
Seef Properties B.S.C.

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

30 SEPTEMBER 2019

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 30 September 2019, comprising the interim consolidated statement of financial position as at 30 September 2019, the interim consolidated statement of income for the three and nine-month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the nine-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.



29 October 2019
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019 (Reviewed)

	Notes	30 September 2019 Reviewed BD	31 December 2018 Audited BD
ASSETS			
Non-current assets			
Property, equipment and furniture		1,465,063	22,476,918
Capital work-in-progress		587,692	352,689
Investment properties		136,646,745	115,672,719
Investments in an associate and a joint venture	4	18,675,743	18,922,919
Right-of-use assets	5	2,130,168	-
		<u>159,505,411</u>	<u>157,425,245</u>
Current assets			
Trade and other receivables		3,100,743	2,530,945
Cash and bank balances	6	8,006,091	8,412,894
		<u>11,106,834</u>	<u>10,943,839</u>
TOTAL ASSETS		<u><u>170,612,245</u></u>	<u><u>168,369,084</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		46,000,000	46,000,000
Statutory reserve		21,410,000	21,410,000
Furniture and fixtures replacement reserve		328,845	303,730
Retained earnings		82,945,856	83,112,587
Equity attributable to equity holders of the parent		<u>150,684,701</u>	<u>150,826,317</u>
Non-controlling interests		3,761,555	3,732,440
Total equity		<u><u>154,446,256</u></u>	<u><u>154,558,757</u></u>
Non-current liabilities			
Term loan - non-current portion		6,145,791	4,595,256
Lease liability - non-current portion	7	2,512,424	-
Employees' end of service benefits		262,191	293,353
		<u>8,920,406</u>	<u>4,888,609</u>
Current liabilities			
Unclaimed dividends	9	3,719,460	3,157,755
Trade and other payables		2,887,180	3,027,990
Term loan - current portion		612,170	2,735,973
Lease liability - current portion	7	26,773	-
		<u>7,245,583</u>	<u>8,921,718</u>
Total liabilities		<u><u>16,165,989</u></u>	<u><u>13,810,327</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>170,612,245</u></u>	<u><u>168,369,084</u></u>



Essa Mohamed Najibi
Chairman



Fuad Taqi
Director



Ahmed Yusuf
Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2019 (Reviewed)

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2019	2018	2019	2018
		BD	BD	BD	BD
REVENUE					
Property rental income and service charges		3,347,959	3,473,345	9,993,295	10,193,493
Income from serviced apartments		561,227	578,825	1,589,542	1,554,242
Leisure and recreational income		471,274	481,023	1,343,388	1,390,529
		4,380,460	4,533,193	12,926,225	13,138,264
Less: cost of sales		951,790	1,226,680	2,330,214	3,153,965
GROSS PROFIT		3,428,670	3,306,513	10,596,011	9,984,299
Other operating income		240,146	357,263	793,233	874,647
Profit on term deposits		23,240	54,455	91,311	165,825
OPERATING PROFIT		3,692,056	3,718,231	11,480,555	11,024,771
EXPENSES					
Staff costs		431,438	471,743	1,382,340	1,481,968
General, administration, marketing and advertisement		399,265	365,561	1,132,841	1,018,456
Depreciation		180,615	161,777	545,908	470,979
Directors' remuneration	13	-	-	230,000	230,000
Donations and charitable contributions		-	-	170,000	170,000
Provision for expected credit losses		97,725	16,653	231,892	47,723
Finance costs		156,380	108,147	503,282	327,407
		1,265,423	1,123,881	4,196,263	3,746,533
PROFIT BEFORE SHARE OF RESULTS OF A JOINT VENTURE		2,426,633	2,594,350	7,284,292	7,278,238
Share of (loss) profit of a joint venture		(13,217)	15,075	(12,176)	50,588
PROFIT FOR THE PERIOD		2,413,416	2,609,425	7,272,116	7,328,826
Basic and diluted earnings per share	10	5.1 Fils	5.59 Fils	15.36 Fils	15.53 Fils
Attributable to:					
Equity holders of the parent		2,346,341	2,572,648	7,067,454	7,143,548
Non-controlling interest		67,075	36,777	204,662	185,278
		2,413,416	2,609,425	7,272,116	7,328,826



Essa Mohamed Najibi
Chairman



Fuad Taqi
Director



Ahmed Yusuf
Chief Executive Officer

The attached notes 1 to 14 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 2019 (Reviewed)

	Notes	Nine months ended 30 September	
		2019 BD	2018 BD
OPERATING ACTIVITIES			
Profit for the period		7,272,116	7,328,826
Adjustments for:			
Depreciation		726,989	1,084,508
Profit on term deposits		(91,311)	(165,825)
Provision for expected credit losses		231,892	47,723
Finance costs		503,282	327,407
Directors' remuneration		230,000	230,000
Donations and charitable contributions		170,000	170,000
Employees' end of service benefits		47,860	49,754
Share of loss / (profit) of a joint venture		12,176	(50,588)
Eliminations		235,000	-
Operating profit before working capital changes		9,338,004	9,021,805
Working capital changes:			
Trade and other receivables		(790,757)	(1,777,655)
Trade and other payables		(138,209)	(88,245)
		8,409,038	7,155,905
Direct utilisation of furniture and fixtures replacement reserve		(22,571)	(11,619)
Employees' end of service benefits paid		(79,022)	(82,729)
Directors' remuneration paid		(230,000)	(230,000)
Donations and charitable contributions paid		(172,601)	(187,529)
Net cash flows from operating activities		7,904,844	6,644,028
INVESTING ACTIVITIES			
Net movement in term deposits		(1,952,389)	2,082,375
Profit on term deposits received		80,378	165,825
Purchase of property, equipment and furniture		(341,463)	(347,347)
Expenditure incurred on capital work-in-progress		(235,003)	(560,745)
Additions to investment properties		(292,199)	(73,923)
Investment in an associate	4	-	(4,998,507)
Net cash flows used in investing activities		(2,740,676)	(3,732,322)
FINANCING ACTIVITIES			
Dividends paid	9	(6,430,695)	(6,514,923)
Movement in bank balances representing unclaimed dividends	6	(180,561)	(569,467)
Term loan repaid		(573,268)	(874,517)
Finance costs paid		(519,397)	(327,407)
Net cash flows used in financing activities		(7,703,921)	(8,286,314)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,539,753)	(5,374,608)
Cash and cash equivalents at 1 January		7,095,880	11,944,867
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	4,556,127	6,570,259

The attached notes 1 to 14 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 2019 (Reviewed)

	Equity attributable to equity holders of the parent						Total BD
	Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD	Non- controlling interests BD	
Balance as at 1 January 2019	46,000,000	21,410,000	303,730	83,112,587	150,826,317	3,732,440	154,558,757
Impact of adoption of IFRS 16	-	-	-	(286,499)	(286,499)	(83,147)	(369,646)
Balance as at 1 January 2019 (restated)	46,000,000	21,410,000	303,730	82,826,088	150,539,818	3,649,293	154,189,111
Total income	-	-	-	7,067,454	7,067,454	204,662	7,272,116
Dividends declared for 2018	-	-	-	(6,900,000)	(6,900,000)	(92,400)	(6,992,400)
Transfer to furniture and fixtures replacement reserve	-	-	47,686	(47,686)	-	-	-
Utilisation of furniture and fixtures replacement reserve	-	-	(22,571)	-	(22,571)	-	(22,571)
Balance as at 30 September 2019	46,000,000	21,410,000	328,845	82,945,856	150,684,701	3,761,555	154,446,256
Balance as at 1 January 2018	46,000,000	20,310,000	268,709	77,785,688	144,364,397	3,530,248	147,894,645
Total income	-	-	-	7,143,548	7,143,548	185,278	7,328,826
Dividends declared for 2017	-	-	-	(6,900,000)	(6,900,000)	-	(6,900,000)
Reversal of unclaimed dividend	-	-	-	2,452,076	2,452,076	-	2,452,076
Transfer to furniture and fixtures replacement reserve	-	-	46,627	(46,627)	-	-	-
Utilisation of furniture and fixtures replacement reserve	-	-	(11,619)	-	(11,619)	-	(11,619)
Balance as at 30 September 2018	46,000,000	20,310,000	303,717	80,434,685	147,048,402	3,715,526	150,763,928

*Retained earnings include BD 462,888 (2018: BD 348,726) relating to statutory reserve of the subsidiaries.

The attached notes 1 to 14 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 September 2019 (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 Building 2102, Road 2825, Block 428, P O Box 20084, Seef District, Kingdom of Bahrain.

The Company and its subsidiaries (together "the Group") are primarily engaged in the real estate business and also provide leisure and recreational game facilities. The Group owns and manages 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 29 October 2019.

The Company's subsidiaries, associate and joint venture, all of which are incorporated in the Kingdom of Bahrain, are as follows:

Name	Ownership interest		Principal activities
	2019	2018	
Subsidiaries			
Fraser Suites Seef - Bahrain S.P.C.	100%	100%	Hotel, tourist furnished flats and restaurants for tourist services management.
Seef Entertainment S.P.C.	100%	100%	Management of amusement parks and theme parks and other amusement and recreation activities.
Muharraq Mall Co. W.L.L.	72.5%	72.5%	Management of real estate including malls.
Associate			
Binaa Al Bahrain B.S.C. (c)	25%	25%	Real estate business.
Joint Venture			
Lama Real Estate W.L.L.	50%	50%	Real estate business.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the nine months ended 30 September 2019 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 2018. In addition, results for the nine-month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group does not have other comprehensive income items, therefore a statement of other comprehensive income is not presented.

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 2018, except for the new standards and interpretations and amendments to standards and interpretations effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied, for the first time, IFRS 16 'Leases'. The details of this standard, the transition impact and related accounting policies are discussed below:

IFRS 16 Leases

IFRS 16 supersedes 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'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the Group measures the right-of-use assets at 1 January 2019 at an amount which is equal to the lease liability (subject to certain amendments). The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

a) Nature of the effect of adoption of IFRS 16

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in the interim consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under trade and other receivables and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applies a single recognition and measurement approach for all leases in which is the lessee, except for leases of low-value assets and short term leases. The Group recognises lease liabilities to make lease payments and right-of-use asset representing the right to use the underlying assets.

b) Transition impact

The Group applied the modified retrospective approach to adopt the new standard and did not restate the comparative figures for the year prior to adoption whereby the difference between the right-of-use assets (ROU) (depreciated from commencement date till transition) and the lease liability was reflected in opening retained earnings as at 1 January 2019. The Group applied the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

Right of use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**b) Transition impact (continued)**

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	<i>BD</i>
Asset	
Right of use asset	2,153,075
Liability	
Lease liability	2,522,721
Net impact on equity	<u><u>(369,646)</u></u>

The adoption of IFRS 16 had the following impact on the Group's interim consolidated statement of income for the period ended 30 September 2019:

	<i>BD</i>
Depreciation	(55,498)
Finance costs	(181,360)
	<u><u>(236,858)</u></u>

The Group also reclassified buildings constructed on leased land with a fair value of BD 20,681,827 to investment property as of 1 January 2019.

c) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the date of initial application, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments comprise fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the date of initial application. After the date of initial application, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases of low-value assets

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The following other amendments and interpretation apply for the first time in 2019, but do not have a material impact on the interim condensed financial statements of the Group.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement; and
- Amendments to IAS 28: Long-term interests in associates and joint ventures.

Annual Improvements 2015-2017 Cycle

- IFRS 3 Business Combinations;
- IFRS 11 Joint Arrangements;
- IAS 12 Income Taxes; and
- IAS 23 Borrowing Costs.

3 INVESTMENT PROPERTIES

Investment properties of BD 20,681,827 are constructed on land held as right-of-use asset (note 5).

4 INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

	<i>30 September 2019 Reviewed BD</i>	<i>31 December 2018 Audited BD</i>
Balance at the beginning of the period / year	18,922,919	8,802,735
Addition during the period / year	-	9,997,016
Share of (loss) profit during the period / year	(12,176)	123,168
Eliminations	(235,000)	-
Balance at the end of the period / year	<u>18,675,743</u>	<u>18,922,919</u>

The share of results of associate and joint venture are recorded based on the approved management accounts for the nine-month period ended 30 September 2019.

The joint venture had no material contingent liabilities or capital commitments as at 30 September 2019 and 31 December 2018.

5 RIGHT-OF-USE ASSETS

The movements in the carrying value of right-of-use assets during the period, was as follows:

	<i>Land BD</i>	<i>Compactors BD</i>	<i>Motor vehicles BD</i>	<i>Total BD</i>
As at 1 January 2019	2,150,771	-	2,303	2,153,074
Additions during the period	-	32,592	-	32,592
Depreciation for the period	(45,870)	(8,148)	(1,480)	(55,498)
As at 30 September 2019	<u>2,104,901</u>	<u>24,444</u>	<u>823</u>	<u>2,130,168</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

6 CASH AND BANK BALANCES

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2019 Reviewed BD	31 December 2018 Audited BD	30 September 2018 Reviewed BD
Cash on hand, bank balances and term deposits	8,006,091	8,412,894	10,996,509
less: Term deposits with original maturity of more than three months	(2,500,000)	(547,611)	(3,594,031)
Bank balances representing unclaimed dividends	(949,964)	(769,403)	(832,219)
	<u>4,556,127</u>	<u>7,095,880</u>	<u>6,570,259</u>

The bank balances are held in commercial banks in the Kingdom of Bahrain and are non-profit bearing. The term deposits are placed for varying periods ranging between one month to one year. The profit rates on term deposits as at 30 September 2019 range between 3.15% to 3.6% (30 September 2018: 1.85% to 4%).

7 LEASE LIABILITY

The lease liability balance represents the present value of future lease payments for a leasehold land, leased motor vehicles and leased compactors which end in February 2054, February 2020 and March 2021 respectively.

The payments for the leasehold land are discounted using a discount factor of 9.66% per annum representing the rate of a commercial loan at 6% with 1.5% increment over the years. The payments for the leased motor vehicles are discounted at 3.2% per annum. The payments for the leased compactors are discounted at 3.2% per annum.

The movement of the lease liability is as follows:

	Leasehold land BD	Leasehold compactors BD	Leasehold motor vehicles BD	Total BD
Balance at 1 January 2019	2,520,312	32,592	2,408	2,555,312
Lease payments during the period	(187,500)	(8,400)	(1,575)	(197,475)
Interest during the period	180,877	446	37	181,360
Balance at 30 September 2019	<u>2,513,689</u>	<u>24,638</u>	<u>870</u>	<u>2,539,197</u>

The current and non-current portions of the lease liability are as follows:

	Leasehold land BD	Leasehold compactors BD	Leasehold motor vehicles BD	Total BD
Current	9,609	16,294	870	26,773
Non-current	2,504,080	8,344	-	2,512,424
	<u>2,513,689</u>	<u>24,638</u>	<u>870</u>	<u>2,539,197</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

8 DIVIDENDS DECLARED

At the Annual General Meeting held on 31 March 2019, the Company's shareholders approved to pay a final dividend of BD 0.015 per share totalling BD 6,900,000 relating to 2018.

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 totalling BD 6,900,000 relating to 2017.

9 UNCLAIMED DIVIDENDS

	30 September 2019 Reviewed BD	31 December 2018 Audited BD	30 September 2018 Reviewed BD
Balance at the beginning of the period / year	3,157,755	5,310,199	5,310,199
Dividends declared (note 8)	6,900,000	6,900,000	6,900,000
Dividends relating to non-controlling interest of a subsidiary	92,400	-	-
Dividends paid	(6,430,695)	(6,600,368)	(6,514,923)
Reversal	-	(2,452,076)	(2,452,076)
Balance at the end of the period / year	3,719,460	3,157,755	3,243,200

Dividends paid during the period entirely relates to prior periods (2018: same).

10 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	30 September 2019 Reviewed	30 September 2018 Reviewed	30 September 2019 Reviewed	30 September 2018 Reviewed
Profit attributable to equity holders of the parent for the period – BD	2,346,341	2,572,648	7,067,454	7,143,548
Weighted average number of shares outstanding	460,000,000	460,000,000	460,000,000	460,000,000
Basic and diluted earnings per share	5.1 Fils	5.59 Fils	15.36 Fils	15.53 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.

11 COMMITMENTS AND CONTINGENCIES

a) Capital commitments

The Group's 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:

	30 September 2019 Reviewed BD	31 December 2018 Audited BD
Seef Mall, Isa Town Mall and Magic Island renovation works	461,770	337,875
Muharraq Mall Co. W.L.L.	7,000	2,351
Binaa Al Bahrain B.S.C. (c)	4,968,577	4,968,577
	5,437,347	5,308,803

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

11 COMMITMENTS AND CONTINGENCIES (continued)

b) Other commitments

Muharraq Mall Co. W.L.L. is contracted to pay a royalty charge of 2.75% (2018: 2.75%) of its gross rental income to the lessor, commencing from the year 2022 until the end of the lease term in 2054.

c) 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.

d) Guarantee

The Company, along with a shareholder, has signed a joint and several corporate guarantee towards term loan obtained, by Muharraq Mall Co W.L.L. from a commercial bank. As of 30 September 2019, the loan has a carrying value of BD 6,757,961 (31 December 2018: BD 7,331,229).

12 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

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.

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

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12 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		
	2019	2018	Reviewed	2019	2018	Reviewed	2019	2018	Reviewed	2019	2018	Reviewed	2019	2018	Reviewed	2019	2018	Reviewed
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	3,347,959	3,473,345	561,227	578,825	471,274	481,023	-	-	-	-	-	-	-	-	4,380,460	-	4,533,193	
Inter-segment income	65,039	65,042	-	-	-	-	-	-	-	-	-	-	-	(65,039)	-	(65,042)	-	
Less cost of sales	580,595	855,197	170,639	190,352	265,595	246,173	-	-	-	-	-	-	-	(65,039)	951,790	-	1,226,680	
GROSS PROFIT	2,832,403	2,683,190	390,588	388,473	205,679	234,850	-	-	-	-	-	-	-	-	3,428,670	-	3,306,513	
Other operating income	-	-	-	-	8,583	475	-	-	231,563	356,788	-	-	-	-	240,146	-	357,263	
Profit on term deposits	-	-	-	-	3,905	-	-	-	19,335	54,455	-	-	-	-	23,240	-	54,455	
OPERATING PROFIT	2,832,403	2,683,190	390,588	388,473	218,167	235,325	411,243	-	250,898	411,243	-	-	-	-	3,692,056	-	3,718,231	
EXPENSES																		
Staff costs	372,694	402,513	58,744	69,230	-	-	-	-	-	-	-	-	-	-	431,438	-	471,743	
General administration, marketing and advertisement	269,268	252,712	98,552	98,774	31,445	14,075	-	-	-	-	-	-	-	-	399,265	-	365,561	
Depreciation	77,453	59,264	20,396	18,558	82,766	83,955	-	-	-	-	-	-	-	-	180,615	-	161,777	
Directors' remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Donations and charitable contributions	97,725	16,653	-	-	-	-	-	-	-	-	-	-	-	-	97,725	-	16,653	
Provision for expected credit losses	156,380	108,147	-	-	-	-	-	-	-	-	-	-	-	-	156,380	-	108,147	
Finance costs	973,520	839,289	177,692	186,562	114,211	98,030	-	-	-	-	-	-	-	-	1,265,423	-	1,123,881	
PROFIT BEFORE SHARE OF RESULTS OF A JOINT VENTURE	1,858,883	1,843,901	212,896	201,911	103,956	137,295	250,898	411,243	-	-	-	-	-	-	2,426,633	-	2,594,350	
Share of (loss) profit of a joint venture	(13,217)	15,075	-	-	-	-	-	-	-	-	-	-	-	-	(13,217)	-	15,075	
Segment profit for the period	1,845,666	1,858,976	212,896	201,911	103,956	137,295	250,898	411,243	-	-	-	-	-	-	2,413,416	-	2,609,425	

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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As at 30 September 2019 (Reviewed)

12 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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	9,993,295	10,193,493	1,569,542	1,554,242	1,343,388	1,390,529	-	-	-	-	12,926,225	13,138,264
Inter-segment income	195,117	195,120	-	-	-	-	-	-	(195,117)	(195,120)	-	-
Less: cost of sales	1,295,118	2,088,269	480,211	531,113	750,002	729,703	-	-	(195,117)	(195,120)	2,330,214	3,153,965
GROSS PROFIT	8,893,294	8,300,344	1,109,331	1,023,129	593,386	660,826	-	-	-	-	10,596,011	9,984,299
Other operating income	-	-	-	-	16,028	9,512	777,205	865,135	-	-	793,233	874,647
Profit on term deposits	-	-	-	-	3,905	-	87,406	165,825	-	-	91,311	165,825
OPERATING PROFIT	8,893,294	8,300,344	1,109,331	1,023,129	613,319	670,338	864,611	1,030,960	-	-	11,480,555	11,024,771
EXPENSES												
Staff costs	1,198,184	1,276,090	184,156	205,878	-	-	-	-	-	-	1,382,340	1,481,968
General administration, marketing and advertisement	767,560	693,294	280,373	267,697	84,908	57,465	-	-	-	-	1,132,841	1,018,456
Depreciation	237,160	165,264	60,145	54,716	248,603	250,999	-	-	-	-	545,908	470,979
Directors remuneration	230,000	230,000	-	-	-	-	-	-	-	-	230,000	230,000
Donations and charitable contributions	170,000	170,000	-	-	-	-	-	-	-	-	170,000	170,000
Provision for expected credit losses	231,892	47,723	-	-	-	-	-	-	-	-	231,892	47,723
Finance costs	503,282	327,407	-	-	-	-	-	-	-	-	503,282	327,407
PROFIT BEFORE SHARE OF RESULTS OF A JOINT VENTURE	3,338,078	2,909,778	524,674	528,291	333,511	308,464	-	-	-	-	4,196,263	3,746,533
Share of (loss) profit of a joint venture	5,555,216	5,390,566	584,657	494,838	279,808	361,874	864,611	1,030,960	-	-	7,284,292	7,278,238
	(12,176)	50,588	-	-	-	-	-	-	-	-	(12,176)	50,588
Segment profit for the period	5,543,040	5,441,154	584,657	494,838	279,808	361,874	864,611	1,030,960	-	-	7,272,116	7,328,626
30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019
Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
155,970,002	158,314,949	12,246,940	12,410,254	2,395,303	1,751,023	-	-	-	(4,107,142)	170,612,245	168,369,084	
11,549,681	13,485,997	4,217,119	4,396,755	399,189	34,717	-	-	-	(4,107,142)	16,165,889	13,810,327	

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 2019 (Reviewed)

13 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:

	30 September 2019 Reviewed BD	31 December 2018 Audited BD
Lama Real Estate W.L.L.	514,894	186,681

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>	
	30 September 2019 Reviewed BD	30 September 2018 Reviewed BD	30 September 2019 Reviewed BD	30 September 2018 Reviewed BD
Directors' remuneration	-	-	230,000	230,000
Short-term benefits	26,400	26,400	111,250	148,160
End of service benefits	1,200	1,200	3,600	3,875
	27,600	27,600	344,850	382,035

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 2019, the Group has not recorded any impairment of amounts owed by related parties (30 September 2018: 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:

	30 September 2019	31 December 2018
Number of shares	2,209,610	2,609,210
Percentage of holdings	0.48%	0.57%

14 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 30 September 2019 and 31 December 2018.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

14 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>
30 September 2019					
Assets measured at fair value					
Investment properties	31 December 2018	-	-	136,646,745	136,646,745
		<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>
31 December 2018					
Assets measured at fair value					
Investment properties	31 December 2018	-	-	115,672,719	115,672,719

The fair values of the investment properties have been determined by the Group based on valuations performed by independent surveyors as at 31 December 2018. 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 valuations undertaken were based on income yield capitalisation or discounted cash flow 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 2018.

During the reporting periods ended 30 September 2019 and 30 September 2018 and year ended 31 December 2018, there were no transfers within the levels of fair value hierarchy.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019 (Reviewed)

14 FAIR VALUE MEASUREMENT (continued)

The movements in the fair values of investment properties, are as follows:

	<i>30 September 2019 BD</i>	<i>31 December 2018 BD</i>
At the beginning of the period / year	115,672,719	113,294,723
Transfers from capital work-in-progress	-	1,333,210
Transfers from property, equipment and furniture	20,681,827	-
Unrealised fair value gain	-	1,024,196
Expenditure incurred during the period / year	292,199	20,590
	<hr/> 136,646,745 <hr/>	<hr/> 115,672,719 <hr/>