

**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 three months period ended 31 March 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 three months period ended 31 March 2023

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## **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 31 March 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 three 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 three months period ended 31 March 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 27 April 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 three months period ended 31 March 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 three months period ended 31 March 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: 9 May 2023**

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

**Interim Condensed Consolidated Statement of Financial Position (Unaudited)**  
**As at 31 March 2023**

|  |       | <b>31 March</b>  | <b>31 December</b> | <b>31 March</b>  |
|--|-------|------------------|--------------------|------------------|
|  | Notes | <b>2023</b>      | <b>2022</b>        | <b>2022</b>      |
|  |       | KD               | (Audited)<br>KD    | KD               |
| <b>ASSETS</b>  |       |                  |                    |                  |
| <b>Non-current assets</b>  |       |                  |                    |                  |
| Property and equipment   |       | 809,360          | 837,865            | 941,322          |
| Investment properties  |       | 1,247,156        | 1,270,172          | 1,342,287        |
| Investment in associates   |       | 213,353          | 223,346            | 231,959          |
| Financial assets at fair value through other comprehensive income    |       | 35,943           | 39,480             | 9,601            |
|  |       | <u>2,305,812</u> | <u>2,370,863</u>   | <u>2,525,169</u> |
| <b>Current assets</b>  |       |                  |                    |                  |
| Inventories  |       | 5,259            | 4,626              | 6,209            |
| Debtors and other debit balances                                     |       | 1,337,839        | 1,672,219          | 1,400,802        |
| Due from a related party   | 3     | 87,405           | 87,368             | 178,431          |
| Financial assets at fair value through profit or loss                |       | -                | -                  | 79,687           |
| Cash and cash equivalents  | 4     | 3,162,970        | 2,798,390          | 2,609,174        |
|  |       | <u>4,593,473</u> | <u>4,562,603</u>   | <u>4,274,303</u> |
| <b>Total assets</b>  |       | <u>6,899,285</u> | <u>6,933,466</u>   | <u>6,799,472</u> |
| <b>EQUITY AND LIABILITIES</b>  |       |                  |                    |                  |
| <b>Equity</b>  |       |                  |                    |                  |
| 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   |       | (137,072)        | (133,535)          | (124,456)        |
| Foreign currencies translation adjustments                           |       | (440,440)        | (416,508)          | (386,189)        |
| Accumulated losses   |       | (665,399)        | (993,964)          | (1,040,476)      |
| <b>Equity attributable to the shareholders of the Parent Company</b> |       | <u>5,069,865</u> | <u>4,768,769</u>   | <u>4,635,063</u> |
| Non-controlling interests  |       | 452              | 350                | (299)            |
| <b>Total equity</b>  |       | <u>5,070,317</u> | <u>4,769,119</u>   | <u>4,634,764</u> |
| <b>Liabilities</b>   |       |                  |                    |                  |
| <b>Non-current liabilities</b>                                       |       |                  |                    |                  |
| Provision for end of service indemnity                               |       | 424,240          | 476,359            | 674,276          |
|  |       | <u>424,240</u>   | <u>476,359</u>     | <u>674,276</u>   |
| <b>Current liabilities</b>   |       |                  |                    |                  |
| Creditors and other credit balances                                  |       | 1,404,728        | 1,687,988          | 1,384,375        |
| Due to related parties   | 3     | -                | -                  | 106,057          |
|  |       | <u>1,404,728</u> | <u>1,687,988</u>   | <u>1,490,432</u> |
| <b>Total liabilities</b>   |       | <u>1,828,968</u> | <u>2,164,347</u>   | <u>2,164,708</u> |
| <b>Total equity and liabilities</b>                                  |       | <u>6,899,285</u> | <u>6,933,466</u>   | <u>6,799,472</u> |

The accompanying notes on pages 7 to 15 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 three months period ended 31 March 2023

|   | Notes | For the three months period<br>ended 31 March |                  |
|---|-------|---|------------------|
|   |       | 2023  | 2022             |
|   |       | KD  | KD               |
| <b>Income</b>   |       |   |                  |
| Revenue with contracts with customers   |       | 820,889                                       | 777,329          |
| Management fees   |       | 207,037                                       | 124,479          |
| Rental income   |       | 296,171                                       | 277,816          |
|   |       | <u>1,324,097</u>                              | <u>1,179,624</u> |
| Cost of sales   |       | (815,268)                                     | (812,405)        |
| <b>Gross profit</b>   |       | 508,829                                       | 367,219          |
| Group's share of results from associates  |       | (9,993)                                       | (4,493)          |
| Gain on sale of property and equipment  |       | 2,785   | 295              |
| Other income  | 6     | 38,009  | 30,052           |
|   |       | <u>539,630</u>                                | <u>393,073</u>   |
| <b>Expenses</b>   |       |   |                  |
| General and administrative expenses   |       | (153,943)                                     | (215,176)        |
| Provision for expected credit losses  |       | (15,950)                                      | -                |
| Net foreign currencies exchange differences   |       | (24,389)                                      | (23,160)         |
|   |       | <u>(194,282)</u>                              | <u>(238,336)</u> |
| <b>Profit for the period before deductions</b>  |       | 345,348                                       | 154,737          |
| Kuwait Foundation for the Advancement of Sciences   |       | (3,108)                                       | (1,393)          |
| National Labor Support Tax  |       | (7,648)                                       | (4,432)          |
| Zakat   |       | (3,059)                                       | (1,773)          |
| Income tax on overseas operations   |       | (2,866)                                       | (736)            |
| <b>Net profit for the period</b>  |       | <u>328,667</u>                                | <u>146,403</u>   |
| <b>Attributable to:</b>   |       |   |                  |
| The Parent Company's Shareholders   |       | 328,565                                       | 146,416          |
| Non-controlling interests   |       | 102   | (13)             |
|   |       | <u>328,667</u>                                | <u>146,403</u>   |
| <b>Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)</b> | 7     | <u>5.82</u>                                   | <u>2.59</u>      |

The accompanying notes on pages 7 to 15 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 three months period ended 31 March 2023

|  | For the three months period<br>ended 31 March |          |
|--|---|----------|
|  | 2023  | 2022     |
|  | KD  | KD       |
| Net profit for the period  | 328,667                                       | 146,403  |
| <b>Other comprehensive loss</b>  |   |          |
| <i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>      |   |          |
| Foreign currencies translation adjustments   | (23,932)                                      | (13,220) |
| <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                                 | (3,537)                                       | 582      |
| <b>Other comprehensive loss for the period</b>   | (27,469)                                      | (12,638) |
| <b>Total comprehensive income for the period</b>   | 301,198                                       | 133,765  |
| <b>Attributable to:</b>  |   |          |
| The parent Company's shareholder   | 301,096                                       | 133,778  |
| Non-controlling interests  | 102   | (13)     |
|  | 301,198                                       | 133,765  |

The accompanying notes on pages 7 to 15 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 three months period ended 31 March 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               |
| <b>Balance as at 1 January 2022</b>                | 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 / (loss) for the period                 | -                | -                | -                 | -                 | -                | -                  | -  | 146,416            | 146,416   | (13)                      | 146,403          |
| Other comprehensive income / (loss) for the period | -                | -                | -                 | -                 | -                | 582                | (13,220)                                   | -                  | (12,638)  | -                         | (12,638)         |
| Total comprehensive income / (loss) for the period | -                | -                | -                 | -                 | -                | 582                | (13,220)                                   | 146,416            | 133,778   | (13)                      | 133,765          |
| <b>Balance as at 31 March 2022</b>                 | <u>5,775,000</u> | <u>(223,952)</u> | <u>775,721</u>    | <u>373,015</u>    | <u>(513,600)</u> | <u>(124,456)</u>   | <u>(386,189)</u>                           | <u>(1,040,476)</u> | <u>4,635,063</u>  | <u>(299)</u>              | <u>4,634,764</u> |
| <b>Balance as at 1 January 2023</b>                | 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                          | -                | -                | -                 | -                 | -                | -                  | -  | 328,565            | 328,565   | 102                       | 328,667          |
| Other comprehensive loss for the period            | -                | -                | -                 | -                 | -                | (3,537)            | (23,932)                                   | -                  | (27,469)  | -                         | (27,469)         |
| Total comprehensive (loss) / income for the period | -                | -                | -                 | -                 | -                | (3,537)            | (23,932)                                   | 328,565            | 301,096   | 102                       | 301,198          |
| <b>Balance as at 31 March 2023</b>                 | <u>5,775,000</u> | <u>(223,952)</u> | <u>839,017</u>    | <u>436,311</u>    | <u>(513,600)</u> | <u>(137,072)</u>   | <u>(440,440)</u>                           | <u>(665,399)</u>   | <u>5,069,865</u>  | <u>452</u>                | <u>5,070,317</u> |

The accompanying notes on pages 7 to 15 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 three months period ended 31 March 2023

|   | Note | For the three months period<br>ended 31 March |                  |
|---|------|---|------------------|
|   |      | 2023  | 2022             |
|   |      | KD  | KD               |
| <b>Cash flows from operating activities</b>                                       |      |   |                  |
| Net profit for the period   |      | 328,667                                       | 146,403          |
| <i>Adjustments for:</i>   |      |   |                  |
| Provision for expected credit losses  |      | 15,950  | -                |
| Net foreign currencies exchange differences                                       |      | 24,389  | 23,160           |
| Group's share of results from associates  |      | 9,993   | 4,493            |
| Depreciation  |      | 52,476  | 61,831           |
| Gain on sale of property and equipment  |      | (2,785)                                       | (295)            |
| Changes in fair value of financial assets at fair value<br>through profit or loss |      | -   | (3,951)          |
| Interest income   |      | (13,877)                                      | (5,918)          |
| Provision for end of service indemnity  |      | 21,509  | 30,214           |
|   |      | <u>436,322</u>                                | <u>255,937</u>   |
| <b>Change in operating assets and liabilities</b>                                 |      |   |                  |
| Inventories   |      | (633)   | 333              |
| Debtors and other debit balances  |      | 294,041                                       | (246,911)        |
| Due from a related party  |      | (37)  | (61,446)         |
| Creditors and other credit balances   |      | (283,260)                                     | (174,012)        |
| Due to related parties  |      | -   | 41,982           |
| <i>Cash generated from / (used in) operations</i>                                 |      | <u>446,433</u>                                | <u>(184,117)</u> |
| End of service indemnity paid   |      | (73,628)                                      | (7,095)          |
| Taxes paid  |      | -   | (10,728)         |
| <b>Net cash flows generated from / (used in) operating activities</b>             |      | <u>372,805</u>                                | <u>(201,940)</u> |
| <b>Cash flows from investing activities</b>                                       |      |   |                  |
| Paid for purchase of property and equipment                                       |      | (1,883)                                       | -                |
| Proceeds from sale property and equipment   |      | 3,713   | 295              |
| Interest income received  |      | 13,877  | 5,918            |
| <b>Net cash flows generated from in investing activities</b>                      |      | <u>15,707</u>                                 | <u>6,213</u>     |
| <b>Net increase / (decrease) in cash and cash equivalent</b>                      |      | <u>388,512</u>                                | <u>(195,727)</u> |
| Effect of foreign currencies translation adjustments                              |      | (23,932)                                      | (5,353)          |
| Cash and cash equivalent at the beginning of the period                           |      | <u>2,798,390</u>                              | <u>2,810,254</u> |
| <b>Cash and cash equivalent at the end of the period</b>                          | 4    | <u>3,162,970</u>                              | <u>2,609,174</u> |

The accompanying notes on pages 7 to 15 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 three months period ended 31 March 2023

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**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 three months period ended 31 March 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 three months period ended 31 March 2023 were authorised for issue by the Board of Directors of the Parent Company on 9 May 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.

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

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three months period ended 31 March 2023

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**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 policy 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 three months period ended 31 March 2023

**2. BASIS OF PREPARATION (CONTINUED)**

**2.2 Basis of consolidation**

This interim condensed consolidated financial information for the three months period ended 31 March 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 these 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 (%) |                            |               |
|--|--------------------------|---|---------------|----------------------------|---------------|
|  |                          |   | 31 March 2023 | 31 December 2022 (Audited) | 31 March 2022 |
| <b>Directly held:</b>  |                          |   |               |                            |               |
| 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%          |
| <b>Indirectly held:</b>  |                          |   |               |                            |               |
| 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 31 March 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 three months period ended 31 March 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 (%) |                            |               |
|--|--------------------------|--------------------------------------|---------------|----------------------------|---------------|
|  |                          |                                      | 31 March 2023 | 31 December 2022 (Audited) | 31 March 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 | 31 March 2023 | 31 December 2022 (Audited) | 31 March 2022 |
|--------------------------|-----------|---------------|----------------------------|---------------|
|                          | KD        | KD            | KD                         | KD            |
| Due from a related party | 87,405    | 87,405        | 87,368                     | 178,431       |
| Due to related parties   | -         | -             | -                          | 106,057       |



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**3. RELATED PARTIES' DISCLOSURES (CONTINUED)**

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

|                                       | <u>Associate</u> | <u>31 March</u> | <u>31 March</u> |
|---------------------------------------|------------------|-----------------|-----------------|
|                                       | KD               | 2023            | 2022            |
|                                       |                  | KD              | KD              |
| Rental income                         | 5,508            | 5,508           | -               |
| Revenue from contracts with customers | -                | -               | 148,833         |
| Cost of sales                         | -                | -               | (26,400)        |
| Administrative expenses               | -                | -               | (13,230)        |
| Management fees                       | -                | -               | 31,372          |
| Other income                          | 4,050            | 4,050           | -               |

Key management personnel:

|                                  | <u>For the three months period ended 31</u> |                |
|----------------------------------|---|----------------|
|                                  | <u>March</u>                                |                |
|                                  | <u>2023</u>                                 | <u>2022</u>    |
|                                  | KD  | KD             |
| Salaries and short-term benefits | 8,976                                       | 33,537         |
| End of service benefits          | 24,314                                      | 194,710        |
|                                  | <u>33,290</u>                               | <u>228,247</u> |

**4. CASH AND CASH EQUIVALENTS**

|                                | <u>31 March</u>  | <u>31 December</u> | <u>31 March</u>  |
|--------------------------------|------------------|--------------------|------------------|
|                                | 2023             | 2022               | 2022             |
|                                | KD               | (Audited)          | KD               |
|                                |                  | KD                 |                  |
| Bank balances and cash on hand | 662,970          | 1,977,955          | 937,184          |
| Short term deposits*           | 2,500,000        | 820,435            | 1,671,990        |
|                                | <u>3,162,970</u> | <u>2,798,390</u>   | <u>2,609,174</u> |

\* The effective interest rate of short term deposit range from 4.3% to 4.850% (31 December 2022: from 1% to 3.375% and 31 March 2022: from 1.125% to 1.250%) per annum. These deposits have an average maturity of 90 days.

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**5. TREASURY SHARES**

|                                  | <u>31 March<br/>2023</u> | <u>31 December<br/>2022<br/>(Audited)</u> | <u>31 March<br/>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)                | 235,689                  | 233,056                                   | 161,954                  |
| Cost (KD)                        | 223,952                  | 223,952                                   | 223,952                  |

**6. OTHER INCOME**

|  | <b>For the three months period ended<br/>31 March</b> |               |
|--|---|---------------|
|  | <u>2023</u>   | <u>2022</u>   |
|  | KD  | KD            |
| Cleaning and maintenance services  | 21,822  | 14,074        |
| Chalet transfer charges  | 2,000   | 6,000         |
| Changes in fair value of financial assets at fair value through profit or loss | -   | 3,951         |
| Interest income  | 13,877  | 5,918         |
| Miscellaneous income   | 310   | 109           |
|  | <u>38,009</u>   | <u>30,052</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:

|  | <b>For the three months period ended<br/>31 March</b> |                    |
|--|---|--------------------|
|  | <u>2023</u>   | <u>2022</u>        |
| Net profit for the period attributable to the Shareholders of the Parent Company ("KD")            | <u>328,565</u>  | <u>146,416</u>     |
| Number of the Parent Company's outstanding shares (share)  | 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> |
| Weighted average number of the Parent Company's outstanding shares (share)                         | <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>5.82</u>   | <u>2.59</u>        |

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**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.

|                   | <b>For the three months period ended 31 March 2023</b> |  |              |
|-------------------|--|--|--------------|
|                   | <b>Hotel management</b>                                | <b>Catering and manpower supply services</b> | <b>Total</b> |
|                   | KD   | KD   | KD           |
| Segment revenues  | 544,002  | 820,889                                      | 1,364,891    |
| Segment results   | 155,424  | 173,243                                      | 328,667      |
| Total assets      | 5,711,436  | 1,187,849                                    | 6,899,285    |
| Total liabilities | 1,237,361  | 591,607                                      | 1,828,968    |

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

|                   | <b>For the three months period ended 31 March 2022</b> |  |              |
|-------------------|--|--|--------------|
|                   | <b>Hotel management</b>                                | <b>Catering and manpower supply services</b> | <b>Total</b> |
|                   | KD   | KD   | KD           |
| Segment revenues  | 432,642  | 777,329                                      | 1,209,971    |
| Segment results   | 17,195   | 129,208                                      | 146,403      |
| Total assets      | 5,375,106  | 1,424,366                                    | 6,799,472    |
| Total liabilities | 1,550,113  | 614,595                                      | 2,164,708    |



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**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 31 March 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            |
| <b>31 March 2023</b>   |                |                |               |
| <i>Financial assets</i>  |                |                |               |
| <i>Financial assets at fair value through other comprehensive income</i> |                |                |               |
| Local quoted securities  | 35,208         | -              | 35,208        |
| Local unquoted securities  | -              | 735            | 735           |
|  | <u>35,208</u>  | <u>735</u>     | <u>35,943</u> |



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**10. FAIR VALUE MEASUREMENT (CONTINUED)**

|  | <u>Level 1</u> | <u>Level 3</u> | <u>Total</u>  |
|--|----------------|----------------|---------------|
|  | KD             | KD             | KD            |
| <b>31 December 2022 (Audited)</b>  |                |                |               |
| <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           |
|  | <u>38,745</u>  | <u>735</u>     | <u>39,480</u> |
|  | <u>Level 1</u> | <u>Level 3</u> | <u>Total</u>  |
|  | KD             | KD             | KD            |
| <b>31 March 2022</b>   |                |                |               |
| <i>Financial assets</i>  |                |                |               |
| <i>Financial assets at fair value through other comprehensive income</i> |                |                |               |
| Local unquoted securities  | -              | 9,601          | 9,601         |
|  | <u>-</u>       | <u>9,601</u>   | <u>9,601</u>  |

**Reconciliation of Level 3 fair value measurements:**

|                                   | <u>Financial assets at fair value through other comprehensive income</u> |
|-----------------------------------|--|
|                                   | KD   |
| <b>31 March 2023</b>              |  |
| As at 1 January 2023              | 735  |
| <b>31 March 2023</b>              | <u>735</u>   |
| <b>31 December 2022 (Audited)</b> |  |
| As at 1 January 2022              | 9,019  |
| Disposal during the year          | (7,955)  |
| Change in fair value              | (329)  |
| <b>31 December 2022 (Audited)</b> | <u>735</u>   |
| <b>31 March 2022</b>              |  |
| As at 1 January 2022              | 9,019  |
| Change in fair value              | 582  |
| <b>31 March 2022</b>              | <u>9,601</u>   |

The Parent Company's management believes that no significant changes have occurred in the fair value of the investment properties during the three months period ended 31 March 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.