

**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 nine months period ended 30 September 2023

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

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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 30 September 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 nine 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 nine months period ended 30 September 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 30 October 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 nine months period ended 30 September 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 nine months period ended 30 September 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: 17 October 2023

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 September 2023

		30 September 2023	31 December 2022 (Audited)	30 September 2022
	Notes	KD	KD	KD
ASSETS				
Non-current assets				
Property and equipment		746,659	837,865	865,967
Investment properties		1,199,107	1,270,172	1,294,211
Investment in associates		152,717	223,346	225,441
Financial assets at fair value through other comprehensive income		735	39,480	4,512
		<u>2,099,218</u>	<u>2,370,863</u>	<u>2,390,131</u>
Current assets				
Inventories		4,978	4,626	6,092
Debtors and other debit balances		1,807,974	1,672,219	1,938,604
Due from a related party	3	-	87,368	87,360
Financial assets at fair value through profit or loss		-	-	50,456
Cash and cash equivalents	4	4,106,211	2,798,390	2,808,904
		<u>5,919,163</u>	<u>4,562,603</u>	<u>4,891,416</u>
Total assets		<u><u>8,018,381</u></u>	<u><u>6,933,466</u></u>	<u><u>7,281,547</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		5,775,000	5,775,000	5,775,000
Treasury shares	5	(223,952)	(223,952)	(223,952)
Statutory reserve		839,017	839,017	775,721
Voluntary reserve		436,311	436,311	373,015
Other reserve		(429,003)	(513,600)	(513,600)
Fair value reserve		(64,364)	(133,535)	(129,545)
Foreign currencies translation adjustments		(441,691)	(416,508)	(390,609)
Accumulated losses		(292,805)	(993,964)	(971,833)
Equity attributable to the shareholders of the Parent Company		<u>5,598,513</u>	<u>4,768,769</u>	<u>4,694,197</u>
Non-controlling interests		643	350	305
Total equity		<u><u>5,599,156</u></u>	<u><u>4,769,119</u></u>	<u><u>4,694,502</u></u>
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		436,954	476,359	691,481
		<u>436,954</u>	<u>476,359</u>	<u>691,481</u>
Current liabilities				
Creditors and other credit balances		1,982,271	1,687,988	1,895,564
		<u>1,982,271</u>	<u>1,687,988</u>	<u>1,895,564</u>
Total liabilities		<u><u>2,419,225</u></u>	<u><u>2,164,347</u></u>	<u><u>2,587,045</u></u>
Total equity and liabilities		<u><u>8,018,381</u></u>	<u><u>6,933,466</u></u>	<u><u>7,281,547</u></u>

The accompanying notes on pages 7 to 19 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 nine months period ended 30 September 2023

	Notes	For the three months period ended 30 September		For the nine months period ended 30 September	
		2023	2022	2023	2022
		KD	KD	KD	KD
Continuing operations					
Revenue					
Revenue from contracts with customers		805,681	802,435	2,435,037	2,376,038
Management fees		278,153	157,015	708,049	413,771
Rental income		296,587	296,316	889,147	870,207
		<u>1,380,421</u>	<u>1,255,766</u>	<u>4,032,233</u>	<u>3,660,016</u>
Cost of sales		(886,263)	(858,122)	(2,581,762)	(2,506,420)
Gross profit		<u>494,158</u>	<u>397,644</u>	<u>1,450,471</u>	<u>1,153,596</u>
Group's share of results from associates		(1,241)	4,244	(212)	14,913
Gain on sale of property and equipment		-	125,493	8,400	130,078
Other income	6	58,214	28,366	149,126	102,677
		<u>551,131</u>	<u>555,747</u>	<u>1,607,785</u>	<u>1,401,264</u>
Expenses					
General and administrative expenses		(192,985)	(214,997)	(494,662)	(658,717)
Reversal / (provision) for expected credit losses		36,080	(110,695)	1,966	(134,295)
Provision for a legal case		(70,079)	-	(70,079)	-
Net foreign currencies exchange differences		(49,014)	(7,008)	(79,003)	(29,795)
		<u>(275,998)</u>	<u>(332,700)</u>	<u>(641,778)</u>	<u>(822,807)</u>
Profit for the period from continuing operations before deductions		<u>275,133</u>	<u>223,047</u>	<u>966,007</u>	<u>578,457</u>
Kuwait Foundation for the Advancement of Sciences		(2,783)	(1,952)	(8,172)	(4,962)
National Labor Support Tax		(8,580)	(8,603)	(23,356)	(17,578)
Zakat		(7,910)	(3,441)	(14,181)	(7,031)
Income tax on overseas operations		(370)	(621)	(4,400)	(1,687)
Profit for the period from continuing operations		<u>255,490</u>	<u>208,430</u>	<u>915,898</u>	<u>547,199</u>
Discontinued operation					
Profit / (loss) for the period from discontinued operation	7	34,153	(15,276)	(57,932)	(49,384)
Profit for the period		<u>289,643</u>	<u>193,154</u>	<u>857,966</u>	<u>497,815</u>
Attributable to:					
The Parent Company's Shareholders		289,562	192,570	857,673	497,224
Non-controlling interests		81	584	293	591
		<u>289,643</u>	<u>193,154</u>	<u>857,966</u>	<u>497,815</u>
Basic and diluted earnings per share from the continuing operations attributable to the Shareholders of the Parent Company					
	8	4.53	3.69	16.23	9.70
Basic and diluted earnings / (loss) per share from the discontinued operation attributable to the Shareholders of the Parent Company					
	8	<u>0.60</u>	<u>(0.27)</u>	<u>(1.03)</u>	<u>(0.88)</u>
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)					
	8	<u>5.13</u>	<u>3.42</u>	<u>15.20</u>	<u>8.82</u>

The accompanying notes on pages 7 to 19 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 nine months period ended 30 September 2023

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2023	2022	2023	2022
	KD	KD	KD	KD
Profit for the period	289,643	193,154	857,966	497,815
Other comprehensive income / (loss)				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Foreign currencies translation adjustments	492	3,267	(25,183)	(17,640)
<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	-	(3,147)	(2,746)	(4,507)
Other comprehensive income / (loss) for the period	492	120	(27,929)	(22,147)
Total comprehensive income for the period	<u>290,135</u>	<u>193,274</u>	<u>830,037</u>	<u>475,668</u>
Attributable to:				
The parent Company's shareholder	290,054	192,690	829,744	475,077
Non-controlling interests	81	584	293	591
	<u>290,135</u>	<u>193,274</u>	<u>830,037</u>	<u>475,668</u>
Attributable to:				
Continuing operations	255,982	208,550	887,969	525,052
Discontinued operation	34,153	(15,276)	(57,932)	(49,384)
	<u>290,135</u>	<u>193,274</u>	<u>830,037</u>	<u>475,668</u>

The accompanying notes on pages 7 to 19 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 nine months period ended 30 September 2023

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserve	Fair value reserve	Foreign currencies translation adjustments	Accumulated losses	Equity attributable to Shareholders of the Parent Company	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 January 2022	5,775,000	(223,952)	775,721	373,015	(513,600)	(125,038)	(372,969)	(1,186,892)	4,501,285	(286)	4,500,999
Profit for the period	-	-	-	-	-	-	-	497,224	497,224	591	497,815
Other comprehensive loss for the period	-	-	-	-	-	(4,507)	(17,640)	-	(22,147)	-	(22,147)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(4,507)	(17,640)	497,224	475,077	591	475,668
Dividends paid	-	-	-	-	-	-	-	(282,165)	(282,165)	-	(282,165)
Balance as at 30 September 2022	<u>5,775,000</u>	<u>(223,952)</u>	<u>775,721</u>	<u>373,015</u>	<u>(513,600)</u>	<u>(129,545)</u>	<u>(390,609)</u>	<u>(971,833)</u>	<u>4,694,197</u>	<u>305</u>	<u>4,694,502</u>
Balance as at 1 January 2023	5,775,000	(223,952)	839,017	436,311	(513,600)	(133,535)	(416,508)	(993,964)	4,768,769	350	4,769,119
Profit for the period	-	-	-	-	-	-	-	857,673	857,673	293	857,966
Other comprehensive loss for the period	-	-	-	-	-	(2,746)	(25,183)	-	(27,929)	-	(27,929)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(2,746)	(25,183)	857,673	829,744	293	830,037
Impact of disposal of a subsidiary (Note 7)	-	-	-	-	84,597	-	-	(84,597)	-	-	-
Impact of disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	71,917	-	(71,917)	-	-	-
Balance as at 30 September 2023	<u>5,775,000</u>	<u>(223,952)</u>	<u>839,017</u>	<u>436,311</u>	<u>(429,003)</u>	<u>(64,364)</u>	<u>(441,691)</u>	<u>(292,805)</u>	<u>5,598,513</u>	<u>643</u>	<u>5,599,156</u>

The accompanying notes on pages 7 to 19 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 nine months period ended 30 September 2023

	Notes	For the nine months period ended 30 September	
		2023	2022
		KD	KD
Cash flows from operating activities			
Profit for the period from continuing operations		915,898	547,199
Loss for the period from discontinued operation	7	(57,932)	(49,384)
<i>Adjustments for:</i>			
(Reversal) / provision for expected credit losses		(1,966)	134,295
Net foreign currencies exchange differences		79,003	29,795
Group's share of results from associates		212	14,913
Depreciation		155,433	189,564
Provision for a legal case		70,079	-
Gain on sale of property and equipment		(8,400)	(130,078)
Changes in fair value of financial assets at fair value through profit or loss	6	-	25,280
Gain from disposal of a subsidiary	7	(55,189)	-
Interest income	6	(63,479)	(17,566)
Provision for end of service indemnity		64,715	83,904
		<u>1,098,374</u>	<u>827,922</u>
Change in operating assets and liabilities			
Inventories		(352)	450
Debtors and other debit balances		(281,209)	(910,914)
Due from a related party		87,368	43,605
Creditors and other credit balances		317,083	277,387
Due to related parties		8,424	(69,705)
<i>Cash generated from operations</i>		<u>1,229,688</u>	<u>168,745</u>
End of service indemnity paid		(104,120)	(43,580)
Taxes paid		-	(10,728)
Net cash flows generated from operating activities		<u>1,125,568</u>	<u>114,437</u>
Cash flows from investing activities			
Paid for purchase of property and equipment		(2,387)	(4,929)
Proceeds from sale property and equipment		17,524	130,705
Dividends received from investment in associate		60,000	-
Net change in investment in associate		-	(3,901)
Proceeds from sale of Financial assets at fair value through other comprehensive income		35,999	-
Proceeds from disposal of a subsidiary	7	30,000	-
Interest income received		63,479	17,566
Net cash flows generated from investing activities		<u>204,615</u>	<u>139,441</u>
Cash flows from financing activities			
Dividends paid		-	(253,955)
Net cash flows used in financing activities		<u>-</u>	<u>(253,955)</u>
Net increase / (decrease) in cash and cash equivalents		1,330,183	(77)
Cash and cash equivalents balances disposed off	7	(121)	-
Effect of foreign currencies translation adjustments		(22,241)	(1,273)
Cash and cash equivalents at the beginning of the period		<u>2,798,390</u>	<u>2,810,254</u>
Cash and cash equivalents at the end of the period	4	<u>4,106,211</u>	<u>2,808,904</u>

The accompanying notes on pages 7 to 19 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 nine months period ended 30 September 2023

1. INCORPORATION AND ACTIVITIES

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

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

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

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

The Parent Company is owned by Petrobrit Kuwait General Trading & Contracting Company W.L.L. by 34.21%.

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 nine months period ended 30 September 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 nine months period ended 30 September 2023 was authorised for issue by the Board of Directors of the Parent Company on 17 October 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.

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

2. BASIS OF PREPARATION (CONTINUED)

2.1 Changes in significant accounting policies

New standards, interpretations and amendments adopted by the Group

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

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

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

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

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of consolidation

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

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

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

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

* 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 favour of the Group.

** During the current period ended 30 September 2023, the Group had disposed its 100% ownership in Ramo Trading Company W.L.L (Note 7).

*** During the current period ended 30 September 2023, the Parent Company has incorporated a fully owned subsidiary "Four Corners S.P.C."

The interim condensed consolidated financial information of the subsidiaries was consolidated through interim condensed consolidated financial information prepared by the management as at 30 September 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 nine months period ended 30 September 2023

2. BASIS OF PREPARATION (CONTINUED)

2.3 Associates

Set out below are the associates of the Group:

<u>Name of associate</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Ownership (%)</u>		
			<u>30 September 2023</u>	<u>31 December 2022 (Audited)</u>	<u>30 September 2022</u>
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%

* During the current period ended 30 September 2023, the Group had disposed its 100% ownership in subsidiary 'Ramo Trading Company W.L.L. who owns 50% in Milk Box Caterin Company W.L.L. (Note 7).

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

<u>Associate</u>	<u>30 September 2023</u>	<u>31 December 2022 (Audited)</u>	<u>30 September 2022</u>
<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>
Due from a related party	-	87,368	87,360

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3. RELATED PARTIES' DISCLOSURES (CONTINUED)

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

Associate	For the three months period ended 30 September		For the nine months period ended 30 September	
	2023	2022	2023	2022
	KD	KD	KD	KD
Rental income	14,688	3,672	-	-
Revenue from contracts with customers	-	-	-	308,522
Cost of sales	-	-	-	(52,800)
Administrative expenses	-	-	-	(23,268)
Management fees	-	-	-	72,055
Other income	10,800	2,700	-	-

Key management personnel:

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2023	2022	2023	2022
	KD	KD	KD	KD
Salaries and short-term benefits	22,851	44,463	68,553	133,391
End of service benefits	1,428	3,723	4,284	11,170
	<u>24,279</u>	<u>48,186</u>	<u>72,837</u>	<u>144,561</u>

4. CASH AND CASH EQUIVALENTS

	(Audited)		
	30 September 2023	31 December 2022	30 September 2022
	KD	KD	KD
Bank balances and cash on hand	1,276,211	1,977,955	1,378,535
Short term deposits*	2,830,000	820,435	1,430,369
	<u>4,106,211</u>	<u>2,798,390</u>	<u>2,808,904</u>

* The effective interest rate on short term deposits ranges from 4.125% to 4.25% (31 December 2022: from 1% to 3.375% and 30 September 2022: from 1.75% to 2%) per annum. These deposits have an average maturity of 90 days.

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5. TREASURY SHARES

	<u>30 September 2023</u>	<u>31 December 2022 (Audited)</u>	<u>30 September 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)	260,706	233,056	242,273
Cost (KD)	223,952	223,952	223,952

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

6. OTHER INCOME

	<u>For the three months period ended 30 September</u>		<u>For the nine months period ended 30 September</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	KD	KD	KD	KD
Cleaning and maintenance services	21,821	21,821	65,466	57,717
Chalet transfer charges	8,000	2,000	12,000	12,000
Changes in fair value of financial assets at fair value through profit or loss	-	(13,179)	-	(25,280)
Interest income	25,861	6,287	63,479	17,566
Miscellaneous income	2,532	11,437	8,181	40,674
	<u>58,214</u>	<u>28,366</u>	<u>149,126</u>	<u>102,677</u>

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7. DISCONTINUED OPERATION

During the current period 30 September 2023, the Management of Safat Catering Services Company K.S.C.C (a subsidiary for the Group by ownership of 100%) had sold its 100% equity interest in its subsidiary " Ramo Trading Company W.L.L " ("subsidiary") to other party of non-related parties and resulted in a gain from disposal of a subsidiary of KD 55,189 which has been recognised in the interim condensed consolidated statement of profit or loss as part of the discontinued operation results. In addition, other reserves amounting to KD 84,597 that was recognised previously in year 2011 when the Parent Company acquired the remaining 49% from non-controlling interests is written off against the accumulated losses. The legal process was finalised on 16 August 2023, accordingly, control over the subsidiary company is passed to the acquirer.

Analysis of assets and liabilities related to the subsidiary which control is lost on:

	As at 16 August 2023 (Disposal date)
	<u>KD</u>
Assets	
Property and equipment	101
Accounts receivable and other debit balances	95,892
Banks balances and cash	121
	<u>96,114</u>
Liabilities	
Accounts payable and other credit balances	92,879
Due to a related party	8,424
	<u>101,303</u>
Net deficit	<u>(5,189)</u>
The ownership of the Shareholders of Parent Company in the subsidiary disposed – 100%	<u>5,189</u>
Net investment disposed	5,189
Total consideration *	50,000
Gain from disposal of a subsidiary	<u>55,189</u>
* Net consideration received includes the followings:	
Consideration received in cash and cash equivalents	30,000
Note receivable included in debtors and other debit balances	20,000
	<u>50,000</u>
Net cash flows on disposal of a subsidiary	
Consideration received in cash and cash equivalents	30,000
Consideration represents in note receivable included in debtors and other debit balances	20,000
Less: Cash and cash equivalents balances disposed off	<u>(121)</u>
	<u>49,879</u>

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7. DISCONTINUED OPERATION (CONTINUED)

The following is discontinued operation related to the subsidiary recognised in the interim condensed consolidated statement of profit or loss till the disposal date. The comparative information of the interim condensed consolidated statement of profit or loss relating to the discontinued operation has been re-presented to include this operation classified as discontinued operation in the current period.

	For the period ended 16 August 2023 (Disposal date)	For the nine months period ended 30 September 2022
	KD	KD
Revenue	4,397	385
Expenses	(117,518)	(49,769)
Net loss for the period	(113,121)	(49,384)
Net loss for the period from discontinued operation	(113,121)	(49,384)

The interim condensed consolidated other comprehensive income does not include any balances or transactions related to the discontinued operation.

The interim condensed consolidated statement of cash flows includes the following amounts relating to the subsidiary's operations till the disposal date. The comparative information of the interim condensed consolidated statement of cash flows relating to the discontinued operation has been re-presented to include this operation classified as discontinued operation in the current period.

	For the period ended 16 August 2023 (Disposal date)	For the nine months period ended 30 September 2022
	KD	KD
Net cash flows generating from / (used in) operating activities	5,189	(87,119)
	5,189	(87,119)

The Management presented the loss from discontinued operation as follows:

	For the nine month period ended 30 September	
	2023	2022
	KD	KD
Share of the results from a subsidiary	(113,121)	(49,384)
Gain from disposal of a subsidiary	55,189	-
Loss from discontinued operation	(57,932)	(49,384)

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8. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

Basic and diluted earnings / (loss) per share is computed by dividing the profit / (loss) 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 / (loss) per share based on the weighted average number of shares outstanding during the period is as follows:

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2023	2022	2023	2022
Profit for the period from continuing operations attributable to the Shareholders of the Parent Company ("KD")	255,490	208,430	915,898	547,199
Profit / (loss) for the period/(loss) from discontinued operation attributable to the Shareholders of the Parent Company ("KD")	34,153	(15,276)	(57,932)	(49,384)
Profit for the period attributable to the Shareholders of the Parent Company ("KD")	289,562	192,570	857,673	497,224
Number of the Parent Company's outstanding shares (share)	57,750,000	57,750,000	57,750,000	57,750,000
Less: weighted average number of the Parent Company's treasury shares (share)	(1,316,700)	(1,316,700)	(1,316,700)	(1,316,700)
Weighted average number of the Parent Company's outstanding shares (share)	56,433,300	56,433,300	56,433,300	56,433,300
Basic and diluted earnings per share from continuing operation attributable to the Shareholders of the Parent Company ("fils")	4.53	3.69	16.23	9.70
Basic and diluted earnings / (loss) per share from discontinuing operation attributable to Shareholders of the Parent Company ("fils")	0.60	(0.27)	(1.03)	(0.88)
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company ("fils")	5.13	3.42	15.20	8.82

Basic and diluted earnings / (loss) per share of the presented comparative period is adjusted to reflect the adjusting profit / (loss) from continuing and discontinuing operation attributable to Shareholders of the Parent Company to reflect the reclassification of the discontinuing operation.

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9. SEGMENT REPORTING

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

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

	For the nine months period ended 30 September 2023		
	Hotel management	Catering and manpower supply services	Total
	KD	KD	KD
Segment revenues	1,746,545	2,443,214	4,189,759
Segment results	357,734	608,273	966,007
Total assets	635,084	7,383,297	8,018,381
Total liabilities	114,629	2,304,596	2,419,225
	For the year ended 31 December 2022		
	Hotel management	Catering and manpower supply services	Total
	KD	KD	KD
Total assets	5,110,731	1,822,735	6,933,466
Total liabilities	1,526,456	637,891	2,164,347
	For the nine months period ended 30 September 2022		
	Hotel management	Catering and manpower supply services	Total
	KD	KD	KD
Segment revenues	1,406,003	2,501,681	3,907,684
Segment results	47,368	531,089	578,457
Total assets	5,497,953	1,783,594	7,281,547
Total liabilities	1,956,426	630,619	2,587,045

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10. 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.

11. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

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

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

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

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

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11. FAIR VALUE MEASUREMENT (CONTINUED)

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD
31 December 2022 (Audited)			
<i>Financial assets</i>			
<i>Financial assets at fair value through other comprehensive income</i>			
Local quoted securities	38,745	-	38,745
Local unquoted securities	-	735	735
	<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
30 September 2022			
<i>Financial assets</i>			
<i>Financial assets at fair value through profit or loss</i>			
Local unquoted securities	-	50,456	50,456
<i>Financial assets at fair value through other comprehensive income</i>			
Local unquoted securities	-	4,512	4,512

Reconciliation of Level 3 fair value measurements:

	<u>Financial assets at fair value through other comprehensive income</u>
	KD
30 September 2023	
As at 1 January 2023	735
30 September 2023	<u>735</u>
31 December 2022 (Audited)	
As at 1 January 2022	9,019
Disposal during the year	(7,955)
Change in fair value	(329)
31 December 2022 (Audited)	<u>735</u>
30 September 2022	
As at 1 January 2022	9,019
Change in fair value	(4,507)
30 September 2022	<u>4,512</u>

11. FAIR VALUE MEASUREMENT (CONTINUED)

	Financial assets at fair value through profit or loss
	KD
30 September 2023	
As at 1 January 2023	-
30 September 2023	-
31 December 2022 (Audited)	
As at 1 January 2022	75,736
Disposal during the year	(41,964)
Change in fair value	(33,772)
31 December 2022 (Audited)	-
30 September 2022	
As at 1 January 2022	75,736
Change in fair value	(25,280)
30 September 2022	50,456

The Parent Company's management believes that no significant changes have occurred in the fair value of the investment properties during the nine months period ended 30 September 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.

12. COMPARATIVE FIGURES

The comparative figures for the interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of profit or loss and other comprehensive income and interim condensed consolidated statement of cash flows for the financial period ended 30 September 2022 have been reclassified to conform with the current period presentation, such reclassification did not affect previously reported total profit or total equity.