

Seef Properties B.S.C.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2011

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 2011, comprising of the interim consolidated statement of financial position as at 30 June 2011 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

The corresponding amounts presented have been reviewed or audited, as applicable, by other auditors whose review opinion dated 10 August 2010 and audit opinion dated 22 February 2011 have expressed unqualified opinions on those amounts.

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.



3 August 2011

Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011 (Unaudited)

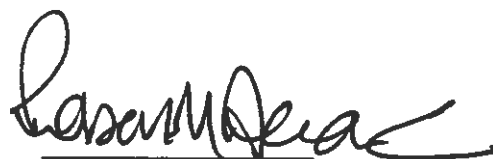
	Note	30 June 2011 Unaudited BD	31 December 2010 Audited BD
ASSETS			
Non-current assets			
Property and equipment	3	1,970,256	1,443,851
Capital work-in-progress	4	1,101,382	1,733,123
Investment properties	5	95,963,900	94,803,998
Investment in a joint venture	6	11,000	11,000
		<u>99,046,538</u>	<u>97,991,972</u>
Current assets			
Available-for-sale investments	7	-	263,900
Trade and other receivables		1,929,224	2,261,265
Cash and bank balances	8	12,917,486	13,567,025
		<u>14,846,710</u>	<u>16,092,190</u>
TOTAL ASSETS		<u><u>113,893,248</u></u>	<u><u>114,084,162</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	46,000,000	46,000,000
Statutory reserve	10	13,350,000	13,350,000
Furniture and fixtures reserve	13	41,432	28,171
Retained earnings		47,422,172	48,634,397
Total equity		<u>106,813,604</u>	<u>108,012,568</u>
Non-current liability			
Employees' end of service benefits		<u>131,755</u>	<u>105,637</u>
Current liabilities			
Unclaimed dividends	15	4,172,492	3,700,781
Trade and other payables		2,775,397	2,265,176
		<u>6,947,889</u>	<u>5,965,957</u>
Total liabilities		<u>7,079,644</u>	<u>6,071,594</u>
TOTAL EQUITY AND LIABILITIES		<u><u>113,893,248</u></u>	<u><u>114,084,162</u></u>



Abdulla bin Khalifa Al-Khalifa
Chairman



Yousif Ahmed Al-Hammadi
Director



Robert Addison
General Manager

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2011 (Unaudited)

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2011	2010	2011	2010
		BD	BD	BD	BD
Income					
Property rental income and service charges		2,001,403	1,917,417	4,070,441	3,979,833
Less: rent relief	11	419,115	-	419,115	-
Net property rental income and service charges		1,582,288	1,917,417	3,651,326	3,979,833
Income from serviced apartments		259,631	526,389	663,026	1,064,381
Leisure and recreational income		201,887	244,213	354,719	468,892
		2,043,806	2,688,019	4,669,071	5,513,106
Less: Cost of sales		481,984	482,355	872,794	900,699
Gross profit		1,561,822	2,205,664	3,796,277	4,612,407
Other operating income		171,402	275,850	360,072	589,659
Profit on term deposits		88,261	60,443	203,443	145,206
Operating profit		1,821,485	2,541,957	4,359,792	5,347,272
Expenses					
Staff costs		379,384	404,634	828,003	832,818
General and administration expenses		483,183	474,930	903,903	919,404
Depreciation	3	78,629	65,820	141,850	128,643
Directors' remuneration		10,000	-	115,000	80,000
Donations and charitable contributions		-	-	120,000	100,000
		951,196	945,384	2,108,756	2,060,865
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME		870,289	1,596,573	2,251,036	3,286,407
Basic and diluted earnings per share (fils)	12	1.89 Fils	3.47 Fils	4.89 Fils	7.14 Fils

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2011 (Unaudited)

		<i>Six-month period ended</i>	
		<i>30 June</i>	
	<i>Note</i>	2011	2010
		BD	BD
OPERATING ACTIVITIES			
Profit for the period		2,251,036	3,286,407
Adjustments for:			
Depreciation	3	264,399	236,603
Profit on term deposits		(203,443)	(145,206)
Provision for doubtful debts (net)		15,000	-
Donations and charitable contributions		120,000	-
Operating profit before working capital changes		2,446,992	3,377,804
Working capital changes:			
Trade and other receivables		359,455	(65,868)
Trade and other payables		520,602	(397,069)
Net cash from operations		3,327,049	2,914,867
Employees' end of service benefits (net)		26,118	24,636
Directors' remuneration paid		(115,000)	80,000
Donations and charitable contributions paid		(15,381)	(87,590)
Net cash from operating activities		3,222,786	2,931,913
INVESTING ACTIVITIES			
Net movements in term deposits		2,085,739	-
Proceeds from redemption of available-for-sale investments	7	263,900	-
Expenditure incurred on capital work-in-progress	4	(1,200,940)	(482,613)
Purchase of property and equipment	3	(118,025)	(145,413)
Profit on term deposits received		161,029	145,206
Additions to investment properties		-	(29,400)
Net cash from (used in) investing activities		1,191,703	(512,220)
FINANCING ACTIVITIES			
Dividend paid	15	(2,978,289)	(3,066,228)
Movement in bank balances representing unclaimed dividends		(471,452)	-
Net cash used in financing activities		(3,449,741)	(3,066,228)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		964,748	(646,535)
Cash and cash equivalents at 1 January		2,102,899	13,113,825
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	3,067,647	12,467,290

Non-cash items:

1) Movement in donations and charitable contributions accrued but not yet settled amounting to BD 104,619 (2010: BD 100,000) have been excluded from the movement of trade and other payables.

2) Movement in profit on term deposits of BD 42,414 (2010: nil) which has been accrued but is not yet collected has been excluded from trade and other receivables.

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2011 (Unaudited)

	Note	Share capital BD	Statutory reserve BD	Furniture and fixture reserve BD	Retained earnings* BD	Total BD
Balance at 1 January 2011		46,000,000	13,350,000	28,171	48,634,397	108,012,568
Total comprehensive income		-	-	-	2,251,036	2,251,036
Dividends declared for 2010	14	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixture reserve	13	-	-	13,261	(13,261)	-
Balance at 30 June 2011		46,000,000	13,350,000	41,432	47,422,172	106,813,604
Balance at 1 January 2010		46,000,000	12,400,000	6,815	42,533,777	100,940,592
Total comprehensive income		-	-	-	3,286,407	3,286,407
Dividends declared for 2009	14	-	-	-	(2,300,000)	(2,300,000)
Transfer to furniture and fixture reserve	13	-	-	17,389	(17,389)	-
Balance at 30 June 2010		46,000,000	12,400,000	24,204	43,502,795	101,926,999

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

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2011 (Unaudited)

1 ACTIVITIES

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

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

Name	Ownership interest	Country of incorporation	Principal activities
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 referred to collectively as the Group.

The Group is primarily engaged in the real estate business and 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 in the Kingdom of Bahrain and operates Magic Island, leisure and recreational game facilities.

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 3 August 2011.

2 ACCOUNTING POLICIES

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2010. In addition, results for the six-month period ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010 except for the adoption of new Standards and Interpretations, noted below:

- *IAS 24 Related Party Disclosures (Amendment) effective for annual periods beginning on or after 1 January 2011;*
- *IAS 28 Investments in Associates (Amendment) effective for annual periods beginning on or after 1 January 2011;*
- *IFRIC 14 Prepayments of a minimum funding requirement (Amendment) effective for annual periods beginning on or after 1 January 2011;*
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments effective for annual beginning on or after 1 July 2010; and*
- *Improvements to IFRSs (issued in May 2010) effective for annual periods on or after either 1 July 2010 or 1 January 2011.*

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption of the standard did not have any impact on the Group's financial position or performance.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2011 (Unaudited)

2 ACCOUNTING POLICIES (continued)

Improvements to IFRSs

In May 2010 the Board issued a series of amendments to its standards. There are separate transitional provisions for each standard. The adoption of these amendments did not have any effect on the financial performance or position of the Group and did not result in any significant changes to the disclosures in the Group's consolidated financial statements.

3 PROPERTY AND EQUIPMENT

	<i>Plant and equipment BD</i>	<i>Furniture and fixtures BD</i>	<i>Motor vehicles BD</i>	<i>Total BD</i>
Cost				
At 1 January 2011	2,861,042	2,467,111	37,514	5,365,667
Additions	67,637	30,445	19,943	118,025
Transfers from capital work-in-progress	464,989	207,790	-	672,779
At 30 June 2011	3,393,668	2,705,346	57,457	6,156,471
Depreciation:				
At 1 January 2011	2,377,628	1,534,180	10,008	3,921,816
Charge for the period	201,802	55,669	6,928	264,399
At 30 June 2011	2,579,430	1,589,849	16,936	4,186,215
Net carrying values:				
At 30 June 2011 (unaudited)	814,238	1,115,497	40,521	1,970,256
	<i>Plant and equipment BD</i>	<i>Furniture and fixtures BD</i>	<i>Motor vehicles BD</i>	<i>Total BD</i>
Cost				
At 1 January 2010	2,704,212	2,377,162	37,514	5,118,888
Additions	138,516	108,263	-	246,779
Reclassifications	18,314	(18,314)	-	-
At 31 December 2010	2,861,042	2,467,111	37,514	5,365,667
Depreciation:				
At 1 January 2010	2,040,402	1,443,022	2,501	3,485,925
Charge for the year	336,616	91,768	7,507	435,891
Reclassifications	610	(610)	-	-
At 31 December 2010	2,377,628	1,534,180	10,008	3,921,816
Net carrying values:				
At 31 December 2010 (audited)	483,414	932,931	27,506	1,443,851

Depreciation charges has been allocated in the consolidated statement of comprehensive income as follows:

	30 June 2011 Unaudited BD	31 December 2010 Audited BD
Cost of sales	122,500	200,014
Expenses	141,891	235,877
	264,391	435,891

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2011 (Unaudited)

4 CAPITAL WORK-IN-PROGRESS

	30 June 2011	31 December 2010
	<i>Unaudited BD</i>	<i>Audited BD</i>
Balance at the beginning of the period / year	1,733,123	364,119
Expenditure incurred during the period / year	1,200,940	1,949,195
Transfers to investment properties	(1,159,902)	(580,191)
Transfers to property and equipment	(672,779)	-
Balance at the end of the period / year	<u>1,101,382</u>	<u>1,733,123</u>

5 INVESTMENT PROPERTIES

	30 June 2011	31 December 2010
	<i>Unaudited BD</i>	<i>Audited BD</i>
Balance at the beginning of the period / year	94,803,998	91,400,648
Transferred from capital work-in-progress	1,159,902	580,191
Unrealised fair value gain	-	2,823,159
Balance at the end of the period / year	<u>95,963,900</u>	<u>94,803,998</u>

Investment properties are stated at fair value, which has been determined by the directors based on the valuations performed by independent valuers. The surveyors are industry specialists in valuing these types of investment properties. The valuations undertaken are based on the income yield capitalisation method and were last carried out at 31 December 2010. In the opinion of the directors there has been no significant change in value since that date.

6 INVESTMENT IN A JOINT VENTURE

The Company's investment in a joint venture consists of the following joint venture at the date of the consolidated statement of financial position:

<i>Name of the joint venture company</i>	<i>Principal activities</i>	<i>Percentage of ownership</i>	<i>Cost of investment BD</i>
Saar Complex Company	Development of Saar shopping complex	55%	11,000

The joint venture commenced its commercial operations during the year 2010 and in the opinion of the management, there is no significant difference in the value of the Group's investment given the current operational stage of the joint venture.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2011 (Unaudited)

7 AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2011 Unaudited BD	31 December 2010 Audited BD
Equity investments:		
Unquoted investments (at cost) *	-	263,900

The movement in the unquoted available-for-sale investments is as follows:

	<i>For the six-months ended</i>	
	30 June 2011 Unaudited BD	30 June 2010 Audited BD
Opening balance	263,900	263,900
Redemptions **	(263,900)	-
Closing balance	-	263,900

* The unquoted investments are carried at cost less impairment, as fair value cannot be reliably determined due to the unpredictable nature of the future cash flows.

** The investments in National Bank of Bahrain - Capital Guaranteed Tranche II had matured during the three month period ended 31 March 2011 and cash proceeds of BD 188,500 were received. The investments in Ahli United Bank - Capital Protected MSCI Hedge had matured during the three month period ended 30 June 2011 and cash proceeds of BD 75,400 were received.

8 CASH AND BANK BALANCES

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

	30 June 2011 Unaudited BD	31 December 2010 Audited BD
Cash on hand, bank balances and term deposits	12,917,486	13,567,025
less: Term deposits with an original maturity of more than three months	(8,428,271)	(10,514,010)
Bank balances representing unclaimed dividends *	(1,421,568)	(950,116)
	3,067,647	2,102,899

Bank balances are non-interest bearing. Term deposits are placed for varying periods ranging between one month to six months. The profit rates on term deposits as at 30 June 2011 range between 2.75% to 4.25% (30 June 2010: 2.5% - 3.6%).

Refer note 15 for details of unclaimed dividends.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2011 (Unaudited)

9 SHARE CAPITAL

	30 June 2011 Unaudited BD	31 December 2010 Audited BD
Authorised: 1,000,000,000 shares of BD 0.100 each	100,000,000	100,000,000
Issued, subscribed and fully paid-up: 460,000,000 shares (31 December 2010: 460,000,000 shares) of BD 0.100 each	46,000,000	46,000,000

10 STATUTORY RESERVE

Bahrain Commercial Companies Law and the Company's articles of association require 10% of the profit for the year to be transferred to a statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital. The reserve is not distributable except in such circumstances as stipulated in the Bahrain Commercial Companies Law. No transfers were made during the six-month period ended 30 June 2011 (30 June 2010: nil) to statutory reserve.

11 RENT RELIEF

During April 2011, the Company offered a rent incentive to the tenants of Seef Mall whose outstanding rent receivables were less than six months past due as of 30 April 2011. The incentive comprises a concession from the rental charge to the tenant for one month over the period from 1 April 2011 to 31 July 2011. This incentive has been recognised as a discount on a straight line-basis over the incentive period in the consolidated financial statements.

12 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Profit for the period – BD	870,289	1,596,573	2,251,036	3,286,407
Weighted average number of shares outstanding	460,000,000	460,000,000	460,000,000	460,000,000
Basic and diluted earnings per share	1.89 Fils	3.47 Fils	4.89 Fils	7.14 Fils

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

13 FURNITURE AND FIXTURES RESERVE

In accordance with the Management agreement entered into between the Company and Fraser Serviced Residences Pte Ltd., a company incorporated in Singapore and involved in the operation of hotels, apartments and tourist restaurants, an amount equivalent to 1% of the total revenue for the first year, 2% of the total revenue for the second year and 3% of the total revenue for the third year and thereafter of the subsidiary, is to be set aside as furniture and fixtures replacement reserve which is to be utilised for the purchase and replacement of the subsidiary's furniture and fixtures.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2011 (Unaudited)

14 DIVIDENDS

At the annual general meeting of the shareholders held on 30 March 2011, a cash dividend of 7.5 fils per share for the year 2010 (2010: 5 fils per share for the year 2009) amounting to BD 3,450,000 (2009: BD 2,300,000) was declared.

15 UNCLAIMED DIVIDENDS

	30 June 2011 Unaudited BD	31 December 2010 Audited BD
Balance at the beginning of the period / year	3,700,781	4,828,711
Dividend declared (note 14)	3,450,000	2,300,000
Dividend paid	(2,978,289)	(3,427,930)
Balance at the end of the period / year	<u>4,172,492</u>	<u>3,700,781</u>

16 COMMITMENTS

Capital expenditure commitments outstanding as at the financial position date but not yet provided for, relating to the re-theming of Seef Mall and expansion in Isa Town Mall is as follows:

	30 June 2011 Unaudited BD	31 December 2010 Audited BD
Seef Mall re-theming	1,576,080	2,284,709
Expansion of Seef Mall	355,389	382,248
Expansion of Isa Town Mall	70,629	-
	<u>2,002,098</u>	<u>2,666,957</u>

17 SEGMENT INFORMATION

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

Malls and properties	- Management of real estate including malls
Serviced apartments	- Management of apartments
Leisure and entertainment	- Leisure and recreational game facilities

The operations of malls and properties includes the management of Seef Mall and Isa Town Mall.

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 consolidated financial statements. Group financing (including finance costs and 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 property, plant and equipment, investment properties and accounts receivable.

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

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2011 (Unaudited)

17 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Other segments		Elimination		Consolidated	
	Three months ended		Three months ended		Three months ended		Three months ended		Three months ended		Three months ended	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Three months ended 30 June	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	2,001,403	1,917,417	259,631	526,389	201,887	244,213	-	-	-	-	2,462,921	2,688,019
Inter-segment income	36,563	48,750	-	-	-	-	-	-	(36,563)	(48,750)	-	-
Rent relief	419,115	-	-	-	-	-	-	-	-	-	419,115	-
Cost of sales	311,769	300,826	80,444	110,171	126,334	120,108	-	-	36,563	48,750	481,984	482,355
Gross profit	1,307,082	1,665,341	179,187	416,218	75,553	124,105	-	-	-	-	1,561,822	2,205,664
Other operating income	-	-	-	-	-	-	171,402	275,850	-	-	171,402	275,850
Profit on term deposits	-	-	-	-	-	-	88,261	60,443	-	-	88,261	60,443
Operating profit	1,307,082	1,665,341	179,187	416,218	75,553	124,105	259,663	336,293	-	-	1,821,485	2,541,957
Expenses												
Staff costs	240,948	238,890	62,501	60,925	75,935	104,819	-	-	-	-	379,384	404,634
General and administration expenses	366,580	295,847	98,057	162,160	18,546	16,923	-	-	-	-	483,183	474,930
Depreciation	27,098	15,035	41,589	48,631	9,942	2,154	-	-	-	-	78,629	65,820
Directors' remuneration	10,000	-	-	-	-	-	-	-	-	-	10,000	-
Donations and charitable contributions	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit (loss) for the period	662,456	1,115,569	(22,960)	144,502	(28,870)	209	259,663	336,293	-	-	870,289	1,596,573

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

At 30 June 2011 (Unaudited)

17 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Other segments		Elimination		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Six months ended 30 June												
Income from external operations	4,070,441	3,979,833	663,026	1,064,381	354,719	468,892	-	-	-	-	5,088,186	5,513,106
Inter-segment income	85,313	97,500	-	-	-	-	-	-	(85,313)	(97,500)	-	-
Rent relief	419,115	-	-	-	-	-	-	-	-	-	419,115	-
Cost of sales	551,289	550,988	176,621	211,365	230,197	235,846	-	-	85,313	97,500	872,794	900,699
Gross profit	3,185,350	3,528,345	486,405	853,016	124,522	233,046	-	-	-	-	3,796,277	4,612,407
Other operating income	-	-	-	-	-	-	360,072	589,659	-	-	360,072	589,659
Profit on term deposits	-	-	-	-	-	-	203,443	145,206	-	-	203,443	145,206
Operating profit	3,185,350	3,528,345	486,405	853,016	124,522	233,046	563,515	734,865	-	-	4,359,792	5,347,272
Expenses												
Staff costs	540,430	497,564	126,301	121,991	161,272	213,263	-	-	-	-	828,003	832,818
General and administration expenses	658,801	571,668	221,057	321,520	24,045	26,216	-	-	-	-	903,903	919,404
Depreciation	47,361	28,045	82,845	96,261	11,644	4,337	-	-	-	-	141,850	128,643
Directors' remuneration	115,000	80,000	-	-	-	-	-	-	-	-	115,000	80,000
Donations and charitable contributions	120,000	100,000	-	-	-	-	-	-	-	-	120,000	100,000
Segment profit (loss) for the period	1,703,758	2,249,068	56,202	313,244	(72,439)	(10,770)	563,515	734,865	-	-	2,251,036	3,286,407
Total assets	112,310,010	113,145,438	10,464,488	10,742,390	999,268	424,207	-	-	(9,880,518)	(10,227,873)	113,893,248	114,084,162
Total liabilities	6,906,138	5,911,339	10,054,024	10,388,128	-	-	-	-	(9,880,518)	(10,227,873)	7,079,644	6,071,594
Capital expenditure	600,294	1,350,792	10,757	192,460	707,914	72,531	-	-	-	-	1,318,965	1,615,783

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

At 30 June 2011 (Unaudited)

18 RELATED PARTY TRANSACTIONS

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

Transactions with related parties during the period are as follows:

	<i>Property rental income and service charges</i>		<i>Property rental income and service charges</i>	
	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Other related parties -				
Director related entities*	157,310	196,344	349,776	384,932

* Rent relief of BD 40,988 (2010: nil) was granted related parties during the period ended 30 June 2011.

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

	<i>Trade receivables</i>	
	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>BD</i>	<i>BD</i>
Other related parties - Director related entities	108,611	214,611

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</i>		<i>For the six months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Directors' remuneration	10,000	-	115,000	80,000
Board sitting fees	8,717	5,650	17,242	11,450
Management short-term benefits	31,900	18,000	53,800	54,000
	50,617	23,650	186,042	145,450

Outstanding balances at the period end arise in the normal course of business and are interest free and unsecured. The Group only creates an impairment provision for related party balances where it is virtually certain the debt will not be recovered. For the six month period ended 30 June 2011, the Group has not recorded any impairment of amounts owed by related parties (30 June 2010: nil).

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 30 June 2011 (Unaudited)

18 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:

	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>No. of shares</i>	<i>No. of shares</i>
No of shares	1,385,500	1,385,500
Percentage of holdings	0.3%	0.3%