

Seef Properties B.S.C.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 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 30 June 2012, comprising of the interim consolidated statement of financial position as at 30 June 2012 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.

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.



12 August 2012

Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012 (Unaudited)

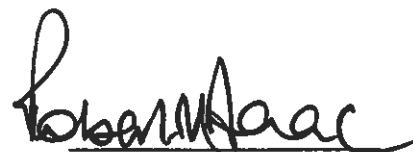
	Note	30 June 2012 Unaudited BD	31 December 2011 Audited BD
ASSETS			
Non-current assets			
Furniture, equipment and vehicles	3	1,879,416	1,850,830
Capital work-in-progress	4	83,766	301,965
Investment properties	5	100,950,086	100,878,707
Investment in joint ventures	6	5,291,622	11,000
		<u>108,204,890</u>	<u>103,042,502</u>
Current assets			
Trade and other receivables		979,363	1,071,533
Cash and bank balances	7	10,047,683	15,146,792
		<u>11,027,046</u>	<u>16,218,325</u>
TOTAL ASSETS		<u><u>119,231,936</u></u>	<u><u>119,260,827</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	46,000,000	46,000,000
Statutory reserve	9	14,210,000	14,210,000
Furniture and fixtures replacement reserve	10	82,648	57,800
Retained earnings		52,624,860	52,892,205
Total equity		<u>112,917,508</u>	<u>113,160,005</u>
Liabilities			
Non-current liability			
Employees' end of service benefits		148,605	124,546
Current liabilities			
Unclaimed dividends	12	4,402,489	4,017,474
Other payables and accruals		1,763,334	1,958,802
		<u>6,165,823</u>	<u>5,976,276</u>
Total liabilities		<u>6,314,428</u>	<u>6,100,822</u>
TOTAL EQUITY AND LIABILITIES		<u><u>119,231,936</u></u>	<u><u>119,260,827</u></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 six months period ended 30 June 2012 (Unaudited)

	Note	Three months period ended 30 June		Six months period ended 30 June	
		2012	2011	2012	2011
		BD	BD	BD	BD
Income					
Property rental income and service charges		2,105,235	2,001,403	4,244,282	4,070,441
Rent relief		-	(406,928)	-	(406,928)
Income from serviced apartments		413,726	259,631	828,261	663,026
Leisure and recreational income		313,294	201,887	586,352	354,719
		2,832,255	2,055,993	5,658,895	4,681,258
Less: cost of sales		574,132	556,444	1,038,781	1,014,031
Gross profit		2,258,123	1,499,549	4,620,114	3,667,227
Other operating income		189,036	171,402	458,976	360,072
Profit on term deposits		78,795	88,261	201,026	203,443
Operating profit		2,525,954	1,759,212	5,280,116	4,230,742
Expenses					
Staff costs		447,326	379,265	879,233	827,796
General, administration, marketing and advertisement		389,269	404,813	693,893	742,815
Depreciation	3	110,437	78,628	206,809	141,853
Directors' remuneration		6,200	18,717	128,800	132,242
Donations and charitable contributions		-	-	120,000	120,000
Provision for doubtful debts		12,250	7,500	24,500	15,000
		965,482	888,923	2,053,235	1,979,706
Share of loss from joint venture	6	(19,378)	-	(19,378)	-
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,541,094	870,289	3,207,503	2,251,036
Basic and diluted earnings per share (fils)	13	3.35	1.89	6.97	4.89



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 CASH FLOWS

For the six months period ended 30 June 2012 (Unaudited)

	Note	Six months period ended 30 June	
		2012 BD	2011 BD
OPERATING ACTIVITIES			
Profit for the period		3,207,503	2,251,036
Adjustments for:			
Depreciation		360,539	264,402
Profit on term deposits		(201,026)	(203,443)
Provision for doubtful debts (net)		24,500	15,000
Directors' remuneration		128,800	132,242
Donations and charitable contributions		120,000	120,000
Employees' end of service benefits		26,287	30,779
Write-back of accruals no longer payable		(87,603)	-
Share of loss from joint venture	6	19,378	-
Operating profit before working capital changes		3,598,378	2,610,016
Working capital changes:			
Trade and other receivables		75,801	358,758
Other payables and accruals		(217,436)	400,660
Net cash from operations		3,456,743	3,369,434
Employees' end of service benefits paid		(2,228)	(4,661)
Directors' remuneration paid		(120,500)	(127,300)
Donations and charitable contributions paid		(18,729)	(15,381)
Net cash from operating activities		3,315,286	3,222,092
INVESTING ACTIVITIES			
Net movement in term deposits		8,069,287	1,449,373
Profit on term deposits received		192,895	161,726
Proceeds from redemption of available-for-sale investments		-	263,900
Purchase of furniture, equipment and vehicles		(143,791)	(118,028)
Expenditure incurred on capital work-in-progress		(23,657)	(1,200,940)
Additions to investment properties	5	(74,857)	-
Investment in joint venture	6	(5,300,000)	-
Net cash from investing activities		2,719,877	556,031
FINANCING ACTIVITIES			
Dividends paid		(3,064,985)	(2,978,289)
Movement in bank balances representing unclaimed dividends		(385,815)	(471,452)
Net cash used in financing activities		(3,450,800)	(3,449,741)
INCREASE IN CASH AND CASH EQUIVALENTS		2,584,363	328,382
Cash and cash equivalents at 1 January		1,206,635	2,739,265
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	3,790,998	3,067,647

Non-cash items:

- 1) Movement in donations and charitable contributions accrued but not yet paid amounting to BD 101,271 (2011: BD 104,619) have been excluded from the movement of other payables and accruals.
- 2) Movement in profit on term deposits of BD 8,131 (2011: BD 41,717) which has been accrued but not yet received has been excluded from the movement of 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 30 June 2012 of BD 8,300 (2011: BD 4,942) has been excluded from the movement of 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 six months period ended 30 June 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		-	-	-	3,207,503	3,207,503
Dividends declared for 2011	11	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve	10	-	-	24,848	(24,848)	-
Balance at 30 June 2012		46,000,000	14,210,000	82,648	52,624,860	112,917,508
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	11	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve	10	-	-	13,261	(13,261)	-
Balance at 30 June 2011		46,000,000	13,350,000	41,432	47,422,172	106,813,604

* 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 30 June 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 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 12 August 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 six months period ended 30 June 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 30 June 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	96,785	46,600	406	143,791
Transfers from:				
Capital-work-in progress (note 4)	216,977	24,879	-	241,856
Investment properties (note 5)	-	3,478	-	3,478
Disposals	(75,293)	(1,715)	-	(77,008)
At 30 June 2012 (unaudited)	3,660,082	2,901,759	59,982	6,621,823
Depreciation:				
At 1 January 2012	2,780,483	1,650,999	27,394	4,458,876
Charge for the year	264,629	88,748	7,162	360,539
Relating to disposals	(75,293)	(1,715)	-	(77,008)
At 30 June 2012 (unaudited)	2,969,819	1,738,032	34,556	4,742,407
Net carrying values:				
At 30 June 2012 (unaudited)	690,263	1,163,727	25,426	1,879,416
<hr/>				
	<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)
At 31 December 2011 (audited)	3,421,613	2,828,517	59,576	6,309,706
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)
At 31 December 2011 (audited)	2,780,483	1,650,999	27,394	4,458,876
Net carrying values:				
At 31 December 2011 (audited)	641,130	1,177,518	32,182	1,850,830

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

	<i>For the six months ended</i>	
	30 June 2012 Unaudited BD	30 June 2011 Unaudited BD
Cost of sales	153,730	122,549
Expenses	206,809	141,853
	360,539	264,402

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2012 (Unaudited)

4 CAPITAL WORK-IN-PROGRESS

	30 June 2012 Unaudited BD	31 December 2011 Audited BD
Balance at the beginning of the period / year	301,965	1,733,123
Capital expenditure incurred during the period / year	23,657	2,948,256
Transfers to investment properties (note 5)	-	(3,706,635)
Transfers to furniture, equipment and vehicles (note 3)	(241,856)	(672,779)
Balance at the end of the period / year	<u>83,766</u>	<u>301,965</u>

5 INVESTMENT PROPERTIES

	30 June 2012 Unaudited BD	31 December 2011 Audited BD
Balance at the beginning of the period / year	100,878,707	94,803,998
Expenditure incurred during the period / year	74,857	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>100,950,086</u>	<u>100,878,707</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 JOINT VENTURES

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

	30 June 2012 Unaudited BD	31 December 2011 Audited BD
Saar Complex Company	11,000	11,000
Muharraq Mall W.L.L.	5,280,622	-
	<u>5,291,622</u>	<u>11,000</u>

Seef Properties B.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2012 (Unaudited)

6 INVESTMENT IN JOINT VENTURES (continued)

<i>Name of the joint venture company</i>	<i>Principal activities</i>	<i>Percentage ownership</i>	<i>BD</i>
Saar Complex Company	Development of Saar shopping complex	55%	11,000
Muharraq Mall W.L.L.	Property management, development and maintenance of Muharraq Mall	50%	5,300,000
			<u>5,311,000</u>

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

On 6 May 2012, the Company acquired 50% interest in Muharraq Mall W.L.L., a limited liability company incorporated in the Kingdom of Bahrain, engaged in property management, development and maintenance of Muharraq Mall. The carrying value of the Company's investment in the joint venture is as follows:

	<i>2012 BD</i>
a) Investment in the joint venture	5,300,000
Share of loss from joint venture	(19,378)
Balance at 30 June 2012	<u>5,280,622</u>

b) The following is the Company's share of joint venture's net assets, revenue and loss based on unaudited financial statements as of 30 June 2012:

	<i>2012 BD</i>
Current assets	3,360,818
Non-current assets	1,284,116
Current liabilities	(33,681)
Net assets	<u>4,611,253</u>

c) Share of revenue of the joint venture 4,483

There has been no revenue earned by the joint venture during the period ended 30 June 2012 as the Mall is still under development.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 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.

	30 June 2012 Unaudited BD	31 December 2011 Audited BD	30 June 2011 Unaudited BD
Cash on hand, bank balances and term deposits	10,047,683	15,146,792	12,917,486
less: Term deposits with an original maturity of more than three months	(4,604,320)	(12,673,607)	(8,428,271)
Bank balances representing unclaimed dividends *	(1,652,365)	(1,266,550)	(1,421,568)
	<u>3,790,998</u>	<u>1,206,635</u>	<u>3,067,647</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 three months to one year. The profit rates on term deposits as at 30 June 2012 range between 1.85% to 4.25% (30 June 2011: 2.75% to 4.25%).

* Refer to note 12 for details of unclaimed dividends.

8 SHARE CAPITAL

	30 June 2012 Unaudited BD	31 December 2011 Audited BD
Authorised: 1,000,000,000 shares of BD 0.100 each	<u>100,000,000</u>	<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	<u>46,000,000</u>	<u>46,000,000</u>

9 STATUTORY RESERVE

The Bahrain Commercial Companies Law and the Company's articles of association require that 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 2012 (30 June 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 30 June 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

	30 June 2012 Unaudited BD	31 December 2011 Audited 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	(3,064,985)	(3,133,307)
Balance at the end of the period / year	<u>4,402,489</u>	<u>4,017,474</u>

13 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	30 June 2012 Unaudited	30 June 2011 Unaudited	30 June 2012 Unaudited	30 June 2011 Unaudited
Profit for the period – BD	<u>1,541,094</u>	<u>870,289</u>	<u>3,207,503</u>	<u>2,251,036</u>
Weighted average number of shares outstanding	<u>460,000,000</u>	<u>460,000,000</u>	<u>460,000,000</u>	<u>460,000,000</u>
Basic and diluted earnings per share	<u>3.35</u>	<u>1.89</u>	<u>6.97</u>	<u>4.89</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:

	30 June 2012 Unaudited BD	31 December 2011 Audited BD
Seef Mall re-theming and other renovation work	<u>107,190</u>	<u>189,766</u>

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2012 (Unaudited)

14 COMMITMENTS (continued)

a) Capital commitments (continued)

The Company's share of capital expenditure commitments outstanding as at the financial position date but not yet provided for, relating to the development of Muharraq Mall are as follows:

	30 June 2012 Unaudited BD
Muharraq Mall	147,947

b) Operating lease commitments

The Group has entered into leases with commercial malls in the Kingdom of Bahrain for operating its leisure and recreational facilities. The Company's share on the joint venture's operating lease relating to the development of Muharraq Mall is included.

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

	30 June 2012 Unaudited BD	31 December 2011 Audited BD
Within one year	249,023	124,023
After one year but not more than five years	1,052,834	539,811
More than five years	5,106,895	577,762
	6,408,752	1,241,596

Muharraq Mall W.L.L. is also expected to pay a royalty charge of 2.75% of its gross rental income receivable commencing from the year 2022 till the end of the lease term.

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.

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 30 June 2012. Based on independent legal advice, management do not believe 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-AI Hassam.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2012 (Unaudited)

15 SEGMENT INFORMATION (continued)

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.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the interim condensed consolidated financial statements. Group financing (finance revenue) is managed on a group basis and is not allocated to operating segments.

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

Segment assets include all operating assets used by a segment and consist primarily of furniture, equipment and vehicles, investment properties and 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 30 June 2012 (Unaudited)

15 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Others		Elimination		Consolidated	
	Three months ended 30 June		Three months ended 30 June		Three months ended 30 June		Three months ended 30 June		Three months ended 30 June		Three months ended 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	2,105,235	2,001,403	413,726	259,631	313,294	201,887	-	-	-	-	2,832,255	2,462,921
Inter-segment income	55,185	48,750	-	-	-	-	-	-	(55,185)	(48,750)	-	-
Rent relief	-	(419,115)	-	-	-	-	-	-	-	12,187	-	(406,928)
Cost of sales	305,670	305,190	153,750	142,610	169,897	145,207	-	-	55,185	36,563	574,132	556,444
Gross profit	1,854,750	1,325,848	259,976	117,021	143,397	56,680	-	-	-	-	2,258,123	1,499,549
Other operating income	-	-	-	-	-	-	189,036	171,402	-	-	189,036	171,402
Profit on term deposits	-	-	-	-	-	-	78,795	88,261	-	-	78,795	88,261
Operating profit	1,854,750	1,325,848	259,976	117,021	143,397	56,680	267,831	259,663	-	-	2,525,954	1,759,212
Expenses												
Staff costs	310,084	244,477	62,323	62,382	74,919	72,406	-	-	-	-	447,326	379,265
General and administration, marketing and advertisement	305,326	346,730	53,144	36,009	30,799	22,074	-	-	-	-	389,269	404,813
Depreciation	54,402	27,096	42,152	41,590	13,883	9,942	-	-	-	-	110,437	78,628
Directors' remuneration	6,200	18,717	-	-	-	-	-	-	-	-	6,200	18,717
Donations and charitable contributions	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful debts	12,250	7,500	-	-	-	-	-	-	-	-	12,250	7,500
Share of loss from joint venture	688,262	644,520	157,619	139,981	119,601	104,422	-	-	-	-	965,482	888,923
	(19,378)	-	-	-	-	-	-	-	-	-	(19,378)	-
Segment profit (loss) for the period	1,147,110	681,328	102,357	(22,960)	23,796	(47,742)	267,831	259,663	-	-	1,541,094	870,289

Seef Properties B.S.C.

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15 SEGMENT INFORMATION (continued)

	Mails and properties		Serviced apartments		Leisure and entertainment		Others		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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	4,244,282	4,070,441	828,261	663,026	586,352	354,719	-	-	-	-	5,658,895	5,088,186
Inter-segment income	110,370	97,500	-	-	-	-	-	-	(110,370)	(97,500)	-	-
Rent relief	-	(419,115)	-	-	-	-	-	-	-	12,187	-	(406,928)
Cost of sales	515,890	533,717	306,337	305,564	326,924	260,063	-	-	110,370	85,313	1,038,781	1,014,031
Gross profit	3,838,762	3,215,109	521,924	357,462	259,428	94,656	-	-	-	-	4,620,114	3,667,227
Other operating income	-	-	15,936	-	-	-	443,040	360,072	-	-	458,976	360,072
Profit on term deposits	-	-	-	-	-	-	201,026	203,443	-	-	201,026	203,443
Operating profit	3,838,762	3,215,109	537,860	357,462	259,428	94,656	644,066	563,515	-	-	5,280,116	4,230,742
Expenses												
Staff costs	610,225	549,742	123,492	126,094	145,516	151,960	-	-	-	-	879,233	827,796
General and administration, marketing and advertisement	527,179	617,138	110,654	92,320	56,060	33,357	-	-	-	-	693,893	742,815
Depreciation	94,743	47,363	84,275	82,846	27,791	11,644	-	-	-	-	206,809	141,853
Directors' remuneration	128,800	132,242	-	-	-	-	-	-	-	-	128,800	132,242
Donations and charitable contributions	120,000	120,000	-	-	-	-	-	-	-	-	120,000	120,000
Provision for doubtful debts	24,500	15,000	-	-	-	-	-	-	-	-	24,500	15,000
Share of loss from joint venture	1,505,447	1,481,485	318,421	301,260	229,367	196,961	-	-	-	-	2,053,235	1,979,706
	(19,378)	-	-	-	-	-	-	-	-	-	(19,378)	-
Segment profit (loss) for the period	2,313,937	1,733,624	219,439	56,202	30,061	(102,305)	644,066	563,515	-	-	3,207,503	2,251,036
Total assets	117,482,990	117,574,054	10,360,161	10,453,736	689,736	862,342	-	-	(9,300,951)	(9,629,305)	119,231,936	119,260,827
Total liabilities	6,142,691	5,944,425	9,472,688	9,785,702	-	-	-	-	(9,300,951)	(9,629,305)	6,314,428	6,100,822
Capital expenditure	233,881	3,202,934	6,958	6,650	1,466	68,373	-	-	-	-	242,305	3,277,957

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 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>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>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Directors' related entities*	168,472	157,310	338,339	349,776

* Rent relief of BD 40,988 was granted to related parties during the period ended 30 June 2011 (30 June 2012: nil).

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

		<i>30 June</i>	<i>31 December</i>
		<i>2012</i>	<i>2011</i>
		<i>Unaudited</i>	<i>Audited</i>
		<i>BD</i>	<i>BD</i>
Related party:			
Directors' related entities	Trade receivables	37,830	95,936
The Muharraq Mall Company W.L.L.	Other receivables	6,132	-
		43,962	95,936

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 six months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Directors' remuneration	-	10,000	115,000	115,000
Board sitting fees	6,200	8,717	13,800	17,242
Management short-term benefits	21,900	31,900	65,700	53,800
	28,100	50,617	194,500	186,042

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 months period ended 30 June 2012, the Group has not recorded any impairment loss of amounts owed by related parties (30 June 2011: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 30 June 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:

	30 June 2012	31 December 2011
	No. of shares	No. of shares
Number of shares	1,385,500	1,385,500
Percentage of holdings	0.3%	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.