

Banader Hotels Company B.S.C.

Condensed consolidated interim financial
information for the quarter and six
months period ended 30 June 2023
(Reviewed)

Banader Hotels Company B.S.C.
Condensed consolidated interim financial information for quarter and six months ended 30 June 2023(Reviewed)

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Banader Hotels Company B.S.C.
Administration and contact details as at 30 June 2023

Commercial registration no.	59045-01 obtained on 20 December 2005	
Directors	Abdulla Hasan Abdulla Buhindi Jehad Yusuf Abdulla Amin Mohamed Farooq Yusuf Al-Moayyed Redha Abdulla Ali Faraj Ahmed Mohamed Hussain Ali Yateem Suhail Mohamed Husain Hajee Nael Jamil Issa Hashweh	Chairman Vice-Chairman Director Director Director Director Director
Audit, risk and compliance committees	Redha Abdulla Ali Faraj Ahmed Mohamed Hussain Ali Yateem Suhail Mohamed Husain Hajee	Chairman
Remuneration and Corporate Governance Committee	Abdulla Hasan Abdulla Buhindi Mohammed Farooq Yusuf Al-Moayyed Suhail Mohamed Husain Hajee	
General Manager	Jad Joseph Moukheiber	
Registered office	Flat 52, Building 1006 Road 2813, Block 428 PO. Box 2474 Al Seef Kingdom of Bahrain	
Registrars	Bahrain Clear B.S.C. (c) PO Box 3203 Manama Kingdom of Bahrain	
Bankers	Bank of Bahrain and Kuwait HSBC Bank Middle East Limited	
Auditors	BDO 17 th Floor, Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain	

Review report on the condensed consolidated interim financial information to the Board of Directors of Banader Hotels Company B.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Banader Hotels Company B.S.C. (“the Company”) and its subsidiary (collectively referred to as “the Group”), as at 30 June 2023, the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in shareholders’ equity, the condensed consolidated interim statement of cash flows for the quarter and six months period then ended, and selected explanatory notes. The Group’s Board of Directors is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 34 - “*Interim financial reporting*”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 - “*Review of interim financial information performed by the independent auditor of the entity*”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the condensed consolidated interim financial position of the Group as at 30 June 2023, and of its condensed consolidated interim financial performance and its consolidated cash flows for the quarter and six months period then ended in accordance with International Accounting Standard 34 - “*Interim financial reporting*”.



Manama, Kingdom of Bahrain
10 August 2023



Banader Hotels Company B.S.C.
Condensed consolidated interim statement of financial position as at 30 June 2023
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	30 June 2023 (Reviewed)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	30,617,620	31,458,455
Right-of-use assets	5	<u>108,482</u>	<u>144,076</u>
		<u>30,726,102</u>	<u>31,602,531</u>
Current assets			
Inventories		42,917	44,083
Trade and other receivables		439,370	537,168
Cash and bank balances		<u>469,223</u>	<u>529,245</u>
		<u>951,510</u>	<u>1,110,496</u>
Total assets		<u>31,677,612</u>	<u>32,713,027</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	6	3,662,099	3,662,099
Preference shares	6	14,833,615	14,833,615
General reserve		211,096	211,096
Cash flow hedge reserve		(52,314)	-
Accumulated losses		<u>(9,583,066)</u>	<u>(8,395,538)</u>
Total equity		<u>9,071,430</u>	<u>10,311,272</u>
Non-current liabilities			
Non-current portion of term loan	7	8,330,400	-
Derivative financial instrument	8	52,314	-
Non-current portion of lease liabilities	9	79,059	75,300
Employees' terminal benefits		<u>121,371</u>	<u>109,834</u>
		<u>8,583,144</u>	<u>185,134</u>
Current liabilities			
Current portion of term loan	7	2,096,458	11,509,057
Current portion of lease liabilities	9	33,822	72,942
Current portion of amounts due to a related party	10	10,252,738	8,845,818
Trade and other payables		<u>1,640,020</u>	<u>1,788,804</u>
		<u>14,023,038</u>	<u>22,216,621</u>
Total equity and liabilities		<u>31,677,612</u>	<u>32,713,027</u>

The Reviewed condensed financial information, were approved and authorised for issue by the Board of Directors and signed on their behalf by:



Abdulla Hasan Abdulla Buhindi
Chairman


Jehad Yusuf Abdulla Amin
Vice-Chairman

Banader Hotels Company B.S.C.
Condensed consolidated interim statement of profit or loss and other comprehensive income for the quarter and six months period ended 30 June 2023
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022	Quarter ended 30 June 2023	Quarter ended 30 June 2022
Operating income	11	1,643,916	1,214,966	723,699	577,433
Operating costs	12	<u>(670,016)</u>	<u>(568,913)</u>	<u>(341,222)</u>	<u>(298,351)</u>
Operating profit for the period		<u>973,900</u>	<u>646,053</u>	<u>382,477</u>	<u>279,082</u>
Non-operating expenses					
General and administrative expenses	13	(820,392)	(626,873)	(375,365)	(298,286)
Depreciation on property, plant and equipment	4	(882,329)	(879,015)	(445,336)	(442,173)
Finance costs		<u>(458,707)</u>	<u>(300,646)</u>	<u>(210,406)</u>	<u>(157,784)</u>
		<u>(2,161,428)</u>	<u>(1,806,534)</u>	<u>(1,031,107)</u>	<u>(898,243)</u>
Net loss for the period		<u>(1,187,528)</u>	<u>(1,160,481)</u>	<u>(648,630)</u>	<u>(619,161)</u>
Other comprehensive income					
<i>Items that will or maybe reclassified subsequently to profit or loss</i>					
Loss on cash flow hedge	8	<u>(52,314)</u>	<u>-</u>	<u>(52,314)</u>	<u>-</u>
Net loss and other comprehensive loss for the period		<u>(1,239,842)</u>	<u>(1,160,481)</u>	<u>(700,944)</u>	<u>(619,161)</u>
Basic loss per share	14	<u>(0.032)</u>	<u>(0.032)</u>	<u>(0.018)</u>	<u>(0.017)</u>
Diluted loss per share	14	<u>(0.005)</u>	<u>(0.008)</u>	<u>(0.003)</u>	<u>(0.004)</u>

The reviewed condensed financial information, were approved and authorised for issue by the Board of Directors and signed on their behalf by:


Abdulla Hasan Abdulla Buhindi
Chairman


Jihad Yusuf Abdulla Amin
Vice-Chairman

Banader Hotels Company B.S.C.
Condensed consolidated interim statement of changes in shareholders' equity for the six months ended 30 June 2023
(Reviewed)
(Expressed in Bahrain Dinars)

	Share capital	Preference shares	General reserve	Cash flow hedge reserve	Accumulated losses	Total
At 31 December 2021 (audited)	3,662,099	14,833,615	100,358	-	(5,910,985)	12,685,087
Net loss and other comprehensive loss for the period	-	-	-	-	(1,160,481)	(1,160,481)
At 30 June 2022 (Reviewed)	<u>3,662,099</u>	<u>14,833,615</u>	<u>100,358</u>	<u>-</u>	<u>(7,071,466)</u>	<u>11,524,606</u>
At 31 December 2022 (audited)	3,662,099	14,833,615	211,096	-	(8,395,538)	10,311,272
Net loss and other comprehensive loss for the period	-	-	-	(52,314)	(1,187,528)	(1,239,842)
At 30 June 2023 (Reviewed)	<u>3,662,099</u>	<u>14,833,615</u>	<u>211,096</u>	<u>(52,314)</u>	<u>(9,583,066)</u>	<u>9,071,430</u>

Banader Hotels Company B.S.C.
Condensed consolidated interim statement of cash flows for the six months ended 30 June 2023
(Reviewed)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>Six months ended 30 June 2023</u>	<u>Six months ended 30 June 2022</u>
Operating activities			
Net loss for the period		(1,187,528)	(1,160,481)
Adjustments for:			
Depreciation on property, plant and equipment	4	882,329	879,015
Finance costs		458,707	300,646
Amortisation of right-of-use asset	5	35,595	35,593
Provision for impaired trade receivables		3,067	4,142
Changes in operating assets and liabilities:			
Inventories		1,166	1,110
Trade and other receivables		94,730	(138,967)
Trade and other payables		(148,784)	54,794
Employees' terminal benefits, net		<u>11,537</u>	<u>10,191</u>
Net cash provided by/(used in) operating activities		<u>150,819</u>	<u>(13,957)</u>
Investing activities			
Purchase of property, plant and equipment	4	<u>(41,494)</u>	<u>(23,612)</u>
Net cash used in investing activities		<u>(41,494)</u>	<u>(23,612)</u>
Financing activities			
Principal elements of lease payments		(35,361)	(33,792)
Repayment of term loan		(1,082,199)	(978,403)
Net movement in amounts due to a related party		1,406,920	1,296,559
Finance costs paid		<u>(458,707)</u>	<u>(300,646)</u>
Net cash used in financing activities		<u>(169,347)</u>	<u>(16,282)</u>
Net decrease in cash and cash equivalents		(60,022)	(53,851)
Cash and cash equivalents, beginning of the period		<u>529,245</u>	<u>181,814</u>
Cash and cash equivalents, end of the period		<u><u>469,223</u></u>	<u><u>127,963</u></u>
Comprising:			
Cash and bank balances		469,223	164,778
Bank overdrafts		<u>-</u>	<u>(36,815)</u>
		<u><u>469,223</u></u>	<u><u>127,963</u></u>

Banader Hotels Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

1 Organisation and activities

Banader Hotels Company B.S.C. (“the Company”) is a public joint stock company registered in the Kingdom of Bahrain with the Ministry of Industry and Commerce under commercial registration number 59045-1 dated 20 December 2005. The Company owns the Downtown Rotana Hotel which is managed by Rotana Hotel Management Corporation Limited L.L.C. under a 10 years agreement beginning from the actual date of takeover of the management and renewable for three additional terms of ten years.

The principal activities of the Group are building and investing in hotels.

The Group’s registered office is situated in the Kingdom of Bahrain.

The Company is a 53.91% subsidiary of BMMI B.S.C. (“the Parent Company”). During the year 2022, the Company acquired White Hotels Company W.L.L. (“the New Company”). BMMI B.S.C., Banader Hotels Company B.S.C. and White Hotels Company W.L.L. have entered into a deed of novation on 4 September 2022 for sell and transfer business operations to include the hotel operations, loan facilities, employees, office and any other business to White Hotels Company W.L.L. Banader Hotels Company has sold and transferred the hotel building and title of land to White Hotels Co. pursuant to Land Sale Agreement dated 24 August 2022. These financial statements include operations and results of Downtown Rotana Hotel B.S.C. CR. No. 59045-2 obtained on 15 February 2016. The Downtown Rotana Hotel commenced its operations from 1 March 2016.

The Parties agreed, that Banader Hotels shall be released from all of its future obligation and liabilities under the Subordinated Loan Agreement and White Hotels will assume all the post-novation rights, obligations and liabilities.

Banader Hotels intends to assign his rights, duties and obligations in the Agreement to White Hotels Company, new Company. While the New Company accepts such rights, duties and obligations assigned by the Owner in relation to the Agreement. The New Company will replace and become the owner of Downtown Rotana Hotel.

The details of the Company’s investment in subsidiary as at 30 June 2023 are as follows:

<u>Name of the subsidiaries</u>	<u>Country of incorporation</u>	<u>Percentage of ownership interest</u>	<u>Principal activities</u>	<u>Total assets at 30 June 2023</u>	<u>Net loss for the period ended 30 June 2023</u>
White Hotels Company W.L.L.	Bahrain	100%	Real estate activities, Hospitality management	BD32,118,687(At 31 December 2022: BD32,593,344)	BD1,393,415(At 31 December 2022: BD769,931)

The reviewed condensed consolidated financial information, set out on pages 4 to 17, were approved and authorised for issue by the Board of Directors on XX August 2023

2 Basis of preparation

The condensed consolidated interim financial information has been presented in accordance with International Accounting Standard 34 - “*Interim financial reporting*”. The condensed consolidated interim financial information should therefore be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2022. The financial information has been presented in Bahrain Dinars (BD) which is also the functional currency of the Group.

Banader Hotels Company B.S.C.

**Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)**

2 Basis of preparation (continued)

This condensed consolidated interim financial information have been prepared using going concern assumption under the historical cost convention.

Improvements/amendments to IFRS/IAS

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Group's future accounting year with earlier adoption.

Standards, amendments and interpretations issued and effective in 2023 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2023 or subsequent periods, but is not relevant to the Group's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Disclosure of accounting policies	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

Standards, amendments and interpretations issued but not yet effective in 2023

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 June 2023. They have not been adopted in preparing the condensed consolidated interim financial information for the period ended 30 June 2023 and will or may have an effect on the entity's future financial information. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Classification of liabilities as current or non-current	1 January 2024
IAS 1	Non-current liabilities with covenants	1 January 2024
IFRS 16	Lease liability in a sale and leaseback	1 January 2024

Early adoption of amendments or standards in 2023

The Group did not early-adopt any new or amended standards in 2023. There would have been no change in the operational results of the Group for the period ended 30 June 2023 had the Group early adopted any of the above standards applicable to the Group.

3 Significant accounting policies and critical accounting judgments, estimates and assumptions

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual audited financial statements of the Group prepared as at, and for the year ended 31 December 2022 as described in those annual audited consolidated financial statements.

Banader Hotels Company B.S.C.
Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023
(Reviewed)
(Expressed in Bahrain Dinars)

4 Property, plant and equipment	Freehold land	Buildings on freehold land	Furniture and fixtures	Computer and office equipment	Motor vehicles	Machinery and equipment	Total
Cost							
At 31 December 2021	3,048,313	29,189,225	8,356,962	363,548	26,525	3,216,716	44,201,289
Additions	-	10,883	-	63,191	-	3,285	77,359
At 31 December 2022	3,048,313	29,189,225	8,367,845	426,739	26,525	3,220,001	44,278,648
Additions	-	6,150	-	21,989	-	13,355	41,494
At 30 June 2023 (reviewed)	3,048,313	29,189,225	8,373,995	448,728	26,525	3,233,356	44,320,142
Accumulated depreciation							
At 31 December 2021	-	4,251,234	4,640,229	293,789	26,525	1,835,963	11,047,740
Charge for the year	-	729,731	807,440	26,692	-	208,590	1,772,453
At 31 December 2022	-	4,980,965	5,447,669	320,481	26,525	2,044,553	12,820,193
Charge for the period	-	361,866	400,915	15,772	-	103,776	882,329
At 30 June 2023 (reviewed)	-	5,342,821	5,848,584	336,253	26,525	2,148,329	13,702,522
Net book value							
At 30 June 2023 (reviewed)	3,048,313	23,846,394	2,525,411	112,475	-	1,085,027	30,617,620
At 31 December 2022 (audited)	3,048,313	24,208,260	2,920,176	106,258	-	1,175,448	31,458,455

Freehold land and building are mortgaged against the term loan obtained by the Group. (Note 7).

Banader Hotels Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

5 Right-of-use assets

	<u>30 June 2023</u> (Reviewed)	<u>31 December 2022</u> (Audited)
Office and staff accommodation		
Opening balance	144,076	215,264
Amortisation charge for the period/year (Note 13)	<u>(35,594)</u>	<u>(71,188)</u>
Closing balance	<u>108,482</u>	<u>144,076</u>

6 Share capital

	<u>30 June 2023</u> (Reviewed)	<u>31 December 2022</u> (Audited)
Authorised share capital		
Equity shares 300,000,000 (2022: 300,000,000) Equity shares of 100 fils each	<u>30,000,000</u>	<u>30,000,000</u>
Irredeemable preference shares 148,336,150 (2022: 148,336,150) Preference shares of 100 fils each	<u>148,336,150</u>	<u>148,336,150</u>
Issued and fully paid-up		
Equity shares 36,620,990 (2022: 36,620,990) Equity shares of 100 fils each	<u>3,662,099</u>	<u>3,662,099</u>
Irredeemable preference shares 148,336,150 (2022: 148,336,150) Preference shares of 100 fils each	<u>14,833,615</u>	<u>14,833,615</u>

Additional information on shareholding pattern

The names and nationalities of the major shareholders holding 5% or more of the issued shares are as follows:

<u>30 June 2023</u>	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>
BMMI B.S.C.	Bahraini	19,742,793	53.91%
General public and corporations	Various	<u>16,878,197</u>	<u>46.09%</u>
		<u>36,620,990</u>	<u>100%</u>

Banader Hotels Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
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6 Share capital (continued)

<u>31 December 2022</u>	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>
Bahrain Maritime & Mercantile Intl Co	Bahraini	19,742,793	53.91%
General public and corporations	Various	<u>16,878,197</u>	<u>46.09%</u>
		<u>36,620,990</u>	<u>100%</u>

The Group has only one class of equity shares and the shareholders have equal voting rights.

The distribution pattern of the issued share capital, setting out the number of shareholders and the percentages broken down into the following categories are as follows:

	<u>Number of shares</u>		<u>Number of shareholders</u>		<u>Percentage of total outstanding shares</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Less than 1%	12,580,932	12,162,418	3,137	3,110	34.35%	33.21%
1% up to less than 5%	5,968,512	4,715,779	7	7	16.29%	12.88%
More than 5%	<u>18,071,546</u>	<u>19,742,793</u>	<u>1</u>	<u>1</u>	<u>49.34%</u>	<u>53.91%</u>
	<u>36,620,990</u>	<u>36,620,990</u>	<u>3,145</u>	<u>3,118</u>	<u>100%</u>	<u>100%</u>

7 Term loan

	<u>30 June 2023</u> (Reviewed)	<u>31 December 2022</u> (Audited)
HSBC Bank Middle East Limited	10,426,858	11,509,057
Less: current portion of term loan	<u>(2,096,458)</u>	<u>(11,509,057)</u>
Non-current portion of term loan	<u>8,330,400</u>	<u>-</u>

This represents term loan of up to BD25,000,000 obtained from HSBC Bank Middle East Limited to finance the settlement of the previous credit facility obtained, fund the Hotel construction and its pre-operating expenses until the soft opening, and fund the retention payable to the Hotel's contractors. This loan bears interest rates varying from 2.5% to 2.75% plus T-bills rate, as applicable. The repayment schedule was revised from 29 quarterly instalments ranging from BD131,139 to BD657,011 and final payment of BD11,145,000 to 43 monthly instalments of BD195,746 and final payment of BD9,982,353. The final instalment falls due on 31 October 2023. The loan is secured against the freehold land and building (Note 4) and guarantee by BMMI B.S.C., a related party, of BD25,750,000.

The Group entered into an assignment of receivables agreement with HSBC Bank Middle East Limited on 8 July 2015 whereby the Group irrevocably and unconditionally assigned to the bank, all monies due and to become due to the Group from its operations until the full amount of loan, including interest, is settled.

That portion of the term loan which is payable within twelve months from the condensed consolidated interim statement of financial position date is disclosed as current portion of term loan.

Banader Hotels Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

8 Derivative financial instrument

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Interest rate swap	<u>52,314</u>	<u>-</u>

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Group's exposure to fluctuations in interest rates (interest rate risk) through entering into interest rate swaps (IRS). It is the Group's policy to reduce its exposure to interest rate risks to acceptable levels as determined by the Board of Directors.

The interest rate swaps have been entered into by the Group in order to hedge the interest payments on its floating rate borrowings. These have been classified as cash flow hedges by the Group. The fair value of derivative financial instruments resulted in the following fair value gain in the statement of comprehensive income for the period ended 30 June 2023 and was recorded in cash flow hedge reserve.

9 Lease liabilities

	30 June 2022 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Opening balance	148,242	216,599
Lease payments	(38,400)	(76,800)
Interest charge (Note 13)	<u>3,039</u>	<u>8,443</u>
	112,881	148,242
Less: current liabilities	<u>(33,822)</u>	<u>(72,942)</u>
Non-current liabilities	<u>79,059</u>	<u>75,300</u>
Maturity analysis - contractual undiscounted cash flows:		
	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Less than one year	37,061	74,892
One to five years	<u>84,436</u>	<u>81,943</u>
Total undiscounted lease liabilities	<u>121,497</u>	<u>156,835</u>

Banader Hotels Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

10 Amounts due to a related party

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
BMMI B.S.C.	10,252,738	8,845,818
Less: current portion of amounts due to a related party	<u>(10,252,738)</u>	<u>(8,845,818)</u>
Non-current portion of amounts due to a related party	<u>-</u>	<u>-</u>

11 Operating revenue

	Six months ended 30 June 2023 <u>(Reviewed)</u>	Six months ended 30 June 2022 <u>(Reviewed)</u>	Quarter ended 30 June 2023 <u>(Reviewed)</u>	Quarter ended 30 June 2022 <u>(Reviewed)</u>
Rooms	1,088,964	775,238	477,920	350,747
Food and beverages	338,598	266,026	149,464	147,052
Other operating departments	<u>216,354</u>	<u>173,702</u>	<u>96,315</u>	<u>79,634</u>
	<u>1,643,916</u>	<u>1,214,966</u>	<u>723,699</u>	<u>577,433</u>

12 Operating costs

	Six months ended 30 June 2023 <u>(Reviewed)</u>	Six months ended 30 June 2022 <u>(Reviewed)</u>	Quarter ended 30 June 2023 <u>(Reviewed)</u>	Quarter ended 30 June 2022 <u>(Reviewed)</u>
Direct labour	368,116	305,550	179,743	152,955
Other overhead expenses	172,679	159,791	102,761	89,644
Food and beverages	<u>129,221</u>	<u>103,572</u>	<u>58,718</u>	<u>55,752</u>
	<u>670,016</u>	<u>568,913</u>	<u>341,222</u>	<u>298,351</u>

Banader Hotels Company B.S.C.

**Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)**

13 General and administrative expenses

	Six months ended 30 June 2023 <u>(Reviewed)</u>	Six months ended 30 June 2022 <u>(Reviewed)</u>	Quarter ended 30 June 2023 <u>(Reviewed)</u>	Quarter ended 30 June 2022 <u>(Reviewed)</u>
Staff costs	345,564	255,231	144,508	109,012
Commission	101,928	59,739	53,961	28,782
Management fees	74,427	24,299	36,319	13,604
Corporate expenses	61,480	58,341	33,285	23,502
IT Costs	35,744	40,961	15,588	19,946
Amortisation of right-of-use asset (Note 5)	35,594	35,593	17,796	20,007
Contract services	33,097	33,693	16,396	17,190
Printing and stationery	27,281	15,358	13,082	3,328
Advertisement and business promotion	26,968	28,563	10,979	14,693
Legal and professional fees	19,688	20,311	9,312	10,310
Loyalty programs and affiliation fees	6,630	6,482	1,868	3,722
Interest expense on lease liabilities (Note 9)	3,039	4,608	1,419	1,195
Other administrative expenses	<u>48,952</u>	<u>43,694</u>	<u>20,852</u>	<u>32,995</u>
	<u>820,392</u>	<u>626,873</u>	<u>375,365</u>	<u>298,286</u>

14 Basic and diluted loss per share

a. Basic loss per share

Basic loss per share is calculated by dividing the net profit or loss attributable to the shareholders by the weighted average number of ordinary shares issued during the period.

	Six months ended 30 June 2023 <u>(Reviewed)</u>	Six months ended 30 June 2022 <u>(Reviewed)</u>	Quarter ended 30 June 2023 <u>(Reviewed)</u>	Quarter ended 30 June 2022 <u>(Reviewed)</u>
Net loss attributable to the shareholders	<u>(1,187,528)</u>	<u>(1,160,481)</u>	<u>(648,630)</u>	<u>(619,161)</u>
Weighted average number of ordinary shares used in basic loss per share	<u>36,620,990</u>	<u>36,620,990</u>	<u>36,620,990</u>	<u>36,620,990</u>
Basic loss per share	<u>(0.032)</u>	<u>(0.032)</u>	<u>(0.018)</u>	<u>(0.017)</u>

Banader Hotels Company B.S.C.

**Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)**

14 Basic and diluted loss per share (continued)

b. Diluted loss per share

The Group has potentially dilutive preference shares, hence the diluted loss per shares:

	Six months ended 30 June 2023 <u>(Reviewed)</u>	Six months ended 30 June 2022 <u>(Reviewed)</u>	Quarter ended 30 June 2023 <u>(Reviewed)</u>	Quarter ended 30 June 2022 <u>(Reviewed)</u>
<i>Numerator:</i>				
Loss used in diluted loss per share	<u>(1,191,757)</u>	<u>(1,160,481)</u>	<u>(652,860)</u>	<u>(619,161)</u>
<i>Denominator:</i>				
Weighted average number of ordinary shares	36,620,990	36,620,990	36,620,990	36,620,990
Effects of: convertible preference shares	<u>211,908,785</u>	<u>105,083,534</u>	<u>211,908,785</u>	<u>105,083,534</u>
Weighted average number of shares used in diluted loss per share	<u>248,529,775</u>	<u>141,704,524</u>	<u>248,529,775</u>	<u>141,704,524</u>
Diluted loss per share	<u>(0.005)</u>	<u>(0.008)</u>	<u>(0.003)</u>	<u>(0.004)</u>

15 Transactions and balances with 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 the major shareholders, Board of Directors, key management personnel and their close family members and such other companies over which the Group or its major shareholders, Board of Directors, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorised by the management and are on arm's length basis.

Transactions with related parties are as follows:

Related party	Related party relationship	Type of transaction	Six months ended 30 June 2023 <u>(Reviewed)</u>	Six months ended 30 June 2022 <u>(Reviewed)</u>
BMMI B.S.C.	Shareholder	Purchases	9,904	5,904
BMMI B.S.C.	Shareholder	Sales	12,776	5,210
BMMI B.S.C.	Shareholder	Rent and service charges	<u>1,980</u>	<u>1,980</u>
			<u>24,660</u>	<u>13,094</u>

The total salaries paid to members of key management in 2023 (including salaries and benefits) amounted to BD27,600 (2022: BD27,318). The total sitting fees paid to Board of Directors in 2023 was BD6,300 (2022: BD5,700).

Banader Hotels Company B.S.C.

Selected explanatory notes to the condensed consolidated interim financial information for the quarter and six months period ended 30 June 2023 (Reviewed)
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15 Transactions and balances with related parties (continued)

A summary of related party balances is as follows:

	<u>Related party relationship</u>	<u>30 June 2023</u> (Reviewed)	<u>31 December 2022</u> (Audited)
<i>Amounts due from related parties</i>			
Bayader Company For Restaurant Management W.L.L.	Common shareholder	32,123	19,659
BMMI B.S.C.	Parent Company	31,241	21,939
Majestic Arjaan by Rotana	Common management	18,398	34,083
Rotana Hotel Management	Corporate office	15,500	15,881
Amman Rotana	Common management	-	<u>2,144</u>
		<u>97,262</u>	<u>93,706</u>
<i>Amounts due to related parties</i>			
	<u>Related party relationship</u>	<u>30 June 2023</u> (Reviewed)	<u>31 December 2022</u> (Audited)
BMMI B.S.C.	Parent Company	3,914	8,300
Majestic Arjaan by Rotana	Common management	1,754	2,865
City Centre Rotana Doha	Common management	179	-
Al Ain Rotana	Common management	82	-
Rotana Hotel Management	Corporate office	-	16,126
Amwaj Rotana - Jumierah Beach Dubai	Common management	-	<u>875</u>
		<u>5,929</u>	<u>28,166</u>

16 Consolidated Interim financial information

The consolidated interim net profit or loss for the six months ended 30 June 2023 may not represent a proportionate share of the annual net profit due to the variability in the receipt of operating income due to the current market conditions.

17 Segment reporting

The Group's activities are restricted to building and investing in hotels. As the Group has hotel operations as its only business segment, no business segmental information has been presented.

The Group operates only in the Kingdom of Bahrain and, hence, no geographical segmental information is presented in this Reviewed condensed consolidated interim financial information.

18 Subsequent events

There were no significant events subsequent to 30 June 2023 and occurring before the date of the report that are expected to have a significant impact on this condensed consolidated interim financial information.