KUWAIT HOTELS COMPANY KS.C.P.
AND ITS SUBSIDIRIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2018

EY
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 30 September 2018, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and nine-month period then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month 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.

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 IAS 34.

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 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 nine-month period ended 30 September 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

8 November 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2018

		Three months ended 30 September		*Nine months ended 30 September*	
		2018	*2017*	***2018***	*2017*
	Note	***KD***	*KD*	***KD***	*KD*
Revenue		**1,494,846**	1,487,079	**5,086,811**	5,357,615
Management fees		**226,314**	203,368	**617,318**	603,687
Cost of revenue		**(1,460,417)**	(1,411,070)	**(4,650,811)**	(4,844,218)
GROSS PROFIT		**260,743**	279,377	**1,053,318**	1,117,084
Other income		**69,441**	4,319	**111,824**	63,786
Interest income		**-**	615	**-**	4,986
(Loss) gain on disposal of property, plant and equipment		**(58,516)**	4,000	**(58,516)**	7,450
Impairment of intangible assets		**(77,251)**	-	**(77,251)**	-
Share of results from an associate		**(370)**	(22,581)	**4,785**	(22,581)
Impairment loss on trade and other receivables		**(17,322)**	(7,630)	**(17,322)**	(17,630)
Administrative expenses		**(370,666)**	(373,320)	**(1,095,660)**	(1,030,320)
Selling and distribution expenses		**(39,851)**	(1,819)	**(65,969)**	(68,086)
Finance costs		**-**	(1,697)	**-**	(2,455)
(LOSS) PROFIT FOR THE PERIOD BEFORE TAX		**(233,792)**	(118,736)	**(144,791)**	52,234
Income taxes on overseas subsidiary		**(1,435)**	(7,664)	**(21,263)**	(17,744)
National Labour Support Tax (NLST)		**(12,123)**	5,623	**(14,606)**	-
Zakat		**540**	1,172	**-**	-
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		**490**	505	**-**	(470)
(LOSS) PROFIT FOR THE PERIOD		**(246,320)**	(119,100)	**(180,660)**	34,020
Attributable to:					
Equity holders of the Parent Company		**(245,906)**	(118,886)	**(180,273)**	33,980
Non-controlling interests		**(414)**	(214)	**(387)**	40
		(246,320)	(119,100)	**(180,660)**	34,020
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	**(4.4) fils**	(2.1) fils	**(3.2) fils**	0.6 fils

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2018

	Three months ended 30 September		*Nine months ended 30 September*	
	2018	*2017*	***2018***	*2017*
	KD	*KD*	***KD***	*KD*
(Loss) profit for the period	**(246,320)**	(119,100)	**(180,660)**	34,020
Other comprehensive income (loss)				
Items of other comprehensive income that will not be reclassified to the profit or loss in subsequent periods:				
Net loss on equity instruments at fair value through other comprehensive income	**(25,100)**	-	**(25,100)**	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operations	**3,082**	917	**1,250**	(57,347)
Net other comprehensive income (loss) for the period	**(22,018)**	917	**(23,850)**	(57,347)
Total comprehensive loss for the period	**(268,338)**	(118,183)	**(204,510)**	(23,327)
Attributable to:				
Equity holders of the Parent Company	**(267,924)**	(117,969)	**(204,123)**	(23,367)
Non-controlling interests	**(414)**	(214)	**(387)**	40
	(268,338)	(118,183)	**(204,510)**	(23,327)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

	Notes	***30 September 2018 KD***	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
ASSETS				
Non-current assets				
Property, plant and equipment		**3,554,736**	3,840,643	3,967,532
Intangible assets		**1,060,877**	1,138,128	1,138,127
Investment in an associate		**28,641**	41,460	41,460
Financial assets at fair value through other comprehensive income		**72,334**	-	-
Available-for-sale financial assets		**-**	97,434	128,303
		4,716,588	5,117,665	5,275,422
Current assets				
Inventories		**278,423**	359,888	412,106
Accounts receivable and prepayments		**2,330,530**	1,892,611	2,165,004
Financial assets at fair value through profit or loss		**71,400**	71,400	71,400
Cash and cash equivalents	4	**782,433**	970,002	1,026,944
		3,462,786	3,293,901	3,675,454
TOTAL ASSETS		**8,179,374**	8,411,566	8,950,876
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)
Fair value reserve		**(65,922)**	(40,822)	(40,822)
Foreign currency translation reserve		**(379,977)**	(381,227)	(376,378)
Other reserve		**(513,600)**	(513,600)	(513,600)
Retained earnings		**(419,134)**	33,834	62,290
Equity attributable to equity holders of the Parent Company		**5,201,983**	5,678,801	5,710,674
Non-controlling interests		**3,265**	(29,368)	(29,401)
Total equity		**5,205,248**	5,649,433	5,681,273
Non-current liabilities				
Employees' end of service benefits		**857,503**	878,052	907,552
Current liabilities				
Accounts payable and accruals		**2,116,623**	1,884,081	2,362,051
Total liabilities		**2,974,126**	2,762,133	3,269,603
TOTAL EQUITY AND LIABILITIES		**8,179,374**	8,411,566	8,950,876

Ahmad Yousef El-Kandari
Chairman

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2018

	Attributable to equity holders of the Parent Company										
	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Treasury shares KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Other reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
Balance at 1 January 2018 before the adoption of IFRS 9 (Audited)	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
Transition adjustment on initial application of IFRS 9 (Note 2.2)	-	-	-	-	-	-	-	(272,695)	(272,695)	-	(272,695)
Adjusted balance as at 1 January 2018	5,775,000	716,137	313,431	(223,952)	(40,822)	(381,227)	(513,600)	(238,861)	5,406,106	(29,368)	5,376,738
Loss for the period	-	-	-	-	-	-	-	(180,273)	(180,273)	(387)	(180,660)
Other comprehensive income for the period	-	-	-	-	(25,100)	1,250	-	-	(23,850)	-	(23,850)
Total comprehensive income (loss) for the period	-	-	-	-	(25,100)	1,250		(180,273)	(204,123)	(387)	(204,510)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	33,020	33,020
At 30 September 2018	**5,775,000**	**716,137**	**313,431**	**(223,952)**	**(65,922)**	**(379,977)**	**(513,600)**	**(419,134)**	**5,201,983**	**3,265**	**5,205,248**
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	-	-	-	-	-	-	-	33,980	33,980	40	34,020
Other comprehensive loss for the period	-	-	-	-	-	(57,347)	-	-	(57,347)	-	(57,347)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(57,347)	-	33,980	(23,367)	40	(23,327)
Cash dividends (Note 11)	-	-	-	-	-	-	-	(282,190)	(282,190)	-	(282,190)
At 30 September 2017	5,775,000	715,421	312,715	(223,952)	(40,822)	(376,378)	(513,600)	62,290	5,710,674	(29,401)	5,681,273

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2018

		Nine months ended 30 September	
	Note	*2018 KD*	*2017 KD*
OPERATING ACTIVITIES			
(Loss) profit for the period before tax		**(144,791)**	52,234
Adjustments to reconcile (loss) profit before tax to net cash flows:			
Depreciation		**285,902**	319,312
Provision for employees' end of service benefits		**129,137**	136,559
Impairment loss on trade and other receivables		**17,322**	17,630
Interest income		**-**	(4,986)
Finance costs		**-**	2,455
Loss (gain) on disposal of property, plant and equipment		**58,516**	(7,450)
Impairment of intangible assets		**77,251**	-
Share of results of an associate		**(4,785)**	22,581
		418,552	538,335
Working capital changes:			
Inventories		**81,465**	60,939
Accounts receivable and prepayments		**(655,589)**	511,350
Accounts payable and accruals		**196,673**	(941,593)
Cash flows used in operations		**41,101**	169,031
Employees' end of service benefits paid		**(149,686)**	(186,163)
Net cash flows used in operating activities		**(108,585)**	(17,132)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(112,010)**	(136,185)
Proceeds from disposal of property, plant and equipment		**-**	7,450
Proceeds from disposal of intangible assets		**-**	57,000
Interest income received		**-**	4,986
Proceeds from liquidation of a subsidiary		**33,020**	-
Net cash flows used in investing activities		**(78,990)**	(66,749)
FINANCING ACTIVITIES			
Finance costs paid		**-**	(2,455)
Dividends paid		**-**	(257,597)
Net cash flows used in financing activities		**-**	(260,052)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(187,575)**	(343,933)
Net foreign exchange differences		**6**	(9,028)
Cash and cash equivalents at 1 January		**970,002**	1,379,905
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	4	**782,433**	1,026,944
Non-cash transactions excluded from the statement of cash flows are as follows:			
Impact on recognition of ECL on accounts receivable		**(272,695)**	-

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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 nine months ended 30 September 2018 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 8 November 2018.

The Parent Company was incorporated on 12 June 1962 in accordance with Companies Law of Kuwait and is listed on the Boursa Kuwait. 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.

On 15 May 2018, the shareholders at the Annual General Meeting (AGM) of the Parent Company approved the consolidated financial statements for the year ended 31 December 2017. No dividends were declared (Note 11).

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

2.1 BASIS OF PREPARATION

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").

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

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those followed 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 as of 1 January 2018.

The Group has not early adopted any other standard, interpretation or amendment that has been issued and not yet effective. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial information of the Group.

The key changes to the Group's accounting policies resulting from the 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 30 September 2017 does not reflect the requirements of IFRS 9 and is not comparable to the information presented for the period ended 30 September 2018.

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.

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)

(a) Classification and measurement (continued)

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVTPL), 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 FVTPL 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 FVTPL 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 profit or loss.

(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 FVTPL. The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

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.

The Group considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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)

(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.

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.

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:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 *KD*	Adjustments *KD*	New carrying amount under IFRS 9 *KD*
Cash and cash equivalents	**Loans and receivables**	Amortised cost	970,002	-	970,002
Accounts receivable (excluding prepayments)	**Loans and receivables**	Amortised cost	1,335,186	(272,695)	1,062,491
Available-for-sale financial assets	**AFS**	FVOCI	97,434	-	97,434
Financial assets at fair value through profit or loss	**FVTPL**	FVTPL	71,400	-	71,400
			2,474,022	(272,695)	2,201,327

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

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

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

IFRS 9 Financial Instruments (continued)

Impact of Adopting IFRS 9

The adoption of the ECL requirements of IFRS 9 resulted in an increase in impairment allowances of the Group's accounts receivable. The increase in allowance resulted in adjustment to retained earnings as follows:

	Retained earnings KD
Closing balance under IAS 39 as at 31 December 2017	5,678,801
Impact on recognition of ECL on accounts receivable :	
ECL under IFRS 9 for financial assets at amortised cost	(272,695)
Total ECL impact on opening balance	(272,695)
Total trausition adjustment on adoption of IFRS 9 as at 1 January 2018	**(272,695)**
Opening balance under IFRS 9 on date of initial application as 1 January 2018	**5,406,106**

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.

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:

	Three months ended 30 September		*Nine months ended 30 September*	
	2018	*2017*	***2018***	*2017*
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	**(245,906)**	(118,886)	**(180,273)**	33,980
Number of shares outstanding:				
Weighted average number of paid up shares	**57,750,000**	57,750,000	**57,750,000**	57,750,000
Weighted average number of treasury shares	**(1,316,700)**	(1,316,700)	**(1,316,700)**	(1,316,700)
Weighted average number of shares	**56,433,300**	56,433,300	**56,433,300**	56,433,300
Basic and diluted earnings per share attributable to equity holders of the Parent Company	**(4.4) fils**	(2.1) fils	**(3.2) fils**	0.6 fils

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

4 CASH AND CASH EQUIVALENTS

	30 September 2018 KD	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
Cash at bank and in hand	**782,433**	970,002	876,944
Short-term deposits with original maturities less than three months	-	-	150,000
	782,433	970,002	1,026,944

5 TREASURY SHARES

	30 September 2018	*(Audited) 31 December 2017*	*30 September 2017*
Number of shares held	**1,316,700**	1,316,700	1,316,700
Percentage of shares held	**2.28%**	2.28%	2.28%
Cost (KD)	**223,952**	223,952	223,952
Market value (KD)	**131,670**	323,908	237,006
Market value per share (fils)	**100**	246	180

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

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 significant transactions with related parties during the period other than those related to 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 30 September 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 30 September 2017: KD 71,400) are managed by a related party.

Key management personnel
Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and outstanding balances related to key management personal were as follows:

	Transactions for the nine months ended 30 September		*Balances outstanding*	
	2018	*2017*	***30 September 2018***	*30 September 2017*
	KD	*KD*	***KD***	*KD*
Key management personnel compensation				
Salaries and short-term benefits	47,364	47,364	142,092	167,712
Employees' end of service benefits	4,554	4,554	13,662	16,128
	51,918	51,918	155,754	183,840

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:

	Hotel management	*Catering and manpower supply services*	*Information technology services*	*Total*
	KD	*KD*	*KD*	*KD*
Nine months ended 30 September 2018				
Revenue	-	4,319,366	106,210	4,425,576
Management fees				
Hotels	617,318	-	-	617,318
Chalets	661,235	-	-	661,235
Results				
Segment profit (loss)	33,647	(233,465)	19,158	(180,660)

7 SEGMENT INFORMATION (continued)

Nine months ended 30 September 2017	*KD*	*KD*	*KD*	*KD*
Revenue	-	4,722,360	150,853	4,873,213
Management fees				
Hotels	603,687	-	-	603,687
Chalets	484,402	-	-	484,402
Results				
Segment profit (loss)	34,077	37,203	(19,046)	52,234

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

	Hotel management KD	*Catering and manpower supply services KD*	*Information technology services KD*	*Total KD*
Assets				
30 September 2018	**4,970,924**	**3,181,608**	**26,842**	**8,179,374**
31 December 2017 (Audited)	3,839,127	4,533,715	38,724	8,411,566
30 September 2017	4,738,548	4,182,561	29,767	8,950,876
Liabilities				
30 September 2018	**1,636,516**	**1,273,856**	**63,754**	**2,974,126**
31 December 2017 (Audited)	1,551,490	1,150,242	60,401	2,762,133
30 September 2017	1,675,688	1,537,083	56,832	3,269,603

8 COMMITMENTS

Operating lease commitments- Group as a lessee

The Group has entered into operating leases on certain premises and a property rented from the Government of Kuwait. These leases have terms between one and five years. The Group has the option, under some of its leases, to renew for a similar term.

Future minimum rentals payable under operating leases are, as follows:

	30 September 2018 KD	*(Audited) 31 December 2017 KD*	*30 September 2017 KD*
Within one year	**94,818**	383,352	301,557
After one year but not more than five years	**890,500**	681,220	485,943
	985,318	1,064,572	787,500

9 CONTINGENCIES

At the reporting date, the Group has provided performance bank guarantees to its customers amounting to KD 1,466,539 (31 December 2017: KD 1,868,600 and 30 September 2017: KD 1,931,309). It is anticipated that no material liabilities will arise.

10 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset, liability or financial instrument could be exchanged or settled between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, financial assets at fair value through profit or loss, receivables and financial assets through other comprehensive income. Financial liabilities consist of accounts payable and accruals.

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

11 DISTRIBUTIONS MADE AND PROPOSED

- The Parent Company's Board of Directors in their meeting held on 27 March 2018 did not propose cash dividends for the year ended 31 December 2017. This proposal has been approved by the shareholders at the AGM on 15 May 2018.

- The Parent Company's Board of Directors in their meeting held on 19 March 2017 proposed cash dividends of 4.9 fils per share (aggregating to KD 282,190) for the year ended 31 December 2016. This proposal has been approved by the shareholders at the AGM on 13 June 2017.