

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

**REVIEWED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 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  
28 October 2015  
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2015 (Reviewed)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2015	2014	2015	2014
		BD	BD	BD	BD
<b>Income</b>					
Property rental income and service charges		2,502,203	2,297,797	7,304,656	6,925,872
Income from serviced apartments		680,025	601,651	1,898,693	1,800,446
Leisure and recreational income		585,377	227,078	1,403,808	432,353
		<u>3,767,605</u>	<u>3,126,526</u>	<u>10,607,157</u>	<u>9,158,671</u>
Less: cost of sales		817,603	693,062	2,060,736	1,723,426
<b>Gross profit</b>		<u>2,950,002</u>	<u>2,433,464</u>	<u>8,546,421</u>	<u>7,435,245</u>
Other operating income		266,771	257,242	838,072	779,574
Profit on term deposits		108,043	93,901	293,298	312,633
<b>Operating profit</b>		<u>3,324,816</u>	<u>2,784,607</u>	<u>9,677,791</u>	<u>8,527,452</u>
<b>Expenses</b>					
Staff costs		428,155	398,537	1,274,107	1,203,216
General, administration, marketing and advertisement		342,571	463,700	1,079,739	1,332,850
Depreciation		164,624	131,524	490,305	382,705
Directors' remuneration	9	-	-	210,500	198,000
Donations and charitable contributions		-	-	165,000	160,000
Provision for doubtful debts		122,702	13,000	135,702	39,000
		<u>1,058,052</u>	<u>1,006,761</u>	<u>3,355,353</u>	<u>3,315,771</u>
Share of profit (loss) from joint venture		229,263	(2,935)	525,395	(9,771)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>2,496,027</u>	<u>1,774,911</u>	<u>6,847,833</u>	<u>5,201,910</u>
Basic and diluted earnings per share	6	<u>5.43 Fils</u>	<u>3.86 Fils</u>	<u>14.89 Fils</u>	<u>11.31 Fils</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 FINANCIAL POSITION

As at 30 September 2015 (Reviewed)

ASSETS	Note	30 September 2015 Reviewed BD	31 December 2014 Audited BD
<b>Non-current assets</b>			
Furniture, equipment and vehicles		3,379,768	3,294,951
Capital work-in-progress		439,752	1,784,805
Investment properties		109,213,067	108,183,500
Investment in joint venture		5,620,322	5,104,068
		<u>118,652,909</u>	<u>118,367,324</u>
<b>Current assets</b>			
Trade and other receivables		1,280,871	1,456,912
Cash and bank balances	3	19,160,243	16,892,945
		<u>20,441,114</u>	<u>18,349,857</u>
<b>TOTAL ASSETS</b>		<u><u>139,094,023</u></u>	<u><u>136,717,181</u></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		189,088	149,963
Retained earnings		68,513,984	66,783,112
<b>Total equity</b>		<u>131,828,072</u>	<u>130,058,075</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Employees' end of service benefits		251,248	214,519
<b>Current liabilities</b>			
Unclaimed dividends		5,012,169	4,658,763
Accounts and other payables	5	2,002,534	1,785,824
		<u>7,014,703</u>	<u>6,444,587</u>
<b>Total liabilities</b>		<u>7,265,951</u>	<u>6,659,106</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>139,094,023</u></u>	<u><u>136,717,181</u></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 CASH FLOWS

For the nine months ended 30 September 2015 (Reviewed)

	Note	Nine months ended 30 September	
		2015 BD	2014 BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		6,847,833	5,201,910
Adjustments for:			
Depreciation		669,263	475,874
Gain on disposal of furniture, equipment and vehicles		-	(13,305)
Profit on term deposits		(293,298)	(312,633)
Provision for doubtful debts		135,702	39,000
Directors' remuneration		210,500	198,000
Donations and charitable contributions		165,000	160,000
Employees' end of service benefits		53,418	43,708
Elimination of intercompany charges		9,141	120,055
Share of (profit) loss from joint venture		(525,395)	9,771
Operating profit before working capital changes		7,272,164	5,922,380
Working capital changes:			
Trade and other receivables		154,052	(543,848)
Accounts and other payables		230,530	558,442
		7,656,746	5,936,974
Direct utilisation of furniture and fixtures replacement reserve		(17,836)	(12,092)
Employees' end of service benefits paid		(16,689)	(26,720)
Directors' remuneration paid		(210,500)	(198,000)
Donations and charitable contributions paid		(178,820)	(192,765)
Net cash flows from operating activities		7,232,901	5,507,397
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		(6,453,615)	5,442,486
Profit on term deposits received		179,585	401,351
Purchase of furniture, equipment and vehicles		(287,588)	(2,651,853)
Proceeds from disposal of furniture, equipment and vehicles		-	17,899
Expenditure incurred on capital work-in-progress		(106,067)	(1,229,322)
Additions to investment properties		(44,939)	(4,242)
Net cash flows (used in) from investing activities		(6,712,624)	1,976,319
<b>FINANCING ACTIVITIES</b>			
Dividends paid	5	(4,706,594)	(4,327,262)
Movement in bank balances representing unclaimed dividends		1,187,341	87,097
Net cash flows used in financing activities		(3,519,253)	(4,240,165)
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,998,976)</b>	<b>3,243,551</b>
Cash and cash equivalents at 1 January		6,484,237	5,282,060
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	3	<b>3,485,261</b>	<b>8,525,611</b>

#### Non-cash item:

During the period ended 30 September 2015, the Group transferred BD 466,492 and BD 984,628 from capital work-in-progress to furniture, equipment and vehicles and investment properties, respectively (30 September 2014: BD 9,116 and BD 8,679). 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 nine months ended 30 September 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		-	-	-	6,847,833	6,847,833
Dividends declared for 2014	4	-	-	-	(5,060,000)	(5,060,000)
Transfer to furniture and fixtures replacement reserve		-	-	56,961	(56,961)	-
Direct utilisation of furniture and fixtures replacement reserve		-	-	(17,836)	-	(17,836)
<b>Balance as at 30 September 2015</b>		<b>46,000,000</b>	<b>17,125,000</b>	<b>189,088</b>	<b>68,513,984</b>	<b>131,828,072</b>
Balance as at 1 January 2014		46,000,000	16,043,000	143,610	61,675,256	123,861,866
Total comprehensive income		-	-	-	5,201,910	5,201,910
Dividends declared for 2013	4	-	-	-	(4,600,000)	(4,600,000)
Transfer to furniture and fixtures replacement reserve		-	-	54,013	(54,013)	-
Direct utilisation of furniture and fixtures replacement reserve		-	-	(12,092)	-	(12,092)
Balance as at 30 September 2014		46,000,000	16,043,000	185,531	62,223,153	124,451,684

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

# Seef Properties B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 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 has 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 ..... 2015.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed consolidated financial statements of the Group for the nine months ended 30 September 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 nine-month period ended 30 September 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.

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 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 September 2015 Reviewed BD</b>	<b>31 December 2014 Audited BD</b>	<b>30 September 2014 Reviewed BD</b>
Cash on hand, bank balances and term deposits	19,160,243	16,892,945	15,699,424
less: Term deposits with original maturity of more than three months	(15,508,260)	(9,054,645)	(5,772,800)
Bank balances representing unclaimed dividends *	(166,722)	(1,354,063)	(1,401,013)
	<b>3,485,261</b>	<b>6,484,237</b>	<b>8,525,611</b>

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 September 2015 range between 1.80% to 4.00% (30 September 2014: 1.50% to 4.05%).

\* 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 September 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 4,706,594 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 September 2015 Reviewed BD</b>	<b>31 December 2014 Audited BD</b>	<b>30 September 2014 Reviewed BD</b>
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	(4,706,594)	(4,399,212)	(4,327,262)
Balance at the end of the period / year	<u>5,012,169</u>	<u>4,658,763</u>	<u>4,730,713</u>

#### 6 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<b>30 September 2015 Reviewed</b>	<b>30 September 2014 Reviewed</b>	<b>30 September 2015 Reviewed</b>	<b>30 September 2014 Reviewed</b>
Profit for the period – BD	<u>2,496,027</u>	<u>1,774,911</u>	<u>6,847,833</u>	<u>5,201,910</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>5.43 Fils</u>	<u>3.86 Fils</u>	<u>14.89 Fils</u>	<u>11.31 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 September 2015 Reviewed BD</b>	<b>31 December 2014 Audited BD</b>
Seef Mall, Isa Town Mall and Magic Island renovation works	<u>80,761</u>	<u>156,170</u>

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 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 September 2015 Reviewed BD</b>	<b>31 December 2014 Audited BD</b>
Muharraq Seef Mall	<b>55,093</b>	<b>48,995</b>

##### 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 September 2015 Reviewed BD</b>	<b>31 December 2014 Audited BD</b>
Within one year	<b>125,000</b>	<b>125,000</b>
After one year but not more than five years	<b>500,000</b>	<b>500,000</b>
More than five years	<b>4,177,083</b>	<b>4,270,833</b>
	<b>4,802,083</b>	<b>4,895,833</b>

##### 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 September 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.

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 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 September 2015 (Reviewed)

8 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Others		Elimination		Consolidated	
	Three months ended 30 September		Three months ended 30 September		Three months ended 30 September		Three months ended 30 September		Three months ended 30 September		Three months ended 30 September	
	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	2,502,203	2,297,797	680,025	601,651	585,377	227,078	-	-	-	-	3,767,605	3,126,526
Inter-segment income	55,185	22,685	-	-	-	-	-	-	(55,185)	(22,685)	-	-
Less: cost of sales	394,726	298,585	203,876	174,677	274,186	242,485	-	-	(55,185)	(22,685)	817,603	693,062
Gross profit (loss)	2,162,662	2,021,897	476,149	426,974	311,191	(15,407)	-	-	-	-	2,950,002	2,433,464
Other operating income	-	-	-	-	90	-	266,681	257,242	-	-	266,771	257,242
Profit on term deposits	-	-	-	-	-	-	108,043	93,901	-	-	108,043	93,901
Operating profit (loss)	2,162,662	2,021,897	476,149	426,974	311,281	(15,407)	374,724	351,143	-	-	3,324,816	2,784,607
Expenses												
Staff costs	361,248	328,613	66,907	69,924	-	-	-	-	-	-	428,155	398,537
General and administration, marketing and advertisement	213,784	241,307	104,816	99,872	23,971	122,521	-	-	-	-	342,571	463,700
Depreciation	57,259	63,439	16,375	33,521	90,990	34,564	-	-	-	-	164,624	131,524
Provision for doubtful debts	122,702	13,000	-	-	-	-	-	-	-	-	122,702	13,000
Share of profit (loss) from joint venture	1,407,669	1,375,538	288,051	223,657	196,320	(172,492)	374,724	351,143	-	-	2,266,764	1,777,846
	229,263	(2,935)	-	-	-	-	-	-	-	-	229,263	(2,935)
Segment profit (loss) for the period	1,636,932	1,372,603	288,051	223,657	196,320	(172,492)	374,724	351,143	-	-	2,496,027	1,774,911

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2015 (Reviewed)

8 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Others		Elimination		Consolidated	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	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	7,304,656	6,925,872	1,898,693	1,800,446	1,403,808	432,353	-	-	-	-	10,607,157	9,158,671
Inter-segment income	165,555	68,055	-	-	-	-	-	-	(165,555)	(68,055)	-	-
Less: cost of sales	884,188	820,831	557,361	500,109	784,742	470,541	-	-	(165,555)	(68,055)	2,060,736	1,723,426
Gross profit (loss)	6,586,023	6,173,096	1,341,332	1,300,337	619,066	(38,188)	-	-	-	-	8,546,421	7,435,245
Other operating income	-	-	-	-	1,276	632	836,796	778,942	-	-	838,072	779,574
Profit on term deposits	-	-	-	-	-	-	293,298	312,633	-	-	293,298	312,633
Operating profit (loss)	6,586,023	6,173,096	1,341,332	1,300,337	620,342	(37,556)	1,130,094	1,091,575	-	-	9,677,791	8,527,452
Expenses												
Staff costs	1,067,337	986,857	206,770	204,359	-	-	-	-	-	-	1,274,107	1,203,216
General and administration, marketing and advertisement	693,350	884,019	308,565	315,879	77,824	132,952	-	-	-	-	1,079,739	1,332,850
Depreciation	176,220	201,788	45,313	120,543	268,772	60,374	-	-	-	-	490,305	382,705
Directors' remuneration	210,500	198,000	-	-	-	-	-	-	-	-	210,500	198,000
Donations and charitable contributions	185,000	160,000	-	-	-	-	-	-	-	-	165,000	160,000
Provision for doubtful debts	135,702	39,000	-	-	-	-	-	-	-	-	135,702	39,000
Share of profit (loss) from joint venture	4,137,914	3,691,432	780,684	659,556	273,746	(230,882)	1,130,094	1,091,575	-	-	6,322,438	5,211,681
	525,395	(9,771)	-	-	-	-	-	-	-	-	525,395	(9,771)
Segment profit (loss) for the period	4,663,309	3,681,661	780,684	659,556	273,746	(230,882)	1,130,094	1,091,575	-	-	6,847,833	5,201,910
	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	129,981,490	128,677,105	12,634,446	12,511,933	2,789,971	2,576,012	-	-	(6,311,884)	(7,047,869)	139,094,023	136,717,181
Total liabilities	6,968,824	6,457,629	6,609,011	7,249,346	-	-	-	-	(6,311,884)	(7,047,869)	7,265,951	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 September 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 nine months ended</i>	
	<b>30 September</b>	<i>30 September</i>	<b>30 September</b>	<i>30 September</i>
	<b>2015</b>	<i>2014</i>	<b>2015</b>	<i>2014</i>
	<b>Reviewed</b>	<i>Reviewed</i>	<b>Reviewed</b>	<i>Reviewed</i>
	<b>BD</b>	<i>BD</i>	<b>BD</b>	<i>BD</i>
<i>Muharraq Mall Co. W.L.L. (a joint venture):</i>				
- Property rental income and service charges	-	-	-	8,197
- Cost of sales	<b>12,801</b>	-	<b>34,136</b>	-
- Other operating income	<b>61,701</b>	22,444	<b>163,239</b>	120,055

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 September</b>	<i>31 December</i>
	<b>2015</b>	<i>2014</i>
	<b>Reviewed</b>	<i>Audited</i>
	<b>BD</b>	<i>BD</i>
Muharraq Mall Co. W.L.L.	<b>127,885</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 nine months ended</i>	
	<b>30 September</b>	<i>30 September</i>	<b>30 September</b>	<i>30 September</i>
	<b>2015</b>	<i>2014</i>	<b>2015</b>	<i>2014</i>
	<b>Reviewed</b>	<i>Reviewed</i>	<b>Reviewed</b>	<i>Reviewed</i>
	<b>BD</b>	<i>BD</i>	<b>BD</b>	<i>BD</i>
Directors' remuneration	-	-	<b>210,500</b>	198,000
Management short-term benefits	<b>40,800</b>	24,300	<b>122,535</b>	98,900
Management end of service benefits	<b>2,025</b>	2,025	<b>6,075</b>	6,075
	<b>42,825</b>	26,325	<b>339,110</b>	302,975

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 nine months ended 30 September 2015, the Group has not recorded any impairment of amounts owed by related parties (30 September 2014: nil).

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 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 September 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 September 2015</b>					
<b>Assets measured at fair value</b>					
Investment properties	<i>31 December 2014</i>	-	-	108,183,500	108,183,500
	<i>31 December 2014</i>				
		<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 September 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 September 2015 and 30 September 2014 and year ended 31 December 2014, there were no transfers within the levels of fair value hierarchy.