

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
and Independent Auditor's Review Report
For the six months period ended 30 June 2023

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
and Independent Auditor's Review Report

For the six months period ended 30 June 2023

Contents	Pages
Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information	1
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	2
Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)	3
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	4
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	5
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	6
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	7 - 16

**The Board of Directors
Kuwait Hotels Company K.S.C.P.
State of Kuwait**

Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Hotels Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2023, and the interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34).


Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 and the interim condensed consolidated financial information for the six months period ended 30 June 2022 were audited and reviewed respectively by another auditor who expressed an unqualified opinion and conclusion on those statements and information on 14 February 2023 and 11 August 2022 respectively.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that to the best of our knowledge and belief, we have not become aware of any violations of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Article of Association, as amended, have occurred during the six months period ended 30 June 2023, that might have had a material effect on the Parent Company's financial position or its business.

Furthermore, based on our review to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, as amended, have occurred during the six months period ended 30 June 2023, that might have had a material effect on the Parent Company's financial position or its business results.



Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 1 August 2023

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2023

	Notes	30 June 2023 KD	31 December 2022 (Audited) KD	30 June 2022 KD
ASSETS				
Non-current assets				
Property and equipment		776,027	837,865	905,873
Investment properties		1,223,132	1,270,172	1,318,249
Investment in associates		205,534	223,346	228,273
Financial assets at fair value through other comprehensive income		735	39,480	7,659
		<u>2,205,428</u>	<u>2,370,863</u>	<u>2,460,054</u>
Current assets				
Inventories		5,751	4,626	6,861
Debtors and other debit balances		1,592,366	1,672,219	1,761,177
Due from a related party	3	8,421	87,368	64,190
Financial assets at fair value through profit or loss		-	-	63,635
Cash and cash equivalents	4	<u>3,350,822</u>	<u>2,798,390</u>	<u>2,338,804</u>
		<u>4,957,360</u>	<u>4,562,603</u>	<u>4,234,667</u>
Total assets		<u><u>7,162,788</u></u>	<u><u>6,933,466</u></u>	<u><u>6,694,721</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		5,775,000	5,775,000	5,775,000
Treasury shares	5	(223,952)	(223,952)	(223,952)
Statutory reserve		839,017	839,017	775,721
Voluntary reserve		436,311	436,311	373,015
Other reserve		(513,600)	(513,600)	(513,600)
Fair value reserve		(64,364)	(133,535)	(126,398)
Foreign currencies translation adjustments		(442,183)	(416,508)	(393,876)
Accumulated losses		(497,770)	(993,964)	(1,164,403)
Equity attributable to the shareholders of the Parent Company		<u>5,308,459</u>	<u>4,768,769</u>	<u>4,501,507</u>
Non-controlling interests		562	350	(279)
Total equity		<u><u>5,309,021</u></u>	<u><u>4,769,119</u></u>	<u><u>4,501,228</u></u>
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		437,741	476,359	665,806
		<u>437,741</u>	<u>476,359</u>	<u>665,806</u>
Current liabilities				
Creditors and other credit balances		1,416,026	1,687,988	1,527,687
		<u>1,416,026</u>	<u>1,687,988</u>	<u>1,527,687</u>
Total liabilities		<u><u>1,853,767</u></u>	<u><u>2,164,347</u></u>	<u><u>2,193,493</u></u>
Total equity and liabilities		<u><u>7,162,788</u></u>	<u><u>6,933,466</u></u>	<u><u>6,694,721</u></u>

The accompanying notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.


Talal Sultan Ali Al-Shehab
Chairman

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months period ended 30 June 2023

	Notes	For the three months period ended 30 June		For the six months period ended 30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
Income					
Revenue from contracts with customers		808,467	796,274	1,629,356	1,573,603
Management fees		222,859	132,277	429,896	256,756
Rental income		296,389	296,075	592,560	573,891
		<u>1,327,715</u>	<u>1,224,626</u>	<u>2,651,812</u>	<u>2,404,250</u>
Cost of sales		(880,231)	(835,893)	(1,695,499)	(1,648,298)
Gross profit		<u>447,484</u>	<u>388,733</u>	<u>956,313</u>	<u>755,952</u>
Group's share of results from associates		(615)	(3,686)	(10,608)	(8,179)
Gain on sale of property and equipment		5,726	4,290	8,511	4,585
Other income	6	56,175	20,404	94,184	74,845
		<u>508,770</u>	<u>409,741</u>	<u>1,048,400</u>	<u>827,203</u>
Expenses					
General and administrative expenses		(152,539)	(244,778)	(306,482)	(459,514)
Provision for expected credit losses		(97,190)	-	(113,140)	(23,600)
Net foreign currencies exchange differences		(5,600)	1,602	(29,989)	(22,787)
		<u>(255,329)</u>	<u>(243,176)</u>	<u>(449,611)</u>	<u>(505,901)</u>
Profit for the period before deductions		<u>253,441</u>	<u>166,565</u>	<u>598,789</u>	<u>321,302</u>
Kuwait Foundation for the Advancement of Sciences		(2,281)	(1,617)	(5,389)	(3,010)
National Labor Support Tax		(7,128)	(4,543)	(14,776)	(8,975)
Zakat		(3,212)	(1,817)	(6,271)	(3,590)
Income tax on overseas operations		(1,164)	(330)	(4,030)	(1,066)
Net profit for the period		<u>239,656</u>	<u>158,258</u>	<u>568,323</u>	<u>304,661</u>
Attributable to:					
The Parent Company's Shareholders		239,546	158,238	568,111	304,654
Non-controlling interests		110	20	212	7
		<u>239,656</u>	<u>158,258</u>	<u>568,323</u>	<u>304,661</u>
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)					
	7	<u>4.24</u>	<u>2.80</u>	<u>10.07</u>	<u>5.40</u>

The accompanying notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income
(Unaudited)

For the six months period ended 30 June 2023

	For the three months period ended 30 June		For the six months period ended 30 Jun	
	2023	2022	2023	2022
	KD	KD	KD	KD
Net profit for the period	239,656	158,258	568,323	304,661
Other comprehensive loss				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Foreign currencies translation adjustments	(1,743)	(7,687)	(25,675)	(20,907)
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Changes in fair value of financial assets at fair value through other comprehensive income	791	(1,942)	(2,746)	(1,360)
Other comprehensive loss for the period	<u>(952)</u>	<u>(9,629)</u>	<u>(28,421)</u>	<u>(22,267)</u>
Total comprehensive income for the period	<u>238,704</u>	<u>148,629</u>	<u>539,902</u>	<u>282,394</u>
Attributable to:				
The parent Company's shareholder	238,594	148,609	539,690	282,387
Non-controlling interests	<u>110</u>	<u>20</u>	<u>212</u>	<u>7</u>
	<u>238,704</u>	<u>148,629</u>	<u>539,902</u>	<u>282,394</u>

The accompanying notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the six months period ended 30 June 2023

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserve	Fair value reserve	Foreign currencies translation adjustments	Accumulated losses	Equity attributable to Shareholders of the Parent Company	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 January 2022	5,775,000	(223,952)	775,721	373,015	(513,600)	(125,038)	(372,969)	(1,186,892)	4,501,285	(286)	4,500,999
Net profit for the period	-	-	-	-	-	-	-	304,654	304,654	7	304,661
Other comprehensive loss for the period	-	-	-	-	-	(1,360)	(20,907)	-	(22,267)	-	(22,267)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(1,360)	(20,907)	304,654	282,387	7	282,394
Dividends paid	-	-	-	-	-	-	-	(282,165)	(282,165)	-	(282,165)
Balance as at 30 June 2022	5,775,000	(223,952)	775,721	373,015	(513,600)	(126,398)	(393,876)	(1,164,403)	4,501,507	(279)	4,501,228
Balance as at 1 January 2023	5,775,000	(223,952)	839,017	436,311	(513,600)	(133,535)	(416,508)	(993,964)	4,768,769	350	4,769,119
Net profit for the period	-	-	-	-	-	-	-	568,111	568,111	212	568,323
Other comprehensive loss for the period	-	-	-	-	-	(2,746)	(25,675)	-	(28,421)	-	(28,421)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(2,746)	(25,675)	568,111	539,690	212	539,902
Impact of disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	71,917	-	(71,917)	-	-	-
Balance as at 30 June 2023	5,775,000	(223,952)	839,017	436,311	(513,600)	(64,364)	(442,183)	(497,770)	5,308,459	562	5,309,021

The accompanying notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six months period ended 30 June 2023

	Notes	For the six months period ended 30 June	
		2023	2022
		KD	KD
Cash flows from operating activities			
Net profit for the period		568,323	304,661
<i>Adjustments for:</i>			
Provision for expected credit losses		113,140	23,600
Net foreign currencies exchange differences		29,989	22,787
Group's share of results from associates		10,608	8,179
Depreciation		101,414	121,318
Gain on sale of property and equipment		(8,511)	(4,585)
Changes in fair value of financial assets at fair value through profit or loss	6	-	12,101
Interest income	6	(37,618)	(11,279)
Provision for end of service indemnity		42,992	57,142
		<u>820,337</u>	<u>533,924</u>
Change in operating assets and liabilities			
Inventories		(1,125)	(319)
Debtors and other debit balances		23,225	(604,600)
Due from a related party		(79)	66,775
Creditors and other credit balances		(271,962)	(134,249)
Due to related parties		-	(69,705)
<i>Cash generated from / (used in) operations</i>		<u>570,396</u>	<u>(208,174)</u>
End of service indemnity paid		(81,610)	(42,493)
Taxes paid		-	(10,728)
Net cash flows generated from / (used in) operating activities		<u>488,786</u>	<u>(261,395)</u>
Cash flows from investing activities			
Paid for purchase of property and equipment		(1,883)	-
Proceeds from sale property and equipment		17,858	4,585
Proceeds from sale of Financial assets at fair value through other comprehensive income		35,999	-
Interest income received		37,618	11,279
Net cash flows generated from investing activities		<u>89,592</u>	<u>15,864</u>
Cash flows from financing activities			
Dividends paid		-	(224,525)
Net cash flows used in financing activities		<u>-</u>	<u>(224,525)</u>
Net increase / (decrease) in cash and cash equivalents		578,378	(470,056)
Effect of foreign currencies translation adjustments		(25,946)	(1,394)
Cash and cash equivalents at the beginning of the period		2,798,390	2,810,254
Cash and cash equivalents at the end of the period	4	<u>3,350,822</u>	<u>2,338,804</u>

The accompanying notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

1. INCORPORATION AND ACTIVITIES

Kuwait Hotels Company K.S.C.P (the "Parent Company") was incorporated on 25 June 1962 in Kuwait as a Kuwaiti Shareholding Closed Company, which was amended by several amendments, the latest amendment recorded in the Commercial Registry under No. 15057 dated 13 June 2016.

The Parent Company is listed on the Boursa Kuwait on 29 September 1984.

The main activities for which the Parent Company is incorporated are:

The Group is engaged in owning, operating and managing hotel, commercial and residential properties, catering services, importing of consumer durables, machinery and equipment, and investment in similar business in or outside Kuwait.

The Parent Company is a subsidiary of Petrobrit Kuwait General Trading & Contracting Company W.L.L. (The "Ultimate Parent Company") by 34.20%.

The Parent Company may carry on the above-mentioned activities inside State of Kuwait or abroad on its own or as an agent for other parties. The Parent Company may have an interest or in any way associate itself with other entities engaged in similar activities or that may assist the Parent Company in achieving its objectives in State of Kuwait or abroad. The Parent Company may establish, participate in, acquire these institutions, or have them affiliated to it.

The interim condensed consolidated financial information for the six months period ended 30 June 2023 includes the interim condensed financial information of the Parent Company and its subsidiaries (together referred to as "the Group") (Note 2.2).

The Parent Company's registered address is: P.O. Box 833 - Safat 13009, State of Kuwait.

This interim condensed consolidated financial information for the six months period ended 30 June 2023 was authorised for issue by the Board of Directors of the Parent Company on 1 August 2023.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD), which is also the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The interim condensed consolidated financial information does not include all of the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") and should be read in conjunction with the Group's last annual consolidated financial statements for the financial year ended 31 December 2022. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

2. BASIS OF PREPARATION (CONTINUED)

2.1 Changes in significant accounting policies

New standards, interpretations and amendments adopted by the Group

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

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), 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. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's interim condensed consolidated financial information.

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.

The amendments had no impact on the Group's interim condensed consolidated financial information.

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.

The amendments had no impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policies' disclosures in the Group's annual consolidated financial statements.

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of consolidation

This interim condensed consolidated financial information for the six months period ended 30 June 2023 includes the Parent Company and its subsidiaries.

The interim condensed financial information of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-group balances and transactions, and any realised gains, losses, expenses, income and balances arising from intra-group transactions, are eliminated in preparing this interim condensed consolidated financial information.

The interim condensed consolidated financial information / consolidated financial statements of Kuwait Hotels Company K.S.C.P. and its subsidiaries as follows:

Name of subsidiary	Country of incorporation	Principal activities	Ownership (%)		
			30 June 2023	(Audited) 31 December 2022	30 June 2022
Directly held:					
Kuwait Catering Company K.S.C. (Closed) ("KCC")	Kuwait	Catering services	99.54%	99.54%	99.54%
Safat Catering Services Company K.S.C. (Closed) ("SCC") *	Kuwait	Catering services and manpower supply	99%	99%	99%
Safir International Hotel Management Company E.C. ("SIHM") *	Kingdom of Bahrain	Hotel management	99.9%	99.9%	99.9%
Safir International Hotel and Resort Management L.L.C ("SIHRM Dubai")	United Arab Emirates	Hotel contract management	100%	100%	100%
Indirectly held:					
Safir Support Services Company K.S.C. (Closed) (Indirectly held through KCC) *	Kuwait	Manpower supply	99.7%	99.7%	99.7%
Ramo Trading Company W.L.L. (Indirectly held through SCC) *	Kuwait	Pastry and bakery manufacturing and trading	99.9%	99.9%	99.9%

* The effective ownership interest of the Group in the subsidiaries is 100%. Certain shares / units attributable to certain subsidiaries have been registered under the names of other parties who hold these shares / units on behalf of and for the benefit of the Group. They have been assigned based on official power of attorneys and written representations in favor of the Group.

The interim condensed consolidated financial information of the subsidiaries was consolidated through interim condensed consolidated financial information prepared by the management as at 30 June 2023.

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

2. BASIS OF PREPARATION (CONTINUED)

2.3 Associates

Set out below are the associates of the Group:

Name of associate	Country of incorporation	Principal activities	Ownership (%)		
			30 June 2023	31 December 2022 (Audited)	30 June 2022
Abu Nawas for Tourism and Services Caf Café Company W.L.L.	Tunisia	Travel and tourism related services.	50%	50%	50%
Milk Box Catering Company W.L.L.	Kuwait	Catering services	50%	50%	50%
	Kuwait	Catering services	50%	50%	50%

3. RELATED PARTIES' DISCLOSURES

Related parties represent major Shareholders, directors and senior management personnel of the Group, and Companies controlled, or significantly influenced by such parties. The pricing policies and conditions for these transactions are approved by the Group's management. The significant related parties' balances and transactions are as follows:

Balance included in the interim condensed consolidated statement of financial position / consolidated statement of financial position

	Associate	30 June 2023	31 December 2022 (Audited)	30 June 2022
	KD	KD	KD	KD
Due from a related party	87,447	87,447	87,368	64,190
Less: Provision for expected credit losses*	(79,026)	(79,026)	-	-
	<u>8,421</u>	<u>8,421</u>	<u>87,368</u>	<u>64,190</u>

*The movement on provision for expected credit losses is as follows:

	30 June 2023	31 December 2022 (Audited)	30 June 2022
	KD	KD	KD
Balance at the beginning of the period / year / period	-	-	-
Provision for the period / year / period	79,026	-	-
Balance at the end of the period / year / period	<u>79,026</u>	<u>-</u>	<u>-</u>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

3. RELATED PARTIES' DISCLOSURES (CONTINUED)

Transactions included in the interim condensed consolidated statement of profit or loss:

	<u>Associate</u>	<u>For the three months</u>		<u>For the six months</u>	
		<u>period ended 30 June</u>		<u>period ended 30 June</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>	
Rental income	11,016	5,508	-	11,016	-
Revenue from contracts with customers	-	-	159,689	-	308,522
Cost of sales	-	-	(26,400)	-	(52,800)
Administrative expenses	-	-	(10,038)	-	(23,268)
Management fees	-	-	40,683	-	72,055
Other income	8,100	4,050	-	8,100	-

Key management personnel:

	<u>For the three months</u>		<u>For the six months</u>	
	<u>period ended 30 June</u>		<u>period ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>
Salaries and short-term benefits	22,851	44,464	45,702	88,928
End of service benefits	1,428	3,724	2,856	7,447
	<u>24,279</u>	<u>48,188</u>	<u>48,558</u>	<u>96,375</u>

4. CASH AND CASH EQUIVALENTS

	<u>30 June</u>	<u>(Audited)</u>	<u>30 June</u>
	<u>2023</u>	<u>31 December</u>	<u>2022</u>
	<u>KD</u>	<u>2022</u>	<u>KD</u>
Bank balances and cash on hand	1,350,822	1,977,955	913,212
Short term deposits*	2,000,000	820,435	1,425,592
	<u>3,350,822</u>	<u>2,798,390</u>	<u>2,338,804</u>

* The effective interest rate of short term deposit ranges from 4.5% to 4.850% (31 December 2022: from 1% to 3.375% and 30 June 2022: from 1% to 4%) per annum. These deposits have an average maturity of 90 days.

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

5. TREASURY SHARES

	<u>30 June 2023</u>	<u>31 December 2022 (Audited)</u>	<u>30 June 2022</u>
Number of shares (share)	1,316,700	1,316,700	1,316,700
Percentage to paid up shares (%)	2.33%	2.33%	2.33%
Market value (KD)	298,891	233,056	151,421
Cost (KD)	223,952	223,952	223,952

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

6. OTHER INCOME

	<u>For the three months period ended 30 June</u>		<u>For the six months period ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	KD	KD	KD	KD
Cleaning and maintenance services	21,822	21,822	43,644	35,896
Chalet transfer charges	2,000	4,000	4,000	10,000
Changes in fair value of financial assets at fair value through profit or loss	-	(16,052)	-	(12,101)
Interest income	23,741	5,361	37,618	11,279
Miscellaneous income	8,612	5,273	8,922	29,771
	<u>56,175</u>	<u>20,404</u>	<u>94,184</u>	<u>74,845</u>

7. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

Basic and diluted earnings per share is computed by dividing the net profit for the period attributable to Shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). There are no potential dilutive ordinary shares.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	<u>For the three months period ended 30 June</u>		<u>For the six months period ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net profit for the period attributable to the Shareholders of the Parent Company ("KD")	<u>239,546</u>	<u>158,238</u>	<u>568,111</u>	<u>304,654</u>
Number of the Parent Company's outstanding shares (share)	57,750,000	57,750,000	57,750,000	57,750,000
Less: weighted average number of the Parent Company's treasury shares (share)	<u>(1,316,700)</u>	<u>(1,316,700)</u>	<u>(1,316,700)</u>	<u>(1,316,700)</u>
Weighted average number of the Parent Company's outstanding shares (share)	<u>56,433,300</u>	<u>56,433,300</u>	<u>56,433,300</u>	<u>56,433,300</u>
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)	<u>4.24</u>	<u>2.80</u>	<u>10.07</u>	<u>5.40</u>

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

8. SEGMENT REPORTING

The Group is organised into functional divisions to manage its various lines of business. The Group operates in the State of Kuwait, United Arab Emirates and other countries. For the purposes of segment reporting, the Group's management has grouped its activities into the following business segments:

- Hotel Management: Owning, operating and managing of hotels and chalets and managing investment property.
- Catering and manpower supply services: Providing catering and manpower supply services to governmental.

	For the six months period ended 30 June 2023		
	Hotel management	Catering and manpower supply services	Total
	KD	KD	KD
Segment revenues	1,115,637	1,638,870	2,754,507
Segment results	263,524	335,265	598,789
Total assets	5,835,238	1,327,550	7,162,788
Total liabilities	1,291,368	562,399	1,853,767

	For the year ended 31 December 2022		
	Hotel management	Catering and manpower supply services	Total
	KD	KD	KD
Total assets	5,110,731	1,822,735	6,933,466
Total liabilities	1,526,456	637,891	2,164,347

	For the six months period ended 30 June 2022		
	Hotel management	Catering and manpower supply services	Total
	KD	KD	KD
Segment revenues	903,040	1,580,640	2,483,680
Segment results	16,918	304,384	321,302
Total assets	5,135,553	1,559,168	6,694,721
Total liabilities	1,583,701	609,792	2,193,493

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

9. GENERAL ASSEMBLY

The Annual General Assembly Meeting of the Parent Company's Shareholders held on 27 March 2023 approved the consolidated financial statements for the year ended 31 December 2022 and approved not to distribute dividends and not to pay remuneration to the Board of Directors for the year ended 31 December 2022.

10. 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. 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.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information 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.

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

As at 30 June 2023, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that fair value of financial assets and liabilities approximate their carrying amounts.

The level within which the financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the interim condensed consolidated statement of financial position / consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD
30 June 2023			
<i>Financial assets</i>			
<i>Financial assets at fair value through other comprehensive income</i>			
Local quoted securities	-	-	-
Local unquoted securities	-	735	735
	<u>-</u>	<u>735</u>	<u>735</u>

Kuwait Hotels Company K.S.C.P. and its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

10. FAIR VALUE MEASUREMENT (CONTINUED)

	Level 1 KD	Level 3 KD	Total KD
31 December 2022 (Audited)			
<i>Financial assets</i>			
<i>Financial assets at fair value through other comprehensive income</i>			
Local quoted securities	38,745	-	38,745
Local unquoted securities	-	735	735
	38,745	735	39,480
	Level 1 KD	Level 3 KD	Total KD
30 June 2022			
<i>Financial assets</i>			
<i>Financial assets at fair value through profit or loss</i>			
Local unquoted securities	-	63,635	63,635
<i>Financial assets at fair value through other comprehensive income</i>			
Local unquoted securities	-	7,659	7,659

Reconciliation of Level 3 fair value measurements:

	Financial assets at fair value through other comprehensive income KD
30 June 2023	
As at 1 January 2023	735
30 June 2023	735
31 December 2022 (Audited)	
As at 1 January 2022	9,019
Disposal during the year	(7,955)
Change in fair value	(329)
31 December 2022 (Audited)	735
30 June 2022	
As at 1 January 2022	9,019
Change in fair value	(1,360)
30 June 2022	7,659

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2023

10. FAIR VALUE MEASUREMENT (CONTINUED)

	Financial assets at fair value through profit or loss
	KD
30 June 2023	
As at 1 January 2023	-
30 June 2023	-
31 December 2022 (Audited)	
As at 1 January 2022	75,736
Disposal during the year	(41,964)
Change in fair value	(33,772)
31 December 2022 (Audited)	-
30 June 2022	
As at 1 January 2022	75,736
Change in fair value	(12,101)
30 June 2022	63,635

The Parent Company's management believes that no significant changes have occurred in the fair value of the investment properties during the six months period ended 30 June 2023. All investment properties are considered level 3 in the fair value hierarchy.

During the period / year / period, there were no transfers between level 1, level 2 and level 3.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. Such reclassification did not affect previously reported profit or equity and accordingly a third statement of consolidated financial position is not presented.

12. SUBSEQUENT EVENTS

Subsequently to the interim condensed consolidated financial information date, On 6 July 2023 the Board of Directors of Safat Catering Services Company K.S.C.C ("a subsidiary") approved to sell its 100% ownership subsidiary "Ramo Trading Company W.L.L.", and the subsidiary had received a primary contract from an external party.