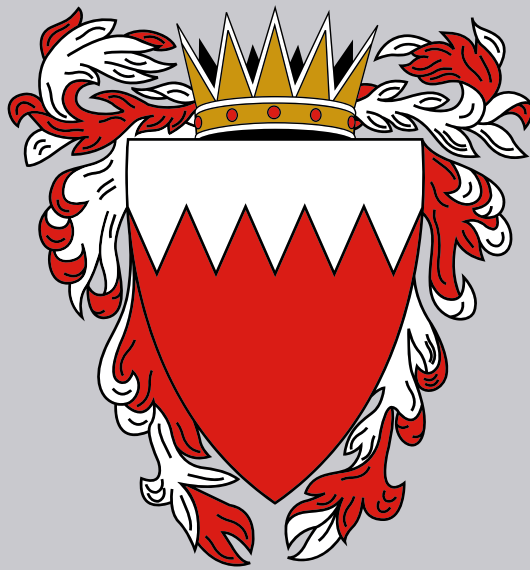


ANNUAL REPORT 2022

50 YEARS



مجموعة فنادق الخليج
GULF HOTELS
GROUP





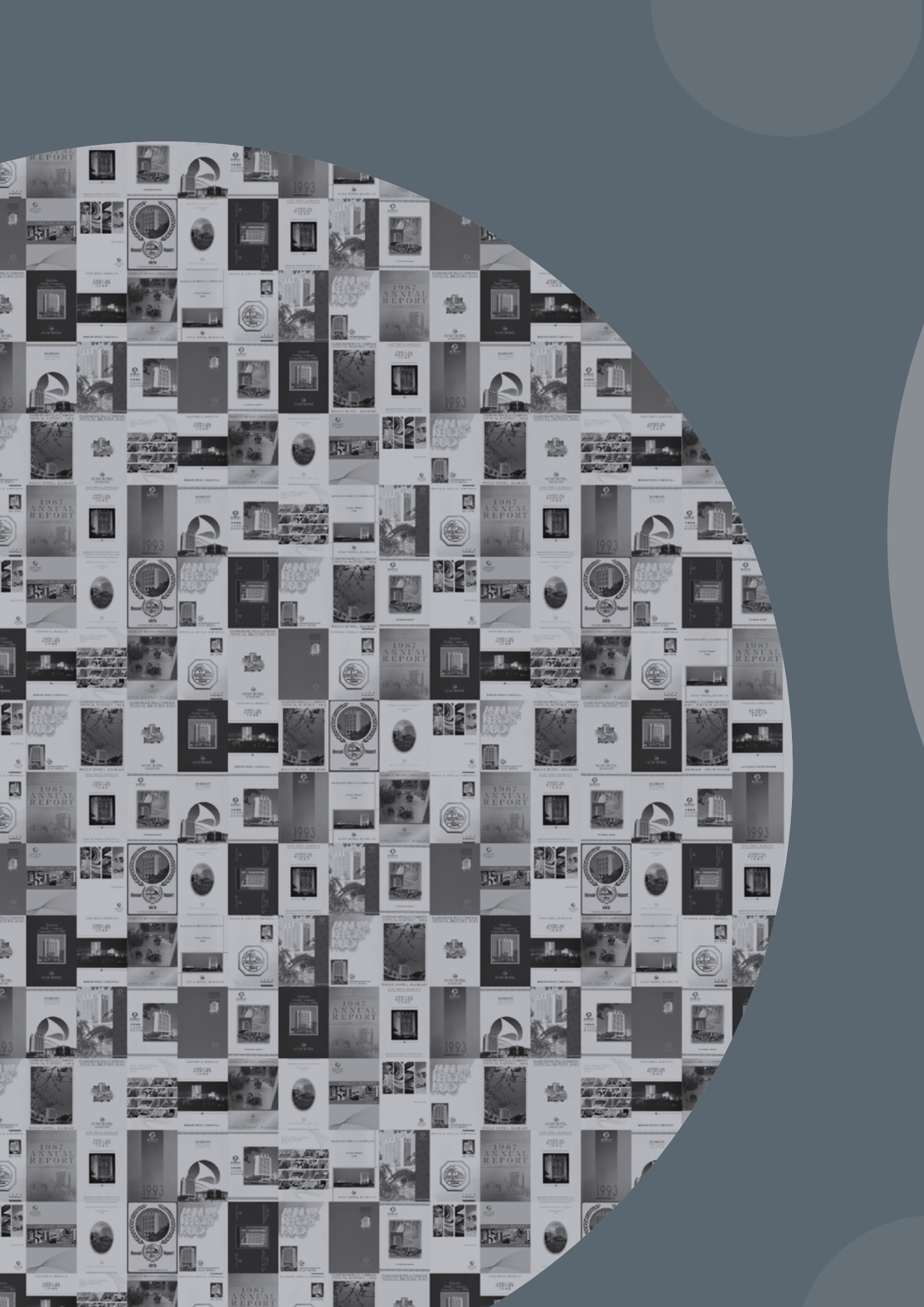
**His Majesty King
Hamad bin Isa
Al Khalifa**

The King of the
Kingdom of Bahrain



**His Royal Highness
Prince Salman bin Hamad
Al Khalifa**

The Crown Prince and
Prime Minister



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A STORY OF RESILIENCE

55 YEARS OF RESILIENCE

Since its inception in 1968, Gulf Hotels Group had set a vision for itself – to thrive in hospitality - and for any organization to be able to withstand the unpredictable, it must develop resilience to always emerge stronger. With that vision at sight, innovative business models and strategies were developed by the Board of Directors & Executive Management to endure uncertainties, maintain robust performance and continuously evolve the company.

٥٥ عاماً من التآلق

نصبت مجموعة فنادق الخليج لنفسها رؤية واضحة منذ مزاولتها أعمالها في عام ١٩٦٨ وهي الارتقاء بمستويات الضيافة الفندقية وتوفير خدمات لا مثيل لها. وعلى أي شركة تطمح للصمود في وجهه التقلبات التي تطرأ على الأسواق العالمية والإقليمية أن تعتمد استراتيجيات مرنة ومبتكرة لتواكب تلك التغيرات وهذا ما اعتمدته المجموعة بمنضلة رؤية أعضاء مجلس الإدارة وطاقتهم الإدارية التنفيذية لاستمرارية الأعمال بنجاح وثبات.



CORPORATE OVERVIEW

UNRIVALLED STANDARD OF HOSPITALITY

Gulf Hotels Group B.S.C is a public limited liability company quoted on the Bahrain Stock Exchange incorporated in 1967, under the name of Bahrain Hotels Company. The Group is chaired by Mr. Farouk Almoayyed and is led by a Board of distinguished, well-established and influential businessmen. The vision of the then Bahrain Hotels Company was to provide a standard of hospitality unrivalled on the Island, which was duly delivered with the opening of Bahrain's first 5 star property, the Gulf Hotel. 55 years later, this philosophy remains the same although the Group has continually expanded and upgraded its services to meet the modern day demands.

مجموعة فنادق الخليج (ش.م.ب) هي شركة عامة ذات مسؤولية محدودة مدرجة في بورصة البحرين تأسست عام ١٩٦٧، تحت مسمى شركة فنادق البحرين. ويترأس السيد فاروق يوسف المؤيد مجلس إدارة المجموعة بالإضافة إلى نخبة لامعة من رجال أعمال بارزين لهم وزنهم وتأثيرهم في المنطقة. ونصبت المجموعة لنفسها منذ تأسيسها رؤية واضحة وهي توفير مستوى من الضيافة لا مثيل له في البحرين والتي تم تحقيقها رسمياً مع افتتاح أول فندق خمس نجوم في البحرين وهو فندق الخليج. وبعد مرور خمس وخمسون عاماً، لا تزال هذه الرؤية نصب عين المجموعة في حين أن فندق الخليج مستمر في مواكبة التطورات التي تطرأ على قطاع الفنادق والضيافة واستمراره في عمليات التوسع والتطوير إقليمياً وعالمياً.

Our Mission

Our purpose is to provide first class facilities and services by delivering the best standards, offering warm, friendly hospitality and ensuring the highest levels of customer satisfaction with the aim of diversifying the Group's activities and expanding its portfolio.

رسالة المجموعة

نهدف إلى تقديم أرقى الخدمات والتسهيلات بالاعتماد على أفضل المعايير التي تكفل حسن الضيافة وضمان رضى العملاء وكسب ثقتهم آخذين في الاعتبار تنوع أنشطة المجموعة وتنمية مواردها.

55 YEARS A STORY OF RESILIENCE

Inception of Bahrain Hotels Company

مزاولة أعمال شركة فنادق البحرين

1968



1969

Opening of Gulf Hotel; pictured is the Hotel's first guest

افتتاح فندق الخليج ويظهر في الصورة أول ضيف في الفندق

Bahrain Hotels Company (today known as Gulf Hotels Group) acquired the beverage distribution company Vinsales; it later became Gulf Cellar and more recently rebranded as Gulf Brands International

استحوذت شركة فنادق البحرين (المعروفة اليوم باسم مجموعة فنادق الخليج) على شركة توزيع المشروبات Vinsales والتي أصبحت فيما بعد جلف سيلر وتم تغيير علامتها التجارية مؤخراً إلى جلف براندز إنترناشيونال

1975



٥٥ عاماً من التألق

Opening of the newly constructed
Tower Block Hotel

افتتاح مبنى الفندق الجديد

1980



1983

Internationally recognized Furusato
Japanese food chain – established in
7 countries- opened its first Middle
East branch in Gulf Hotel Bahrain

قامت إدارة الفندق بالتوقيع مع شركة فورساتو
اليابانية بافتتاح فرعها الثامن والوحيد في
الشرق الأوسط للعلامة التجارية ذاتها في فندق
الخليج والذي يعرف اليوم بمطعم ساتو

The largest exhibition and convention
facility linked to a hotel opened
in Bahrain under the name "Gulf
International Convention Centre"

تم افتتاح "مركز الخليج الدولي للمؤتمرات"
متصلاً بالفندق والذي يعتبر حتى اليوم من
أرقى وأكبر مراكز المؤتمرات في المنطقة

1997



CHAIRMAN STATEMENT

On behalf of the Board of Directors, I have the pleasure of submitting the Annual Report and Financial Statements of the Gulf Hotels Group BSC, for the year ended 31st December 2022.

2022 has seen a strong bounce back from the Covid-19 pandemic period with both the hospitality and retail divisions enjoying strong growth on 2021. The management's efforts to keep a tight control of costs has meant that, although revenues are yet to recover to pre-pandemic levels, the bottom line delivery has exceeded 2019, due to lower overhead expenses and depreciation.

Gulf Hotel Bahrain Convention & Spa

The Gulf Hotel delivered a 15% occupancy growth and a 50% growth on covers served compared to 2021. The welcome return of business in the MICE market resulted in a 275% increase in covers served in the Gulf Convention Centre.

Crowne Plaza Hotel, Bahrain

The Company has now converted the Crowne Plaza Hotel from a management contract to a franchise operation, meaning that the Group's management now operate the hotel. This paid very positive dividends for the property in the last quarter of 2022, with occupancy growth in Q4 exceeding 22%.

Gulf Court Hotel Business Bay, Dubai

Our Dubai property also recorded a very strong year, helped by the EXPO event in Q1 of 2022, delivering almost 400% growth in the property's GOP.

Gulf Executive Residence, Juffair

The Group's long-stay apartment properties performed exceptionally well.

Bahrain Airport Hotel

The Bahrain Airport Hotel, opened in 2021 in the new international airport terminal, benefited from the return of passenger traffic in 2022, improving occupancies by 125% on last year.

The K Hotel

Owned by Mokan WLL and operated by Gulf Hotels Group, the K Hotel continued to be a leading hotel in Bahrain's four star market, delivering double digit occupancy growth and substantial profit growth in 2022.

Ocean Paradise Resort, Zanzibar

GHG is both a shareholder and operator of this 100 room, African themed property. The strong return of leisure travel help the property substantially exceed expectations in 2022.

In Q2, the Group signed a management contract with GINO Holding to operate a 218-bedroom hotel and adjacent water park in Tbilisi, Georgia. The hotel will enjoy its grand opening early in 2023 and will offer Bahrainis a 'home-away-from-home' in the rapidly expanding Georgia tourism market, serviced from Bahrain by Gulf Air.

GROSS OPERATING PROFIT

BD 12,271,914

NET PROFIT

BD 6,669,015

The Group continues its expansion strategy having recently signed an agreement to manage a four star hotel in the Seef district, the full details of which will be announced shortly, once administrative procedures have been completed. The management team continues to work on expansion opportunities in KSA and in the Georgia market and we expect to announce a further expansion here in Bahrain in Q1 2023.

Results

- Gross Operating Revenue amounted to BD 31,395,416 plus other revenue amounting to BD 4,492,498.
- Gross Operating Profit amounted to BD 12,271,914
- Net Profit amounted to BD 6,669,015

The increase in revenue of BD 8.394 million or 36.5% against last year is attributed to the business pickup across the group's units which, resulted in a net profit of BD 6,669,015 vs. BD 3,396,338 in 2021; such profit was achieved by an increase in profit from associates of BD 693,599, increase in dividend income of BD 67,116; BD 819,228 from gain on sale of owned land, increase in management fees by BD 152,412 and BD 172,473 increase in restaurants & office/ shops rental; increase in interest income BD 201,562. While last year GHG enjoyed a government support of BD 365,145 and impairment reversal on PP&E of BD 1.732 million. On the other hand, Operation expenses have increased proportionately of BD 6.084 million with the increase in revenue, the interest expenses decreased by BD 312,725 from the previous year and Depreciation reduced by BD 734,000.

Proposed Appropriations

Considering the results achieved by the company and keeping in mind the Group's financial commitment and the uncertain trading conditions will continue to impact on cash flows in 2023.

The Directors are pleased to recommend for the approval of shareholders the following appropriations:

- Dividend of 25% (BD 5,649,872) equal to 25 fils per share.
- Board of Director's remuneration BD 180,000

Future Projects

The Group and Management is also working on adding new hotels to the portfolio by securing new hotel management contracts.

Acknowledgments

On behalf of the shareholders of Gulf Hotels Group BSC, the Board of Directors would like to express sincere gratitude and appreciation to H.M. King Hamad Bin Isa Al Khalifa, the Crown Prince the Prime Minister Salman Bin Hamad Al Khalifa, the Ministers, Undersecretaries, Directors, and Heads of Government Departments, for the immeasurable interest, guidance, and encouragement accorded to Gulf Hotels Group BSC.

We extend the same sentiments to our clients, patrons, and most of all, the people of Bahrain. We thank you for your continued support, trust, and confidence as we strive for progress.

The success of the Company in a very challenging year would not have been possible without the hard work and dedication of the Company's management and staff. The Board of Directors joins me in revealing our appreciation to the entire Gulf Hotels Group Management Team under the guidance of Garfield Jones, Chief Executive Officer. We also thank the management and all our divisions' staff who have worked tirelessly to produce the best possible results in challenging conditions. We are privileged to have such a committed and capable team and are confident that this team will continue to generate the best possible results in the future.

Farouk Yousuf Almoayyed

Chairman of the Board



The Board of Directors joins me in revealing our appreciation to the entire Gulf Hotels Group Management Team under the guidance of its Chief Executive Officer.

55 YEARS A STORY OF RESILIENCE

The Group opened "Ocean Paradise Resort & Spa" in Zanzibar becoming its first international property

أصبح "منتجع وسبا أوشن باراديس" في زنجبار أول فندق دولي للمجموعة

2004



Acquisition of Bahrain Tourism Company owners of Crowne Plaza Hotel

الاستحواذ على شركة البحرين للسياحة المالكة لفندق كراون بلازا

2016



2015

"Rasoi by Vineet" opened in the Gulf Hotel to be Bahrain's first fine dining restaurant operated by a Michelin star chef

تم افتتاح أول مطعم بإدارة شيف حائز على نجمة ميشلان في البحرين والذي اتخذ من فندق الخليج مقراً له تحت اسم "راسوي باي فينييت"

٥٥ عاماً من التألق

Incorporation of the Sri Lanka based company to develop and focus on delivering quality product at a market leading price point

تأسيس شركة مقرها سريلانكا لتطوير والتركيز على تقديم منتج عالي الجودة بسعر منافس في السوق



Bahraini Chef Tala Bashmi opened "Fusions by Tala" at the Gulf Hotel in 2019, which won MENA's first ever top female Chef in 2022 as well as being ranked #93 in the world's best 100 Chefs for 2022 in Spain

تم افتتاح "فيوشنز باي تالا" عام ٢٠١٩، وفازت الشيف البحرينية تالا بشمي بلقب "أفضل طاهية في منطقة الشرق الأوسط وشمال إفريقيا عن فئة النساء في عام ٢٠٢٢". وفي العام ذاته، احتلت المرتبة ٩٣ في أفضل ١٠٠ طاه على مستوى العالم

2018



2019

The Group's first GCC expansion was in Dubai - UAE- where "Gulf Court Hotel Business Bay" was opened featuring 270 rooms with top-class facilities for both leisure and business.

تم افتتاح فندق "جلف كورت - الخليج التجاري" ليكون أول فندق للمجموعة في دول مجلس التعاون الخليجي في دبي - الإمارات العربية المتحدة - ويضم ٢٧٠ غرفة مع مرافق من الدرجة الأولى لفرض السياحة أو العمل.



BOARD OF DIRECTORS



6



7



8



10



9



1. Farouk Yousuf Almoayyed
Chairman of the Board

2. Fawzi Ahmed Kanoo
Vice Chairman

3. Khalid Mohamed Kanoo
Director

4. Ahmed Mohamed Janahi
Director

5. Olivier Harnisch
Director

6. Khalid Taqi
Director

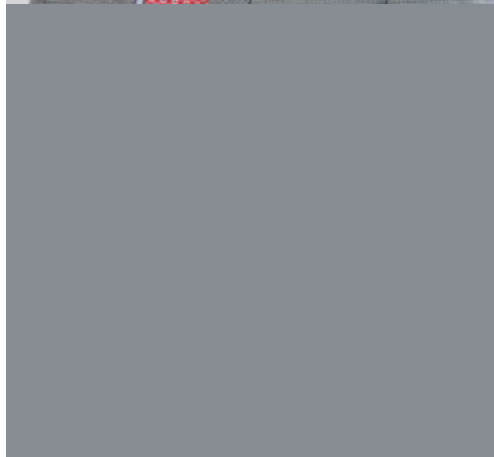
7. Mohamed Jassim Buzizi
Director & Advisor to the
Chairman & Business
Development Consultant

8. Adel Husain Al-Maskati
Director

9. Jassim Hasan Abdulaal
Chairman, Board Audit
Committee

10. Andrew Day
Director

EXECUTIVE MANAGEMENT



6



7



8



10



1. **Garfield Jones**
Chief Executive Officer
2. **Charbel Sarkis**
Chief Financial Officer
3. **Fares Yactine**
General Manager Gulf Hotel
Bahrain & Vice President
Middle East & Africa
4. **Shaheed Elaiwi**
Director of Finance & Board
Secretary
5. **Roshan Tennakoon**
Technical Services Director

6. **Rochelle Castillejos**
Director of Revenue,
Distribution & Optimization
7. **Shuvendu Bakshi**
Director of Projects
8. **Amit Puri**
Director of Human
Resources & Development
9. **Darvi Varghese**
Director of Procurement
10. **Fatima H. Bahlool**
Director of Marketing
Communications & PR

9



55 YEARS - A STORY OF RESILIENCE

EXECUTIVE MANAGEMENT

(Continued)

The Gulf Hotel Bahrain Convention & Spa

Fares Yactine
General Manager Gulf Hotel &
Vice President Middle East & Africa

Hameed Ali
Deputy General Manager

Dileep Mattal
Financial Controller

Sunuj Deen
Director Food & Beverage

Ibrahim Ahmed
Director of Front Office

Yazan Al Hayek
Director of Sales



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Website

gulphotelbahrain.com

Gulf Brands International

Travis Thompson
General Manager

Balakrishnan Malattiri
Financial Controller

Jack Booth
Head of Home Shopping

Rajan Mathur
Procurement Manager

Kristina Gribinets
E-marketing & Insight Manager



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Website

gulfbrandsinternational.com

EXECUTIVE MANAGEMENT

(Continued)

The K Hotel - Bahrain

Hussain Al Samahiji
General Manager

SallyAnn Abreu
Asst. Director of Sales & Marketing

Syam Krishnan
Financial Controller

Jimmy Mathew
Chief Engineer

Ekaterine Usanetashvili
Food & Beverage Manager

Mohammed Qaed Askar
Chief Security



Contact

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Website

thekhotel.com

Gulf Court Hotel Business Bay - Dubai

Frederic Gitzner
General Manager

Ibrahim Abdulla
Human Resources Manager

Muhammed Fairos
Financial Controller

Djamel Guermit
Revenue Manager

Ashraf Eid
Director of Sales & Marketing

Austine Obare
Front Office Manager



Contact

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Website

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55 YEARS - A STORY OF RESILIENCE

EXECUTIVE MANAGEMENT

(Continued)

Crowne Plaza Hotel

Charbel Hanna
General Manager

Amr Fahmy
Director of Finance & Business Support

Amr Banouna
Director of Sales & Marketing

Pascal Etienne
Director of Food & Beverage & i/c
of Culinary

Ameer Parambath
Executive Housekeeper

Jagath Rammandala
Chief Engineer

Contact

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Gulf Hotel Laundry Services

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Business Development Manager

Justin Antony
Accountant

Sadiz lyadorai
Laundry Manager

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GHG Colombo

Rahul Kashyap
Business Development Director

Patrick Gregory
Director of Sales

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Website

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EXECUTIVE MANAGEMENT

(Continued)

55 YEARS - A STORY OF RESILIENCE

Ocean Paradise Resort & Spa - Zanzibar

Bernd Brandt
General Manager

Satish Shetty
Information Technology Manager

Ramanan Nawraj
Financial Controller

Antonie Du Preez
Sales & Marketing Manager

Scott Anderson
F&B Manager

Venkat Rao
Chief Engineer

Contact

T +255 77 44409901995

Website

oceanparadisезanzibar.com



Asdal Gulf Inn - Bahrain

Kumar Ashwani
General Manager

Christian Martizano
Sales Executive

Pamela Wilson
Rooms Division Manager

Pravee Kose
Kitchen and F&B In-charge

Abbas Fardan
Personnel Manager - HR

Teny Thomas
Cluster Assistant IT Manager

Contact

T +973 66311311 F +973 66311312 E info@asdalgulfinn.com

Website

asdalgulfinn.com



Gulf Aquamarine Hotel & GINO Paradise

Contact

20 Beshnova Street, Tbilisi Georgia

Website

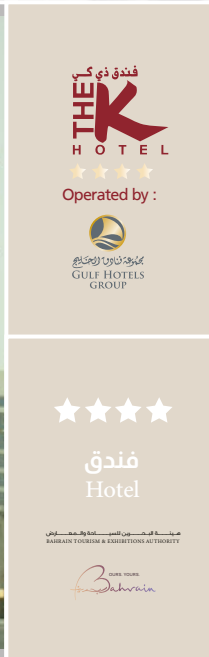
gulfaquamarinehotel.com



GROUP PORTFOLIO

Delivering unrivalled standard of hospitality through a diversified portfolio of hotels.

تقدم المجموعة معايير ضيافة لا مثيل لها من خلال مجموعة متنوعة من الفنادق.





OCEAN PARADISE RESORT
was officially opened on
8th December 2004
by
H.E. Amani Abeid Karume
President of Zanzibar



GROUP PORTFOLIO

(Continued)

Gulf Hotel Bahrain Convention & Spa

Bahrain's first 5 star hotel opened in 1969 in the heart of Adliya. Renowned for being the largest hotel in Bahrain featuring 361 rooms and suites and offers a superb choice of award winning restaurants and lounges, in addition to a 3 storey spa and health club.

تم افتتاحه كأول فندق من فئة الخمس نجوم في البحرين في عام ١٩٦٩ متخذاً منطقة العدلية. ويضم فندق الخليج ٣٦١ غرفة وجناح بالإضافة إلى باقة رائعة من القاعات والمطاعم الحائزة على العديد من الجوائز، كما يضم المنتجع الصحي (سبا الخليج) والنادي الرياضي.



Gulf Convention Centre

The Gulf Hotel's hugely successful Gulf Convention Centre was the first and largest exhibition facility linked to a hotel when it opened in 1997. It was fully renovated in 2018 featuring spectacular multi-spectrum chandeliers that change colour to suite all themes complemented by a state-of-the-art built in sound system and high digital HD screens.

أول مركز رئيسي للاجتماعات بالمملكة تم افتتاحه في العام ١٩٩٧، والذي تم تجديده عام ٢٠١٨ متميزاً بحلة جديدة لجميع مرافقه والتي تم تطويرها وتجهيزها بأحدث ما وصلت إليه التكنولوجيا في مجال المؤتمرات والمعارض مما رسخ مكانته كأكبر وأكثر مرافق المؤتمرات والولائم المتميزة في المملكة.



Gulf Hotel Laundry Services

The two-storey commercial laundry is a state-of-the-art facility, which services the requirements of more than 30 hotels, restaurants and airlines and launders over a million pieces each month.

يتكون مبنى خدمات مغسلة فندق الخليج من طابقين مجهزين بأحدث التقنيات العصرية في هذا المجال. وتقدم المغسلة مستوى عالي من الخدمات لزبائن فندق الخليج بالإضافة إلى أكثر من ٣٠ فندق ومطعم وخطوط الطيران وتقوم بغسل أكثر من مليون قطعة شهرياً.



GROUP PORTFOLIO

(Continued)

Gulf Executive Offices

Located adjacent to the Gulf Hotel, these executive offices offer 7,000 sqm of prime space, along with a 600 bay multi-storey car park. The Gulf Executive Officers benefit from having a unique location in the heart of Manama as well as easy access to the main highways.

يوفر مبنى مكاتب الخليج الفاخرة والموازي لمبنى الفندق ٧٠٠٠ متر مربع من المساحات المكتبية الفارهة بالإضافة إلى أكثر من ٦٠٠ موقف للسيارات. وتمتاز مكاتب الخليج الفاخرة بموقعها الفريد حيث يمكن الوصول إليها بسهولة بسبب موقعها القريب من الشارع العام.



Gulf Executive Residence

The Gulf Executive Residence offers 97 apartments and a total of 162 rooms, with distinctive modern and luxurious furnishings. Being located within the Gulf Hotel ensures its residents utmost luxury and comfort.

يضم مبنى أجنحة الخليج الفاخرة ٩٧ شقة فخمة بإجمالي ١٦٢ غرفة ويتمتع المقيمون في أجنحة الخليج الفاخرة بسهولة الوصول إلى جميع المرافق والخدمات المتوفرة في فندق الخليج.



Gulf Court Hotel Business Bay Dubai

Ideally situated by Dubai's Water Canal, the 4-star deluxe Gulf Court Hotel features 270 tastefully designed rooms and suites alongside a conference centre, spa and a fitness centre; the hotel also holds a variety of outlets to satisfy every taste.

يقدم الفندق خيارات متنوعة من الغرف والأجنحة يبلغ عددها ٢٧٠ غرفة كما يضم مركز الاجتماعات والولائم والمسبح والنادي الرياضي إضافة إلى عدة خيارات من المطاعم المختلفة.



GROUP PORTFOLIO

(Continued)

The Gulf Executive Residence Juffair

This luxurious property opened in 2018 in Juffair and offers 109 elegantly designed apartments ideal for both business and leisure. Each luxury apartment provides a harmonious comfort and convenience. The building boasts a rooftop temperature controlled pool, gym and sauna.

تقع هذه الشقق الفاخرة التي تقدمها مجموعة فنادق الخليج في منطقة الجفير وتم افتتاحها في ديسمبر من العام ٢٠١٨، وتضم ١٠٩ شقة فندقية فاخرة بتصميم عالي الجودة لتوفير أقصى سبل الراحة والرفاهية وتعتبر مكاناً مثالياً للإقامة سواء للعمل أو للترفيه.



Crowne Plaza Hotel

In 2016, Gulf Hotels Group acquired Bahrain Tourism Company, which owns the 278 bedroom Crowne Plaza Hotel and Bahrain Conference Centre. The 5-star hotel under franchise from the InterContinental Hotel Group, has undergone an extensive renovation and is perfectly situated in the heart of the Diplomatic Area.

استحوذت مجموعة فنادق الخليج في عام ٢٠١٦ على أسهم شركة البحرين للسياحة والتي يندرج تحت مظلتها فندق كروان بلازا البحرين والذي يحتوي على ٢٧٨ غرفة فندقية بالإضافة إلى مركز البحرين للمؤتمرات. ويقع فندق كرون بلازا ذو الخمس نجوم، وسط مدينة المنامة وبالتحديد في المنطقة الدبلوماسية، وتديره مجموعة فنادق إنتركونتيننتال العالمية. وفي الآونة الأخيرة خضع الفندق لأعمال تجديد واسعة النطاق مقدماً لضيوفه العديد من الخدمات والمرافق المصممة خصيصاً لراحتهم.



The K Hotel

Managed by Gulf Hotels Group, The K Hotel consists of 240 luxurious, contemporary rooms and suites and offers services and amenities of 5-star hotels at affordable rates.

يحتوي الفندق والذي تديره مجموعة فنادق الخليج على ٢٤٠ غرفة وأجنحة سكنية ذات تصميم عصري والتي تضاهي مثيلاتها من الغرف في فئة فنادق الخمس نجوم بما تقدمه من وسائل ترفيهية للزبائن وذلك بأسعار تنافسية تعادل أسعار فنادق الخمس نجوم.



GROUP PORTFOLIO

(Continued)

The Gulf Spa

The Gulf Spa consists of three floors of ultimate luxury to guarantee a memorable and unique experience. Offering a variety of exceptional services performed by a team of professional therapists.

يتكون سبا الخليج من ثلاثة طوابق مجهزة بأحدث الأجهزة والمرافق. ويقدم باقة من الخدمات المتميزة والتي تتضمن جلسات العناية بالوجه والجسم بأحدث التقنيات بالإضافة إلى العلاجات المختلفة والتي تتم جميعها على أيدي فريق من المعالجين المحترفين.



Asdal Gulf Inn - Boutique Hotel

Situated at the Seef District, Asdal Gulf Inn Hotel offers 89 beautifully appointed rooms and suites which are all designed to satisfy the most discerning traveler.

يقع فندق أسدال جلف إن في منطقة ضاحية السيف على مسافة قريبة من مراكز التسوق الكبرى، ويضم ٨٩ غرفة مصممة على أحدث طراز لإرضاء أذواق المسافرين المتميزين.



Ocean Paradise Resort and Spa - Zanzibar

Considered one of the leading resorts in Zanzibar, the resort is set within 65,000 sqm on beautifully landscaped gardens, with statuesque palm trees, a sandy white beach overlooking the stunning turquoise water of the Indian Ocean.

يعد منتجع وسبا أوشن براديس أحد أفضل المنتجعات في زنجبار، ويقع على مساحة ٦٥ ألف متر مربع في شمال شرق الجزيرة ووسط منطقة رائعة الجمال ذات مناظر خلابة، حيث الحداثق الغناء وأشجار جوز الهند اليانعة وشواطئ الرمال اللؤلؤية البيضاء مطلا على المحيط الهندي ذو المياه الفيرونية.



GROUP PORTFOLIO

(Continued)

Bahrain Airport Hotel

Partially owned by the Group and operated on behalf of Bahrain Airport Hotel Company, the hotel is located opposite departure gate 15 in the new Bahrain International Airport and provides passengers with equipped and spacious family rooms and state-of-the-art sleeping pods.

يقع فندق مطار البحرين والذي تملكه المجموعة جزئياً وتشرف على إدارته في مطار البحرين الدولي الجديد مقابل بوابة المغادرة ١٥ حيث يضم الفندق خيارات مختلفة من الغرف الصغيرة والغرف العائلية المجهزة بالكامل، إضافة إلى مقصورات النوم تتسع لشخص واحد.



Gulf Aquamarine Hotel & GINO Paradise

In 2022, Gulf Hotels Group signed a contract with GINO Holding – in Tbilisi, Georgia – to manage the Hotel and its amenities which include a luxurious Spa and an Aqua-park. The Hotel opened for business late 2022 with the official opening scheduled for early 2023.

بعد فندق غلف أكوامارين في مدينة تبليسي، جورجيا أول مشروع تجاري للمجموعة في القارة الأوروبية حيث ستدير المجموعة الفندق ومرافقة الفاخرة نيابة عن ملاكه من جورجيا - مجموعة جينو القابضة - والذي يستقبل الزوار حالياً ومن المرجح افتتاحه رسمياً بداية ٢٠٢٣.



Upcoming projects

Novotel Al Dana Resort

As part of its strategy to expand internationally as well as locally, Gulf Hotels Group is in the process of acquiring the Novotel Al Dana Resort in Bahrain, following a mutual agreement with Al Jazeera Tourism Company.

نماشياً مع استراتيجية المجموعة للتوسع محلياً وعالمياً، فهي حالياً في صدد إتمام عملية الاستحواذ على منتجع نوفوتيل الدانة في مملكة البحرين بعد اتفاق متبادل مع شركة الجزيرة للسياحة.

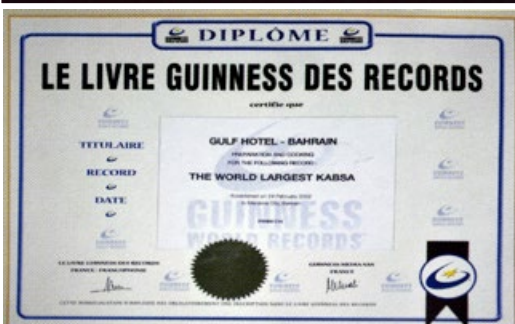


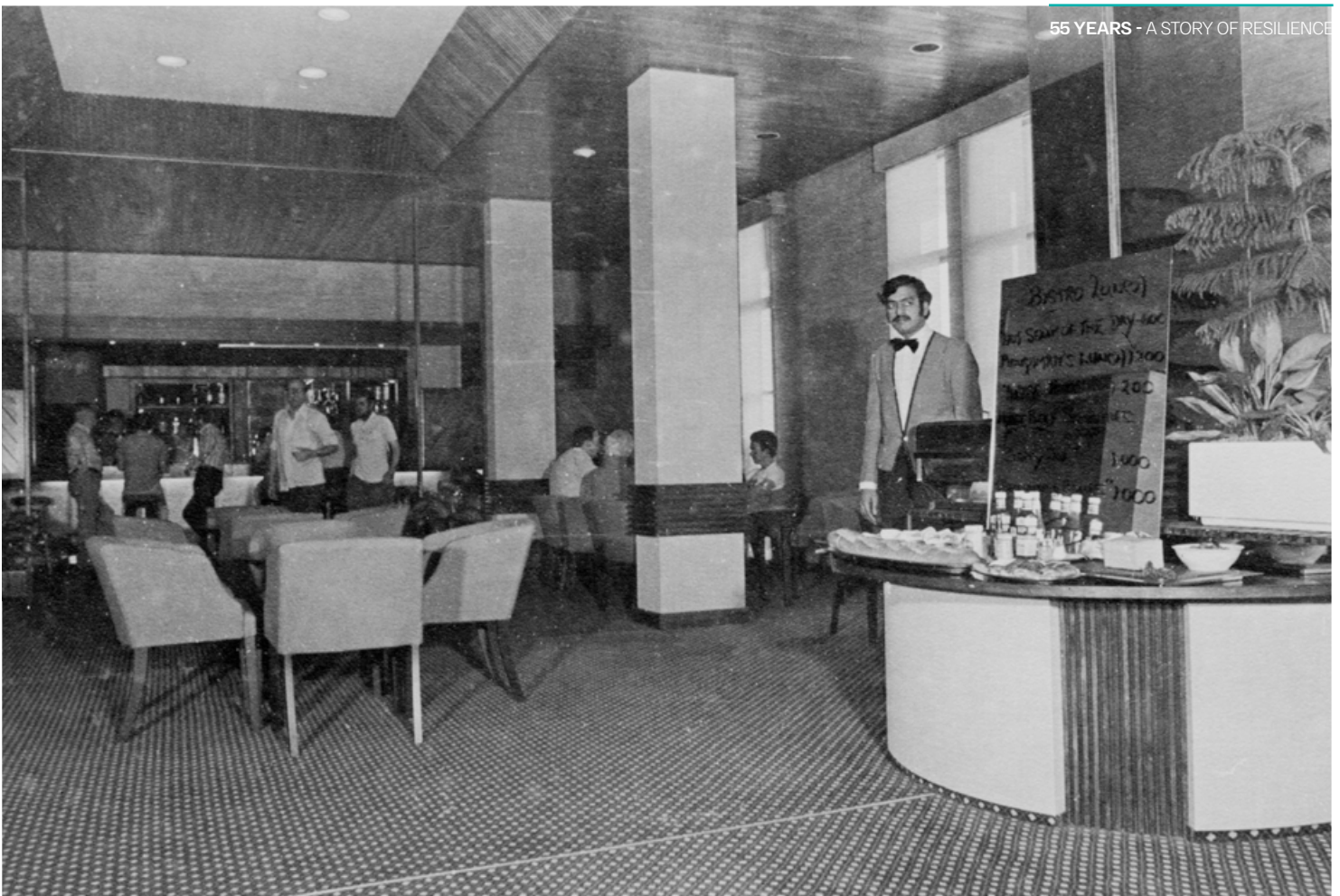


RESTAURANTS

For 55 years, The Gulf Hotel has brought the finest cuisines from around the world to the shores of Bahrain. Firmly positioned as a gastronomic paradise, the hotel houses 13 of Bahrain's leading fine dining restaurants, cafes and lounges.

يشتهر فندق الخليج على امتداد خمس وخمسون عاماً بأشهر وأرقى المطاعم الرائدة في المملكة حيث يقدم باقة رائعة من المطاعم المميزة من مختلف أنحاء العالم.





RESTAURANTS

(Continued)

China Garden

Designed in contemporary Chinese style offering a wide selection of Szechuan, Cantonese and Pekingese specialties authentically prepared by our team of Chinese Chefs.

مصمم على الطراز الصيني المعاصر ويقدم مجموعة واسعة من الأطباق التقليدية والحديثة معدة خصيصاً بأيدي طهاة مهرة من الصين.

Winner of Fact Awards 2022 Best Chinese Restaurant



La Pergola

The renowned Italian restaurant is famous for using the highest quality ingredients; every hand roller pasta, kneaded dough and unique sauce is a labour of talent and love.

يشتهر المطعم الإيطالي العريق باستخدامه لمكونات عالية الجودة خلال عملية إعداد المعكرونة والعجين والصلصات الفريدة من نوعها يومياً.



Sato

Sato restaurant has earned itself a reputation for serving the absolute best Japanese cuisine. The restaurant boasts three Teppanyaki rooms, three tatami rooms and a beautiful sushi bar overlooking the lush tropical gardens and pool.

يتمتع مطعم ساتو والذي يعتبر من أشهر المطاعم اليابانية في المملكة بسمعة طيبة لتقديمه أفضل المأكولات اليابانية. يحتوي المطعم على ثلاث غرف تبنيكي وثلاث غرف تاتامي بالإضافة إلى صالة التقديم الرئيسية المصممة على الطريقة التقليدية للمنازل والحدائق اليابانية.

Winner of Fact Awards 2022 Favourite Japanese Restaurant



RESTAURANTS

(Continued)

Royal Thai

A magnificent Thai palace overlooking the vast tropical gardens and turquoise waters of the lagoon style swimming pool. Royal Thai offers an exotic setting to relish world class Thai cuisine.

يطل مطعم رويال تاي على حدائق بنيت على الطراز الاستوائي متناغمة مع جو المطعم حيث الشعور بالأجواء التايلندية يرافقها أشهر الأكلات التايلندية والمأكولات البحرية.

Winner of Fact Awards 2022 Favourite Thai Restaurant



Fusions by Tala

A multiple award winning restaurant where ingredients of memory and Bahrain tradition are whipped into a frenzy of new and daring dishes by Chef Tala Bashmi. Fusions by Tala offers a synergy of Middle Eastern cuisine and fine dining where local cooking, techniques and ingredients meet.

يتميز المطعم "فيوشنز باي تالا" الحائز على عدد من الجوائز بقدرته على تقديم الأطباق البحرينية التقليدية بطريقة فريدة وحديثة، حيث تدمج المقادير والمكونات الشرق أوسطية مع أساليب الطهي المبتكرة والحديثة لتقدم أشهى وأطيب الأطباق والمأكولات الفاخرة.



- Awarded as Best Female Chef in MENA region 50 Best awards 2022
- Awarded as 39th Best Restaurant in MENA region 50 Best awards 2022
- Awarded as 93rd Best Chef The Best Chef awards in Spain 2022
- Winner of Fact Awards 2022 Best Fusion Restaurant
- Awarded Best Restaurant in Bahrain MENA region
- Awarded 3rd Best Restaurant in MENA region 50 Best awards 2023
- Awarded Highest Climber award in MENA region 2023

RESTAURANTS

(Continued)

Takht Jamsheed

Taking inspiration from Persia's royal palace of Takht Jamsheed, this chic restaurant offers a fine-dining experience enjoyed with daily live entertainment.

يتميز مطعم تخت جمشيد بتصاميمه الداخلية التقليدية الساحرة والجداريات المستوحاة من الحضارة الفارسية. ويقدم المطعم لضيوفه أشهر الأطباق الإيرانية الأصلية التي يتم إعدادها بأيدي طهاة مختصون على أنغام الموسيقى الإيرانية.

Winner of Fact Awards 2022 Best Persian Restaurant



Margarita Mexicana

This authentic restaurant combines indigenous ingredients with contemporary flair to the Mexican cuisine delivering upscale dining experience. It is the first fine-dining Mexican restaurant in Bahrain when it first opened its doors in 2009.

تجمع قائمة الطعام في مارغريتا مكسيكانا بين المكونات المكسيكية الأصلية والذوق المعاصر لتقديم تجربه مميزة مستوحاة من التراث المكسيكي. تم افتتاح المطعم في أكتوبر ٢٠٠٩ وهو أول مطعم راقي يقدم المأكولات المكسيكية في البحرين.

Winner of Fact Awards 2022 Favourite Mexican Restaurant



Al Waha

Al Waha is a popular all day dining spot within the Gulf Hotel Bahrain where guests can enjoy dishes from all over the world featuring an array of buffet options including local and international dishes.

يقدم مطعم الواحة لضيوفه مجموعة واسعة من المأكولات التي تضم الأطباق المحلية والعالمية يومياً وعلى مدار الساعة.



RESTAURANTS

(Continued)

Rasoi by Vineet

The first fine-dining restaurant in Bahrain operated by a Michelin star Chef; renowned chef-restaurateur Vineet Bhatia has a signature interpretation of Indian cuisine that is reflected in his specially crafted menus. Rasoi by Vineet is known as one of the most beautiful restaurants in Bahrain and is overlooked by a team of Indian chefs creating the finest food from the show-kitchen.

أول مطعم في البحرين يديره شيف حائز على تصنيف ميشلان العالمي. يقدم الشيف الشهير فينيت باتيا مفهومًا مميزًا للمطبخ الهندي الذي يتجلى في قوائمه المعدة خصيصًا. يُعرف المطعم بأنه أحد أفضل المطاعم في البحرين ويشرف عليه فريق من الطهاة الهنود المختصون.

- Winner of Fact Awards 2022 Best Indian Restaurant
- Awarded as Best Fine Dining Restaurant by BBC Good Food Middle East Magazine 2022



Zahle

An icon of Lebanese entertainment, Zahle presents exceptional gastronomy dining with an unsurpassed live entertainment program featuring renowned Lebanese singers alongside a belly dancer.

يعد مطعم زحلة رمزاً للترفيه اللبناني والمكان المفضل في البحرين لأجيال عديده، يحي أمسيات ليلية تضم مطربين لبنانيين مشهورين إلى جانب عروض الرقص الشرقي.

Winner of Fact Awards 2022 Favourite Lebanese Restaurant



Sherlock Holmes

Renowned as one of the best places on the island to watch sporting events, Sherlock Holmes presents a revitalizing and cozy booth setting with an old English feel.

يعتبر شيرلوك هولمز أحد أفضل الوجهات في البحرين لمشاهدة الأحداث الرياضية والاستمتاع بالمشروبات والمأكولات الخفيفة، كما يضم شاشات تلفزيونية في كل زواياه بتقنية عالية.

Winner of Fact Awards 2022 Favourite Pub



RESTAURANTS

(Continued)

Café Délices

Located at the shopping arcade on the ground floor of the Gulf Executive Residence, Café Délices is the ideal place to enjoy coffee breaks and indulge in delicious pastries, freshly baked cakes and homemade chocolates. It also serves a variety of traditional Bahraini breakfast served freshly daily.

يقع كافيه ديليس في مركز التسوق في الطابق الأرضي من مبنى أجنحة الخليج الفاخرة، وهو المكان المثالي للاستمتاع باستراحة قهوة سريعة أو الحصول على المعجنات اللذيذة والكعك المخبوز الطازج والحلويات الرائعة والشوكولاتة. كما يمكنكم أيضاً الاستمتاع بوجبة إفطار تضم مجموعة مختارة من الأطباق البحرينية التقليدية والتي تقدم طازجة حسب ذوقكم.



The Oak Lounge

Conveniently located just a few steps away from the lobby, The Oak Lounge is the perfect location for informal business meetings alongside a wide variety of fine spirits and malts.

يتمتع بموقع ملائم على بعد خطوات قليلة من بهو الفندق، وهو المكان المثالي لاجتماعات الأعمال الغير رسمية، مع الاستمتاع بنكهة سيجارك المفضل.



Typhoon

Nestled amongst the tropical greenery of the hotel's spectacular gardens, guests can enjoy refreshing cocktails, Thai finger food, shisha and live entertainment in the lush setting of Typhoon patio.

يقع وسط الحديقة الاستوائية المذهلة في الفندق ويتمتع الضيوف بالكوكتييلات المنعشة والمقبلات التايلاندية والشيشة مع الترفيه الحي في أجواء لطيفة.



RESTAURANTS

(Continued)

The Palace Lounge

Perfectly overlooking the Palace Garden where informal meetings can be held whilst enjoying a selection of savories and pastries.

تقع قاعة القصر على بعد خطوات قليلة من بهو الفندق، لتكون الموقع المثالي لاجتماعات الأعمال الغير رسمية، والاستمتاع بمجموعة مختارة من الحلويات والمعجنات من قائمة مأكولاتنا الخاصة.



Al Andalus Lounge

Centrally located at the end of the hotel lobby, amidst many of the hotels' renowned restaurants, The Andalus Lounge is the place to meet and enjoy a wide variety of sweets, juices and homemade pastries to suit all tastes.

هو ملتقى الزوار في بهو الفندق متوسطاً العديد من مطاعم الفندق الشهيرة، ليكون المكان المناسب للإلقاء والاستمتاع بخيارات واسعة من الحلويات والفطائر الطازجة محلية الصنع لتتناسب مع كافة الأذواق.



REMINISCENCE





NEW YEAR'S EVE GALA DINNER

503

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BAHRAIN

presents

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31st December 1983

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تصريح دخول
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the thrill of
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النور الميكانيكي
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THE GULF HOTEL BAHRAIN
PROUDLY PRESENTS
DICKIE HENDERSON

On the 24th & 25th. February

TICKETS BD 12 (including dinner)

Tel: 233000

COMMUNITY ROLE

Committing to the idea that supporting of charitable communities through giving is a cornerstone of any business and a belief to go by.

Gulf Hotels Group makes annual donations as part of its ongoing initiative to support organizations that provide valuable services to the community in various fields.

تحرص مجموعة فنادق الخليج على القيام بدورها المجتمعي من خلال المساهمة في النشاطات الاجتماعية ودعم الجهات الخيرية المختلفة وذلك عبر خطة المجموعة التي تهدف إلى المشاركة الإيجابية في المجتمع، حيث تقوم مجموعة فنادق الخليج بتقديم الدعم المادي والتبرعات بشكل سنوي كجزء من مبادراتها المستمرة في سبيل دعم مختلف أوجه الأنشطة المجتمعية.



AWARDS

Bahrain Formula 1 Grand Prix

The Gulf Hotel Bahrain Convention and Spa provided the catering service for the Bahrain Grand Prix Formula 1 event since 2017.

Awards

Almost all of The Gulf Hotel Bahrain restaurants received Fact Dining Awards in recognition of the quality of food and exceptional service. Its most recent achievement is Chef Tala Bashmi – Chef Patron at Fusions by Tala – winning 2 awards at Middle East & North Africa's 50 Best Restaurants Awards ceremony. She was also ranked #93 in the world's best 100 Chefs for 2022 held in Spain. Additionally, renowned Michelin star Chef Vineet Bhatia operating "Rasoi by Vineet" at The Gulf Hotel Bahrain was awarded best fine dining restaurant by BBC Good Food Middle East Magazine in 2022.

سباق جائزة البحرين الكبرى للفورمولا ١

يقدم فندق الخليج البحرين للمؤتمرات وسبا خدمة تموين الطعام لفعالية جائزة البحرين الكبرى للفورمولا ١ منذ ٢٠١٧.

الجوائز

نظراً لرؤية فندق الخليج بتقديم تجربة استثنائية لضيوفه بالإضافة توفير أعلى مستويات الراحة وخدمات الضيافة، فقد حصلت معظم مطاعم الفندق على Fact Dining Awards في عام ٢٠٢٢ تقديراً لجودة الطعام والخدمة الاستثنائية المقدمة. كما حازت الشيف تالا بشمي - شيف باترون بمطعم فيوشنز باي تالا - على جائزتين في حفل جوائز الخمسين مطعماً في الشرق الأوسط وشمال إفريقيا. كما احتلت الشيف تالا بشمي المركز ٩٣ من أفضل ١٠٠ طاه على مستوى العالم في إسبانيا. وحصل الشيف الشهير فينيت باتيا الحاصل على نجمتي ميشلان والذي يدير مطعمه "Rasoi by Vineet" في فندق الخليج البحرين على جائزة أفضل مطعم فاخر من قبل مجلة BBC Good Food Middle East لعام ٢٠٢٢.



Consolidated Financial Statements

31 December 2022

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GENERAL INFORMATION

Gulf Hotels Group B.S.C. ("the Company") is a public joint stock company domiciled in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 950.

SHARE CAPITAL

Authorised	: BD 30,000,000 (2021: BD 30,000,000) divided into 300,000,000 shares (2021: 300,000,000 shares) of 100 fils each
Issued and fully paid-up	: BD 22,599,487 (2021: BD 22,599,487)

BOARD OF DIRECTORS

: Farouk Yousuf Almoayyed (Chairman)
 : Fawzi Ahmed Kanoo (Vice Chairman)
 : Khalid Mohamed Kanoo
 : Ahmed Mohamed Ali Mohamed Janahi
 : Olivier Harnisch
 : Andrew John Day
 : Khalid Hussain Ali Mohammed Taqi
 : Mohamed Jassim Buzizi
 : Adel Husain Mahdi Al Maskati
 : Jassim Abdulaal

EXECUTIVE COMMITTEE

: Fawzi Ahmed Kanoo (Chairman)
 : Ahmed Mohamed Ali Mohamed Janahi
 : Khalid Hussain Ali Mohammed Taqi
 : Mohamed Jassim Buzizi

CORPORATE GOVERNANCE COMMITTEE

: Farouk Yousuf Almoayyed (Chairman)
 : Olivier Harnisch
 : Jassim Abdulaal

AUDIT COMMITTEE

: Jassim Abdulaal (Chairman)
 : Khalid Mohamed Kanoo
 : Andrew John Day
 : Adel Husain Mahdi Al Maskati

INVESTMENT COMMITTEE

: Farouk Yousuf Almoayyed (Chairman)
 : Ahmed Mohamed Ali Mohamed Janahi
 : Khalid Hussain Ali Mohammed Taqi

REMUNERATION COMMITTEE

: Farouk Yousuf Almoayyed (Chairman)
 : Mohamed Jassim Buzizi
 : Olivier Harnisch
 : Jassim Abdulaal

GENERAL INFORMATION (Continued)

STRATEGY COMMITTEE (TEMPORARY)

: Fawzi Ahmed Kanoo (Chairman)
 : Ahmed Mohamed Janahi
 : Olivier Harnisch
 : Khalid Hussain Ali Taqi
 : Mohamed Jassim Buzizi
 : Jassim Abdulaal
 : Andrew John Day

EXECUTIVE MANAGEMENT

: Garfield Jones	Chief Executive Officer
: Charbel Sarkis	Chief Financial Officer

BOARD'S SECRETARY

: Shaheed Elaiwi

HEAD OFFICE

: Gulf Executive Offices, Gulf Hotel
 Building no - 11, street no. 3801
 Telephone +973 17746446, Fax +973 17742820
 Area 338, P.O. Box 580
 Manama, Kingdom of Bahrain
www.gulfhotelsgroup.com
info@gulfhotelsgroup.com

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 P.O. Box 710
 Building 470
 Manama, Kingdom of Bahrain
 : BDO Jawad Habib
 P.O. Box 787
 17 floor, Diplomat Tower
 Manama, Kingdom of Bahrain

BANKERS

: National Bank of Bahrain
 : Mashreq Bank Bahrain
 : Mashreq Bank Dubai
 : Bank of Bahrain and Kuwait
 : Ahli United Bank
 : Standard Chartered Bank
 : National Bank of Kuwait
 : SICO
 : Commercial Bank of Srilanka
 : Emirates NBK - Dubai

REGISTRARS

: Bahrain Clear B.S.C. (c)
 Manama, Kingdom of Bahrain

GENERAL INFORMATION (Continued)

LISTING

: Bahrain Bourse
P.O. Box 3203
Manama, Kingdom of Bahrain

PRINCIPAL LAWYERS

: Essa Ebhrahim Mohammed Law Office
P.O. Box 11021
Manama, Kingdom of Bahrain

: Hassan Radhi & Associates
P.O. Box 5366
605 Diplomat Tower
Manama, Kingdom of Bahrain

: Nezar Raees & Associates
P.O. Box 1380
Gulf Executive Offices, Gulf Hotel
Manama, Kingdom of Bahrain

INSURANCE CONSULTANTS

: Protection Insurance Services W.L.L
P.O. Box 33133
13th Floor, Jeera Tower
Manama, Kingdom of Bahrain

Disclosure forms for the remuneration of members of the board of directors and the executive management in the report of the board of directors

First: Board of Directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors:													
1- Mr. Mohamed Jassim Buzizi	17,500	9,600	-	18,000	45,100	-	-	-	-	-	-	45,100	-
2- Mr. Jassim Abdulal	17,500	10,000	-	-	27,500	-	-	-	-	-	-	27,500	-
3- Mr. Adel Maskati	17,500	7,600	-	-	25,100	-	-	-	-	-	-	25,100	-
Second: Non-Executive Directors:													
1- Mr. Farouk Yousuf Almoayyed	22,500	8,400	-	-	30,900	-	-	-	-	-	-	30,900	-
2- Mr. Fawzi Ahmed Kanoo	17,500	8,800	-	-	26,300	-	-	-	-	-	-	26,300	-
3- Mr. Khalid Mohammed Kanoo	17,500	4,600	-	-	22,100	-	-	-	-	-	-	22,100	-
4- Mr. Ahmed Janahi ***	17,500	9,600	-	-	27,100	-	-	-	-	-	-	27,100	-
5- Mr. Olivier Harnisch ***	17,500	8,400	-	-	25,900	-	-	-	2,963	2,963	-	28,863	-
6- Mr. Andrew John Day***	17,500	8,400	-	-	25,900	-	-	-	1,996	1,996	-	27,896	-
7- Mr. Khalid Taqi ***	17,500	9,600	-	-	27,100	-	-	-	-	-	-	27,100	-
Third: Executive Directors:													
N/A													
Total	180,000	85,000	-	18,000	283,000	-	-	-	4,959	4,959	-	287,959	-

Note: All amounts must be stated in Bahraini Dinars.

Other remunerations:

* It includes in-kind benefits – specific amount – remuneration for technical, administrative and advisory works (if any).

** It includes the board member's share of the profits – Granted shares (insert the value) (if any).

*** Remuneration will be paid to mother company

Disclosure forms for the remuneration of members of the board of directors and the executive management in the report of the board of directors (Continued)

Second: Executive management remuneration details:

Executive Management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Remunerations for top 6 executives, including CEO and Senior Financial Officer	456,403	116,045	-	572,448

Note: All amounts must be stated in Bahraini Dinars.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of

Gulf Hotels Group BSC
P.O. BOX
Manama, Kingdom of Bahrain

Opinion

We have audited the consolidated financial statements of Gulf Hotels Group BSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of property and equipment	
Refer to accounting policy in Note 3(p) and disclosure in Note (4) to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> • of the significance of property and equipment which make up 61% of total assets (by value); and • assessment of indicators of impairment and estimation of recoverable amount by the Group involves significant judgement and estimation uncertainty especially in the current operating environment arising from Covid-19. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We involved our own valuation specialists to assist us with: <ul style="list-style-type: none"> - evaluating the Group's process of identifying possible indicators of impairment of the property and equipment; - evaluating the appropriateness of the impairment assessment methodology used by the external, independent valuers; and - evaluating the reasonableness of key assumptions and input used in estimating the recoverable amount of the property. • evaluating the adequacy of the Group's disclosures related to impairment of property and equipment in the consolidated financial statements by reference to the requirements of the relevant accounting standards.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Chairman's report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the (Consolidated) Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Regulatory Requirements

1. As required by the Commercial Companies Law, we report that:
 - a. the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
 - b. the financial information contained in the chairman's report is consistent with the consolidated financial statements;
 - c. we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
 - d. satisfactory explanations and information have been provided to us by management in response to all our requests.
2. As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
 - a. appointed a corporate governance officer; and
 - b. a Board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditors' report is Jalil AlAali.



KPMG Fakhro

Partner Registration Number 100

26 February 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2022

Bahraini Dinars

	Note	31 December 2022	31 December 2021
ASSETS			
Property and equipment	4	68,680,687	80,804,824
Investment properties	5	655,749	711,026
Equity accounted investees	6	7,475,062	7,977,619
Investment securities	7	12,762,912	13,240,693
Total non-current assets		89,574,410	102,734,162
Inventories	8	3,021,757	1,796,963
Trade receivables	9	1,409,769	944,770
Other assets	10	2,367,604	2,012,243
Cash and bank balances	11	15,421,145	5,958,355
Total current assets		22,220,275	10,712,331
Total assets		111,794,685	113,446,493
EQUITY			
Share capital	12	22,599,487	22,599,487
Share premium		17,514,442	17,514,442
Other reserves	13	23,934,960	24,310,692
Retained earnings		39,553,862	37,404,718
Total equity		103,602,751	101,829,339
LIABILITIES			
Employees' end of service benefits	14	1,183,203	1,124,070
Non-current portion of bank loan	15	-	2,700,000
Total non-current liabilities		1,183,203	3,824,070
Trade payables	16	3,153,138	2,080,483
Accrued expenses and other liabilities	17	3,855,593	3,030,601
Current portion of bank loan	15	-	2,682,000
Total current liabilities		7,008,731	7,793,084
Total liabilities		8,191,934	11,617,154
Total equity and liabilities		111,794,685	113,446,493

The consolidated financial statements were approved by the board of directors on 26 February 2023 and signed on its behalf by:

Farooq Yousuf Almoayyed
Chairman

Fawzi Ahmed Kanoo
Vice Chairman

Garfield Jones
Chief Executive Officer

Charbel Sarkis
Chief Financial Officer

The accompanying notes 1 to 29 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

Bahraini Dinars

	Note	2022	2021
Revenue	18	31,395,416	23,001,005
Share of profit from equity accounted investees	6	1,662,411	968,812
Dividend income		538,530	471,414
Gain on sale of property and equipment		819,228	-
Interest income		211,106	9,544
Reversal of impairment on property and equipment	4	-	1,731,989
Rental and other income	19	1,261,223	1,307,548
Total income		35,887,914	27,490,312
Staff cost	20	9,116,652	6,708,737
Food and beverage cost	21	7,054,239	5,654,585
Utilities		1,546,771	1,367,245
Other operating expenses	22	5,773,632	3,676,648
Impairment allowance on trade receivables	9	124,706	37,135
Interest expense		77,167	389,892
Depreciation	4	5,525,732	6,259,732
Total expenses		29,218,899	24,093,974
PROFIT FOR THE YEAR		6,669,015	3,396,338
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Equity investments at FVOCI - net change in fair value	7	(477,781)	76,561
Investment in associates - share in investment fair value reserve	6	35,032	46,151
Items that are or may not be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences		101,327	-
Total other comprehensive income for the year		(341,422)	122,712
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,327,593	3,519,050
BASIC AND DILUTED EARNINGS PER SHARE (in fils)		30	15

Farooq Yousuf Almoayyed
Chairman

Fawzi Ahmed Kanoo
Vice Chairman

Garfield Jones
Chief Executive Officer

Charbel Sarkis
Chief Financial Officer

The accompanying notes 1 to 29 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Bahraini Dinars

	Other reserves									
	Share capital	Share premium	Statutory reserve	General reserve	Charity reserve	Foreign currency reserve	Investment fair value reserve	Retained earnings	Total equity	
2022										
As at 1 January 2022	22,599,487	17,514,442	11,299,744	5,000,000	1,828,321	-	6,182,627	37,404,718	101,829,339	
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	6,669,015	6,669,015	
Other comprehensive income for the year	-	-	-	-	-	101,327	(442,749)	-	(341,422)	
Total comprehensive income for the year	-	-	-	-	-	101,327	(442,749)	6,669,015	6,327,593	
Utilisation of donation reserve	-	-	-	-	(34,310)	-	-	-	(34,310)	
Dividends declared for 2021	-	-	-	-	-	-	-	(4,519,871)	(4,519,871)	
At 31 December 2022	22,599,487	17,514,442	11,299,744	5,000,000	1,794,011	101,327	5,739,878	39,553,862	103,602,751	

	Other reserves							
	Share capital	Share premium	Statutory reserve	General reserve	Charity reserve	Investment fair value reserve	Retained earnings	Total equity
2021								
As at 1 January 2021	22,599,487	17,514,442	11,299,744	5,000,000	1,879,631	6,059,915	36,268,329	100,621,548
Comprehensive income:								
Profit for the year	-	-	-	-	-	-	3,396,338	3,396,338
Other comprehensive income for the year	-	-	-	-	-	122,712	-	122,712
Total comprehensive income for the year	-	-	-	-	-	122,712	3,396,338	3,519,050
Utilisation of donation reserve	-	-	-	-	(51,310)	-	-	(51,310)
Dividends declared for 2020	-	-	-	-	-	-	(2,259,949)	(2,259,949)
At 31 December 2021	22,599,487	17,514,442	11,299,744	5,000,000	1,828,321	6,182,627	37,404,718	101,829,339

The accompanying notes 1 to 29 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Bahraini Dinars

	Note	31 December 2022	31 December 2021
Cash flow from operating activities			
Profit for the year		6,669,015	3,396,338
Adjustments for:			
Depreciation	4	5,525,732	6,259,732
Share of profit from equity accounted investees	7	(1,662,411)	(968,812)
Dividend income		(538,530)	(471,414)
Interest income		(211,106)	(9,544)
Interest expense		77,167	389,892
(Reversal)/Impairment of property and equipment		-	(1,731,989)
Impairment allowance on trade and other receivables		124,706	37,135
Provision for employees' end of service benefits		264,291	90,737
		10,248,864	6,992,075
Change in working capital:			
Inventories		(1,224,803)	941,298
Trade and other receivables		(945,059)	1,283,086
Trade and other liabilities		2,372,174	52,500
Directors' remuneration		(258,600)	(104,300)
Employees' end of service benefits		(205,158)	(140,549)
Net cash from operating activities		9,987,418	9,024,110
Cash flow from investing activities			
Purchase of property and equipment		(1,457,106)	(42,960)
Disposal of property and equipment		8,212,115	-
Short term deposits		(11,500,000)	-
Interest received		211,106	9,544
Dividend received from an associate	7	2,200,000	1,400,000
Dividends received from investment securities		538,530	471,414
Net cash (used in)/from investing activities		(1,795,355)	1,837,998
Cash flow from financing activities			
Dividends paid		(4,519,584)	(2,338,889)
Payments for donations		(34,310)	(51,310)
Interest paid		(293,379)	(292,860)
Repayment of bank loan		(5,382,000)	(6,458,000)
Net cash used in financing activities		(10,229,273)	(9,141,059)
Net (decrease)/ increase in cash and cash equivalents		(2,037,210)	1,721,049
Cash and cash equivalents at 1 January		5,958,355	4,237,306
Cash and cash equivalents as at 31 December	11	3,921,145	5,958,355

The accompanying notes 1 to 29 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Reporting entity

Gulf Hotels Group B.S.C. ("the Company") is a publicly listed company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 950. The postal address of the Company's registered head office is P.O Box 580, Manama, Kingdom of Bahrain.

These consolidated financial statements comprise the results of the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in providing hospitality services.

The Group owns and operates the Gulf Hotel and Crown plaza Hotels in the Kingdom of Bahrain and Gulf Court Hotel Business Bay in Dubai, UAE, GHG Colombo (retail) in Sri Lanka. The Group also provides management services to The K Hotel and Asdal Gulf-inn Seef, in the Kingdom of Bahrain, during the year 2022, the Company has signed a 10 year agreement to manage Gulf Aquamarine Hotel and Gino Paradise Water Park in Tbilisi, Georgia. The Company is a shareholder and operator of Bahrain Airport Hotel Company, Ocean Paradise Resort, Zanzibar, Republic of Tanzania.

The Group's significant subsidiaries are as follows:

Subsidiary	Ownership interest	Date of incorporation	Country	Activities
Gulf Hotels Management Company W.L.L.	100%	4 December 2002	Bahrain	Managing hotels and restaurants and provision of catering services catering services.
Gulf Hotel Laundry Services	100%	1 February 2014	Bahrain	Provision of laundry services.
Bahrain Tourism Company - Crowne Plaza hotel	100%	31 May 2016	Bahrain	Hotel operations
Gulf Court Hotel Business Bay	100%	07-Mar-2018	UAE	Hotel operations
GHG Colombo	100%	19-Jul-2018	Sri Lanka	Retail operations

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in conformity with the Commercial Companies Law.

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost basis, except for investment securities which are measured at fair value through other comprehensive income.

c) Functional and presentation currency

These consolidated financial statements are presented in Bahrain Dinar, which is also the Group's functional currency. Unless otherwise stated, all financial information presented has been rounded off to the nearest Dinar.

d) Use of significant judgments and estimates

The preparation of these consolidated financial statements in conformity with IFRS Standards requires, management to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or in the period of the revision and any future period, if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

2 Basis of preparation (continued)

Judgments

In the process of applying the Group's accounting policies management has made certain estimates and judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements. Actual results may differ from these estimates.

Impairment of property and equipment

The carrying amount of the Group's property and equipment is reviewed at every reporting date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment loss is recognised whenever the carrying value of the asset exceeds its estimated recoverable amount (refer to Note 3(p) and Note (5)).

e) New standards, amendments and interpretations effective from 1 January 2022

There were no new standards, amendments to standards and interpretations, which became effective on 1 January 2022, that were relevant and material to the Group.

f) New standards, amendments and interpretations issued by not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new standards, amendments and interpretations to standards that are relevant to the Group and are not expected to have a significant impact on the Group's consolidated financial statements.

i) *Classification of liabilities as current or non-current (Amendments to IAS 1).*

ii) *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Standards Practice Statement 2).*

iii) *Definition of Accounting Estimates (Amendments to IAS 8).*

3. Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

ii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iii. Non-controlling interests (NCI)

Non-controlling interests represents their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as an equity transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

v. Equity accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other comprehensive Income of equity accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of equity accounted investee. Dividend received from equity accounted investee is recognised as a reduction in the carrying amount of the investment.

vi. Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

b) Foreign currency

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Bahraini Dinars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Bahraini Dinars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

c) Revenue

The Group generates revenue primarily on letting hotel rooms and sale of food and beverages. The Group recognises revenue when it transfers control over a food or a service to a customer.

i. *Letting hotel rooms*

Revenue from letting hotel rooms is recognised over the period of the stay of the customer.

ii. *Sale of food and beverages*

Revenue from sale of food and beverages is recognised at a point in time when the food and beverage is delivered and have been accepted by the customer. Invoices are generated at that point in time.

iii. *Management fees*

Management fees are recognised when the services are rendered as determined by the management agreement. The variable consideration related to the fees is estimated as per the agreement and constrained until it is highly probable that there is no significant uncertainty regarding the amount of consideration.

iv. *Rental income*

Revenue from property leased out under an operating lease are recognised on a straight-line basis over the term of the lease.

v. *Interest income*

Interest income is recognised using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset or liability.

vi. *Dividend income*

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost includes expenditure incurred on acquiring the inventories and bringing them in their existing location and condition.

e) Employee Benefits

Bahraini employees

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation, which is a "defined contribution scheme" in nature under IAS 19 'Employee Benefits', and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis

Expatriate employees

Expatriate employees on fixed contracts are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector of 2012, based on length of service and final remuneration. Provision for this unfunded commitment, which is a "defined benefit scheme" in nature under IAS 19, has been made by calculating the notional liability had all employees left at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

f) Property and equipment

i. Recognition and measurement

Items of property and equipment held for use in the provision of service or for administrative purposes on a continuing basis and not intended for sale in the ordinary course of business are carried at cost less accumulated depreciation and impairment losses, if any.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

ii. Subsequent measurement

Subsequent costs are included in the assets carrying amount or are recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the component will flow to the Company and the cost of the component can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

iii. Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings on freehold land	
• original structure	40 years
• subsequent improvements	Over the remaining life of the buildings they relate to, or earlier, as appropriate
Furniture, fittings and office equipment	2 to 7 years
Plant, equipment and motor vehicles	2 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date.

g) Investment property

Investment properties are properties held to earn rentals or for capital appreciation or both. They are measured at cost, including transaction costs, less accumulated depreciation and accumulated impairment, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation on investment properties is calculated on a straight-line method over the estimated useful lives normally 30 years.

A gain or loss on disposal of investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

h) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or equity security at fair value through other comprehensive income (FVTOCI)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an security-by-security basis.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity securities at FVOCI	These assets are subsequently measured at fair value. Gains and losses are recognised in OCI and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial liabilities – Classification, subsequent measurement

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowances for trade and other receivables based on simplified approach i.e. an amount equal to lifetime ECLs, however for cash and bank balances, measurement of loss allowances is based on 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Measurement of ECLs

Trade and other receivables - (Simplified approach)

The Group uses an allowance matrix to measure the ECLs of trade and other receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate (Net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Loss rates are based on actual credit loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and group view of economic conditions over the expected lives of the receivables. The forward looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

Cash and Bank balances - (General approach)

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; and
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

i) Share Capital

Equity shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary shares and share options are recognized as a deduction from equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

j) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, including any attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

k) Dividends

Dividends and other proposed appropriations are recognised as a liability in the period in which they are approved by the shareholders.

l) Directors' remunerations

Directors' remunerations are charged to the statement of profit or loss in the year in which they are incurred.

m) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors and Group's Investment and Executive Committee to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors and Executive Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

n) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

o) 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, in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

If a market for a financial instrument is not active or there is no market, the Group establishes fair value using well-recognised valuation techniques that may include recent arm's length transactions between knowledgeable, willing parties (if available), discounted cash flows or market multiples for similar instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

p) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventory), to determine whether there is any indication of impairment. If any such indication exists, the Group estimates the asset's recoverable amount.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate well recognized valuation model is used.

Impairment losses are recognised in profit or loss.

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset is capitalised. Other borrowing cost is recognised in the profit or loss in the year in which it arises.

r) Interest expense

Interest expense pertains to borrowings from banks and is recognized using effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of financial asset or liability and of allocating interest income or expense over the expected life of the asset or the liability. The application of interest rate method has effect of recognizing the interest expense evenly in proportion to the amount outstanding over the period to maturity or repayment.

s) Governmental levy

The Group pays a Government levy calculated at a fixed percent of the Hotels' total revenue (net of foreign exchange gains) and is payable quarterly in arrears to the Government.

t) Charity reserve

Based on the recommendations of the Board of Directors, an amount is transferred from the profit for the year to this reserve. The reserve represents the uncommitted amount of the donations and charities approved by the Shareholders.

u) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

v) Trade payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

w) Government grant

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for which the grants are intended to compensate. In the case of grants related to assets, requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

x) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and bank deposits with original maturity of three months or less when acquired and is subject to insignificant risk of changes in its fair value.

y) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, property and equipment are no longer depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

4. Property and equipment

2022	Freehold land	Buildings	Furniture, fittings and office equipment	Equipment and motor vehicles	Capital work-in-progress	Total
Cost						
At 1 January 2022	19,681,492	100,242,472	22,753,480	20,303,249	5,999	162,986,692
Additions	-	48,608	405,044	90,860	249,282	793,794
Disposals and write offs	(7,385,527)	(4,686)	(955)	(11,270)	-	(7,402,438)
At 31 December 2022	12,295,965	100,286,394	23,157,569	20,382,839	255,281	156,378,048
Depreciation						
At 1 January 2022	-	47,241,604	20,911,800	14,028,464	-	82,181,868
Charge for the year	-	2,316,404	1,247,504	1,961,824	-	5,525,732
Relating to disposals and write offs	-	(264)	(955)	(9,020)	-	(10,239)
At 31 December 2022	-	49,557,744	22,158,349	15,981,268	-	87,697,361
NBV value at 31 December	12,295,965	50,728,650	999,220	4,401,571	255,281	68,680,687

Gulf Hotel and Crown Plaza hotel are situated in Bahrain and are between 40-50 and 45 years old respectively. The conference centre building, part of Gulf Hotel, is 27 years old. The Group's hotel in Dubai is 5 years old. The Group's residential building situated in Bahrain is 4 years old.

2021	Freehold land	Buildings	Furniture, fittings and office equipment	Equipment and motor vehicles	Capital work-in-progress	Total
Cost						
At 1 January 2021	17,949,503	100,222,347	22,947,222	20,334,705	16,457	161,470,234
Additions	-	20,525	59,052	18,326	6,000	103,903
Transfers	-	-	16,458	-	(16,458)	-
Reversal of impairment	1,731,989	-	-	-	-	1,731,989
Disposals and write offs	-	(400)	(269,252)	(49,782)	-	(319,434)
At 31 December 2021	19,681,492	100,242,472	22,753,480	20,303,249	5,999	162,986,692
Depreciation						
At 1 January 2021	-	44,842,131	18,976,221	12,416,862	-	76,235,214
Charge for the year	-	2,399,703	2,204,831	1,655,198	-	6,259,732
Relating to disposals and write offs	-	(230)	(269,252)	(43,596)	-	(313,078)
At 31 December 2021	-	47,241,604	20,911,800	14,028,464	-	82,181,868
NBV value at 31 December	19,681,492	53,000,868	1,841,680	6,274,785	5,999	80,804,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

5. Investment properties

2022	Land	Buildings	Total
Cost			
At 1 January 2022	494,515	1,898,440	2,392,955
Additions	-	300	300
At 31 December 2022	494,515	1,898,740	2,393,255
Depreciation			
At 1 January 2022	-	1,681,929	1,681,929
Charge for the year	-	55,577	55,577
At 31 December 2022	-	1,737,506	1,737,506
Carrying value at 31 December 2022	494,515	161,234	655,749
2021	Land	Buildings	Total
Cost			
At 1 January 2021	494,515	1,897,940	2,392,455
Additions	-	500	500
At 31 December 2021	494,515	1,898,440	2,392,955
Depreciation			
At 1 January 2021	-	1,626,842	1,626,842
Charge for the year	-	55,087	55,087
At 31 December 2021	-	1,681,929	1,681,929
Carrying value at 31 December 2021	494,515	216,511	711,026

The fair value of investment property as at 31 December 2022 was BD 2,470,000 (2021: BD 2,390,000) based on a valuation performed by an independent external property valuers, having appropriate recognised qualification and experience in the location and category of the property being valued. The fair value measurement was based on sales comparison approach and accordingly has been categorised as level 2 in the fair value hierarchy.

6. Equity accounted investees

Details of the Group's equity accounted investees at the end of the reporting period are as follows:

Name of the entity	Place of business / country	Percentage of ownership interest*		Nature of relationship	Principal activities
		2022	2021		
Bahrain Family Leisure Company B.S.C. (BFLC)	Kingdom of Bahrain	28.06%*	28.06%*	Associate	operating restaurants, provision of family entertainment.
African and Eastern (Bahrain) W.L.L. (A&E)	Kingdom of Bahrain	33.33%	33.33%	Associate	importing and selling alcohol beverage
Bahrain Airport Hotel Company W.L.L.**	Kingdom of Bahrain	51%	51%	Joint Venture	Owning and operating a hotel

*% of ownership interest is calculated based on the investee's share capital net of treasury shares.

** the investment is accounted for as a joint venture based on shareholders' agreement whereby both parties agreed to share decision making.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

6 Equity accounted investees (continued)

a) The movement on equity accounted investees is as follows:

2022	BFLC	A&E	BAHC	Total
Balance at 1 January 2022	714,911	6,943,886	318,822	7,977,619
Share of (loss)/profit for the year	(223,528)	2,028,586	(142,647)	1,662,411
Dividends received	-	(2,200,000)	-	(2,200,000)
Share in OCI of investee	-	35,032	-	35,032
Balance at 31 December 2022	491,383	6,807,504	176,175	7,475,062

2021	BFLC	A&E	BAHC	Total
Balance at 1 January 2021	914,615	6,938,041	712,000	8,564,656
Reclassification to other assets	-	-	(202,000)	(202,000)
Share of (loss)/profit for the year	(199,704)	1,359,694	(191,178)	968,812
Dividends received	-	(1,400,000)	-	(1,400,000)
Share in OCI of investee	-	46,151	-	46,151
Balance at 31 December 2021	714,911	6,943,886	318,822	7,977,619

BFLC is listed on the Bahrain Bourse. The market price at 31 December 2022 was BD 818,100 (2021: BD 818,100).

The following table summarizes the financial position of the associates as included in its own financial statements for the Company's share:

African & Eastern (Bahrain) WLL	2022	2021
Total current assets	8,263,024	7,697,134
Total non-current assets	13,643,053	14,580,067
Total current liabilities	(1,888,491)	(1,876,120)
Total non-current liabilities	(715,875)	(690,224)
Net Assets (100%)	19,301,711	19,710,857
	33%	33%
Company's share of net assets	6,433,840	6,570,220
Goodwill	373,664	373,664
Carrying amount of interest in associate	6,807,504	6,943,884

	2022	2021
Revenue	17,737,644	12,102,936
Profit for the year	6,085,818	4,079,122
Other comprehensive income	135,317	167,897
Other equity movement	(30,280)	(29,448)
Total comprehensive income for the year	6,190,855	4,247,019
Company's share of total comprehensive income (33.33%)	2,063,598	1,405,843
Dividend received by the Group	2,200,000	1,400,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

6 Equity accounted investees (continued)

BFLC	2022	2021
Total current assets	559,199	575,102
Total non-current assets	1,723,059	2,723,053
Total current liabilities	(207,943)	(266,211)
Total non-current liabilities	(322,250)	(483,744)
Net Assets (100%)	1,752,065	2,548,201
	28%	28%
Company's share of net assets	491,383	714,911
Carrying amount of interest in associate	491,383	714,911

	2022	2021
Revenue	956,582	637,715
Loss for the year	(796,735)	(699,525)
Total comprehensive income for the year	(796,735)	(699,525)
Company's share of total comprehensive income (28.06%)	(223,528)	(199,704)
Dividend received by the Group	-	-

Bahrain Airport Hotel WLL	2022	2021
Total current assets	541,360	197,529
Total non-current assets	1,914,365	1,905,666
Total current liabilities	(2,107,241)	(1,475,643)
Total non-current liabilities	(3,041)	(2,410)
Net Assets (100%)	345,443	625,142
	51%	51%
Company's share of net assets	176,175	318,822
Carrying amount of interest in associate	176,175	318,822

	2022	2021
Revenue	387,403	247,555
Loss for the year	(279,700)	(374,858)
Total comprehensive income for the year	(279,700)	(374,858)
Company's share of total comprehensive income (51%)	(142,647)	(191,178)
Dividend received by the Group	-	-

The results for BFLC used for equity accounting are based on reviewed accounts for 12 months ended 30 September 2022 and management accounts for the 3 months ended 31 December 2022. The results for BAHC and A&E used for equity accounting was based on management accounts for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

7. Investment securities

	2022	2021
Quoted equity securities at FVOCI	10,414,513	10,552,184
Unquoted equity securities at FVOCI	2,348,399	2,688,509
	12,762,912	13,240,693

The movement on investment securities for the year is as follows:

	2022	2021
Balance at 1 January	13,240,693	13,164,149
Fair value movement - net	(477,781)	76,544
Balance at 31 December	12,762,912	13,240,693

8. Inventories

	2022	2021
Food and beverages	2,970,597	1,744,675
General stores	66,165	79,189
Maintenance stores	176,030	174,873
	3,212,792	1,998,737
Allowance for slow moving and obsolete inventories	(191,035)	(201,774)
	3,021,757	1,796,963

The movement on the provision for slow moving inventories is as follows:

	2022	2021
1 January	201,774	279,911
Charge for the year	-	8,422
Write-off	(10,739)	(86,559)
At 31 December	191,035	201,774

9. Trade receivables

	2022	2021
Trade receivables	2,071,120	1,544,707
Related party receivables	102,952	136,627
	2,174,072	1,681,334
Impairment allowance on trade receivables	(764,303)	(736,564)
	1,409,769	944,770

Movement on impairment allowance during the year is as follow:

	2022	2021
Balance at 1 January	736,564	907,467
Charge for the year - net	124,706	37,135
Write-off	(96,967)	(208,038)
Balance at 31 December	764,303	736,564

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

10. Other assets

	2022	2021
Other receivables – related parties	683,575	693,575
Advances and prepayments	462,180	304,104
Security deposits	306,667	325,455
VAT recoverable	10,628	7,905
Others	904,554	681,204
	2,367,604	2,012,243

11. Cash and bank balances

	2022	2021
Bank balances	3,871,197	5,911,385
Short term bank deposits	11,500,000	-
Cash in hand	49,948	46,970
Cash and bank balances	15,421,145	5,958,355
Less: Short term deposits with maturity exceeding three months	(11,500,000)	-
Cash and cash equivalents	3,921,145	5,958,355

12. Share capital

	Number 2022	Amount 2022	Number 2021	Amount 2021
a) Authorised shares 100 fils each	300,000,000	30,000,000	300,000,000	30,000,000
b) Issued and fully paid	225,994,863	22,599,487	225,994,863	22,599,487

c) Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares, as follows:

	2022	2021
Profit for the year	6,669,015	3,396,338
Weighted average number of equity shares	225,994,863	225,994,863
Basic and diluted earnings per share in fils	30	15

Diluted earnings per share is same as basic earnings per share as the Group does not have any potential dilutive instruments in issue.

d) Major shareholders

Names and nationalities of the major shareholders and the number of shares held in which they have an interest of 5% or more outstanding shares:

	31 December 2022			31 December 2021	
	Nationality	No. of shares	Shareholding (%)	No. of shares	Shareholding (%)
Bahrain Mumtalakat Holding Co. B.S.C. (c)	Bahraini	57,558,331	25.47%	57,558,331	25.47%
Social Insurance Organization	Bahraini	28,382,960	12.56%	28,382,960	12.56%
Family Investment Company	Bahraini	24,428,215	10.81%	24,428,215	10.81%
Y.K.Almoayyed & Sons B.S.C (c)	Bahraini	14,309,817	6.33%	14,309,817	6.33%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

12 Share capital (continued)

e) Additional information on shareholding pattern

- The Group has only one class of equity shares and the holders of the shares have equal voting rights.
- Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories:

Categories*	Number of shareholders	Number of shares	% of total outstanding shares
Less than 1 %	3,693	69,624,705	30.81%
1 % up to less than 5 %	8	31,690,835	14.02%
5 % up to less than 10 %	1	14,309,817	6.33%
10% up to less than 20%	2	52,811,175	23.37%
20% up to less than 50%	1	57,558,331	25.47%
Total	3,705	225,994,863	100.00

* Expressed as % of total outstanding shares issued and fully paid shares.

The details of the total ownership interest held by the directors are as follows:

Director	31 December 2022		31 December 2021	
	No. of shares	% of total outstanding share capital	No. of shares	% of total outstanding share capital
Farouk Yousuf Almoayyed	4,234,297	1.87%	4,234,297	1.874%
Fawzi Ahmed Ali Kanoo	198,900	0.09%	193,975	0.085%
Khalid Mohamed Kanoo	141,436	0.06%	141,436	0.063%
Mohamed Jassim Buzizi	448,119	0.20%	448,119	0.198%
Adel Hussain Mahdi Almasqati	56,508	0.03%	56,508	0.025%

The details of the total ownership interest held by the directors along with the entities controlled, jointly controlled or significantly influenced by them are as follows:

	2022	2021
Number of shares	147,689,599	143,009,376
Percentage of holdings	65.35%	63.28%

13. Other reserves

a) Statutory reserve

The Commercial Companies Law requires 10% of the profit for the year to be appropriated to a reserve until the reserve reaches 50% of the paid-up capital. This reserve can only be utilised according to the commercial Companies law.

b) General reserves

General reserves are appropriated from profits for the year at the discretion of the board of directors.

c) Investment fair value reserve

Gains or losses arising on remeasurement of investment securities at FVTOCI are recognized in the investment fair value reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

14. Employees' end of Service Benefits

The Group's contributions in respect of Bahraini employees for the year was BD 240,857 (2021: BD 231,434). The Group employed 960 staff at 31 December 2022 (2021: 770). Movement on provision of end of service benefits during the year was as follows:

	2022	2021
Balance at 1 January	1,124,070	1,173,882
Charge for the year	264,291	90,737
Paid during the year	(205,158)	(140,549)
Balance at 31 December	1,183,203	1,124,070

15. Bank loans

	2022	2021
Current	-	2,682,000
Non-current	-	2,700,000
	-	5,382,000

In 2018, the Group obtained a bank loan of BD 18,000,000 bearing interest rate of BIBOR+2.1% to purchase a 4-star hotel in Dubai secured by other properties of the Group with a carrying value of BD 8,843,670.

16. Trade payables

	2022	2021
Trade payables	3,056,078	2,005,236
Related parties payable	97,060	75,247
	3,153,138	2,080,483

17. Accrued expenses and other liabilities

	2022	2021
Accrued expenses	1,379,920	533,801
Payables to contractors	61,668	40,555
Accrued staff benefits	794,651	249,948
Accrued interest	-	216,212
Government levy	204,170	371,137
Other payables	1,415,184	1,618,948
	3,855,593	3,030,601

18. Revenue

	2022	2021
Food and beverages	20,178,759	14,971,800
Hotel rooms	10,094,217	7,129,853
Others	1,122,440	899,352
	31,395,416	23,001,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

19. Rental and other income

	2022	2021
Rental income	757,831	585,358
Management fee	277,743	125,331
Other income	225,649	231,714
Government grant	-	365,145
	1,261,223	1,307,548

Government grant

Following the onset of Covid 19 in March 2020, the government of Bahrain implemented a package of measures to support businesses cope with the impact of the virus. In 2021, the group received a total subsidy BD 365 thousands towards reimbursement of Bahraini staff cost and waiver of electricity, water other government fees

20. Staff cost

	2022	2021
Salaries and allowances	5,156,590	4,193,866
Other staff benefits	1,476,141	450,096
Other staff cost	2,483,921	2,064,775
	9,116,652	6,708,737

21. Food and beverage cost

	2022	2021
Food	1,935,990	1,060,574
Beverage	5,118,249	4,594,010
	7,054,239	5,654,585

22. Other operating expenses

	2022	2021
Commission	1,308,074	784,758
Guest supplies	667,792	501,113
Maintenance	441,493	346,998
Legal and professional fee	412,166	255,446
Entertainment	369,145	127,202
Directors' sitting fee and remuneration	282,600	121,000
Marketing	266,563	241,792
Information technology	226,368	203,322
Municipality and taxes	48,300	48,320
Foreign exchange loss	435,710	-
Other expenses	1,315,421	1,046,697
	5,773,632	3,676,648

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

23. Proposed appropriations

The board is proposing dividend for the year ended 31 December 2022 of 25 fils per share amounting to BD 5,649,872. The proposed appropriation of the 2022 profit is subject to approval by the shareholders at the Annual General Meeting. In the annual general meeting on 23 March 2022, the shareholders approved a dividend of BD 4,519,871 for the year 2021.

24. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company. Transactions between related parties arise in the normal course of business and are on terms agreed between the parties.

Transactions with related parties during the year are as follows:

	31 December 2022				
	Purchases	Sales	Management fee income	Interest Expense	Share of profit from associates
Major shareholders and their affiliates	527,404	318,660	239,377	77,167	-
Associates (note 6)	241,409	48,757	38,366	-	1,662,411
Directors and related affiliates	53,983	60,696	-	-	-
	822,796	428,113	277,743	77,167	1,662,411

	31 December 2021				
	Purchases	Sales	Management fee income	Interest Expense	Share of profit from associates
Major shareholders and their affiliates	347,057	129,893	125,331	389,892	-
Associates (note 6)	310,861	82,753	-	-	968,812
Directors and related affiliates	39,205	45,009	-	-	-
	697,123	257,655	125,331	389,892	968,812

Balances with related parties included in the consolidated statement of financial position are as follows:

	31 December 2022			
	Trade receivables	Other receivables	Trade payables	Bank loan
Major shareholders and their affiliates	82,047	2,917	54,147	-
Associates (note 6)	13,755	680,658	16,228	-
Directors and related affiliates	7,150	-	26,685	-
	102,952	683,575	97,060	-

	31 December 2021			
	Trade receivables	Other receivables	Trade payables	Bank loan
Major shareholders and their affiliates	57,030	2,917	37,186	5,382,000
Associates (note 6)	26,666	690,658	35,209	-
Directors and related affiliates	52,931	-	2,852	-
	136,627	693,575	75,247	5,382,000

The Group only creates an impairment provision for related party balances where it is virtually certain the debt will not be recovered. No impairment losses have been recorded against balances with related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

24 Related parties (continued)

Compensation of key management personnel

Key management personnel are those persons having responsibility for planning, directing and controlling the activities of the Group. The remuneration of directors and members of key management during the period were as follows:

	2022	2021
Salaries and short-term employee benefits	615,031	296,747
Post-employment benefits	28,752	16,800
Directors attendance fees and remuneration	282,600	121,000
	926,383	434,547

25. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk;
- Liquidity risk; and
- Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an executive management committee, which assist the Board of Directors in effectively discharging their responsibilities for developing and monitoring the Group's risk management policies.

The Group's Audit Committee oversees how management monitors compliance with the Company's risk management procedures and reviews the adequacy of the risk management practices in relation to the risks faced by the Company. The Group's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit risk

Credit risk is the risk that a customer or a counter party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group is exposed to credit risk primarily on its cash and bank balances, receivables and investment in debt securities.

The Group's credit risk on cash and bank balances is limited as these are placed with banks in Bahrain having good credit ratings.

With regard to trade receivables, the Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables on an on-going basis.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

25 Financial risk management (continued)

a) Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
Trade receivables	1,409,769	944,770
Other assets	1,905,414	1,708,139
Bank balances	15,371,197	5,911,386
	18,686,380	8,564,295

The maximum exposure to credit risk at the reporting date based on geographical concentration was:

	2022	2021
Bahrain	17,561,931	7,415,968
UAE	979,597	1,036,846
Others	144,852	111,481
	18,686,380	8,564,295

The ageing of receivables at the reporting date was:

	2022		2021	
	Gross	Impairment	Gross	Impairment
Neither past due nor impaired	460,798	(45,482)	321,826	(44,640)
Past due 0-90 days	743,348	(138,966)	613,573	(109,671)
Past due 91-180 days	56,680	(29,665)	115,158	(69,242)
More than 180 days	913,246	(550,190)	630,778	(513,012)
	2,174,072	(764,303)	1,681,335	(736,565)

b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Group incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

i. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. A 1% increase / decrease in interest rates will have an impact of BD 1,779 (2021: BD 53,820) loss and BD 2,519 (2021: BD 53,820) gain on the profit and equity of the Group.

ii. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has exposure to currency risk on its purchases invoiced in foreign currency, on credit card sales in foreign currency and on certain investment in foreign currency. Predominantly, the purchase of products is from local suppliers. Investments in foreign currency are mainly in Saudi Riyals or UAE Dirhams, which are effectively pegged against the US dollar. The majority of the foreign currency purchases are in US dollars. The US dollar is pegged against the Bahraini dinar and therefore the Company is not exposed to any significant currency risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

25 Financial risk management (continued)

b) Market risk (continued)

iii. Equity price risk

The Group equity investments are listed on regional exchanges.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant.

	2022			2021		
	Change in equity price	Effect on equity	Effect on profit	Change in equity price	Effect on equity	Effect on profit
Investment securities (quoted)	+10%	1,041,451	-	+10%	1,055,219	-

Concentration of investment portfolio

Concentration of investment portfolio arise when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions.

The Group manages this risk through diversification of investments in companies operating in different sectors. All of the Group's equity investments are listed on Bahrain Bourse.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

2022	Carrying amount	Gross contractual cash flows	Within 1 Year	1 year to 5 years	Over 5 years
Trade and other payables	3,153,138	3,153,138	3,153,138	-	-
Accrued expenses and other liabilities	3,855,593	3,855,593	3,855,593	-	-
	7,008,731	7,008,731	7,008,731	-	-

2021	Carrying amount	Gross contractual cash flows	Within 1 Year	1 year to 5 years	Over 5 years
Trade and other payables	5,111,084	5,111,084	5,111,084	-	-
Accrued expenses and other liabilities	5,382,000	5,595,626	2,860,008	2,735,618	-
	10,493,084	10,493,084	7,971,092	2,735,618	-

d) Operational risk

Operational risk is the risk of unexpected losses resulting from inadequate or failed internal controls or procedures, systems failures, fraud. While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, and trained and competent people are in place throughout the Group. A strong internal audit function makes regular, independent appraisals of the control environment in all identified risk areas. Adequately tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

25 Financial risk management (continued)

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity and the level of dividends to shareholders. The Board seeks to maintain a balance between the higher returns and growth that might be possible by a sound capital position. There were no significant changes in the Group's approach to capital management during the year.

26. Fair value and classification of financial instruments

Fair value

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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Fair value Hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. ask prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data; and
- Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Financial assets measured at fair value

The following table sets out the fair values of financial instruments measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2022	Level 1	Level 2	Level 3	Total fair value
Equity securities at FVOCI	4,085,277	6,329,236	2,348,399	12,762,912

31 December 2021	Level 1	Level 2	Level 3	Total fair value
Equity securities at FVOCI	10,552,184	-	2,688,509	13,240,693

There were no transfers between Level 1 and Level 3 of the fair value hierarchy during the year ended 31 December 2022.

The table below shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2022	2021
Balance at 1 January	2,688,509	2,812,996
Total gains or losses:		
- in other comprehensive income	(340,110)	(124,487)
Balance at 31 December	2,348,399	2,688,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

26 Fair value and classification of financial instruments (continued)

Financial assets and liabilities not measured at fair value

The fair value of financial assets not measured at fair value include cash and bank balances, trade receivables and other assets and trade and other payables approximated their respective book values due to their short-term nature.

The fair value of bank term loans approximate carrying value since they are at floating interest rates.

Classification of financial instruments

Except for investment securities which are classified at fair value through equity, all other financial assets and financial liabilities are classified at amortised cost.

27. Comparatives

The comparative figures have been regrouped, where necessary, in order to conform to the current year's presentation. Such regrouping did not affect the previously reported profit, total comprehensive income for the year or total equity.

28. Segmental Information

For management purposes, the Group is organised into three main business segments:

Hotel operations:	Hotel rooms and rental and of executive apartments and office
Food and beverage:	sale of food and beverages and convention operations
Investments and other activities:	Investment activities of the Group

The operations of Gulf Brands International and the retail sales of food and beverages of the Gulf Hotel and the convention operations of the Gulf Convention Center have been aggregated for segmental reporting.

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 operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets include all operating assets used by a segment and consist primarily of property and equipment, inventories and accounts receivable. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments are allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist primarily of trade and other payables. The Group operates substantially in the Kingdom of Bahrain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

28 Segmental Information (continued)

Year ended 31 December	Hotel room operations		Food and beverage	
	2022	2021	2022	2021
Revenue	11,216,657	8,029,205	20,178,759	14,971,800
Investment income	-	-	-	-
Gain on sale of asset held for sale	-	-	-	-
Interest income	-	-	-	-
Reversal on property and equipment	-	-	-	-
Rental and other income	288,118	713,423	13,342	32,645
Total revenue	11,504,775	8,742,628	20,192,101	15,004,445
Staff cost	7,094,009	5,192,289	859,890	835,319
Food and beverage cost	-	-	7,054,239	5,654,585
Utilities	1,515,553	1,334,042	31,218	33,203
Other operating and general expenses	4,284,918	3,069,997	788,185	240,015
Impairment allowance on trade receivables	124,706	17,325	-	-
Interest expense	-	-	10,128	-
Depreciation	5,388,292	4,064,927	131,706	2,170,321
Total expenses	18,407,478	13,678,580	8,875,366	8,933,443
Segment (loss) / profit for the period	(6,902,703)	(4,935,952)	11,316,735	6,071,002
Total assets	47,186,058	50,417,924	29,274,016	29,643,446
Total liabilities	4,178,351	2,993,846	3,094,083	2,359,374
Capital expenditure	784,276	56,226	3,236	46,422

Year ended 31 December	Investment and other activities		Consolidated	
	2022	2021	2022	2021
Revenue	-	-	31,395,416	23,001,005
Investment income	2,200,941	1,440,226	2,200,941	1,440,226
Gain on sale of asset held for sale	819,228	-	819,228	-
Interest income	211,106	9,544	211,106	9,544
Reversal on property and equipment	-	1,731,989	-	1,731,989
Rental and other income	959,763	561,480	1,261,223	1,307,548
Total revenue	4,191,038	3,743,239	35,887,914	27,490,312
Staff cost	1,162,753	681,129	9,116,652	6,708,737
Food and beverage cost	-	-	7,054,239	5,654,585
Utilities	-	-	1,546,771	1,367,245
Other operating and general expenses	700,529	366,636	5,773,632	3,676,648
Impairment allowance on trade receivables	-	19,810	124,706	37,135
Interest expense	67,039	389,892	77,167	389,892
Depreciation	5,734	24,484	5,525,732	6,259,732
Total expenses	1,936,055	1,481,951	29,218,899	24,093,974
Segment (loss) / profit for the period	2,254,983	2,261,288	6,669,015	3,396,338
Total assets	35,334,611	33,385,124	111,794,685	113,446,494
Total liabilities	919,500	6,263,935	8,191,934	11,617,155
Capital expenditure	6,282	1,255	793,794	103,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

29. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Equity			
	Trade and other payables	Bank Term loans	Share capital	Reserves	Retained earnings	Total
Balance at 1 January 2022	5,111,084	5,382,000	40,113,929	24,310,692	37,404,718	112,322,423
Repayment of loans and borrowings	-	(5,382,000)	-	-	-	(5,382,000)
Dividend paid	(4,519,584)	-	-	-	-	(4,519,584)
Donations paid	-	-	-	(34,310)	-	(34,310)
Interest paid	(293,379)	-	-	-	-	(293,379)
Total changes from financing cash flows	(4,812,963)	(5,382,000)	-	(34,310)	-	(10,229,273)
Changes in fair value	-	-	-	(442,749)	-	(442,749)
Other changes	-	-	-	101,327	6,669,015	6,770,342
Liability-related	2,113,572	-	-	-	-	2,113,572
Dividends declared	4,519,871	-	-	-	(4,519,871)	-
Interest expense	77,167	-	-	-	-	77,167
Total liability-related other changes	6,710,610	-	-	-	-	6,710,610
Total equity-related other changes	-	-	-	(341,422)	2,149,142	1,807,722
Balance at 31 December 2022	7,008,721	-	40,113,929	23,934,960	39,553,862	110,611,482

CORPORATE GOVERNANCE

Corporate Governance

For the year ended 31 December 2022

Board of Directors responsibilities

The board of directors is accountable to shareholder for the proper and prudent investment and preservation of shareholder interest.

The board's role and responsibilities include but not limited to:

- Monitoring the overall business performance,
- Monitoring management performance and succession plan for senior management,
- Monitoring conflicts of interest and preventing abusive related party transactions,
- Accurate preparation of the end of year financial statements,
- Convening and preparing the shareholder meeting,
- Recommend dividend payable to shareholders and ensure its execution.
- Adapt, implement, and monitor compliance with the company's code of ethics,
- Review the company's objectives and policies relating to social responsibilities
- Select, interview, and appoint Chief Executive Officer and other selected members of the executive management.

In this respect, the directors remain individually and collectively responsible for performing all board of director's tasks.

Material transaction requiring Board approval

The following material transactions require board review, evaluation, and approval:

- The company strategy,
- The annual budget,
- Major resource allocations and capital investments, and
- Management responsibilities and training, development, and succession plan for senior management.

Election system of directors and termination process

Election / re-election of board members take place every three years at the meeting of the shareholders.

Termination of a Board member's mandate usually occurs by dismissal at the meeting of the shareholders or by the members resignation from the Board of Directors.

Director's trading of Company shares

During 2022 no trading by our directors in Gulf Hotels Group shares, (2021: no trading).

Code of Conduct and procedures adopted by the Board for monitoring compliance

The Board and the company's employees are expected to maintain the highest level of corporate ethics and personal behavior. The company has established a code of conduct which provides ethical and legal framework for all employees in the conduct of its business. The code of conduct defines how the company relates to its employees, shareholders, and the community in which the company operates.

The Board of directors has adopted the Gulf Hotel Group Code of Business Conduct and a company Whistleblower policy to monitor compliance with company ethics.

Corporate Governance (Continued)

For the year ended 31 December 2022

(1) Board, Board Members and Management

The Board of Directors consist of 10 members as of 31 December 2022 (2021: 10 members). The Board has been elected on October 3, 2021 for a period of 3 years. The following table provides information about the profession, position, experience channels and history, and qualifications of the current members of the Board of Directors:

Board Member	Profession	Business Title	Start Date
Mr. Farouk Almoayyed	Businessman	Chairman	1974
Mr. Fawzi Ahmed Kanoo	Businessman	Vice Chairman	1991
Mr. Khalid Mohamed Kanoo	Businessman	Director	1998
Mr. Ahmed Janahi	Vice President, Investments in Mumtakat	Director	2016
Mr. Olivier Harnisch	Consultant	Director	2020
Mr. Andrew Day	Consultant	Director	2021
Mr. Khalid Taqi	Senior Analyst	Director	2018
Mr. Mohamed Jassim Buzizi	Ex MD and Businessman Consultant in Hospitality Industry	Director	2007
Mr. Adel Maskati	Businessman	Director	2016
Mr. Jassim Abdulaal	Chartered Accountant	Director	2010

Board Member	Executive / Non Executive, Independent / Non Independent	Experience	Qualification
Mr. Farouk Almoayyed	Non Executive /Non Independent	59	Mechanical Engineer from Loughborough Engineering College, England
Mr. Fawzi Ahmed Kanoo	Non Executive /Non Independent	52	Bachelor of Science in Business Administration, Southwest Texas State University, U.S.A.
Mr. Khalid Mohamed Kanoo	Non Executive /Non Independent	53	Bachelor of Arts
Mr. Ahmed Janahi	Non Executive /Non Independent	23	Bachelor's Degree in chemical engineering and MBA, with honors from University of Strathclyde, Glasgow
Mr. Olivier Harnisch	Non Executive /Non Independent	38	MBA MSc in Organizational behavior, CHA
Mr. Andrew Day	Non Executive /Non Independent	31	HND, Business and finance & qualified pilot
Mr. Khalid Taqi	Non Executive /Non Independent	16	B.Sc. & M.Sc. in Finance
Mr. Mohamed Jassim Buzizi	Non Executive / Independent	55	College Diploma in Catering and Hotel Management, United Kingdom
Mr. Adel Maskati	Non Executive / Independent	44	Master's Degree in Engineering
Mr. Jassim Abdulaal	Non Executive / Independent	32	Chartered Accounts in England and Wales (ICAEW)

Corporate Governance (Continued)

For the year ended 31 December 2022

(1) Board, Board Members and Management (continued)

The Board of Directors consist of 10 members as of 31 December 2022 (2021: 10 members)

Board Member	Number of Directorship in Listed companies
Mr. Farouk Almoayyed	3
Mr. Fawzi Ahmed Kanoo	2
Mr. Khalid Mohamed Kanoo	1
Mr. Ahmed Janahi	-
Mr. Olivier Harnisch	-
Mr. Andrew Day	-
Mr. Khalid Taqi	1
Mr. Mohamed Jassim Buzizi	-
Mr. Adel Maskati	-
Mr. Jassim Abdulaal	1

The company should hold a minimum of 4 Board meetings during each year. During the year ended 31 December 2022, 4 Board meetings were held. The following table summarizes the information about Board of Directors meeting dates and attendance of directors at each meeting.

Board Member	27 Feb	09 May	10 Aug	13 Nov
Mr. Farouk Almoayyed	✓	✓	✓	✓
Mr. Fawzi Ahmed Kanoo	✓	✓	✓	✓
Mr. Khalid Mohamed Kanoo	✓	✓	-	-
Mr. Ahmed Janahi	✓	✓	✓	✓
Mr. Olivier Harnisch	✓	✓	✓	✓
Mr. Andrew Day	✓	✓	✓	✓
Mr. Khalid Taqi	✓	✓	✓	✓
Mr. Mohamed Jassim Buzizi	✓	✓	✓	✓
Mr. Adel Maskati	✓	✓	✓	✓
Mr. Jassim Abdulaal	✓	✓	✓	✓

Remuneration Policy

Total remuneration paid to the Board during the year amounted to BD 85,000 as basic fee (2021: BD 87,000).

Corporate Governance (Continued)

For the year ended 31 December 2022

(2) Committees

The following table summarises the information about Board Committees, their members and objectives:

Executive Committee

Reviews, approves, and directs the Executive Management on matters raised by the Board of Directors such as various policies, business plans.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Fawzi Ahmed Kanoo	Non Executive /Non Independent
Mr. Ahmed Janahi	Non Executive /Non Independent
Mr. Mohamed Jassim Buzizi	Non Executive / Independent
Mr. Khalid Taqi	Non Executive /Non Independent

During the year ended 31 December 2022, 5 Executive Committee meetings were held. The following table summarises the information about committee meeting dates and attendance of directors at each meeting:

Board Member	24 Jan	26 Apr	24 Jul	16 Oct	03 Nov
Mr. Fawzi Ahmed Kanoo	✓	✓	✓	✓	✓
Mr. Ahmed Janahi	✓	✓	✓	✓	✓
Mr. Khalid Taqi	✓	✓	✓	✓	✓
Mr. Mohamed Jassim Buzizi	✓	✓	✓	✓	✓

The remuneration paid to Executive committee members during 2022 is BD 8,000 (2020: BD 7,600).

The following table summarises the information about the profession, business title, experience in years and the qualifications of each of the Executive Management:

Executive Member	Designation	Profession	Title	Experience in years	Qualification
Mr. Garfield Jones	Chief Executive Officer	Administration	CEO	40	HCIMA Part B Professional Qualification
Mr. Charbel Sarkis	Chief Financial Officer	Business & Financial Management	CFO	36	MBA MCIPS, MFC, Licensed Arbitrator - GCC
Mr. Fares Yactine	General Manager & Vice President Middle East & Africa	Hospitality Management	GMVP	25	BA in business management & Diploma of higher studies in Hospitality management
Mr. Shaheed Elaiwi	DFBS	Finance	DFBS	31	M.Com
Ms. Rochelle Castillejos	Director of Revenue, Distribution & Optimization	Marketing	DRDO	24	BSC in Tourism
Mr. Roshan Tennakoon	Director of Technical Services	Engineering	TSD	35	Diploma in - Electrical Engineering Refrigeration and Air Conditioning

The total remuneration paid to the executive management during the year is BD 572,448 (2021: BD 313,547) (Salaries, Indemnity and Bonus).

Corporate Governance (Continued)

For the year ended 31 December 2022

(2) Committees (continued)

Audit Committee

Reviews the internal audit program and internal control system, considers major findings of internal audit reviews, investigations and management's response and external auditors.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Jassim Abdulaal	Non Executive / Independent
Mr. Khalid Kanoo	Non Executive / Non Independent
Mr. Andrew Day	Non Executive / Non Independent
Mr. Adel Maskati	Non Executive / Independent

The Group should hold a minimum of 4 Audit committee meetings during each year. During the year ended 31 December 2022, 4 Audit committee meetings were held. The following table summarises the information about committee meetings dates and attendance of directors at each meeting.

Board Member	23 Feb	08 May	04 Aug	10 Nov
Mr. Jassim Abdulaal	✓	✓	✓	✓
Mr. Khalid Kanoo	✓	✓	✓	✓
Mr. Andrew Day	✓	✓	✓	✓
Mr. Adel Maskati	✓	✓	✓	✓

The remuneration paid to Audit committee members during 2022 is BD 6,400 (2021: BD 6,000).

Corporate Governance (Continued)

For the year ended 31 December 2022

(2) Committees (continued)

Nomination and Remuneration Committee

Identify persons qualified to become members of the Board of Directors and Senior Executive Management of the Company, with exception of the appointment of internal auditors. Determining the appropriate size and composition of the Board and Committees of the Board, making recommendations to the Board on the removal and appointment of directors.

Developing a succession plan for the Board and Senior Executive management and regularly reviewing the plan.

Review, recommend and determine remuneration and incentive policies for the Board of Directors and Senior Executive management, having regard to prevailing market rate for similar roles and making them as attractive so as to retain and attract quality people to run the Company successfully.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Farouk Almoayyed	Non Executive / Non Independent
Mr. Mohamed J. Buzizi	Non Executive / Independent
Mr. Jassim Abdulaal	Non Executive / Independent
Mr. Olivier Harnisch	Non Executive / Non Independent

The Group should hold a minimum of 2 Nomination and Remuneration Committee meetings during each year. During the year ended December 2022, 2 Nomination and remuneration Committee meetings were held. The following table summarizes the information about committee meeting dates and attendance of directors at each meeting:

Board Member	08 Mar	19 Oct
Mr. Farouk Almoayyed	✓	✓
Mr. Mohamed J. Buzizi	✓	✓
Mr. Jassim Abdulaal	✓	✓
Mr. Olivier Harnisch	✓	✓

Remuneration paid to Nomination and remuneration Committee members during 2022 is BD 3,200 (2021: BD 2,400).

Corporate Governance Committee

Corporate Governance committee is an internal system that encompasses policies, processes, people and which makes sure the needs of shareholders and other stakeholders are met in full. This will be accomplished by directing and controlling managing activities using good business practices, objectivity, accountability and integrity. Corporate Governance Committee implements Corporate Culture of the organization, commitment of the board and senior management towards the corporate governance framework and approach of company to adhere to the code as integrity program rather than as compliance program.

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Farouk Almoayyed	Non Executive / Non Independent
Mr. Jassim Abdulaal	Non Executive / Independent
Mr. Olivier Harnisch	Non Executive / Non Independent

Corporate Governance (Continued)

For the year ended 31 December 2022

Corporate Governance Committee (Continued)

During the year ended 31 December 2022, 2 Corporate Governance Committee meetings were held. The following table summarises the information about committee meeting dates and attendance of directors at each meeting:

Board Member	08 Mar	19 Oct
Mr. Farouk Almoayyed	✓	✓
Mr. Jassim Abdulaal	✓	✓
Mr. Olivier Harnisch	✓	✓

The remuneration paid to Corporate Governance Committee members during 2022 is BD 2,400 (2021: BD 1,600).

Investment Committee

Investment committee is established by the Board to provide guidelines, supervision and control over investment activity, so the return from the investment activity could be maximized while covering the risk appetite. Committee shall assist the board of Gulf hotels Group in managing investment activity of the company and is charged with:

- Reviewing investment policies and strategies
- Overseeing the investment activity of the company
- Periodic review of investment portfolio
- Critical appraisal of the investment portfolio
- Defining the investment universe of the company
- Providing foundation of the investment decisions

Board Member	Executive / Non Executive, Independent / Non independent
Mr. Farouk Almoayyed	Non Executive /Non Independent
Mr. Ahmed Janahi	Non Executive /Non Independent
Mr. Khalid Taqi	Non Executive /Non Independent

During the year ended 31 December 2022, 2 Investment Committee meetings was held. The following table summarises the information about committee meeting dates and attendance of directors at each meeting:

Board Member	08 Mar	19 Oct
Mr. Farouk Almoayyed	✓	✓
Mr. Ahmed Janahi	✓	✓
Mr. Khalid Taqi	✓	✓

The remuneration paid to Investment Committee members during 2022 is BD 2,400 (2021: BD 2,800).

Corporate Governance (Continued)

For the year ended 31 December 2022

(3) Corporate Governance Code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behavior. The Company has established a Code of Conduct, which provides an ethical and legal framework for all employees in conduct of its business. The Code of Conduct defines how the Company relates to its employees, shareholders and community in which the Company operates. The Board of Directors has adopted the code of Business Conduct and Company Whistleblower policy to monitor compliance with company ethics.

Changes to the Group's corporate governance guidelines.

None.

Compliance with the corporate governance code

The Board of Director has adopted the Corporate Governance Code and a Company Whistleblower policy to monitor compliance with company ethics.

The Code of Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behavior having regard to the best practice corporate governance models. The Code of Conduct sets out a behavioral framework for all employees in the context of a wide range of ethical and legal issues. The Code of Conduct will be published in the "Corporate Governance" section of the Company's website.

Conflict of interest

In 2022 and 2021, no instances of conflict of interest have arisen. In the instance of a conflict of interest arising a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. In this respect, GHG's Board members usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution. The concerned Board member(s) also refrain from voting in any instance where a conflict of interest shall arise.

Evaluation of Board and Chairman Performance

This is discussed in the Annual General Meeting and will also be taken up as part of Corporate Governance Code.

CEO Performance

This is discussed in the Board Meeting and also taken up in the Nomination and remuneration Committee as part of Corporate Governance Code.

Means of communication with shareholder and investors

The Company is committed to providing relevant and timely information to its shareholders in accordance with its continuous disclosure obligations under the Corporate Governance Code.

Information is communicated to shareholders through the distribution of the Company's annual report and other communications. All releases are posted on the Company's website and released to the shareholders in a timely manner.

The Board Secretary is responsible for communications with the shareholders and ensuring that the Company meets its continuous disclosure obligations.

Management of principal risks and uncertainties faced by the Group

The board as a whole and management are assessing the risk from time to time. Board of Directors discuss and take proper measures for risk faced by the Group.

Review of internal control processes and procedures

The review of Internal control process and procedures is performed regularly by the Company's internal auditors to ensure efficiency.