales require amounts to be paid in advance for retail customer and for corporate customer within 30-60 days of the date of sale. Trade payables are non-interest bearing and are normally settled within 15 to 45 days terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December, based on contractual undiscounted payment and current market interest rates.

31 December 2023	On demand BD	Upto 3 months BD	3 to 12 months BD	Total BD
Trade payables	-	1,453,981	-	1,453,981
Retention payables to contractors	-	-	31,713	31,713
Unclaimed Dividend	69,921	-	-	69,921
Government levy	-	203,026	-	203,026
Value added tax payable - net	-	317,191	-	317,191
Other payables	-	662,129	-	662,129
	69,921	2,636,327	31,713	2,737,961

31 December 2022	On demand BD	Upto 3 months BD	3 to 12 months BD	Total BD
Trade payables	-	3,153,138	-	3,153,138
Retention payables to contractors	-	-	61,668	61,668
Unclaimed Dividend	682,996	-	-	682,996
Government levy	-	204,170	-	204,170
Value added tax payable - net	-	315,180	-	315,180
Other payables	-	406,380	-	406,380
	682,996	4,078,868	61,668	4,823,532

Changes in liabilities arising from financing activities

	As at 1 January 2023 BD	Cash flows Receipts BD	Cash flows Payments BD	Others BD	As at 31 December 2023 BD
Unclaimed dividends	682,996	-	(6,262,947)	5,649,872	69,921

	As at 1 January 2022 BD	Cash flows Receipts BD	Cash flows Payments BD	Others BD	As at 31 December 2022 BD
Unclaimed dividends	682,709	-	(4,519,584)	4,519,871	682,996
Bank loan	5,382,000	-	(5,382,000)	-	-
	682,709	-	(4,519,584)	4,519,871	682,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022, respectively. Equity comprises of share capital, share premium, other reserves and retained earnings attributable to the shareholders of Gulf Hotels Group B.S.C. and is measured at BD 104,353,101 as at 31 December 2023 (2022: BD 103,602,751).

29. 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.

Fair value of financial instruments

Financial instruments of the Group comprise of financial assets and financial liabilities.

Financial assets consist of investments (other than investment in a joint venture), trade receivables, a portion of prepayments and other assets and cash and bank balances. Financial liabilities consist of trade payables and a portion of accrued expenses and other liabilities.

The fair values of the Group's financial instruments are not materially different from their carrying values at the date of the consolidated statement of financial position.

Fair value of financial instruments is estimated based on the following methods and assumptions:

a) Cash and bank balances, trade receivables, a portion of prepayments and other assets, 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.

Fair value of non-financial instruments

The Group does not measured its non-financial instruments at fair value. However, the Group disclouse the fair value of its investment properties at reporting date and disclosures relating to the fair value have been disclosed in note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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29 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy

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

31 December 2023	Date of valuation	Fair value measurement using Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	Total BD
Assets measured at fair value					
Investments at fair value through other comprehensive income (note 8):					
- quoted investments	31 Dec 2023	**9,761,493**	**-**	**-**	**9,761,493**
- unquoted investments	31 Dec 2023	**-**	**-**	**2,348,399**	**2,348,399**
		9,761,493	**-**	**2,348,399**	**12,109,892**

31 December 2022	Date of valuation	Fair value measurement using Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	Total BD
Assets measured at fair value					
Investments at fair value through other comprehensive income (note 8):					
- quoted investments	31 Dec 2022	10,414,513	-	-	10,414,513
- unquoted investments	31 Dec 2022	-	-	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 31 December 2023 and 31 December 2022.

During the years ended 31 December 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Level 3 equity securities 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

29 FAIR VALUE MEASUREMENT (continued)

Reconciliation of fair value measurements of level 3 financial instruments

Reconciliation of fair value measurement of unquoted investments classified as equity instruments designated at fair value through OCI (Level 3):

	2023	2022
	BD	BD
Balance at 1 January	**2,348,399**	2,688,509
Net changes in fair values	**-**	(340,110)
At 31 December	**2,348,399**	2,348,399

30. SEGMENT 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 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 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 year ended 31 December 2023 in the United Arab Emirates and Sri Lanka amounted to BD 3,475,320 (2022: BD 3,383,900) and loss for the 31 December 2023 amounted to BD 821,932 (2022: loss of BD 1,420,281. The remaining revenue and profit for the twelve-month period then ended is generated from the primary geographical segment in the Kingdom of Bahrain.

At 31 December 2023, total assets in the United Arab Emirates and Sri Lanka amounted to BD 27,661,881 (2022: BD 28,981,753) and total liabilities amounted to BD 1,437,343 (2022: BD 748,563). All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

30 SEGMENTS REPORTING (continued)

The following table presents the details of segmental operating results for the year ended 31 December 2023 and 31 December 2022:

	Hotel room operations		Food and beverages		Investment and other activities		Adjustments and eliminations		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	BD	BD	**BD**	BD	**BD**	BD	**BD**	BD	**BD**	BD
Revenue	**11,560,839**	10,687,015	**21,625,507**	20,343,609	**-**	-	**(186,842)**	(164,850)	**32,999,504**	30,865,774
Share of results of associates and a joint venture	**-**	-	**-**	-	**1,560,746**	1,662,411	**-**	-	**1,560,746**	1,662,411
Dividend income	**-**	-	**-**	-	**2,661,094**	2,738,530	**(1,900,000)**	(2,200,000)	**761,094**	538,530
Gain on sale of property and equipment	**-**	-	**-**	-	**4,532**	819,228	**-**	-	**4,532**	819,228
Interest income	**-**	-	**-**	-	**379,583**	211,106	**-**	-	**379,583**	211,106
Rental and other income	**1,158,747**	967,760	**128,641**	13,342	**1,024,690**	809,763	**-**	-	**2,312,078**	1,790,865
Total revenue	**12,719,586**	11,654,775	**21,754,148**	20,356,951	**5,630,645**	6,241,038	**(2,086,842)**	(2,364,850)	**38,017,537**	35,887,914
Staff costs	**5,519,532**	5,094,009	**3,273,412**	3,034,371	**1,395,541**	1,162,753	**-**	-	**10,188,485**	9,291,133
Food and beverages cost	**-**	-	**8,027,589**	7,054,239	**-**	-	**-**	-	**8,027,589**	7,054,239
Depreciation	**5,145,750**	5,443,869	**116,261**	131,706	**7,114**	5,734	**-**	-	**5,269,125**	5,581,309
Utilities	**1,664,729**	1,459,976	**34,642**	31,218	**-**	-	**-**	-	**1,699,371**	1,491,194
Interest expense	**-**	-	**-**	10,128	**-**	67,039	**-**	-	**-**	77,167
Allowance for expected credit losses	**123,975**	124,706	**-**	-	**-**	-	**-**	-	**123,975**	124,706
Other operating expenses	**4,359,037**	4,284,918	**985,836**	953,035	**765,375**	526,048	**(186,842)**	(164,850)	**5,923,406**	5,599,151
Total expenses	**16,813,023**	16,407,478	**12,437,740**	11,214,697	**2,168,030**	1,761,574	**(186,842)**	(164,850)	**31,231,951**	29,218,899
Segment (loss) profit for the year	**(4,093,437)**	(4,752,703)	**9,316,408**	9,142,254	**3,462,615**	4,479,464	**(1,900,000)**	(2,200,000)	**6,785,586**	6,669,015

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

	Hotel room operations		Food and beverages		Investment and other activities		Adjustments and eliminations		Consolidated	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
	BD	BD	**BD**	BD	**BD**	BD	**BD**	BD	**BD**	BD
Total assets	**48,733,286**	47,175,430	**29,704,967**	29,274,016	**32,064,101**	35,334,611	**-**	-	**110,502,354**	111,784,057
Total liabilities	**2,944,859**	4,167,723	**2,314,079**	3,094,083	**890,315**	919,500	**-**	-	**6,149,253**	8,181,306
Capital expenditure	**1,444,777**	784,276	**14,615**	3,236	**11,038,556**	6,282	**-**	-	**12,497,948**	793,794

31. INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES - AMENDMENTS TO IAS 12

In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework (Pillar Two), and various Governments around the world have issued, or are in the process of issuing, legislation on this. In Kingdom of Bahrain, the Government has not yet issued any legislation on Pillar Two, announcement is expected to legislation in this regard in due course. The Group is in the process of assessing the impact on the consolidated financial statements.

32. COMPARATIVES

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

CORPORATE GOVERNANCE

Corporate Governance
For the year ended 31 December 2023

Board of Directors responsibilities

The board of directors is accountable to shareholder for the proper and prudent investment and preservation of shareholder interest.

The board's role and responsibilities include but not limited to:
- Monitoring the overall business performance,
- Monitoring management performance and succession plan for senior management,
- Monitoring conflicts of interest and preventing abusive related party transactions,
- Accurate preparation of the end of year financial statements,
- Convening and preparing the shareholder meeting,
- Recommend dividend payable to shareholders and ensure its execution.
- Adapt, implement, and monitor compliance with the company's code of ethics,
- Review the company's objectives and policies relating to social responsibilities
- Select, interview, and appoint Chief Executive Officer and other selected members of the executive management.

In this respect, the directors remain individually and collectively responsible for performing all board of director's tasks.

Material transaction requiring Board approval

The following material transactions require board review, evaluation, and approval:
- The company strategy,
- The annual budget,
- Major resource allocations and capital investments, and
- Management responsibilities and training, development, and succession plan for senior management

Corporate Governance (Continued)
For the year ended 31 December 2023

(1) Board, Board Members and Management

The Board of Directors consist of 10 members as of 31 December 2023 (2022: 10 members). The Board has been elected on October 3, 2021 for a period of 3 years. The following table provides information about the profession, position, experience channels and history, and qualifications of the current members of the Board of Directors:

Board Member	Profession	Business Title
Mr. Farouk Almoayyed	Businessman	Chairman
Mr. Fawzi Ahmed Kanoo	Businessman	Vice Chairman
Mr. Khalid Mohamed Kanoo	Businessman	Director
Mr. Ahmed Janahi (Left Sep 2023)	Vice President, investment in Mumtalakat	Director
Mr. Olivier Harnisch	Consultant	Director
Mr. Andrew Day	Consultant	Director
Mr. Khalid Taqi (Left March 2023)	Senior analyst	Director
Mr. Mohamed Jassim Buzizi	Ex MD and Businessman Consultant in Hospitality Industry	Director
Mr. Adel Maskati	Businessman	Director
Mr. Jassim Abdulaal	Chartered Accountant	Director
Ms. Zain Al Amer (Joined March 2023)	Director	Director
Mr. Hesham Khonji (Joined November 2023)	Senior Director	Director

Board Member	Experience	Start date	Qualification
Non-Executive /Non-Independent	60	1974	Mechanical Engineer from Loughborough Engineering College, England
Non-Executive /Non-Independent	53	1991	Bachelor of Science in Business Administration, Southwest Texas State University, U.S.A.
Non-Executive /Non-Independent	53	1998	Bachelor of Arts
Non-Executive /Non-Independent	24	2016	Bachelor's Degree in chemical engineering and MBA, with honors from University of Strathclyde, Glasgow.
Non-Executive /Non-Independent	39	2020	MBA MSc in Organizational behavior, CHA
Non-Executive /Non-Independent	32	2021	HND, Business and finance & qualified pilot
Non-Executive /Non-Independent	17	2018	B.Sc. & M.Sc. in Finance
Non-Executive / Independent	56	2007	College Diploma in Catering and Hotel Management, United Kingdom
Non-Executive / Independent	45	2016	Master's Degree in Engineering
Non-Executive / Independent	33	2010	Chartered Accounts in England and Wales (ICAEW)
Non-Executive non-independent	14	2023	Bachelor in international economics with minors in Global Communications and Informatio Communication Technologies
Non-Executive non-independent	21	2023	B.Sc. Computer Science from American University of Beirut. CFA Charterholder.

Corporate Governance (Continued)

For the year ended 31 December 2023

(1) Board, Board Members and Management (continued)

Election system of directors and termination process

Election / re-election of board members take place every three years at the meeting of the shareholders.

Termination of a Board member's mandate usually occurs by dismissal at the meeting of the shareholders or by the members resignation from the Board of Directors.

Director's trading of Company shares

During 2023 no trading by our directors in Gulf Hotels Group shares, (2022: no trading).

Code of Conduct and procedures adopted by the Board for monitoring compliance

The Board and the company's employees are expected to maintain the highest level of corporate ethics and personal behavior. The company has established a code of conduct which provides ethical and legal framework for all employees in the conduct of its business. The code of conduct defines how the company relates to its employees, shareholders, and the community in which the company operates.

The Board of directors has adopted the Gulf Hotel Group Code of Business Conduct and a company Whistleblower policy to monitor compliance with company ethics.

The Board of Directors consist of 10 members as of 31 December 2023 (2021: 10 members)

Board Member	Number of Directorship in Listed companies
Mr. Farouk Almoayyed	3
Mr. Fawzi Ahmed Kanoo	2
Mr. Khalid Mohamed Kanoo	1
Mr. Ahmed Janahi (Left September 2023)	-
Mr. Olivier Harnisch	-
Mr. Andrew Day	-
Mr. Khalid Taqi (Left September 2023)	-
Mr. Mohamed Jassim Buzizi	-
Mr. Adel Maskati	-
Ms. Zain Al Amer (Joined March 2023)	-
Mr. Hesham Khonji (Joined November 2023)	-

The company should hold a minimum of 4 Board meetings during each year. During the year ended 31 December 2023, 5 Board meetings were held. The following table summarizes the information about Board of Directors meeting dates and attendance of directors at each meeting.

Board Member	26 Feb	14 May	09 Aug	11 Sep	13 Nov
Mr. Farouk Almoayyed	✓	✓	✓	✓	✓
Mr. Fawzi Ahmed Kanoo	✓	✓	✓	✓	✓
Mr. Khalid Mohamed Kanoo	✓	X	✓	✓	✓
Mr. Ahmed Janahi (Left September 2023)	✓	✓	✓	✓	X
Mr. Olivier Harnisch	✓	✓	✓	✓	✓
Mr. Andrew Day	✓	✓	✓	✓	✓
Mr. Khalid Taqi (Left March 2023)	✓	X	X	X	X
Mr. Mohamed Jassim Buzizi	✓	✓	✓	✓	✓
Mr. Adel Maskati	✓	✓	✓	✓	✓
Mr. Jassim Abdulaal	✓	✓	✓	✓	✓
Ms. Zain Al Amer (Joined March 2023)	X	✓	✓	✓	✓
Mr. Hesham Khonji (Joined Nov 2023)	X	X	X	X	X

Corporate Governance (Continued)

For the year ended 31 December 2023

(1) Board, Board Members and Management (continued)

Remuneration Policy

Total remuneration paid to the Board during the year amounted to BD 92,000 as basic fee (2022: BD 85,000).

The following table summarises the information about the profession, business title, experience in years and the qualifications of each of the Executive Management:

Executive Member	Designation	Profession	Title	Experience in years	Qualification
Mr. Ahmed Janahi (Joined Oct 2023)	Group Chief Executive Officer	Administration	GCEO	24	Bachelor's Degree in chemical engineering and MBA, with honors from University of Strathclyde, Glasgow.
Mr. Garfield Jones (Left Oct 2023)	Chief Executive Officer	Administration	Consultant	40	HCIMA Part B Professional Qualification
Mr. Mohamed Al Kayed (Joined Jul 2023)	Deputy Chief Executive Officer	Administration	DCEO	12	B.Sc. in Accounting, PMI
Mr. Charbel Sarkis	Chief Financial Officer	Business & Financial Management	CFO	37	MBA MCIPS, MFC, Licensed Arbitrator - GCC
Mr. Shaheed Elaiwi	DFBS	Finance	DFBS	32	M.Com
Ms. Rochelle Castillejos	Director of Revenue, Distribution & Optimization	Marketing	DRDO	25	BSC in Tourism
Mr. Roshan Tennakoon	Director of Technical Services	Engineering	TSD	36	Diploma in - Electrical Engineering Refrigeration and Air Conditioning

The total remuneration paid to the executive management during the year is BD 626,883 (2021: BD 572,448) (Salaries, Indemnity and Bonus).

(2) Committees

The following table summarises the information about Board Committees, their members and objectives:

Executive Committee

Reviews, approves, and directs the Executive Management on matters raised by the Board of Directors such as various policies, business plans.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Fawzi Ahmed Kanoo	Non Executive /Non Independent
Mr. Ahmed Janahi (Left September 23)	Non Executive /Non Independent
Mr. Mohamed Jassim Buzizi	Non Executive / Independent
Mr. Khalid Taqi (Left March 2023)	Non Executive /Non Independent
Ms. Zain Al Amer (Joined March 2023)	Non Executive /Non Independent

Corporate Governance (Continued)
For the year ended 31 December 2023

(2) Committees (continued)

Executive Committee (continued)

During the year ended 31 December 2023, 5 Executive Committee meetings were held. The following table summarises the information about committee meeting dates and attendance of directors at each meeting:

Board Member	31 Jan	30 Apr	01 Aug	11 Sep	01 Nov
Mr. Fawzi Ahmed Kanoo	✓	✓	✓	✓	✓
Mr. Ahmed Janahi (Left September 23)	✓	✓	✓	✓	X
Mr. Mohamed Jassim Buzizi	✓	✓	✓	✓	✓
Mr. Khalid Taqi (Left March 2023)	✓	X	X	X	X
Ms. Zain Al Amer (Joined March 2023)	X	X	X	✓	✓

The remuneration paid to Executive committee members during 2023 is BD 5,600 (2020: BD 8,000).

Audit Committee

Reviews the internal audit program and internal control system, considers major findings of internal audit reviews, investigations and management's response and external auditors.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Jassim Abdulaal	Non Executive / Independent
Mr. Khalid Kanoo	Non Executive /Non Independent
Mr. Andrew Day	Non Executive /Non Independent
Mr. Adel Maskati	Non Executive / Independent

The Group should hold a minimum of 4 Audit committee meetings during each year. During the year ended 31 December 2023, 4 Audit committee meetings were held. The following table summarises the information about committee meetings dates and attendance of directors at each meeting :

Board Member	19 Feb 2023	10 May 2023	06 Aug 2023	05 Nov 2023
Mr. Jassim Abdulaal	✓	✓	✓	✓
Mr. Khalid Kanoo	✓	X	X	X
Mr. Andrew Day	✓	✓	✓	✓
Mr. Adel Maskati	✓	✓	✓	✓

The remuneration paid to Audit committee members during 2023 is BD 5,200 (2022: BD 6,400).

Corporate Governance (Continued)
For the year ended 31 December 2023

(2) Committees (continued)

Nomination and Remuneration Committee

Identify persons qualified to become members of the Board of Directors and Senior Executive Management of the Company, with exception of the appointment of internal auditors. Determining the appropriate size and composition of the Board and Committees of the Board, making recommendations to the Board on the removal and appointment of directors.

Developing a succession plan for the Board and Senior Executive management and regularly reviewing the plan.

Review, recommend and determine remuneration and incentive policies for the Board of Directors and Senior Executive management, having regard to prevailing market rate for similar roles and making them as attractive so as to retain and attract quality people to run the Company successfully.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Farouk Almoayyed	Non Executive /Non Independent
Mr. Mohamed J. Buzizi	Non Executive / Independent
Mr. Jassim Abdulaal	Non Executive / Independent
Mr. Olivier Harnisch	Non Executive /Non Independent

The Group should hold a minimum of 2 Nomination and Remuneration Committee meetings during each year. During the year ended December 2023, 2 Nomination and remuneration Committee meetings were held. The following table summarizes the information about committee meeting dates and attendance of directors at each meeting:

Board Member	26 Feb 2023	13 Nov 2023
Mr. Farouk Almoayyed	✓	✓
Mr. Mohamed J. Buzizi	✓	✓
Mr. Jassim Abdulaal	✓	✓
Mr. Olivier Harnisch	✓	✓

Remuneration paid to Nomination and remuneration Committee members during 2023 is BD 3,200 (2022: BD 3,200).

Corporate Governance Committee

Corporate Governance committee is an internal system that encompasses policies, processes, people and which makes sure the needs of shareholders and other stakeholders are met in full. This will be accomplished by directing and controlling managing activities using good business practices, objectivity, accountability and integrity. Corporate Governance Committee implements Corporate Culture of the organization, commitment of the board and senior management towards the corporate governance framework and approach of company to adhere to the code as integrity program rather than as compliance program.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Frouk Almoayyed	Non-executive / Non-Independent
Mr. Mohamed J. Buzizi	Non-executive / Independent
Mr. Jassim Abdulaal	Non Executive / Independent
Mr. Oliver Harnisch	Non Executive / Non Independent

Corporate Governance (Continued)

For the year ended 31 December 2023

Corporate Governance Committee (Continued)

During the year ended 31 December 2023, 2 Corporate Governance Committee meetings were held. The following table summarizes the information about committee meeting dates and attendance of directors at each meeting:

Board Member	26 Feb	13 Nov
Mr. Frouk Almoayyed	✓	✓
Mr. Mohamed J. Buzizi	✓	✓
Mr. Jassim Abdulaal	✓	✓
Mr. Oliver Harnisch	✓	✓

The remuneration paid to Corporate Governance Committee members during 2023 is BD 3,200 (2022: BD 2,400).

Investment Committee

Investment committee is established by the Board to provide guidelines, supervision and control over investment activity, so the return from the investment activity could be maximized while covering the risk appetite. Committee shall assist the board of Gulf hotels Group in managing investment activity of the company and is charged with:

- Reviewing investment policies and strategies
- Overseeing the investment activity of the company
- Periodic review of investment portfolio
- Critical appraisal of the investment portfolio
- Defining the investment universe of the company
- Providing foundation of the investment decisions

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Farouk Yousuf Almoayyed	Non-executive / Non-Independent
Mr. Ahmed Janahi (Left Sep 2023)	Non-executive / Non-Independent
Mr. Khalid Taqi (Left Mar 2023)	Non-executive / Non-Independent
Oliver Harnisch (Joined Oct 2023)	Non-executive / Non-Independent
Mr. Mohammed Jassim Buzizi (Joined from Oct 2023)	Non-executive/ Independent
Ms. Zain Al Amer (Joined from Oct 2023)	Non-executive / Non-Independent

During the year ended 31 December 2023, 2 Investment Committee meetings was held. The following table summarizes the information about committee meeting dates and attendance of directors at each meeting::

Board Member	26 Feb	13 Nov
Mr. Farouk Yousuf Almoayyed	✓	✓
Mr. Ahmed Janahi	✓	X
Mr. Khalid Taqi (Left Mar 2023)	✓	X
Oliver Harnisch (Joined from Oct 2023)	X	✓
Mr. Mohammed Jassim Buzizi (Joined from Oct 2023)	X	✓
Ms. Zain Al Amer (Joined from Oct 2023)	X	✓

The remuneration paid to Investment Committee members during 2023 is BD 2,800 (2022: BD 2,400).

Corporate Governance (Continued)
For the year ended 31 December 2023

(iii) Corporate Governance

Corporate Governance code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behavior. The Company has established a Code of Conduct, which provides an ethical and legal framework for all employees in conduct of its business. The Code of Conduct defines how the Company relates to its employees, shareholders and community in which the Company operates. The Board of Directors has adopted the code of Business Conduct and Company Whistleblower policy to monitor compliance with company ethics.

Changes to the Group's corporate governance guidelines

None.

Compliance with the corporate governance code

The Board of Director has adopted the Corporate Governance Code and a Company Whistleblower policy to monitor compliance with company ethics.

The Code of Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behavior having regard to the best practice corporate governance models. The Code of Conduct sets out a behavioral framework for all employees in the context of a wide range of ethical and legal issues. The Code of Conduct will be published in the "Corporate Governance" section of the Company's website.

Conflict of interest

In 2023 and 2022, no instances of conflict of interest have arisen. In the instance of a conflict of interest arising a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. In this respect, GHG's Board members usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution. The concerned Board member(s) also refrain from voting in any instance where a conflict of interest shall arise.

Evaluation of Board and Chairman Performance

This is discussed in the Annual General Meeting and will also be taken up as part of Corporate Governance Code.

CEO Performance

This is discussed in the Board Meeting and also taken up in the Nomination and remuneration Committee as part of Corporate Governance Code.

Means of communication with shareholder and investors

The Company is committed to providing relevant and timely information to its shareholders in accordance with its continuous disclosure obligations under the Corporate Governance Code.

Information is communicated to shareholders through the distribution of the Company's annual report and other communications. All releases are posted on the Company's website and released to the shareholders in a timely manner.

The Board Secretary is responsible for communications with the shareholders and ensuring that the Company meets its continuous disclosure obligations.

Management of principal risks and uncertainties faced by the Group

The board as a whole and management are assessing the risk from time to time. Board of Directors discuss and take proper measures for risk faced by the Group.

Review of internal control processes and procedures

The review of Internal control process and procedures is performed regularly by the Company's internal auditors to ensure efficiency.