

Seef Properties B.S.C.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2013

REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SEEF PROPERTIES B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Seef Properties B.S.C. ('the Company') and its subsidiary (together 'the Group') as at 30 June 2013, comprising of the interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

A stylized, handwritten-style signature of 'Ernst & Young' in black ink.

18 July 2013
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013 (Unaudited)

		30 June 2013 Unaudited BD	31 December 2012 Audited BD
	Note		
ASSETS			
Non-current assets			
Furniture, equipment and vehicles		1,349,385	1,689,226
Capital work-in-progress		114,873	49,352
Investment properties		101,412,191	101,299,000
Investment in a joint venture		5,314,999	5,321,772
		108,191,448	108,359,350
Current assets			
Trade and other receivables		836,635	975,718
Cash and bank balances	4	14,578,992	14,578,396
		15,415,627	15,554,114
TOTAL ASSETS		123,607,075	123,913,464
EQUITY AND LIABILITIES			
Equity			
Share capital		46,000,000	46,000,000
Statutory reserve		15,040,000	15,040,000
Furniture and fixtures replacement reserve		142,814	111,025
Retained earnings		55,973,672	56,831,191
Total equity		117,156,486	117,982,216
Liabilities			
Non-current liability			
Employees' end of service benefits		186,971	162,959
Current liabilities			
Unclaimed dividends	6	4,680,003	4,228,393
Other payables and accruals		1,583,615	1,539,896
		6,263,618	5,768,289
Total liabilities		6,450,589	5,931,248
TOTAL EQUITY AND LIABILITIES		123,607,075	123,913,464



Essa Mohamed Najibi
Chairman



Sager Shaheen Sager
Vice Chairman



Robert Addison
General Manager

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2013 (Unaudited)

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2013	2012	2013	2012
		BD	BD	BD	BD
Income					
Property rental income and service charges		2,176,048	2,105,235	4,303,601	4,244,282
Income from serviced apartments		507,005	413,726	1,059,647	828,261
Leisure and recreational income		328,180	313,294	650,873	586,352
		3,011,233	2,832,255	6,014,121	5,658,895
Less: cost of sales		527,972	574,132	1,016,189	1,038,781
Gross profit		2,483,261	2,258,123	4,997,932	4,620,114
Other operating income		266,115	189,036	501,272	458,976
Profit on term deposits		93,617	78,795	202,061	201,026
Operating profit		2,842,993	2,525,954	5,701,265	5,280,116
Expenses					
Staff costs		538,245	447,326	1,069,139	879,233
General, administration, marketing and advertisement		327,085	389,269	709,832	693,893
Depreciation		120,882	110,437	241,251	206,809
Directors' remuneration		5,400	6,200	184,000	128,800
Donations and charitable contributions		-	-	150,000	120,000
Provision for doubtful debts		13,000	12,250	26,000	24,500
		1,004,612	965,482	2,380,222	2,053,235
Share of net loss from joint venture		(8,471)	(19,378)	(6,773)	(19,378)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,829,910	1,541,094	3,314,270	3,207,503
Basic and diluted earnings per share (fils)	7	3.98 Fils	3.35 Fils	7.20 Fils	6.97 Fils



Essa Mohamed Najibi
Chairman



Sager Shaheen Sager
Vice Chairman



Robert Addison
General Manager

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2013 (Unaudited)

		Six month period ended 30 June	
	Note	2013 BD	2012 BD
OPERATING ACTIVITIES			
Profit for the period		3,314,270	3,207,503
Adjustments for:			
Depreciation		361,892	360,539
Profit on term deposits		(202,061)	(201,026)
Provision for doubtful debts (net)		26,000	24,500
Directors' remuneration		184,000	128,800
Donations and charitable contributions		150,000	120,000
Employees' end of service benefits		28,115	26,287
Write-back of accruals no longer payable		(16,564)	(87,603)
Share of net loss from joint venture		6,773	19,378
Operating profit before working capital changes		3,852,425	3,598,378
Working capital changes:			
Trade and other receivables		48,333	75,801
Other payables and accruals		(56,007)	(217,436)
Net cash from operations		3,844,751	3,456,743
Employees' end of service benefits paid		(4,103)	(2,228)
Directors' remuneration paid		(184,000)	(120,500)
Donations and charitable contributions paid		(33,710)	(18,729)
Net cash from operating activities		3,622,938	3,315,286
INVESTING ACTIVITIES			
Net movement in term deposits		1,737,185	8,069,287
Profit on term deposits received		266,811	192,895
Purchase of furniture, equipment and vehicles		(22,051)	(143,791)
Expenditure incurred on capital work-in-progress		(65,521)	(23,657)
Additions to investment properties		(113,191)	(74,857)
Investment in joint venture		-	(5,300,000)
Net cash from investing activities		1,803,233	2,719,877
FINANCING ACTIVITIES			
Dividends paid	6	(3,688,390)	(3,064,985)
Movement in bank balances representing unclaimed dividends		(231,870)	(385,815)
Net cash used in financing activities		(3,920,260)	(3,450,800)
INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		2,111,809	1,206,635
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	3,617,720	3,790,998

Non-cash items:

- 1) Movement in donations and charitable contributions accrued but not yet settled amounting to BD 116,290 (30 June 2012: BD 101,271) have been excluded from the movement of other payables and accruals.
- 2) Movement in profit on term deposits of BD 64,750 (30 June 2012: BD 8,131) which has been accrued but not yet received has been excluded from trade and other receivables.
- 3) During the period, the Group has written back certain accruals no longer payable amounting to BD 16,564 (30 June 2012: BD 87,603) which have been excluded from the movement of other payables and accruals.
- 4) Accrued directors' remuneration not yet settled as of 30 June 2012 of BD 8,300 (30 June 2013: nil) has been excluded from the movement in other payables and accruals.

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2013 (Unaudited)

	Note	Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD
Balance at 1 January 2013		46,000,000	15,040,000	111,025	56,831,191	117,982,216
Total comprehensive income		-	-	-	3,314,270	3,314,270
Dividends declared for 2012	5	-	-	-	(4,140,000)	(4,140,000)
Transfer to furniture and fixtures replacement reserve		-	-	31,789	(31,789)	-
Balance at 30 June 2013		46,000,000	15,040,000	142,814	55,973,672	117,156,486
Balance at 1 January 2012		46,000,000	14,210,000	57,800	52,892,205	113,160,005
Total comprehensive income		-	-	-	3,207,503	3,207,503
Dividends declared for 2011	5	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve		-	-	24,848	(24,848)	-
Balance at 30 June 2012		46,000,000	14,210,000	82,648	52,624,860	112,917,508

* Retained earnings include BD 25,000 (2012: BD 25,000) relating to the statutory reserve of the subsidiary.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

1 ACTIVITIES

Seef Properties B.S.C. ('the Company') is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 44344. The postal address of the Company's registered head office is at P O Box 20084, Manama, Kingdom of Bahrain.

The Company had the following wholly owned subsidiary at the date of the interim consolidated statement of financial position.

<i>Name</i>	<i>Ownership interest</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Fraser Suites Seef - Bahrain S.P.C.	100%	Kingdom of Bahrain	Hotel, tourist furnished flats and restaurants for tourist services management.

The Company and its wholly owned subsidiary are collectively referred to as (the "Group").

The Group is primarily engaged in the real estate business and also provides leisure and recreational game facilities. The Group owns and manages the Seef Mall, the Isa Town Mall, Fraser Suites - Seef and other commercial facilities and properties in the Kingdom of Bahrain and operates the Magic Island, leisure and recreational games facilities.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 18 July 2013.

2 ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. In addition, results for the six month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012 except for the adoption of the new Standard and Interpretation, noted below, which did not have any impact on the accounting policies, financial position or performance of the Group:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment had no impact on the Group's financial position or performance as it does not have such OCI items.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 30 June 2013 (Unaudited)

2 ACCOUNTING POLICIES (continued)

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. The Group had already disclosed the total segment liabilities in previously reporting periods. See note 9.

IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of this standard has no impact as the Company has full control on its wholly owned subsidiary.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard has no impact on the financial performance of the Group since its net investment in joint venture is already accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

2 ACCOUNTING POLICIES (continued)*IFRS 13 Fair Value Measurement (continued)*

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed financial statements period. The Group provides these disclosures in note 3.

Several other new standards and amendments apply for the first time in 2013; however, they do not impact the annual financial statements of the Group or the interim condensed financial statements of the Group.

3 FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at the date of the interim consolidated statement of financial position:

	Unaudited 30 June 2013 BD	Audited 31 December 2012 BD
Financial asset:		
Trade and other receivables	647,183	846,760
Financial liabilities:		
Unclaimed dividends	4,680,003	4,228,393
Other payables and accruals	1,160,517	1,154,913
Total	5,840,520	5,383,306

Fair values

The carrying amounts of the Group's financial instruments such as cash, trade and other receivables and payables, are a reasonable approximation of their fair values. Thus, a fair value disclosure is not required for such financial instruments.

4 CASH AND BANK BALANCES

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following at the date of the interim consolidated statement of financial position.

	Unaudited 30 June 2013 BD	Audited 31 December 2012 BD	Unaudited 30 June 2012 BD
Cash on hand, bank balances and term deposits	14,578,992	14,578,396	10,047,683
less: Term deposits with an original maturity of more than three months	(9,251,133)	(10,988,318)	(4,604,320)
Bank balances representing unclaimed dividends *	(1,710,139)	(1,478,269)	(1,652,365)
	3,617,720	2,111,809	3,790,998

Bank balances are held in commercial banks in the Kingdom of Bahrain and are non-interest bearing. Term deposits are placed for varying periods ranging between three months to one year. The profit rates on term deposits as at 30 June 2013 range between 1.80% to 3.60% (30 June 2012: 1.85% to 4.25%).

* Refer to note 6 for details of unclaimed dividends.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

5 DIVIDENDS DECLARED

At the Annual General Meeting held on 31 March 2013, the Company's shareholders approved to pay a final dividend of BD 0.009 per share totalling BD 4,140,000. Dividends paid amounting to BD 3,688,390 relates to 2012.

At the Annual General Meeting held on 29 March 2012, the Company's shareholders approved to pay a final dividend of BD 0.0075 per share totalling BD 3,450,000. Dividends paid amounting to BD 3,239,081 relates to 2011 and before.

6 UNCLAIMED DIVIDENDS

	<i>Unaudited</i> 30 June 2013 BD	<i>Audited</i> 31 December 2012 BD
Balance at the beginning of the period / year	4,228,393	4,017,474
Dividends declared (note 5)	4,140,000	3,450,000
Dividends paid	(3,688,390)	(3,239,081)
Balance at the end of the period / year	<u>4,680,003</u>	<u>4,228,393</u>

7 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>Unaudited</i> 30 June 2013	<i>Unaudited</i> 30 June 2012	<i>Unaudited</i> 30 June 2013	<i>Unaudited</i> 30 June 2012
Profit for the year – BD	<u>1,829,910</u>	1,541,094	<u>3,314,270</u>	3,207,503
Weighted average number of shares outstanding	<u>460,000,000</u>	460,000,000	<u>460,000,000</u>	460,000,000
Basic and diluted earnings per share	<u>3.98 Fils</u>	3.35 Fils	<u>7.20 Fils</u>	6.97 Fils

No separate figure for diluted earnings per share has been presented as the Company has not issued any financial instruments which may have a dilutive effect.

8 COMMITMENTS

a) Capital commitments

Capital expenditure commitments outstanding as at the financial position date but not yet provided for, relating to the projects in malls and properties are as follows:

	<i>Unaudited</i> 30 June 2013 BD	<i>Audited</i> 31 December 2012 BD
Renovation works of Seef Mall and other properties	<u>334,853</u>	<u>130,821</u>

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

8 COMMITMENTS (continued)

The Group's share of capital expenditure commitments outstanding as at the financial position date but not yet provided for, relating to the development of Muharraq Seef Mall are as follows:

	<i>Unaudited</i> 30 June 2013 BD	<i>Audited</i> 31 December 2012 BD
Muharraq Seef Mall	5,323,074	6,718,404

b) Operating lease commitments

The Group has entered into leases with commercial malls in the Kingdom of Bahrain for operating its leisure and recreational facilities. The Group's share of the joint venture's operating lease relating to the land on which Muharraq Seef Mall is being developed is included in the following disclosed gross commitments.

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

	<i>Unaudited</i> 30 June 2013 BD	<i>Audited</i> 31 December 2012 BD
Within one year	258,325	231,290
After one year but not more than five years	1,069,577	1,062,755
More than five years	4,810,993	4,948,527
	6,138,895	6,242,572

c) Other commitments

Muharraq Mall W.L.L. is expected to pay a royalty charge of 2.75% of its gross rental income receivable commencing from the year 2022 until the end of the lease term in 2053.

d) Legal cases

In the ordinary course of business, the Group is subject to legal claims. The Company has provided for certain claims relating to employee claims.

A third party has filed a claim against the Group towards damages caused by theft. The Group lost the case, however, it has filed an appeal against the ruling. The third party is seeking damages equal to BD 202,811 (2012: same). The case is still ongoing as of 30 June 2013. Based on independent legal advice, management do not believe that any provision is required.

9 SEGMENT INFORMATION

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

Malls and properties	-	Management of real estate including malls
Serviced apartments	-	Management of apartments
Leisure and entertainment	-	Operating leisure and recreational games facilities
Other	-	All activities other than property management and leisure activities

The operations of malls and properties include the management of Seef Mall and Isa Town Mall, and other properties in Hamad Town, Isa Town, Saar and Um-Al Hassam.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 30 June 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

Serviced apartments represent Fraser Suites Seef - Bahrain, which generates income from the leasing of furnished serviced apartments and tourist restaurants.

The Group owns and operates leisure and recreational games facilities in different commercial malls in the Kingdom of Bahrain under its brand name of Magic Island.

The Group also earns income from the promotional space and car park areas in addition to other miscellaneous income.

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 interim consolidated financial statements. Group financing (finance revenue) is managed on a group basis and is not allocated to operating segments.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Segment assets include all operating assets used by a segment and consist primarily of furniture, equipment and vehicles, investment properties and accounts receivable.

Segment liabilities include all operating liabilities and consist primarily of trade and other payables.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

Three months ended 30 June

	Malls and properties			Serviced apartments			Leisure and entertainment			Others			Elimination			Consolidated		
	Three months ended 30 June			Three months ended 30 June			Three months ended 30 June			Three months ended 30 June			Three months ended 30 June			Three months ended 30 June		
	Unaudited 2013	Unaudited 2012	BD	Unaudited 2013	Unaudited 2012	BD	Unaudited 2013	Unaudited 2012	BD	Unaudited 2013	Unaudited 2012	BD	Unaudited 2013	Unaudited 2012	BD	Unaudited 2013	Unaudited 2012	BD
Income from external operations	2,176,048	2,105,235		507,005	413,726		328,180	313,294		-	-		-	-		3,011,233	2,832,255	
Inter-segment income	55,185	55,185		-	-		-	-		-	-		(55,185)	(55,185)		-	-	
Cost of sales	247,097	305,670		159,566	153,750		176,494	169,897		-	-		55,185	55,185		527,972	574,132	
Gross profit	1,984,136	1,854,750		347,439	259,976		151,686	143,397		-	-		-	-		2,483,261	2,258,123	
Other operating income	-	-		-	-		-	-		266,115	189,036		-	-		266,115	189,036	
Profit on term deposits	-	-		-	-		-	-		93,617	78,795		-	-		93,617	78,795	
Operating profit	1,984,136	1,854,750		347,439	259,976		151,686	143,397		359,732	267,831		-	-		2,842,993	2,525,954	
Expenses																		
Staff costs	406,179	310,084		57,475	62,323		74,591	74,919		-	-		-	-		538,245	447,326	
General and administration, marketing and advertisement	238,375	305,326		66,828	53,144		21,882	30,799		-	-		-	-		327,085	389,269	
Depreciation	64,609	54,402		42,690	42,152		13,583	13,883		-	-		-	-		120,882	110,437	
Directors' remuneration	5,400	6,200		-	-		-	-		-	-		-	-		5,400	6,200	
Provision for doubtful debts	13,000	12,250		-	-		-	-		-	-		-	-		13,000	12,250	
Share of net loss from joint venture	1,256,573	1,166,488		180,446	102,357		41,630	23,796		359,732	267,831		-	-		1,838,381	1,560,472	
	(8,471)	(19,378)		-	-		-	-		-	-		-	-		(8,471)	(19,378)	
Segment profit for the period	1,248,102	1,147,110		180,446	102,357		41,630	23,796		359,732	267,831		-	-		1,829,910	1,541,094	

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

Six months ended 30 June

	Malls and properties		Serviced apartments		Leisure and entertainment		Others		Elimination		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	Unaudited 2013	Audited 2012	Unaudited 2013	Audited 2012	Unaudited 2013	Audited 2012	Unaudited 2013	Audited 2012	Unaudited 2013	Audited 2012	Unaudited 2013	Audited 2012
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	4,303,601	4,244,282	1,059,647	828,261	650,873	586,352	-	-	-	-	6,014,121	5,658,895
Inter-segment income	110,370	110,370	-	-	-	-	-	-	(110,370)	(110,370)	-	-
Cost of sales	445,294	515,890	326,753	306,337	354,512	326,924	-	-	110,370	110,370	1,016,189	1,038,781
Gross profit	3,968,677	3,838,762	732,894	521,924	296,361	259,428	-	-	-	-	4,997,932	4,620,114
Other operating income	-	-	-	15,936	-	-	501,272	443,040	-	-	501,272	458,976
Profit on term deposits	-	-	-	-	-	-	202,061	201,026	-	-	202,061	201,026
Operating profit	3,968,677	3,838,762	732,894	537,860	296,361	259,428	703,333	644,066	-	-	5,701,265	5,280,116
Expenses												
Staff costs	783,884	610,225	124,016	123,492	161,239	145,516	-	-	-	-	1,069,139	879,233
General and administration, marketing and advertisement	520,322	527,179	141,685	110,654	47,825	56,060	-	-	-	-	709,832	693,893
Depreciation	128,755	94,743	85,221	84,275	27,275	27,791	-	-	-	-	241,251	206,809
Directors' remuneration	184,000	128,800	-	-	-	-	-	-	-	-	184,000	128,800
Donations and charitable contributions	150,000	120,000	-	-	-	-	-	-	-	-	150,000	120,000
Provision for doubtful debts	26,000	24,500	-	-	-	-	-	-	-	-	26,000	24,500
Share of net loss from joint venture	2,175,716 (6,773)	2,333,315 (19,378)	381,972	219,439	60,022	30,061	703,333	644,066	-	-	3,321,043 (6,773)	3,226,881 (19,378)
Segment profit for the period	2,168,943	2,313,937	381,972	219,439	60,022	30,061	703,333	644,066	-	-	3,314,270	3,207,503
Total assets	121,419,925	121,992,373	10,284,095	10,300,836	393,596	538,472	-	-	(8,490,541)	(8,918,217)	123,607,075	123,913,464
Total liabilities	6,222,003	5,731,627	8,719,127	9,117,838	-	-	-	-	(8,490,541)	(8,918,217)	6,450,589	5,931,248
Capital expenditure	188,508	143,054	11,167	27,821	1,088	7,519	-	-	-	-	200,763	178,394

All of the sales and profit of the Group are earned in the Kingdom of Bahrain from the above business segments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

10 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Board of Directors.

Transactions with related parties during the period are as follows:

	<i>Property rental income and service charges</i>		<i>Property rental income and service charges</i>	
	<i>For the three months ended</i>		<i>For the six months ended</i>	
	Unaudited	<i>Unaudited</i>	Unaudited	<i>Unaudited</i>
	30 June	<i>30 June</i>	30 June	<i>30 June</i>
	2013	<i>2012</i>	2013	<i>2012</i>
	BD	<i>BD</i>	BD	<i>BD</i>
Directors' related entities	-	168,472	171,944	338,339
Muharraq Mall W.L.L.	4,098	-	8,197	-
	4,098	168,472	180,141	338,339

During the Annual General Meeting held on 31 March 2013, a new Board of Directors has been appointed which has affected the related party balances and transactions disclosure as at the date of the interim condensed consolidated financial statements.

On 3 May 2012, the Company has entered into a property services agreement with Muharraq Mall W.L.L. During the period ended 30 June 2013, the Company charged the joint venture a development management fee of BD 30,000 and lease management fee of BD 16,377 which are included in other operating income in the interim consolidated statement of comprehensive income (2012: nil).

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

		Unaudited	<i>Audited</i>
		30 June	<i>31 December</i>
		2013	<i>2012</i>
		BD	<i>BD</i>
Related parties:			
Directors' related entities	Trade receivables	-	78,529
Muharraq Mall W.L.L.	Other receivables	57,410	5,403
Saar Complex Company W.L.L.	Other receivables	-	1,994
		57,410	85,926

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013 (Unaudited)

10 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors and members of key management during the period was as follows:

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Directors' remuneration	-	-	172,500	115,000
Board sitting fees	5,400	6,200	11,500	13,800
Management short-term benefits	21,900	21,900	73,000	65,700
Management end of service benefits	912	912	1,825	1,825
	28,212	29,012	258,825	196,325

Outstanding balances at the period end arise in the normal course of business and are interest free and unsecured. The Group only creates an impairment provision for related party balances where it is virtually certain the debt will not be recovered. For the six month period ended 30 June 2013, the Group has not recorded any impairment of amounts owed by related parties (30 June 2012: nil).

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

	<i>30 June</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>No. of shares</i>	<i>No. of shares</i>
Number of shares	1,092,680	1,446,054
Percentage of holdings	0.24%	0.31%