

**Seef Properties B.S.C.**

**REVIEWED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2015**

## **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 2015, comprising of the interim consolidated statement of financial position as at 30 June 2015 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 Accounting Standard 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.



Auditor's Registration No. 115  
13 July 2015  
Manama, Kingdom of Bahrain

# Seef Properties B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015 (Reviewed)

	Note	30 June 2015 Reviewed BD	31 December 2014 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture, equipment and vehicles		3,546,620	3,294,951
Capital work-in-progress		1,361,310	1,784,805
Investment properties		108,183,500	108,183,500
Investment in joint venture		5,391,059	5,104,068
		<u>118,482,489</u>	<u>118,367,324</u>
<b>Current assets</b>			
Trade and other receivables		1,580,523	1,456,912
Cash and bank balances	3	16,706,662	16,892,945
		<u>18,287,185</u>	<u>18,349,857</u>
<b>TOTAL ASSETS</b>		<u>136,769,674</u>	<u>136,717,181</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		46,000,000	46,000,000
Statutory reserve		17,125,000	17,125,000
Furniture and fixtures replacement reserve		177,637	149,963
Retained earnings		66,038,358	66,783,112
<b>Total equity</b>		<u>129,340,995</u>	<u>130,058,075</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Employees' end of service benefits		243,320	214,519
<b>Current liabilities</b>			
Unclaimed dividends	5	5,243,389	4,658,763
Accounts and other payables		1,941,970	1,785,824
		<u>7,185,359</u>	<u>6,444,587</u>
<b>Total liabilities</b>		<u>7,428,679</u>	<u>6,659,106</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>136,769,674</u>	<u>136,717,181</u>



Essa Mohamed Najibi  
Chairman



Sager Shaheen Sager  
Vice Chairman



Ahmed Yusuf  
Managing Director

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 months ended 30 June 2015 (Reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
		BD	BD	BD	BD
<b>Income</b>					
Property rental income and service charges		2,459,185	2,321,984	4,802,453	4,628,075
Income from serviced apartments		581,033	594,075	1,218,668	1,198,795
Leisure and recreational income		379,870	26,375	818,431	205,275
		<b>3,420,088</b>	2,942,434	<b>6,839,552</b>	6,032,145
Less: cost of sales		682,520	515,736	1,243,133	1,030,364
<b>Gross profit</b>		<b>2,737,568</b>	2,426,698	<b>5,596,419</b>	5,001,781
Other operating income		267,341	275,090	571,301	522,332
Profit on term deposits		95,359	100,696	185,255	218,732
<b>Operating profit</b>		<b>3,100,268</b>	2,802,484	<b>6,352,975</b>	5,742,845
<b>Expenses</b>					
Staff costs		429,166	407,017	845,952	804,679
General, administration, marketing and advertisement		333,938	392,048	737,168	869,150
Depreciation		166,651	123,434	325,681	251,181
Directors' remuneration	9	-	-	210,500	198,000
Donations and charitable contributions		-	-	165,000	160,000
Provision for doubtful debts		-	13,000	13,000	26,000
		<b>929,755</b>	935,499	<b>2,297,301</b>	2,309,010
Share of profit (loss) from joint venture		196,461	(3,305)	296,132	(6,836)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,366,974</b>	1,863,680	<b>4,351,806</b>	3,426,999
Basic and diluted earnings per share	6	<b>5.15 Fils</b>	4.05 Fils	<b>9.46 Fils</b>	7.45 Fils



Essa Mohamed Najibi  
Chairman



Sager Shaheen Sager  
Vice Chairman



Ahmed Yusuf  
Managing Director

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

# Seef Properties B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015 (Reviewed)

	Note	Six months ended 30 June	
		2015 BD	2014 BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		4,351,806	3,426,999
Adjustments for:			
Depreciation		445,551	312,071
Gain on disposal of furniture, equipment and vehicles		-	(13,305)
Profit on term deposits		(185,255)	(218,732)
Provision for doubtful debts		13,000	26,000
Directors' remuneration		210,500	198,000
Donations and charitable contributions		165,000	160,000
Employees' end of service benefits		35,504	28,954
Elimination of intercompany charges		9,141	97,611
Share of (profit) loss from joint venture		(296,132)	6,836
Operating profit before working capital changes		4,749,115	4,024,434
Working capital changes:			
Trade and other receivables		(46,092)	(1,036,968)
Accounts and other payables		159,115	462,668
		4,862,138	3,450,134
Direct utilisation of furniture and fixtures replacement reserve		(8,886)	(7,958)
Employees' end of service benefits paid		(6,703)	(12,286)
Directors' remuneration paid		(210,500)	(198,000)
Donations and charitable contributions paid		(167,969)	(160,045)
Net cash flows from operating activities		4,468,080	3,071,845
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		(5,687,415)	2,472,039
Profit on term deposits received		94,736	204,029
Purchase of furniture, equipment and vehicles		(253,617)	(86,898)
Proceeds from disposal of furniture, equipment and vehicles		-	17,899
Expenditure incurred on capital work-in-progress		(20,108)	(1,531,368)
Additions to investment properties		-	(4,242)
Net cash flows (used in) from investing activities		(5,866,404)	1,071,459
<b>FINANCING ACTIVITIES</b>			
Dividends paid	5	(4,475,374)	(4,183,688)
Movement in bank balances representing unclaimed dividends		336,121	1,261,770
Net cash flows used in financing activities		(4,139,253)	(2,921,918)
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,537,577)</b>	<b>1,221,386</b>
Cash and cash equivalents at 1 January		6,484,237	5,282,060
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	3	<b>946,660</b>	<b>6,503,446</b>

### Non-cash item:

During the period ended 30 June 2015, the Group transferred BD 443,603 from capital work-in-progress to furniture, equipment and vehicles (30 June 2014: transferred BD 9,116 and BD 8,679 from capital work-in-progress to furniture, equipment and vehicles and investment properties, respectively). These amounts have been excluded from the statement of cash flows.

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 months ended 30 June 2015 (Reviewed)

	Note	Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD
Balance as at 1 January 2015		46,000,000	17,125,000	149,963	66,783,112	130,058,075
Total comprehensive income		-	-	-	4,351,806	4,351,806
Dividends declared for 2014	4	-	-	-	(5,060,000)	(5,060,000)
Transfer to furniture and fixtures replacement reserve		-	-	36,560	(36,560)	-
Direct utilisation of furniture and fixtures replacement reserve		-	-	(8,886)	-	(8,886)
<b>Balance as at 30 June 2015</b>		<b>46,000,000</b>	<b>17,125,000</b>	<b>177,637</b>	<b>66,038,358</b>	<b>129,340,995</b>
Balance as at 1 January 2014		46,000,000	16,043,000	143,610	61,675,256	123,861,866
Total comprehensive income		-	-	-	3,426,999	3,426,999
Dividends declared for 2013	4	-	-	-	(4,600,000)	(4,600,000)
Transfer to furniture and fixtures replacement reserve		-	-	35,964	(35,964)	-
Direct utilisation of furniture and fixtures replacement reserve		-	-	(7,958)	-	(7,958)
Balance as at 30 June 2014		46,000,000	16,043,000	171,616	60,466,291	122,680,907

\* Retained earnings include BD 25,000 (2014: BD 25,000) relating to the statutory reserve of the subsidiary.

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

# Seef Properties B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

### 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, Building 2102, Road 2825, Block 428, Seef District, 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 13 July 2015.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been 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 in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014. In addition, results for the six-month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

#### **New standards, interpretations and amendments**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. As required by IAS 34, the nature and the impact of each new standard or amendment is described below:

#### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

As at 30 June 2015 (Reviewed)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****New standards, interpretations and amendments (continued)***IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

*IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

*IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination.

The following other new standards and amendments apply for the first time in 2015. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*;
- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*; and
- IFRS 8 *Operating Segments*.

**3 CASH AND BANK BALANCES**

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

	<b>30 June 2015 Reviewed BD</b>	<i>31 December 2014 Audited BD</i>	<i>30 June 2014 Reviewed BD</i>
Cash on hand, bank balances and term deposits	<b>16,706,662</b>	16,892,945	15,473,033
less: Term deposits with original maturity of more than three months	<b>(14,742,060)</b>	(9,054,645)	(8,743,247)
Bank balances representing unclaimed dividends *	<b>(1,017,942)</b>	(1,354,063)	(226,340)
	<b>946,660</b>	6,484,237	6,503,446

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 one month to one year. The profit rates on term deposits as at 30 June 2015 range between 1.60% to 4.00% (30 June 2014: 1.60% to 4.15%).

\* Refer to note 5 for details of unclaimed dividends.

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

#### 4 DIVIDENDS DECLARED

At the Annual General Meeting held on 17 March 2015, the Company's shareholders approved to pay a final dividend of BD 0.011 per share totalling BD 5,060,000. Dividends paid amounting to BD 4,475,374 relate to 2014 and before.

At the Annual General Meeting held on 17 March 2014, the Company's shareholders approved to pay a final dividend of BD 0.010 per share totalling BD 4,600,000. Dividends paid amounting to BD 4,399,212 relate to 2013 and before.

#### 5 UNCLAIMED DIVIDENDS

	<b>30 June 2015 Reviewed BD</b>	<i>31 December 2014 Audited BD</i>	<i>30 June 2014 Reviewed BD</i>
Balance at the beginning of the period / year	4,658,763	4,457,975	4,457,975
Dividends declared (note 4)	5,060,000	4,600,000	4,600,000
Dividends paid	(4,475,374)	(4,399,212)	(4,183,688)
Balance at the end of the period / year	<u>5,243,389</u>	<u>4,658,763</u>	<u>4,874,287</u>

#### 6 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<b>30 June 2015 Reviewed</b>	<i>30 June 2014 Reviewed</i>	<b>30 June 2015 Reviewed</b>	<i>30 June 2014 Reviewed</i>
Profit for the period – BD	<u>2,366,974</u>	<u>1,863,680</u>	<u>4,351,806</u>	<u>3,426,999</u>
Weighted average number of shares outstanding	<u>460,000,000</u>	<u>460,000,000</u>	<u>460,000,000</u>	<u>460,000,000</u>
Basic and diluted earnings per share	<u>5.15 Fils</u>	<u>4.05 Fils</u>	<u>9.46 Fils</u>	<u>7.45 Fils</u>

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.

#### 7 COMMITMENTS AND CONTINGENCIES

##### a) Capital commitments

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

	<b>30 June 2015 Reviewed BD</b>	<i>31 December 2014 Audited BD</i>
Seef Mall, Isa Town Mall and Magic Island renovation works	<u>174,465</u>	<u>156,170</u>

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

#### 7 COMMITMENTS AND CONTINGENCIES (continued)

##### a) Capital commitments (continued)

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

	<b>30 June 2015 Reviewed BD</b>	<b>31 December 2014 Audited BD</b>
Muharraq Seef Mall	<b>62,391</b>	48,995

##### 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 non-cancellable operating leases are as follows:

	<b>30 June 2015 Reviewed BD</b>	<b>31 December 2014 Audited BD</b>
Within one year	<b>125,000</b>	125,000
After one year but not more than five years	<b>500,000</b>	500,000
More than five years	<b>4,208,333</b>	4,270,833
	<b>4,833,333</b>	4,895,833

##### c) Other commitments

Muharraq Mall Co. 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 Group has provided for certain claims relating to employees.

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 (2014: BD 202,811). The case is still ongoing as at 30 June 2015. Management believes that it is possible, but not probable, that the third party will succeed. Accordingly, no provision for any liability has been made in these interim condensed consolidated financial statements.

##### e) Guarantee

On 1 September 2013, Muharraq Mall Co. W.L.L., the joint venture, obtained an Islamic financing facility from a financial institution amounting to BD 8.01 million (equivalent of USD 21.25 million) to finance the construction of Muharraq Seef Mall. On 31 August 2014, the existing facility was increased to BD 9.9 million (equivalent of USD 26.25 million). This financing is secured by joint and several corporate guarantees undertaken by the Company and other two venturers.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

**8 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.

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, 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 condensed 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 trade and other receivables.

Segment liabilities include all operating liabilities and consist primarily of employees' end of service benefits, unclaimed dividends and accounts and other payables.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

8 SEGMENT INFORMATION (continued)

	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		
	2015	2014	Reviewed	2015	2014	Reviewed	2015	2014	Reviewed	2015	2014	Reviewed	2015	2014	Reviewed	2015	2014	Reviewed
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	2,459,185	2,321,984	581,033	594,075	379,870	26,375	-	-	-	-	-	-	-	-	3,420,088	-	2,942,434	
Inter-segment income	55,185	6,435	-	-	-	-	-	-	-	-	-	(55,185)	(6,435)	-	-	-	-	
Less: cost of sales	293,764	275,547	182,818	169,310	261,123	77,314	-	-	-	-	-	(55,185)	(6,435)	-	682,520	-	515,736	
Gross profit (loss)	2,220,606	2,052,872	398,215	424,765	118,747	(50,939)	-	-	-	-	-	-	-	-	2,737,568	-	2,426,698	
Other operating income	-	-	-	-	-	-	267,341	275,090	-	-	-	-	-	-	267,341	-	275,090	
Profit on term deposits	-	-	-	-	-	-	95,359	100,696	-	-	-	-	-	-	95,359	-	100,696	
Operating profit (loss)	2,220,606	2,052,872	398,215	424,765	118,747	(50,939)	362,700	375,786	-	-	-	-	-	3,100,268	-	2,802,484		
Expenses																		
Staff costs	358,753	337,641	70,413	69,376	-	-	-	-	-	-	-	-	-	-	429,166	-	407,017	
General and administration, marketing and advertisement	213,903	281,518	95,834	106,229	24,201	4,301	-	-	-	-	-	-	-	-	333,938	-	392,048	
Depreciation	59,254	67,198	14,060	43,500	93,337	12,736	-	-	-	-	-	-	-	-	166,651	-	123,434	
Provision for doubtful debts	-	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,000	
Share of profit (loss) from joint venture	1,588,696	1,353,515	217,908	205,660	1,209	(67,976)	362,700	375,786	-	-	-	-	-	2,170,513	-	1,866,985		
	196,461	(3,305)	-	-	-	-	-	-	-	-	-	-	-	196,461	-	(3,305)		
Segment profit (loss) for the period	1,785,157	1,350,210	217,908	205,660	1,209	(67,976)	362,700	375,786	-	-	-	-	-	2,366,974	-	1,863,680		

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

8 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Others		Elimination		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	4,802,453	4,628,075	1,218,668	1,198,795	818,431	205,275	-	-	-	-	6,839,552	6,032,145
Inter-segment income	110,370	45,370	-	-	-	-	-	-	(110,370)	(45,370)	-	-
Less: cost of sales	489,462	522,246	353,485	325,432	510,556	228,056	-	-	(110,370)	(45,370)	1,243,133	1,030,364
Gross profit (loss)	4,423,361	4,151,199	865,183	873,363	307,875	(22,781)	-	-	-	-	5,596,419	5,001,781
Other operating income	-	-	-	-	1,186	632	570,115	521,700	-	-	571,301	522,332
Profit on term deposits	-	-	-	-	-	-	185,255	218,732	-	-	185,255	218,732
Operating profit (loss)	4,423,361	4,151,199	865,183	873,363	309,061	(22,149)	755,370	740,432	-	-	6,352,975	5,742,845
Expenses												
Staff costs	706,089	670,244	139,863	134,435	-	-	-	-	-	-	845,952	804,679
General and administration, marketing and advertisement	479,566	642,712	203,749	216,007	53,853	10,431	-	-	-	-	737,168	869,150
Depreciation	118,961	138,349	28,938	87,022	177,782	25,810	-	-	-	-	325,681	251,181
Directors' remuneration	210,500	198,000	-	-	-	-	-	-	-	-	210,500	198,000
Donations and charitable contributions	165,000	160,000	-	-	-	-	-	-	-	-	165,000	160,000
Provision for doubtful debts	13,000	26,000	-	-	-	-	-	-	-	-	13,000	26,000
Share of profit (loss) from joint venture	2,730,245	2,315,894	492,633	435,899	77,426	(58,390)	755,370	740,432	-	-	4,055,674	3,433,835
	296,132	(6,836)	-	-	-	-	-	-	-	-	296,132	(6,836)
Segment profit (loss) for the period	3,026,377	2,309,058	492,633	435,899	77,426	(58,390)	755,370	740,432	-	-	4,351,806	3,426,999
Total assets	127,814,490	128,677,105	12,601,643	12,511,933	2,917,581	2,576,012	-	-	(6,564,040)	(7,047,869)	136,769,674	136,717,181
Total liabilities	7,137,410	6,457,629	6,855,309	7,249,346	-	-	-	-	(6,564,040)	(7,047,869)	7,428,679	6,659,106

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

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

#### 9 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>For the three months ended</i>		<i>For the six months ended</i>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>
	<b>BD</b>	<b>BD</b>	<b>BD</b>	<b>BD</b>
<i>Muharraq Mall Co. W.L.L. (a joint venture):</i>				
- Property rental income and service charges	-	4,098	-	8,197
- Cost of sales	<b>12,801</b>	-	<b>21,335</b>	-
- Other operating income	<b>44,427</b>	60,447	<b>101,538</b>	97,611

On 3 May 2012, the Company entered into a property services agreement with its joint venture, Muharraq Mall Co. W.L.L. to provide development management, lease management, management set-up, tenant coordination and property management.

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

	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>Reviewed</b>	<b>Audited</b>
	<b>BD</b>	<b>BD</b>
Muharraq Mall Co. W.L.L.	<b>254,911</b>	351,137

#### 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>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>
	<b>BD</b>	<b>BD</b>	<b>BD</b>	<b>BD</b>
Directors' remuneration	-	-	<b>210,500</b>	198,000
Management short-term benefits	<b>29,800</b>	24,300	<b>81,735</b>	74,600
Management end of service benefits	<b>2,025</b>	2,025	<b>4,050</b>	4,050
	<b>31,825</b>	26,325	<b>296,285</b>	276,650

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 that the debt will not be recovered. For the six months ended 30 June 2015, the Group has not recorded any impairment of amounts owed by related parties (30 June 2014: nil).

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015 (Reviewed)

#### 9 RELATED PARTY TRANSACTIONS (continued)

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:

	<b>30 June 2015</b>	<i>31 December 2014</i>
Number of shares	<b>1,927,680</b>	1,927,680
Percentage of holdings	<b>0.42%</b>	0.42%

#### 10 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of trade and other receivables and bank balances. Financial liabilities consist of accounts and other payables and unclaimed dividends payable which are carried at amortised cost.

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

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value as at the reporting date:

		<i>Fair value measurement using</i>			
	<i>Date of valuation</i>	<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>
<b>30 June 2015</b>					
<b>Assets measured at fair value</b>					
Investment properties	<i>31 December 2014</i>	-	-	<b>108,183,500</b>	<b>108,183,500</b>

*31 December 2014*

		<i>Fair value measurement using</i>			
	<i>Date of valuation</i>	<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>
<b>31 December 2014</b>					
<b>Assets measured at fair value</b>					
Investment properties	<i>31 December 2014</i>	-	-	108,183,500	108,183,500

As at 30 June 2015, the management believes that the fair valuation of investment properties last carried out on 31 December 2014 are not materially different from their carrying amounts.

During the reporting periods ended 30 June 2015 and 30 June 2014 and year ended 31 December 2014, there were no transfers within the levels of fair value hierarchy.