

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2012**

## 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 31 March 2012, comprising of the interim consolidated statement of financial position as at 31 March 2012 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 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.

### *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.



13 May 2012

Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012 (Unaudited)

	Note	31 March 2012 Unaudited BD	31 December 2011 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture, equipment and vehicles	3	1,775,619	1,850,830
Capital work-in-progress	4	319,083	301,965
Investment properties	5	100,921,015	100,878,707
Investment in a joint venture	6	11,000	11,000
		<u>103,026,717</u>	<u>103,042,502</u>
<b>Current assets</b>			
Inventory		8,770	-
Trade and other receivables		1,097,377	1,071,533
Cash and bank balances	7	16,545,645	15,146,792
		<u>17,651,792</u>	<u>16,218,325</u>
<b>TOTAL ASSETS</b>		<u>120,678,509</u>	<u>119,260,827</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	46,000,000	46,000,000
Statutory reserve	9	14,210,000	14,210,000
Furniture and fixtures replacement reserve	10	70,236	57,800
Retained earnings		51,096,178	52,892,205
<b>Total equity</b>		<u>111,376,414</u>	<u>113,160,005</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Employees' end of service benefits		137,661	124,546
<b>Current liabilities</b>			
Unclaimed dividends	12	7,445,393	4,017,474
Other payables and accruals		1,719,041	1,958,802
		<u>9,164,434</u>	<u>5,976,276</u>
<b>Total liabilities</b>		<u>9,302,095</u>	<u>6,100,822</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>120,678,509</u>	<u>119,260,827</u>



Abdulla bin Khalifa Al-Khalifa  
Chairman



Essa Mohamed Najibi  
Vice-Chairman



Robert Addison  
General Manager

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three month period ended 31 March 2012 (Unaudited)

	Note	Three month period ended 31 March	
		2012 BD	2011 BD
<b>Income</b>			
Property rental income and service charges		2,139,047	2,069,038
Income from serviced apartments		414,535	403,395
Leisure and recreational income		273,058	152,832
		<b>2,826,640</b>	<b>2,625,265</b>
Less: cost of sales		464,649	457,587
<b>Gross profit</b>		<b>2,361,991</b>	<b>2,167,678</b>
Other operating income		269,940	188,670
Profit on term deposits		122,231	115,182
<b>Operating profit</b>		<b>2,754,162</b>	<b>2,471,530</b>
<b>Expenses</b>			
Staff costs		431,907	448,531
General, administration, marketing and advertisement		304,624	338,002
Depreciation	3	96,372	63,225
Directors' remuneration		122,600	113,525
Donations and charitable contributions		120,000	120,000
Provision for doubtful debts		12,250	7,500
		<b>1,087,753</b>	<b>1,090,783</b>
<b>NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,666,409</b>	<b>1,380,747</b>
Basic and diluted earnings per share (fils)	13	<b>3.62 Fils</b>	<b>3.00 Fils</b>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

**Seef Properties B.S.C.**
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three month period ended 31 March 2012 (Unaudited)

	Note	Three month period ended 31 March	
		2012 BD	2011 BD
<b>OPERATING ACTIVITIES</b>			
Profit for the year		1,666,409	1,380,747
Adjustments for:			
Depreciation	3	173,189	108,244
Profit on term deposits		(122,231)	(115,182)
Provision for doubtful debts (net)		12,250	7,500
Directors' remuneration		122,600	113,525
Donations and charitable contributions		120,000	120,000
Employees' end of service benefits		13,115	15,414
Write-back of accruals no longer payable		87,603	-
Operating profit before working capital changes		2,072,935	1,630,248
Working capital changes:			
Trade and other receivables		(36,020)	(100,540)
Inventory		(8,770)	-
Other payables and accruals		(544,364)	127,333
Net cash from operations		1,483,781	1,657,041
Employees' end of service benefits paid		-	(3,260)
Directors' remuneration paid		(7,600)	(105,000)
Donations and charitable contributions paid		(18,000)	(15,381)
Net cash from operating activities		1,458,181	1,533,400
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		1,869,289	(530,749)
Profit on term deposits received		120,157	116,531
Proceeds from redemption of available-for-sale investments		-	188,500
Purchase of furniture, equipment and vehicles	3	(70,126)	(39,184)
Expenditure incurred on capital work-in-progress	4	(41,492)	(443,914)
Additions to investment properties	5	(45,786)	-
Net cash from (used in) investing activities		1,832,042	(708,816)
<b>FINANCING ACTIVITIES</b>			
Dividends paid	12	(22,081)	(18,222)
Movement in bank balances representing unclaimed dividends		21,781	18,222
Net cash used in financing activity		(300)	-
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		3,289,923	824,584
Cash and cash equivalents at 1 January		1,206,635	2,739,265
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	7	<b>4,496,558</b>	<b>3,563,849</b>

**Non-cash items:**

- 1) Movement in donations and charitable contributions accrued but not yet settled amounting to BD 102,000 (2011: BD 104,619) have been excluded from the movement of other payables and accruals.
- 2) Movement in profit on term deposits of BD 2,074 (2011: BD 1,349) which has been accrued but not yet received has been excluded from trade and other receivables.
- 3) During the period, the Group has written back certain accruals no longer payable amounting to BD 87,603 (2011: nil) which have been excluded from the movement of other payables and accruals.
- 4) Accrued directors' remuneration not yet settled as of 31 March 2012 of BD 115,000 (2011: BD 8,525) has been excluded from the movement in other payables and accruals.

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three month period ended 31 March 2012 (Unaudited)

	Note	Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD
Balance at 1 January 2012		46,000,000	14,210,000	57,800	52,892,205	113,160,005
Total comprehensive income		-	-	-	1,666,409	1,666,409
Dividends declared for 2011	11	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve	10	-	-	12,436	(12,436)	-
<b>Balance at 31 March 2012</b>		<b>46,000,000</b>	<b>14,210,000</b>	<b>70,236</b>	<b>51,096,178</b>	<b>111,376,414</b>
Balance at 1 January 2011		46,000,000	13,350,000	28,171	48,634,397	108,012,568
Total comprehensive income		-	-	-	1,380,747	1,380,747
Dividends declared for 2010	11	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve	10	-	-	8,068	(8,068)	-
Balance at 31 March 2011		46,000,000	13,350,000	36,239	46,557,076	105,943,315

\* Retained earnings include BD 25,000 (2011: 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 31 March 2012 (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 condensed consolidated statement of financial position.

<i>Name</i>	<i>Ownership interest</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Fraser Suites Seef - Bahrain S.P.C.	100%	Kingdom of Bahrain	Hotel, tourist furnished flats and restaurants for tourist services management.

The Company and its wholly owned subsidiary are collectively referred to as the "Group".

The Group is primarily engaged in the real estate business and also provides leisure and recreational game facilities. The Group owns and manages the Seef Mall, the Isa Town Mall, Fraser Suites - Seef and other commercial facilities and properties in the Kingdom of Bahrain and operates the Magic Island, leisure and recreational games facilities.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13 May 2012.

#### 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 2011. In addition, results for the three month period ended 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

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 2011 except for the adoption of the new Standard and Interpretation, noted below, which did not have any impact on the accounting policies, financial position or performance of the Group:

- *IFRS 7 - Disclosures - Transfers of financial assets (Amendment) effective for annual periods beginning on or after 1 July 2011 with no comparative requirements.*

#### ***IFRS 7 - Disclosures - Transfers of financial assets (Amendment)***

These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2012 (Unaudited)

3 FURNITURE, EQUIPMENT AND VEHICLES

	<i>Equipment BD</i>	<i>Furniture and fixtures BD</i>	<i>Motor vehicles BD</i>	<i>Total BD</i>
Cost				
At 1 January 2012	3,421,613	2,828,517	59,576	6,309,706
Additions	30,018	39,702	406	70,126
Transfers from:				
Capital-work-in progress (note 4)	1,264	23,110	-	24,374
Investment properties (note 5)	-	3,478	-	3,478
Disposals	(75,293)	(1,715)	-	(77,008)
<b>At 31 March 2012 (unaudited)</b>	<b>3,377,602</b>	<b>2,893,092</b>	<b>59,982</b>	<b>6,330,676</b>
Depreciation:				
At 1 January 2012	2,780,483	1,650,999	27,394	4,458,876
Charge for the year	125,896	43,706	3,587	173,189
Relating to disposals	(75,293)	(1,715)	-	(77,008)
<b>At 31 March 2012 (unaudited)</b>	<b>2,831,086</b>	<b>1,692,990</b>	<b>30,981</b>	<b>4,555,057</b>
Net carrying values:				
<b>At 31 March 2012 (unaudited)</b>	<b>546,516</b>	<b>1,200,102</b>	<b>29,001</b>	<b>1,775,619</b>
	<i>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	147,373	153,616	22,062	323,051
Transfers from:				
Capital-work-in progress (note 4)	464,989	207,790	-	672,779
Disposals	(40,268)	-	-	(40,268)
Write-offs	(11,523)	-	-	(11,523)
<b>At 31 December 2011 (audited)</b>	<b>3,421,613</b>	<b>2,828,517</b>	<b>59,576</b>	<b>6,309,706</b>
Depreciation:				
At 1 January 2011	2,377,628	1,534,180	10,008	3,921,816
Charge for the year	454,646	116,819	17,386	588,851
Relating to disposals	(40,268)	-	-	(40,268)
Relating to write-offs	(11,523)	-	-	(11,523)
<b>At 31 December 2011 (audited)</b>	<b>2,780,483</b>	<b>1,650,999</b>	<b>27,394</b>	<b>4,458,876</b>
Net carrying values:				
<b>At 31 December 2011 (audited)</b>	<b>641,130</b>	<b>1,177,518</b>	<b>32,182</b>	<b>1,850,830</b>

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

	<i>For the three months</i>	
	<i>Unaudited 31 March 2012 BD</i>	<i>Unaudited 31 March 2011 BD</i>
Cost of sales	76,817	45,019
Expenses	96,372	63,225
	<b>173,189</b>	<b>108,244</b>



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

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

At 31 March 2012 (Unaudited)

**4 CAPITAL WORK-IN-PROGRESS**

	<i>Unaudited</i> <b>31 March</b> <b>2012</b> <b>BD</b>	<i>Audited</i> <b>31 December</b> <b>2011</b> <b>BD</b>
Balance at the beginning of the period / year	301,965	1,733,123
Capital expenditure incurred during the period / year	41,492	2,948,256
Transfers to investment properties (note 5)	-	(3,706,635)
Transfers to furniture, equipment and vehicles (note 3)	(24,374)	(672,779)
Balance at the end of the period / year	<u><b>319,083</b></u>	<u><b>301,965</b></u>

**5 INVESTMENT PROPERTIES**

	<i>Unaudited</i> <b>31 March</b> <b>2012</b> <b>BD</b>	<i>Audited</i> <b>31 December</b> <b>2011</b> <b>BD</b>
Balance at the beginning of the period / year	100,878,707	94,803,998
Expenditure incurred during the period / year	45,786	6,650
Transfer from capital work-in-progress (note 4)	-	3,706,635
Transfer to furniture, equipment and vehicles (note 3)	(3,478)	-
Unrealised fair value gain	-	2,361,424
Balance at the end of the period / year	<u><b>100,921,015</b></u>	<u><b>100,878,707</b></u>

Investment properties are stated at fair value, which is based on the valuations performed by independent surveyors. The surveyors are industry specialists in valuing these types of investment properties. The valuations undertaken are based on the income yield capitalisation method. These valuations were last carried out on 31 December 2011. Management believes that the fair values of properties are not materially different from carrying amounts.

**6 INVESTMENT IN A JOINT VENTURE**

The Company's investment in a joint venture consists of the following joint venture:

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

During the Board of Directors meeting held on 21 February 2012, it has been resolved to voluntarily liquidate this investment subject to the approval by the Ministry of Industry and Commerce.

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2012 (Unaudited)

#### 7 CASH AND BANK BALANCES

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

	<i>Unaudited</i> <b>31 March</b> 2012 <i>BD</i>	<i>Audited</i> 31 December 2011 <i>BD</i>	<i>Unaudited</i> 31 March 2011 <i>BD</i>
Cash on hand, bank balances and term deposits	<b>16,545,645</b>	15,146,792	14,904,136
less: Term deposits with an original maturity of more than three months	<b>(10,804,318)</b>	(12,673,607)	(10,408,393)
Bank balances representing unclaimed dividends *	<b>(1,244,769)</b>	(1,266,550)	(931,894)
	<b><u>4,496,558</u></b>	<u>1,206,635</u>	<u>3,563,849</u>

Bank balances are held in commercial banks in the Kingdom of Bahrain and are non-interest bearing. Term deposits are placed for varying periods ranging between one month to one year. The profit rates on term deposits as at 31 March 2012 range between 2.75% to 4.25% (31 March 2011: 2.75% to 4%).

\* Refer to note 12 for details of unclaimed dividends.

#### 8 SHARE CAPITAL

	<i>Unaudited</i> <b>31 March</b> 2012 <i>BD</i>	<i>Audited</i> 31 December 2011 <i>BD</i>
Authorised: 1,000,000,000 shares of BD 0.100 each	<b><u>100,000,000</u></b>	<u>100,000,000</u>
Issued, subscribed and fully paid-up: 460,000,000 shares (31 December 2011: 460,000,000 shares) of BD 0.100 each	<b><u>46,000,000</u></b>	<u>46,000,000</u>

#### 9 STATUTORY RESERVE

The 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 three-month period ended 31 March 2012 (31 March 2011: nil) to statutory reserve.

#### 10 FURNITURE AND FIXTURES REPLACEMENT 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 31 March 2012 (Unaudited)

**11 DIVIDENDS DECLARED**

At the annual general meeting of the shareholders held on 29 March 2012, a cash dividend of 7.5 fils per share for the year 2011 (2011: 7.5 fils per share for the year 2010) amounting to BD 3,450,000 (2010: same) was declared.

**12 UNCLAIMED DIVIDENDS**

	<i>Unaudited</i> <b>31 March</b> 2012 BD	<i>Audited</i> 31 December 2011 BD
Balance at the beginning of the period / year	4,017,474	3,700,781
Dividends declared (note 11)	3,450,000	3,450,000
Dividends paid	(22,081)	(3,133,307)
Balance at the end of the period / year	<u>7,445,393</u>	<u>4,017,474</u>

**13 EARNINGS PER SHARE**

	<i>For the three months ended</i>	
	<i>Unaudited</i> <b>31 March</b> 2012	<i>Audited</i> 31 March 2011
Profit for the year – BD	<u>1,666,409</u>	<u>1,380,747</u>
Weighted average number of shares outstanding	<u>460,000,000</u>	<u>460,000,000</u>
Basic and diluted earnings per share	<u>3.62 Fils</u>	<u>3.00 Fils</u>

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

**14 COMMITMENTS**

a) Capital commitments

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

	<i>Unaudited</i> <b>31 March</b> 2012 BD	<i>Audited</i> 31 December 2011 BD
Seef Mall re-theming and other renovation work	<u>126,578</u>	<u>189,766</u>

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2012 (Unaudited)

#### 14 COMMITMENTS (continued)

##### b) Operating lease commitments

The Group has entered into leases with commercial malls in the Kingdom of Bahrain for operating its leisure and recreational facilities.

Future minimum rentals payable under cancellable operating leases are as follows:

	<i>Unaudited</i> <b>31 March</b> <b>2012</b> <b>BD</b>	<i>Audited</i> <b>31 December</b> <b>2011</b> <b>BD</b>
Within one year	<b>124,023</b>	124,023
After one year but not more than five years	<b>546,322</b>	539,811
More than five years	<b>540,245</b>	577,762
	<b><u>1,210,590</u></b>	<b><u>1,241,596</u></b>

##### c) Legal cases

In the ordinary course of business, the Group is subject to legal claims. The Company has provided for certain claims relating to employee claims.

A third party has filed a claim against the Company towards damages caused by theft. The Company lost the case, however, it has filed an appeal against the ruling. The third party is seeking damages equal to BD 202,811. The case is still ongoing as of 31 March 2012. Management do not believe based on independent legal advice that any provision is required.

#### 15 SEGMENT INFORMATION

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

Malls and properties	-	Management of real estate including malls
Serviced apartments	-	Management of apartments
Leisure and entertainment	-	Operating leisure and recreational games facilities
Other	-	All activities other than property management and leisure activities

The operations of malls and properties include the management of Seef Mall and Isa Town Mall, and other properties in Hamad Town, Isa Town, Saar and Um-Al Hassam.

Serviced apartments represent Fraser Suites Seef - Bahrain, which generates income from the leasing of furnished serviced apartments and tourist restaurants.

The Group owns and operates leisure and recreational games facilities in different commercial malls in the Kingdom of Bahrain under its brand name of Magic Island.

The Group also earns income from the promotional space and car park areas in addition to other miscellaneous income.

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

At 31 March 2012 (Unaudited)

**15 SEGMENT INFORMATION (continued)**

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 consolidated financial statements. Group financing (finance revenue) is managed on a group basis and is not allocated to operating segments.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

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

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

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2012 (Unaudited)

15 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	
	Unaudited 2012	Audited 2011	Unaudited 2012	Audited 2011	Unaudited 2012	Audited 2011	Unaudited 2012	Audited 2011	Unaudited 2012	Audited 2011	Unaudited 2012	Audited 2011
Income from external operations	2,139,047	2,069,038	414,535	403,395	273,058	152,832	-	-	-	-	2,826,640	2,625,265
Inter-segment income	55,185	48,750	-	-	-	-	-	-	(55,185)	(48,750)	-	-
Cost of sales	210,220	228,527	152,587	162,954	157,027	114,856	-	-	55,185	48,750	464,649	457,587
Gross profit	1,984,012	1,889,261	261,948	240,441	116,031	37,976	-	-	-	-	2,361,991	2,167,678
Other operating income	-	-	15,936	-	-	-	254,004	188,670	-	-	269,940	188,670
Profit on term deposits	-	-	-	-	-	-	122,231	115,182	-	-	122,231	115,182
Operating profit	1,984,012	1,889,261	277,884	240,441	116,031	37,976	376,235	303,852	-	-	2,754,162	2,471,530
Expenses												
Staff costs	300,141	305,265	61,169	63,712	70,597	79,554	-	-	-	-	431,907	448,531
General and administration, marketing and advertisement	221,853	270,408	57,510	56,311	25,261	11,283	-	-	-	-	304,624	338,002
Depreciation	40,341	20,267	42,123	41,256	13,908	1,702	-	-	-	-	96,372	63,225
Directors' remuneration	122,600	113,525	-	-	-	-	-	-	-	-	122,600	113,525
Donations and charitable contributions	120,000	120,000	-	-	-	-	-	-	-	-	120,000	120,000
Provision for doubtful debts	12,250	7,500	-	-	-	-	-	-	-	-	12,250	7,500
Segment profit (loss) for the period	1,166,827	1,052,296	117,082	79,162	6,265	(54,563)	376,235	303,852	-	-	1,666,409	1,380,747

	Unaudited 31 March 2012		Audited 31 December 2011		Unaudited 31 March 2012		Audited 31 December 2011		Unaudited 31 March 2012		Audited 31 December 2011	
	BD		BD		BD		BD		BD		BD	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total assets	118,914,700	117,574,054	10,503,069	10,453,736	792,520	862,342	-	-	(9,531,780)	(9,629,305)	120,678,509	119,260,827
Total liabilities	9,115,922	5,944,425	9,717,953	9,785,702	-	-	-	-	(9,531,780)	(9,629,305)	9,302,095	6,100,822
Capital expenditure	153,311	2,879,883	-	6,650	4,093	68,373	-	-	-	-	157,404	2,954,906

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 31 March 2012 (Unaudited)

16 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>For the three months ended</i>	
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2012</i>	<i>2011</i>
	<i>BD</i>	<i>BD</i>
Directors' related entities	<b>169,867</b>	<b>192,466</b>

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

	<i>Trade receivables</i>	
	<i>Unaudited</i>	<i>Audited</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2012</i>	<i>2011</i>
	<i>BD</i>	<i>BD</i>
Directors' related entities	<b>85,813</b>	<b>95,936</b>

**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>Unaudited</i>	<i>Unaudited</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2012</i>	<i>2011</i>
	<i>BD</i>	<i>BD</i>
Directors' remuneration	<b>115,000</b>	<b>105,000</b>
Board sitting fees	<b>7,600</b>	<b>8,525</b>
Management short-term benefits	<b>43,800</b>	<b>21,900</b>
	<b>166,400</b>	<b>135,425</b>

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 three month period ended 31 March 2012, the Group has not recorded any impairment of amounts owed by related parties (31 March 2011: nil).

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

At 31 March 2012 (Unaudited)

**16 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>31 March 2012</i>	<i>31 December 2011</i>
	<i>No. of shares</i>	<i>No. of shares</i>
Number of shares	<b>1,385,500</b>	1,385,500
Percentage of holdings	<b>0.3%</b>	0.3%

**17 COMPARATIVE FIGURES**

Certain of the prior period's figures have been reclassified to conform to the current period's presentation. Such reclassification did not affect previously reported net income or shareholders' equity.