

**KUWAIT HOTELS COMPANY K.S.C.P.
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

31 MARCH 2018



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT HOTELS COMPANY K.S.C.P.

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 (collectively, the “Group”) as at 31 March 2018, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard, IAS 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with 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.

Basis for Qualified Conclusion

As stated in Note 2 of the interim condensed consolidated financial information, IFRS 9: Financial Instruments (“IFRS 9”) is effective for annual reporting periods beginning on or after 1 January 2018. Based on the information provided to us by the management, the Group is still in the process of evaluating the potential effect of the expected credit loss (ECL) on the financial assets carried at amortised cost, as set out in IFRS 9, at the date of initial application and as at 31 March 2018. Consequently, we were unable to determine whether any adjustments might be necessary to the interim condensed consolidated financial information.

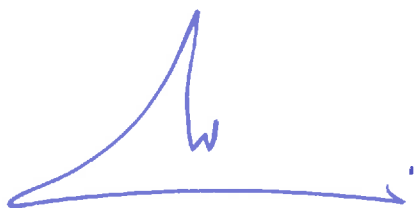
Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matter described above, 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 IAS 34 – Interim Financial Reporting.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT HOTELS COMPANY K.S.C.P. (continued)

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information, except for the matter described in the “Basis for Qualified Conclusion” paragraph above, is in agreement with the books of account 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, as amended, and its Executive Regulations, as amended, or of the Parent Company’s Articles of Association and Memorandum of Incorporation, during the three months period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.



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15 May 2018
Kuwait

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

Period ended 31 March 2018

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2018</i>	<i>2017</i>
		<i>KD</i>	<i>KD</i>
Revenues		1,799,866	2,012,847
Management fees		226,448	210,604
Cost of revenues		(1,596,664)	(1,745,926)
GROSS PROFIT		429,650	477,525
Other income		19,641	32,988
Interest income		-	3,283
Share of results from an associate		5,155	-
Administrative expenses		(341,723)	(343,044)
Selling and distribution expenses		(9,693)	(17,257)
Finance costs		-	(666)
PROFIT FOR THE PERIOD BEFORE PROVISION FOR INCOME TAXES ON OVERSEAS SUBSIDIARY, NATIONAL LABOUR SUPPORT TAX ("NLST"), CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS") AND ZAKAT		103,030	152,829
Income taxes on overseas subsidiary		(5,167)	(10,068)
NLST		(2,197)	(3,718)
KFAS		(594)	(776)
Zakat		(733)	(685)
PROFIT FOR THE PERIOD		94,339	137,582
Attributable to:			
Equity holders of the Parent Company		94,360	137,496
Non-controlling interests		(21)	86
		94,339	137,582
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	1.7 fils	2.4 fils

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

Period ended 31 March 2018

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	94,339	137,582
Other comprehensive (loss) income		
<i>Items that are (or) may be reclassified subsequently to interim condensed consolidated statement of income in subsequent periods:</i>		
Exchange difference on translation of foreign operations and an associate	(20,025)	6,969
Other comprehensive (loss) income for the period	(20,025)	6,969
Total comprehensive income for the period	74,314	144,551
Attributable to:		
Equity holders of the Parent Company	74,335	144,465
Non-controlling interests	(21)	86
	74,314	144,551

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2018

		31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
ASSETS				
Non-current assets				
Property, plant and equipment		3,781,097	3,840,643	4,077,782
Intangible assets		1,138,128	1,138,128	1,195,128
Investment in an associate		28,790	41,460	67,436
Financial assets at fair value through other comprehensive income	6	97,434	-	-
Financial assets available for sale	6	-	97,434	128,303
		<u>5,045,449</u>	<u>5,117,665</u>	<u>5,468,649</u>
Current assets				
Inventories		343,631	359,888	463,883
Accounts receivable and prepayments		1,890,686	1,892,611	2,328,287
Financial assets at fair value through profit or loss	6	71,400	71,400	71,400
Cash and cash equivalents	4	1,101,005	970,002	1,735,309
		<u>3,406,722</u>	<u>3,293,901</u>	<u>4,598,879</u>
TOTAL ASSETS		<u><u>8,452,171</u></u>	<u><u>8,411,566</u></u>	<u><u>10,067,528</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		5,775,000	5,775,000	5,775,000
Statutory reserve		716,137	716,137	715,421
Voluntary reserve		313,431	313,431	312,715
Treasury shares	5	(223,952)	(223,952)	(223,952)
Cumulative changes in fair value reserve		(40,822)	(40,822)	(40,822)
Foreign currency translation reserve		(401,252)	(381,227)	(312,062)
Other reserve		(513,600)	(513,600)	(513,600)
Retained earnings		128,194	33,834	447,996
Equity attributable to equity holders of the Parent Company		<u>5,753,136</u>	<u>5,678,801</u>	<u>6,160,696</u>
Non-controlling interests		(29,389)	(29,368)	(29,355)
Total equity		<u>5,723,747</u>	<u>5,649,433</u>	<u>6,131,341</u>
Non-current liability				
Employees' end of service benefits		873,224	878,052	968,320
Current liabilities				
Accounts payable and accruals		1,855,200	1,884,081	2,967,867
Total liabilities		<u>2,728,424</u>	<u>2,762,133</u>	<u>3,936,187</u>
TOTAL EQUITY AND LIABILITIES		<u><u>8,452,171</u></u>	<u><u>8,411,566</u></u>	<u><u>10,067,528</u></u>



Ahmad Yousef El-Kandari
Chairman

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 31 March 2018

	Attributable to equity holders of the Parent Company							Non-controlling interests KD	Total equity KD		
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Cumulative change in fair value reserve KD	Foreign currency translation reserve KD	Other reserve KD			Retained earnings KD	Sub-total KD
At 1 January 2018	5,775,000	716,137	313,431	(223,952)	(40,822)	(381,227)	(513,600)	33,834	5,678,801	(29,368)	5,649,433
Profit for the period	-	-	-	-	-	-	-	94,360	94,360	(21)	94,339
Other comprehensive loss for the period	-	-	-	-	-	(20,025)	-	-	(20,025)	-	(20,025)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(20,025)	-	94,360	74,335	(21)	74,314
At 31 March 2018	5,775,000	716,137	313,431	(223,952)	(40,822)	(401,252)	(513,600)	128,194	5,753,136	(29,389)	5,723,747
Balance as at 1 January 2017	5,775,000	715,421	312,715	(223,952)	(40,822)	(319,031)	(513,600)	310,500	6,016,231	(29,441)	5,986,790
Profit for the period	-	-	-	-	-	-	-	137,496	137,496	86	137,582
Other comprehensive income for the period	-	-	-	-	-	6,969	-	-	6,969	-	6,969
Total comprehensive income for the period	-	-	-	-	-	6,969	-	137,496	144,465	86	144,551
Balance at 31 March 2017	5,775,000	715,421	312,715	(223,952)	(40,822)	(312,062)	(513,600)	447,996	6,160,696	(29,355)	6,131,341

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

Period ended 31 March 2018

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		2018	2017
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before income taxes on overseas subsidiary, NLST, KFAS and Zakat		103,030	152,829
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation and amortisation		91,292	104,337
Provision for employees' end of service benefits		46,987	46,574
Provision for doubtful debts		11,322	-
Interest income		-	(3,283)
Share of results of an associate		(5,155)	-
		247,476	300,457
Working capital changes:			
Inventories		16,257	9,162
Accounts receivable and prepayments		(11,039)	416,231
Accounts payable and accruals		(37,572)	(308,222)
Cash flows from operations		215,122	417,628
Employees' end of service benefits paid		(51,815)	(35,410)
Net cash flows from operating activities		163,307	382,218
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(31,751)	(31,456)
Interest income received		-	3,283
Net cash flows used in investing activities		(31,751)	(28,173)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		131,556	354,045
Net foreign exchange difference		(553)	1,359
Cash and cash equivalents at 1 January		970,002	1,379,905
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	1,101,005	1,735,309

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2018

1 CORPORATE INFORMATION AND ACTIVITIES

The interim condensed consolidated financial information of Kuwait Hotels Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the three months period ended 31 March 2018 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 May 2018.

The Parent Company was incorporated on 12 June 1962 in accordance with Companies Law of Kuwait and is listed on the Kuwait Stock Exchange. 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's registered office is P. O. Box 833, Safat 13009, Kuwait.

The Annual General Assembly for the year ended 31 December 2017 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2017 have not yet been approved. The interim condensed consolidated financial information for the three months period ended 31 March 2018 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2017.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

- a) The interim condensed consolidated financial information of the Group has been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34").
- b) The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD), which is also the functional currency of the Parent Company.
- c) The interim condensed consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three months period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017 except for the adoption of new accounting standards, IFRS 9: Financial instruments and IFRS 15: Revenue from Contracts with Customers, effective from 1 January 2018.

The Group has not early adopted any other standard, interpretation or amendment that has been issued and not yet effective. Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2018 did not have any material impact on the accounting policies, financial position or performance of the Group.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 and IFRS 15 are summarised below:

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 effective from 1 January 2018. IFRS 9 brings together the requirements for recognising and measuring financial assets and financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Group has not restated comparative information for the financial year 2017 as permitted by the transitional provisions of the standard. Therefore, the information presented for the period ended 31 March 2017 does not reflect the requirements of IFRS 9 and is not comparable to the information presented for the period ended 31 March 2018.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2018

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP
(continued)**

IFRS 9 Financial Instruments (continued)

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below:

(a) Classification and measurement

Except for certain trade receivables, under IFRS 9, 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.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), Amortised Cost (AC), or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

With respect to receivables, the Group analysed the contractual cash flow characteristics of those instruments and concluded that based on their business model which is to hold the financial asset to collect the contractual cash flows which meets the SPPI criterion, these instruments shall be classified as at amortised cost under IFRS 9. Therefore, reclassification of these instruments is not required on initial adoption of IFRS 9.

Financial assets at FVOCI comprise equity instruments, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.

Financial assets at FVPL comprise equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Group's unquoted equity instruments comprising of managed portfolios were classified as FVPL financial assets.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of income.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all receivables at amortised cost and other debt financial assets not held at FVPL.

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. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2018

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP
(continued)**

IFRS 9 Financial Instruments (continued)

(b) Impairment (continued)

For accounts and other receivables, the Group is in the process of applying the standard's simplified approach and is computing ECLs based on lifetime expected credit losses. The Group will be establishing a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, as the management is still in the process of assessing the full impact of the application of IFRS 9 on the Group's interim condensed consolidated financial information, based on the available information as of the reporting date, management is in the view that the measurement of receivables under IFRS 9 doesn't have material impact on the interim condensed consolidated financial information of the Group.

(c) Hedge accounting

The Group did not have any impact resulting from the new guidance relating to hedge accounting included in IFRS 9, as the Group is not dealing in any derivative instruments.

(d) Other adjustments

In addition to the adjustments described above, upon adoption of IFRS 9, other items of the primary financial statements such as investment in associates (arising from the financial instruments held by these entities), tax expense, retained earnings and exchange differences on translation of foreign operations were adjusted as necessary.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2017 under IFRS 9.
- b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2018

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 9 Financial Instruments (continued)

Transition (continued)

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018:

2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 KD	Re-measurement KD	New carrying amount under IFRS 9 KD
Equities					
Bank balances and cash	Loans and Receivables	Amortised cost	970,002	-	970,002
Accounts receivable	Loans and Receivables	Amortised cost	1,335,186	-	1,335,186
Financial assets available for sale	Available for sale	FVOCI	97,434	-	97,434
Financial assets at fair value through profit or loss	FVPL	FVPL	71,400	-	71,400
			<u>2,474,022</u>	<u>-</u>	<u>2,474,022</u>

There was no impact of classification and measurement in pursuant to IFRS 9 on the reserves and retained earnings.

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

IFRS 15: Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers effective from 1 January 2018. This standard supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. This standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. The adoption of this standard does not have any material effect on the Group's interim condensed consolidated financial information.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2018

**3 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF
THE PARENT COMPANY**

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares as follows:

	<i>Three months ended</i> <i>31 March</i>	
	2018	2017
Profit for the period attributable to equity holders of the Parent Company (KD)	94,360	137,496
Number of shares outstanding:		
Weighted average number of paid up shares	57,750,000	57,750,000
Weighted average number of treasury shares	(1,316,700)	(1,316,700)
Weighted average number of shares	56,433,300	56,433,300
Basic and diluted earnings per share attributable to equity holders of the Parent Company	1.7 fils	2.4 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

4 CASH AND CASH EQUIVALENTS

	<i>(Audited)</i>		
	<i>31 March</i> 2018 <i>KD</i>	<i>31 December</i> 2017 <i>KD</i>	<i>31 March</i> 2017 <i>KD</i>
Bank balances and cash	1,101,005	970,002	898,132
Short-term deposits with original maturities less than three months	-	-	837,177
	1,101,005	970,002	1,735,309

Short-term deposits are placed with a local bank in Kuwait. These deposits are denominated in KD and earn interest rate from 0.925% to 1.68% (2016: 0.925% to 1.68%) per annum.

5 TREASURY SHARES

	<i>(Audited)</i>		
	<i>31 March</i> 2018	<i>31 December</i> 2017	<i>31 March</i> 2017
Number of shares held	1,316,700	1,316,700	1,316,700
Percentage of shares held	2.28%	2.28%	2.28%
Market value (KD)	259,390	323,908	329,175
Weighted average market value per share (fils)	197	246	245

Reserves of the Parent Company equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable in the Parent Company.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2018

6 RELATED PARTY DISCLOSURES

Related parties represent associates, major shareholders, directors and 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 Parent Company's management.

There were no transactions with related parties during the period other than included in key management personnel compensation disclosed below.

Financial assets at fair value through other comprehensive income amounting to KD 35,789 (31 December 2017: KD 35,789 and 31 March 2017: KD 35,789) and financial assets at fair value through profit or loss amounting to KD 71,400 (31 December 2017: KD 71,400 and 31 March 2017: KD 71,400) are managed by a related party.

Key management personnel compensation

	<i>Three months ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Salaries and other employee benefits	47,364	60,174
End of service benefits	4,554	5,787
	<u>51,918</u>	<u>65,961</u>

7 SEGMENT INFORMATION

For management purposes, the Group is organised into three main business segments based on internal reporting provided to the chief operating decision maker:

1. Hotel Management: Owning, operating and managing of hotels and chalets.
2. Catering and manpower supply services: Providing catering and manpower supply services to governmental and non-governmental institutions.
3. Information technology services: Information technology administrative support.

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 return on investments.

The following table present segment revenue and results information regarding the Group's business segments:

	<i>Hotel management</i>	<i>Catering and manpower supply services</i>	<i>Information technology services</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Three months ended 31 March 2018</i>				
Revenue	207,628	1,556,019	36,219	1,799,866
Management fees	226,448	-	-	226,448
Results				
Segment profit	58,220	40,172	4,638	103,030
<i>Three months ended 31 March 2017</i>				
Revenue	153,585	1,824,559	34,703	2,012,847
Management fees	210,604	-	-	210,604
Results				
Segment profit (loss)	76,731	83,572	(7,474)	152,829

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2018

7 SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the Group's business segments:

	<i>Hotel management KD</i>	<i>Catering and manpower supply services KD</i>	<i>Information technology services KD</i>	<i>Total KD</i>
Assets				
<i>31 March 2018</i>	3,827,573	4,581,434	43,164	8,452,171
<i>31 December 2017 (Audited)</i>	3,839,127	4,533,715	38,724	8,411,566
<i>31 March 2017</i>	5,604,017	4,441,346	22,165	10,067,528
Liabilities				
<i>31 March 2018</i>	1,247,562	1,410,562	70,300	2,728,424
<i>31 December 2017 (Audited)</i>	1,551,490	1,150,242	60,401	2,762,133
<i>31 March 2017</i>	1,968,113	1,892,928	75,146	3,936,187

8 COMMITMENTS

The Group has entered into commercial leases for certain premises and a property rented from the Government of Kuwait. These leases have an average life of between one and five years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>31 March 2018 KD</i>	<i>(Audited) 31 December 2017 KD</i>	<i>31 March 2017 KD</i>
Within one year	279,015	383,352	361,862
After one year but not more than five years	681,220	681,220	465,280
	960,235	1,064,572	827,142

9 CONTINGENCIES

At the reporting date, the Group has provided performance bank guarantees to its customers amounting to KD 1,576,324 (31 December 2017: KD 1,868,600 and 31 March 2017: KD 2,496,407). It is anticipated that no material liabilities will arise.

10 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities are not materially different from their carrying values at the reporting date.