

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
(REVIEWED)**

**31 MARCH 2018**

## **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 subsidiaries (together 'the Group') as at 31 March 2018, comprising of the interim consolidated statement of financial position as at 31 March 2018 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the three-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.




14 May 2018  
Manama, Kingdom of Bahrain

# Seef Properties B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (Reviewed)

	Note	31 March 2018 Reviewed BD	31 December 2017 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, equipment and furniture		23,152,608	23,433,146
Capital work-in-progress		812,063	615,987
Investment properties		113,297,225	113,294,723
Investments in an associate and a joint venture	3	13,818,264	8,802,735
		<b>151,080,160</b>	<b>146,146,591</b>
<b>Current assets</b>			
Trade and other receivables		1,911,670	1,715,321
Cash and bank balances	4	14,067,280	17,884,025
		<b>15,978,950</b>	<b>19,599,346</b>
<b>TOTAL ASSETS</b>		<b>167,059,110</b>	<b>165,745,937</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		46,000,000	46,000,000
Statutory reserve		20,310,000	20,310,000
Furniture and fixtures replacement reserve		284,143	268,709
Retained earnings		73,026,482	77,985,655
<b>Equity attributable to equity holders of the parent</b>		<b>139,620,625</b>	<b>144,564,364</b>
Non-controlling interests		3,619,898	3,530,248
<b>Total equity</b>		<b>143,240,523</b>	<b>148,094,612</b>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Term loan		6,320,039	6,895,563
Employees' end of service benefits		269,580	312,913
		<b>6,589,619</b>	<b>7,208,476</b>
<b>Current liabilities</b>			
Unclaimed dividends	6	12,081,355	5,310,199
Trade and other payables		3,261,906	3,385,209
Term loan		1,885,707	1,747,441
		<b>17,228,968</b>	<b>10,442,849</b>
<b>Total liabilities</b>		<b>23,818,587</b>	<b>17,651,325</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>167,059,110</b>	<b>165,745,937</b>

  
Essa Mohamed Najibi  
Chairman

  
Dr Mustafa Al-Sayed  
Vice Chairman

  
Ahmed Yusuf  
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

# Seef Properties B.S.C.

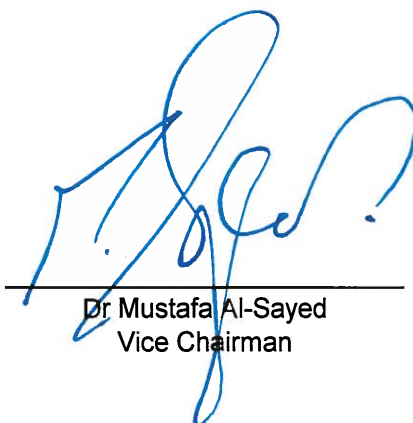
## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2018 (Reviewed)

	Note	Three months ended 31 March	
		2018 BD	2017 BD
<b>REVENUE</b>			
Property rental income and service charges		3,347,715	3,477,537
Income from serviced apartments		514,495	513,060
Leisure and recreational income		434,322	401,391
		<b>4,296,532</b>	<b>4,391,988</b>
Less: cost of revenue		887,112	786,284
<b>GROSS PROFIT</b>		<b>3,409,420</b>	<b>3,605,704</b>
Other operating income		259,730	197,645
Profit on term deposits		76,729	82,474
<b>OPERATING PROFIT</b>		<b>3,745,879</b>	<b>3,885,823</b>
<b>EXPENSES</b>			
Staff costs		519,489	455,128
General, administration, marketing and advertisement		312,827	311,955
Depreciation		147,891	161,557
Directors' remuneration	10	230,000	230,000
Donations and charitable contributions		170,000	165,000
Provision for doubtful debts - net		31,070	36,399
<b>PROFIT FROM OPERATIONS</b>		<b>2,334,602</b>	<b>2,525,784</b>
Finance costs		(105,746)	(98,544)
Share of profit of a joint venture		17,022	17,837
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,245,878</b>	<b>2,445,077</b>
Basic and diluted earnings per share	7	<b>4.69 Fils</b>	5.05 Fils
<b>Attributable to:</b>			
Equity holders of the parent		2,156,228	2,323,891
Non-controlling interests		89,650	121,186
		<b>2,245,878</b>	<b>2,445,077</b>



Essa Mohamed Najibi  
Chairman



Dr. Mustafa Al-Sayed  
Vice Chairman



Ahmed Yusuf  
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

## Seef Properties B.S.C.

### INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2018 (Reviewed)

	Note	Three months ended 31 March	
		2018 BD	2017 BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		<b>2,245,878</b>	2,445,077
Adjustments for:			
Depreciation		<b>352,533</b>	358,862
Profit on term deposits		<b>(76,729)</b>	(82,474)
Provision for doubtful debts - net		<b>31,070</b>	36,399
Finance costs		<b>105,746</b>	98,544
Directors' remuneration		<b>230,000</b>	230,000
Donations and charitable contributions		<b>170,000</b>	165,000
Employees' end of service benefits		<b>16,508</b>	16,118
Share of profit of a joint venture		<b>(17,022)</b>	(17,837)
Operating profit before working capital changes		<b>3,057,984</b>	3,249,689
Working capital changes:			
Trade and other receivables		<b>(426,211)</b>	345,321
Trade and other payables		<b>(277,315)</b>	(366,955)
		<b>2,354,458</b>	3,228,055
Employees' end of service benefits paid		<b>(59,841)</b>	(14,747)
Directors' remuneration paid		<b>(230,000)</b>	(230,000)
Donations and charitable contributions paid		<b>(15,988)</b>	(10,988)
Net cash flows from operating activities		<b>2,048,629</b>	2,972,320
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		<b>5,676,406</b>	2,781,753
Profit on term deposits received		<b>75,554</b>	81,299
Purchase of property, equipment and furniture		<b>(71,995)</b>	(9,548)
Expenditure incurred on capital work-in-progress		<b>(196,076)</b>	(209,426)
Additions to investment properties		<b>(2,502)</b>	-
Investment in an associate	3	<b>(4,998,507)</b>	-
Net cash flows from investing activities		<b>482,880</b>	2,644,078
<b>FINANCING ACTIVITIES</b>			
Dividends paid	6	<b>(128,844)</b>	(3,128,314)
Movement in bank balances representing unclaimed dividends	4	<b>(282,062)</b>	3,323,003
Term loan paid		<b>(437,258)</b>	(187,396)
Finance costs paid		<b>(105,746)</b>	(98,544)
Net cash flows used in financing activities		<b>(953,910)</b>	(91,251)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,577,599</b>	5,525,147
Cash and cash equivalents at 1 January		<b>5,375,273</b>	5,903,092
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	4	<b>6,952,872</b>	11,428,239

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

Seef Properties B. S. C.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three months ended 31 March 2018 (Reviewed)

	Note	Equity attributable to equity holders of the parent						Non-controlling interests BD	Total equity BD
		Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD	Total equity BD		
Balance as at 1 January 2018		46,000,000	20,310,000	268,709	77,985,655	144,564,364	3,530,248	148,094,612	
Impact of IFRS 9 adjustments (note 2)		-	-	-	(199,967)	(199,967)	-	(199,967)	
Balance as at 1 January 2018 (restated)		46,000,000	20,310,000	268,709	77,785,688	144,364,397	3,530,248	147,894,645	
Total comprehensive income		-	-	-	2,156,228	2,156,228	89,650	2,245,878	
Dividends declared for 2017	5	-	-	-	(6,900,000)	(6,900,000)	-	(6,900,000)	
Transfer to furniture and fixtures replacement reserve		-	-	15,434	(15,434)	-	-	-	
<b>Balance as at 31 March 2018</b>		<b>46,000,000</b>	<b>20,310,000</b>	<b>284,143</b>	<b>73,026,482</b>	<b>139,620,625</b>	<b>3,619,898</b>	<b>143,240,523</b>	
Balance as at 1 January 2017		46,000,000	19,210,000	218,270	74,845,831	140,274,101	3,199,705	143,473,806	
Total comprehensive income		-	-	-	2,323,891	2,323,891	121,186	2,445,077	
Dividends declared for 2016	5	-	-	-	(6,440,000)	(6,440,000)	-	(6,440,000)	
Transfer to furniture and fixtures replacement reserve		-	-	15,392	(15,392)	-	-	-	
Balance as at 31 March 2017		46,000,000	19,210,000	233,662	70,714,330	136,157,992	3,320,891	139,478,883	

\*Retained earnings include BD 348,726 (2017: 228,529) relating to statutory reserve of the subsidiaries.

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

# Seef Properties B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2018 (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, Commerce and Tourism 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 and its subsidiaries (together "the Group") are primarily engaged in the real estate business and also provides leisure and recreational game facilities. The Group owns and manages the Seef Mall, Isa Town Mall, Muharraq Seef 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 14 May 2018.

The Company's subsidiaries, associate and joint venture are as follows:

<b>Name</b>	<b>Ownership interest</b>	<b>Country of incorporation</b>	<b>Principal activities</b>
<b>Subsidiaries</b>			
Fraser Suites Seef - Bahrain S.P.C.	100.0%	Kingdom of Bahrain	Hotel, tourist furnished flats and restaurants for tourist services management.
SEEF Entertainment S.P.C.	100.0%	Kingdom of Bahrain	Management of amusement parks and theme parks and other other amusement and recreation activities
Muharraq Mall Co. W.L.L.	72.5%	Kingdom of Bahrain	Management of real estate including malls. Until 9 October 2016, Muharraq Mall Co. W.L.L. was a joint venture.
<b>Associate and Joint Venture</b>			
Binaa Al Bahrain B.S.C. (c)	25.0%	Kingdom of Bahrain	Real estate business.
Lama Real Estate W.L.L.	50.0%	Kingdom of Bahrain	Real estate business.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2018 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 for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. In addition, results for the three-month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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

As at 31 March 2018 (Reviewed)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 2017, except for the new standards and interpretations and amendments to standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, *IFRS 9 Financial Instruments* and *IFRS 15 Revenue from Contracts with Customers* that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**IFRS 9 Financial Instruments***i) Classification and measurement of financial assets*

Under IFRS 9 the classification and measurement of financial assets is based on a combination of the Group's business model and its contractual cash flow characteristics. The adoption of IFRS 9 did not materially change the classification and measurement of its financial assets or liabilities.

*ii) Impairment of financial assets*

IFRS 9 replaces the 'incurred loss' model with an 'expected credit loss' model ("ECL"). The allowance is based on the ECLs associated with the probability of default over the life of the asset. Under IFRS 9, credit losses are recognised earlier than under the previous standard. The Group has applied the simplified approach for determining ECL as allowed by IFRS 9.

*iii) Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except that the comparative information has not been restated. The difference in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

*iv) Reconciliation of carrying amounts as at 31 December 2017 and 1 January 2018*

The following table reconciles the carrying amounts as of 31 December 2017 to the carrying amounts determined by applying IFRS 9 on 1 January 2018:

	<b>Carrying value as at 31 December 2017 BD</b>	<b>Allowance for impairment based on ECL BD</b>	<b>Carrying value as at 1 January 2018 BD</b>
Trade and other receivables	1,715,321	(199,967)	1,515,354
Cash and bank balances	17,884,025	-	17,884,025
	<b>19,599,346</b>	<b>(199,967)</b>	<b>19,399,379</b>

*v) Impact on retained earnings and other reserves*

	<b>Retained earnings BD</b>
As at 1 January 2018 as previously reported	77,985,655
Recognition of expected credit losses under IFRS 9	(199,967)
Restated opening balance as at 1 January 2018	<b>77,785,688</b>



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

As at 31 March 2018 (Reviewed)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)*****IFRS 9 Financial Instruments (continued)***

*vi) Reconciliation of provision recorded as at 31 December 2017 and 1 January 2018*

The following table reconciles the previously recorded provision as at 31 December 2017 to the revised provision as of 1 January 2018 on transition to IFRS 9:

	<b>As at 31 December 2017 BD</b>	<b>Transition adjustment BD</b>	<b>As at 1 January 2018 BD</b>
<b>Provision / ECL relating to:</b>			
Trade and other receivables	<b>(979,884)</b>	<b>(199,967)</b>	<b>(1,179,851)</b>

***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 using the modified retrospective method of adoption. The adoption of IFRS 15 did not warrant any transitional adjustment as of 1 January 2018.

The specific accounting policies for various revenue items are disclosed below:

***i) Property rental income and service charges***

The Group's rental income from operating leases, less the Group's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises. Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue, as it is considered that the Group acts as principal in this respect.

Rental income is covered by IAS 17 and adoption of IFRS 15 does not have an impact on the recognition and measurement of Group's property rental income and related service charges.

***ii) Income from serviced apartments***

Room revenue from operating serviced apartments represents total amounts charged to customers and guests during the period including service charges net of the portion applicable to employees as and where applicable, plus unbilled guests ledger at the end of the reporting period. Revenue from serviced apartments is stated net of rebates and other allowances. These services are sold either separately or bundled together with the sale of food and beverages to a customer. Under IFRS 15, the Group concluded that room revenue from serviced apartments will continue to be recognised over time, commensurate with the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the food and beverages will continue to be recognised at a point in time, upon delivery of the food and beverages.

***iii) Rendering of services***

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Under IFRS 15, the Group concluded that revenue for rendering of services will continue to be recognised over time using relevant input methods.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2018 (Reviewed)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***IFRS 15 Revenue from Contracts with Customers (continued)***

*iv) Leisure and recreational income*

The Group provides leisure and recreational game facilities. The Group concluded that the revenue from leisure and recreational game facilities will continue to be recognised over time, commensurate with the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group

***Amendments to IAS 40 - Transfers of Investment Property***

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Several other new standards and interpretations and amendments to standards and interpretations applied for the first time in 2018. However, they did not impact the interim condensed consolidated financial statements of the Group.

**Standards and interpretations issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

*IFRS 16 Leases*

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single statement of financial position model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

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

As at 31 March 2018 (Reviewed)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards and interpretations issued but not yet effective (continued)***IFRS 16 Leases (continued)*

Other amendments resulting from new standards and interpretations and amendments to standards and interpretations will not have any impact on the accounting policies, consolidated financial position or consolidated financial performance of the Group.

**3 INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE**

	<b>31 March 2018 Reviewed BD</b>	<b>31 December 2017 Audited BD</b>
At 1 January	<b>8,802,735</b>	8,657,356
Addition during the period / year	<b>4,998,507</b>	62,500
Share of profit during the period / year	<b>17,022</b>	82,879
At 31 December	<b>13,818,264</b>	8,802,735

The share of results of the joint venture are recorded based on the approved management accounts for the three-month period ended 31 March 2018.

The joint ventures had no material contingent liabilities or capital commitments as at 31 March 2018 and 31 December 2017.

**4 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>31 March 2018 Reviewed BD</b>	<b>31 December 2017 Audited BD</b>	<b>31 March 2017 Reviewed BD</b>
Cash on hand, bank balances and term deposits	<b>14,067,280</b>	17,884,025	15,329,071
less: Term deposits with original maturity of more than three months	-	(5,676,406)	(616,246)
Bank balances representing unclaimed dividends	<b>(7,114,408)</b>	(6,832,346)	(3,284,586)
	<b>6,952,872</b>	5,375,273	11,428,239

The bank balances are held in commercial banks in the Kingdom of Bahrain and are non-profit bearing. Term deposits are placed for varying periods ranging between one month to one year. The profit rates on term deposits as at 31 March 2018 range between 1.85% to 3.10% (31 March 2017: 1.95% to 3.00%).

\* Refer to note 6 for details of unclaimed dividends.

**5 DIVIDENDS DECLARED**

At the Annual General Meeting held on 25 March 2018, the Company's shareholders approved to pay a final dividend of BD 0.015 per share totaling BD 6,900,000 relating to 2017.

At the Annual General Meeting held on 14 March 2017, the Company's shareholders approved to pay a final dividend of BD 0.014 per share totaling BD 6,440,000 relating to 2016.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2018 (Reviewed)

### 6 UNCLAIMED DIVIDENDS

	<b>31 March 2018 Reviewed BD</b>	<b>31 December 2017 Audited BD</b>	<b>31 March 2017 Reviewed BD</b>
Balance at the beginning of the period / year	<b>5,310,199</b>	5,220,347	5,220,347
Dividends declared (note 5)	<b>6,900,000</b>	6,440,000	6,440,000
Dividends paid	<b>(128,844)</b>	(6,350,148)	(3,128,314)
Balance at the end of the period / year	<b>12,081,355</b>	5,310,199	8,532,033

Dividends paid during the period entirely relates to prior periods (2017: same).

### 7 EARNINGS PER SHARE

	<i>For the three months ended</i>	
	<b>31 March 2018 Reviewed</b>	<b>31 March 2017 Reviewed</b>
Profit attributable to equity holders of the parent for the period – BD	<b>2,156,228</b>	2,323,891
Weighted average number of shares outstanding	<b>460,000,000</b>	460,000,000
Basic and diluted earnings per share	<b>4.69 Fils</b>	5.05 Fils

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

### 8 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 other properties are as follows:

	<b>31 March 2018 Reviewed BD</b>	<b>31 December 2017 Audited BD</b>
Seef Mall, Isa Town Mall and Magic Island renovation works	<b>559,425</b>	637,946
Muharraq Mall Co. W.L.L.	<b>15,000</b>	20,000
Binaa Al Bahrain B.S.C. (c)	<b>9,967,086</b>	14,965,593
	<b>10,541,511</b>	15,623,539

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

As at 31 March 2018 (Reviewed)

**8 COMMITMENTS AND CONTINGENCIES (continued)***b) Operating lease commitments*

The future minimum rental payable under non-cancellable operating leases relating to the land on which Muharraq Seef Mall is located are as follows:

	<b>31 March 2018 Reviewed BD</b>	<b>31 December 2017 Audited BD</b>
Within one year	<b>250,000</b>	250,000
After one year but not more than five years	<b>1,000,000</b>	1,000,000
More than five years	<b>7,729,167</b>	7,791,667
	<b><u>8,979,167</u></b>	<b><u>9,041,667</u></b>

*c) Other commitments*

Muharraq Mall Co. W.L.L. is expected to pay a royalty charge of 2.75% (2017: 2.75%) of its gross rental income to the lessor, 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 dependent in certain legal claims. The Group, based on legal advice obtained has provided for certain claims relating to employees.

*e) Guarantee*

The Company, along with the other shareholder, has signed a joint and several corporate guarantee towards term loan obtained by Muharraq Mall Co W.L.L. from a commercial bank.

**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, Isa Town Mall, Muharraq Seef 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 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. The Group's finance revenue generating activities are managed on a group basis and is not allocated to the individual operating segments.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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As at 31 March 2018 (Reviewed)

**9 SEGMENT INFORMATION (continued)**

Transfer prices between operating segments are under normal commercial terms similar to transactions with third parties.

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

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

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2018 (Reviewed)

9 SEGMENT INFORMATION (continued)

	Malls and properties			Serviced apartments			Leisure and entertainment			Others			Elimination			Consolidated		
	Three months ended 31 March			Three months ended 31 March			Three months ended 31 March			Three months ended 31 March			Three months ended 31 March			Three months ended 31 March		
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	3,347,715	3,477,537	514,495	513,060	434,322	401,391	-	-	-	-	-	-	-	-	-	-	4,296,532	4,391,988
Inter-segment income	65,038	61,551	-	-	-	-	-	-	-	-	-	-	-	(65,038)	(61,551)	-	-	-
Less: cost of sales	548,309	446,853	166,869	161,556	236,972	239,426	-	-	-	-	-	-	-	(65,038)	(61,551)	-	887,112	786,284
<b>Gross profit</b>	<b>2,864,444</b>	<b>3,092,235</b>	<b>347,626</b>	<b>351,504</b>	<b>197,350</b>	<b>161,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,409,420</b>	<b>3,605,704</b>
Other operating income	-	-	-	-	4,503	2,830	255,227	194,815	-	-	-	-	-	-	-	-	259,730	197,645
Profit on term deposits	-	-	-	-	-	-	76,729	82,474	-	-	-	-	-	-	-	-	76,729	82,474
<b>Operating profit</b>	<b>2,864,444</b>	<b>3,092,235</b>	<b>347,626</b>	<b>351,504</b>	<b>201,853</b>	<b>164,795</b>	<b>331,956</b>	<b>277,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,745,879</b>	<b>3,885,823</b>
<b>Expenses</b>																		
Staff costs	450,338	403,447	69,151	51,681	-	-	-	-	-	-	-	-	-	-	-	-	519,489	455,128
General and administration, marketing and advertisement	208,259	206,969	91,044	93,124	13,524	11,862	-	-	-	-	-	-	-	-	-	-	312,827	311,955
Depreciation	47,099	54,849	17,820	17,692	82,972	89,016	-	-	-	-	-	-	-	-	-	-	147,891	161,557
Directors' remuneration	230,000	230,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	230,000	230,000
Donations and charitable contributions	170,000	165,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,000	165,000
Provision for doubtful debts	31,070	36,399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,070	36,399
<b>Profit from operations</b>	<b>1,727,678</b>	<b>1,995,571</b>	<b>169,611</b>	<b>189,007</b>	<b>105,357</b>	<b>63,917</b>	<b>331,956</b>	<b>277,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,334,602</b>	<b>2,525,784</b>
Finance cost	(105,746)	(98,544)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(105,746)	(98,544)
Share of profit of a joint venture	17,022	17,837	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,022	17,837
<b>Segment profit for the period</b>	<b>1,638,954</b>	<b>1,914,864</b>	<b>169,611</b>	<b>189,007</b>	<b>105,357</b>	<b>63,917</b>	<b>331,956</b>	<b>277,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,245,878</b>	<b>2,445,077</b>
	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	157,667,972	156,435,724	12,101,033	12,107,313	1,576,146	1,663,811	-	-	(4,286,041)	(4,460,911)	167,059,110	165,745,937						
Total liabilities	23,543,890	17,375,608	4,560,738	4,736,628	-	-	-	-	(4,286,041)	(4,460,911)	23,818,587	17,651,325						

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

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

As at 31 March 2018 (Reviewed)

**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:

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

	<b>31 March 2018 Reviewed BD</b>	<b>31 December 2017 Audited BD</b>
Lama Real Estate W.L.L.	<b>40</b>	15,360

**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>	
	<b>31 March 2018 Reviewed BD</b>	<b>31 March 2017 Reviewed BD</b>
Directors' remuneration	<b>230,000</b>	230,000
Short-term benefits	<b>95,360</b>	89,300
End of service benefits	<b>1,875</b>	2,526
	<b>327,235</b>	321,826

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 three months ended 31 March 2018, the Group has not recorded any impairment of amounts owed by related parties (31 March 2017: 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:

	<b>31 March 2018</b>	<b>31 December 2017</b>
Number of shares	<b>2,518,210</b>	2,518,210
Percentage of holdings	<b>0.55%</b>	0.55%

**11 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 trade and other payables, unclaimed dividends payable and term loan which are carried at amortised cost. There were no liabilities measured at fair value as of 31 March 2018 and 31 December 2017.

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



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

As at 31 March 2018 (Reviewed)

**11 FAIR VALUE MEASUREMENT (continued)****Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table provides the fair value measurement hierarchy of the Group's non financial 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)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
		<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
<b>31 March 2018</b>					
<b>Assets measured at fair value</b>					
Investment properties	31 December 2017	-	-	113,297,225	113,297,225

		<i>Fair value measurement using</i>			
	<i>Date of valuation</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
		<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
<b>31 December 2017</b>					
<b>Assets measured at fair value</b>					
Investment properties	31 December 2017	-	-	113,294,723	113,294,723

The fair values of the investment properties have been determined by the Group based on valuations performed by independent surveyors as at 31 December 2017. The surveyors are industry specialists in valuing these types of properties and have recent experience in the location and category of the properties being valued. The valuation undertaken were based on income yield capitalisation method. The management believes that there are no changes in market conditions during the period which would significantly change the fair values determined as at 31 December 2017.

During the reporting periods ended 31 March 2018 and 31 March 2017 and year ended 31 December 2017, there were no transfers within the levels of fair value hierarchy.