

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

## REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SEEF PROPERTIES B.S.C.

### *Introduction*

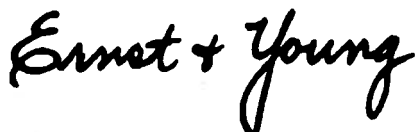
We have reviewed the accompanying interim condensed consolidated financial statements of Seef Properties B.S.C. ('the Company') and its subsidiary (together 'the Group') as at 30 September 2013, comprising of the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the nine-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



31 October 2013  
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013 (Unaudited)

	Note	30 September 2013 Unaudited BD	31 December 2012 Audited BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture, equipment and vehicles		1,230,842	1,689,226
Capital work-in-progress		188,083	49,352
Investment properties		101,440,691	101,299,000
Investment in a joint venture		5,298,509	5,321,772
		<u>108,158,125</u>	<u>108,359,350</u>
<b>Current assets</b>			
Trade and other receivables		894,677	975,718
Cash and bank balances	4	16,312,809	14,578,396
		<u>17,207,486</u>	<u>15,554,114</u>
<b>TOTAL ASSETS</b>		<u>125,365,611</u>	<u>123,913,464</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		46,000,000	46,000,000
Statutory reserve		15,040,000	15,040,000
Furniture and fixtures replacement reserve		157,015	111,025
Retained earnings		57,695,900	56,831,191
<b>Total equity</b>		<u>118,892,915</u>	<u>117,982,216</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Employees' end of service benefits		201,075	162,959
<b>Current liabilities</b>			
Unclaimed dividends	6	4,548,085	4,228,393
Other payables and accruals		1,723,536	1,539,896
		<u>6,271,621</u>	<u>5,768,289</u>
<b>Total liabilities</b>		<u>6,472,696</u>	<u>5,931,248</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>125,365,611</u>	<u>123,913,464</u>



Essa Mohamed Najibi  
Chairman



Sager Shaheen Sager  
Vice Chairman



Robert Addison  
General Manager


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


# Seef Properties B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2013 (Unaudited)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2013	2012	2013	2012
		BD	BD	BD	BD
<b>Income</b>					
Property rental income and service charges		2,236,530	2,140,361	6,540,131	6,384,643
Income from serviced apartments		473,362	449,761	1,533,009	1,278,022
Leisure and recreational income		385,419	364,303	1,036,292	950,655
		<u>3,095,311</u>	<u>2,954,425</u>	<u>9,109,432</u>	<u>8,613,320</u>
Less: cost of sales		605,800	601,163	1,599,475	1,612,279
<b>Gross profit</b>		<u>2,489,511</u>	<u>2,353,262</u>	<u>7,509,957</u>	<u>7,001,041</u>
Other operating income		239,890	1,287,955	741,162	1,730,995
Profit on term deposits		91,042	86,786	293,103	287,812
<b>Operating profit</b>		<u>2,820,443</u>	<u>3,728,003</u>	<u>8,544,222</u>	<u>9,019,848</u>
<b>Expenses</b>					
Staff costs		455,525	446,012	1,524,664	1,315,826
General, administration, marketing and advertisement		465,305	400,117	1,197,651	1,115,158
Depreciation		119,291	113,221	360,542	320,030
Directors' remuneration	10	6,800	6,200	190,800	135,000
Donations and charitable contributions		-	-	150,000	120,000
Provision for doubtful debts		20,603	12,250	46,603	36,750
		<u>1,067,524</u>	<u>977,800</u>	<u>3,470,260</u>	<u>3,042,764</u>
Share of net (loss) profit from joint venture		(16,490)	11,789	(23,263)	(7,589)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>1,736,429</u>	<u>2,761,992</u>	<u>5,050,699</u>	<u>5,969,495</u>
Basic and diluted earnings per share	7	<u>3.77 Fils</u>	<u>6.00 Fils</u>	<u>10.98 Fils</u>	<u>12.98 Fils</u>

  
 Essa Mohamed Najibi  
 Chairman

  
 Sager Shaheen Sager  
 Vice Chairman

  
 Robert Addison  
 General Manager

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

# Seef Properties B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2013 (Unaudited)

	Note	Nine months ended 30 September	
		2013 BD	2012 BD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		5,050,699	5,969,495
Adjustments for:			
Depreciation		531,100	539,186
Profit on sale of investment properties		-	(1,077,293)
Profit on term deposits		(293,103)	(287,812)
Provision for doubtful debts		46,603	36,750
Directors' remuneration		190,800	135,000
Donations and charitable contributions		150,000	120,000
Employees' end of service benefits		42,216	39,687
Write-back of accruals no longer payable		(16,564)	(87,603)
Share of net loss from joint venture		23,263	7,589
Operating profit before working capital changes		5,725,014	5,394,999
Working capital changes:			
Trade and other receivables		(2,572)	53,882
Other payables and accruals		130,283	(228,627)
Net cash from operations		5,852,725	5,220,254
Employees' end of service benefits paid		(4,100)	(9,186)
Directors' remuneration paid		(190,800)	(130,600)
Donations and charitable contributions paid		(80,079)	(36,905)
Net cash from operating activities		5,577,746	5,043,563
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		(739,389)	2,490,548
Profit on term deposits received		330,113	233,902
Proceeds from sale of investment properties		-	1,077,293
Purchase of furniture, equipment and vehicles		(72,716)	(201,064)
Expenditure incurred on capital work-in-progress		(142,106)	(30,893)
Additions to investment properties		(138,316)	(114,220)
Investment in joint venture		-	(5,300,000)
Net movement in due from joint venture		-	1,994
Net cash used in investing activities		(762,414)	(1,842,440)
<b>FINANCING ACTIVITIES</b>			
Dividends paid	6	(3,820,308)	(3,184,409)
Movement in bank balances representing unclaimed dividends		(99,951)	(266,391)
Net cash used in financing activities		(3,920,259)	(3,450,800)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>895,073</b>	<b>(249,677)</b>
Cash and cash equivalents at 1 January		2,111,809	1,206,635
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	4	<b>3,006,882</b>	<b>956,958</b>

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

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the nine months ended 30 September 2013 (Unaudited)

**Non-cash items:**

- 1) Movement in donations and charitable contributions accrued but not yet settled amounting to BD 69,921 (30 September 2012: BD 83,095) have been excluded from the movement of other payables and accruals.
- 2) Movement in profit on term deposits of BD 37,010 (30 September 2012: BD 53,910) 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 16,564 (30 September 2012: BD 87,603) which have been excluded from the movement of other payables and accruals.
- 4) Accrued directors' remuneration not yet settled as of 30 September 2012 of BD 4,400 (30 September 2013: nil) has been excluded from the movement in other payables and accruals.
- 5) In 2013, the Group transferred BD 3,375 from capital work-in-progress to investment properties. This item has been excluded from the interim consolidated statement of cash flows (30 September 2012: nil).

Seef Properties B.S.C.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the nine months ended 30 September 2013 (Unaudited)

	Note	Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD
Balance at 1 January 2013		46,000,000	15,040,000	111,025	56,831,191	117,982,216
Total comprehensive income		-	-	-	5,050,699	5,050,699
Dividends declared for 2012	5	-	-	-	(4,140,000)	(4,140,000)
Transfer to furniture and fixtures replacement reserve		-	-	45,990	(45,990)	-
<b>Balance at 30 September 2013</b>		<b>46,000,000</b>	<b>15,040,000</b>	<b>157,015</b>	<b>57,695,900</b>	<b>118,892,915</b>
Balance at 1 January 2012		46,000,000	14,210,000	57,800	52,892,205	113,160,005
Total comprehensive income		-	-	-	5,969,495	5,969,495
Dividends declared for 2011	5	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve		-	-	38,341	(38,341)	-
Balance at 30 September 2012		46,000,000	14,210,000	96,141	55,373,359	115,679,500

\* Retained earnings include BD 25,000 (2012: 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 September 2013 (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 interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 31 October 2013.

### 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 2012. In addition, results for the nine-month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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 2012 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:

#### *IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment had no impact on the Group's financial position or performance as it does not have such OCI items.



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

At 30 September 2013 (Unaudited)

**2 ACCOUNTING POLICIES (continued)**

*IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)*

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker. The amendment does not have an impact on the interim condensed consolidated financial statements as the Group had already disclosed the total segment assets and liabilities in previous reporting periods. See note 9.

*IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7*

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

*IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements*

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing *IAS 27 Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and *SIC-12 – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of this standard has no impact as the Company has full control on its wholly owned subsidiary.

*IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures*

IFRS 11 replaces *IAS 31 Interests in Joint Ventures* and *SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard has no impact on the financial performance of the Group since its net investment in joint venture is already accounted for using the equity method.

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

*IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

### 2 ACCOUNTING POLICIES (continued)

#### IFRS 13 Fair Value Measurement (continued)

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements for the period. The Group provides these disclosures in note 3.

Several other new standards and amendments apply for the first time in 2013; however, they do not impact the annual financial statements of the Group or the interim condensed consolidated financial statements of the Group.

### 3 FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at the date of the interim consolidated statement of financial position:

	<b>30 September 2013 Unaudited BD</b>	<b>31 December 2012 Audited BD</b>
<b>Financial asset:</b>		
Trade and other receivables	<b>755,579</b>	846,760
<b>Financial liabilities:</b>		
Unclaimed dividends	<b>4,548,085</b>	4,228,393
Other payables and accruals	<b>1,270,558</b>	1,154,913
<b>Total</b>	<b>5,818,643</b>	5,383,306

#### Fair values

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

### 4 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.

	<b>30 September 2013 Unaudited BD</b>	<b>31 December 2012 Audited BD</b>	<b>30 September 2012 Unaudited BD</b>
Cash on hand, bank balances and term deposits	<b>16,312,809</b>	14,578,396	12,672,958
less: Term deposits with an original maturity of more than three months	<b>(11,727,707)</b>	(10,988,318)	(10,183,059)
Bank balances representing unclaimed dividends *	<b>(1,578,220)</b>	(1,478,269)	(1,532,941)
	<b>3,006,882</b>	2,111,809	956,958

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 September 2013 range between 2.30% to 4.15% (30 September 2012: 2.10% to 4.25%).

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

# Seef Properties B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

### 5 DIVIDENDS DECLARED

At the Annual General Meeting held on 31 March 2013, the Company's shareholders approved to pay a final dividend of BD 0.009 per share totalling BD 4,140,000. Dividends paid amounting to BD 3,820,308 relate to 2012.

At the Annual General Meeting held on 29 March 2012, the Company's shareholders approved to pay a final dividend of BD 0.0075 per share totalling BD 3,450,000. Dividends paid amounting to BD 3,239,081 relate to 2011 and before.

### 6 UNCLAIMED DIVIDENDS

	<b>30 September</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>BD</b>	<b>BD</b>
Balance at the beginning of the period / year	4,228,393	4,017,474
Dividends declared (note 5)	4,140,000	3,450,000
Dividends paid	(3,820,308)	(3,239,081)
Balance at the end of the period / year	<u>4,548,085</u>	<u>4,228,393</u>

### 7 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Profit for the year – BD	<u>1,736,429</u>	<u>2,761,992</u>	<u>5,050,699</u>	<u>5,969,495</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>3.77 Fils</u>	<u>6.00 Fils</u>	<u>10.98 Fils</u>	<u>12.98 Fils</u>

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

### 8 COMMITMENTS AND CONTINGENCIES

#### a) Capital commitments

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

	<b>30 September</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>BD</b>	<b>BD</b>
Renovation works of Seef Mall and other properties	<u>343,773</u>	<u>130,821</u>

## Seef Properties B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

#### 8 COMMITMENTS AND CONTINGENCIES (continued)

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

	<b>30 September 2013 Unaudited BD</b>	<b>31 December 2012 Audited BD</b>
Muharraq Seef Mall	<b>4,992,841</b>	<b>6,718,404</b>

##### 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 Group's share of the joint venture's operating lease relating to the land on which Muharraq Seef Mall is being developed is included in the following disclosed gross commitments.

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

	<b>30 September 2013 Unaudited BD</b>	<b>31 December 2012 Audited BD</b>
Within one year	<b>142,053</b>	231,290
After one year but not more than five years	<b>500,000</b>	1,062,755
More than five years	<b>4,427,083</b>	4,948,527
	<b>5,069,136</b>	<b>6,242,572</b>

##### c) *Other commitments*

Muharraq Mall Co. W.L.L. is expected to pay a royalty charge of 2.75% of its gross rental income receivable commencing from the year 2022 until the end of the lease term in 2053.

##### d) *Legal cases*

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

A third party has filed a claim against the Group towards damages caused by theft. The Group lost the case, however, it has filed an appeal against the ruling. The third party is seeking damages equal to BD 202,811 (2012: BD 202,811). The case is still ongoing as of 30 September 2013. The Group has been advised by its legal advisers that it is possible, but not probable, that the third party will succeed. Accordingly, no provision for any liability has been made in these interim condensed consolidated financial statements.

##### e) *Guarantees*

On 1 September 2013, Muharraq Mall Co. W.L.L., the joint venture, obtained an Islamic loan facility from a financial institution amounting to BD 8.01 million (equivalent of USD 21.25 million) to finance the construction of Muharraq Seef Mall. Of the total facility, BD 696,228 was drawn down on 3 October 2013. This loan is secured by joint and several corporate guarantees undertaken by the Company and other two venturers.

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

At 30 September 2013 (Unaudited)

**9 SEGMENT INFORMATION**

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

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

The operations of malls and properties include the management of Seef Mall 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, 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 employees' end of service benefits, unclaimed dividends and other payables and accruals.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

	Malls and properties			Serviced apartments			Leisure and entertainment			Other			Elimination			Consolidated		
	Three months ended 30 September			Three months ended 30 September			Three months ended 30 September			Three months ended 30 September			Three months ended 30 September			Three months ended 30 September		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	
Income from external operations	2,236,530	2,140,361	473,362	449,761	385,419	364,303	-	-	-	-	-	-	-	-	-	-	3,095,311	2,954,425
Inter-segment income	55,185	55,185	-	-	-	-	-	-	-	-	-	-	-	(55,185)	(55,185)	-	-	-
Less: cost of sales	332,181	333,275	159,183	159,299	169,621	163,774	-	-	-	-	-	-	-	55,185	55,185	-	605,800	601,163
Gross profit	1,959,534	1,862,271	314,179	290,462	215,798	200,529	-	-	-	-	-	-	-	-	-	-	2,489,511	2,353,262
Other operating income	-	-	-	-	-	-	239,890	1,287,955	-	-	-	-	-	-	-	-	239,890	1,287,955
Profit on term deposits	-	-	-	-	-	-	91,042	86,786	-	-	-	-	-	-	-	-	91,042	86,786
Operating profit	1,959,534	1,862,271	314,179	290,462	215,798	200,529	330,932	1,374,741	-	-	-	-	-	-	-	-	2,820,443	3,728,003
Expenses																		
Staff costs	321,825	305,053	63,872	62,368	69,828	78,591	-	-	-	-	-	-	-	-	-	-	455,525	446,012
General, administration, marketing and advertisement	363,243	307,471	76,467	70,188	25,595	22,458	-	-	-	-	-	-	-	-	-	-	465,305	400,117
Depreciation	63,177	57,286	42,819	42,311	13,295	13,624	-	-	-	-	-	-	-	-	-	-	119,291	113,221
Directors' remuneration	6,800	6,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,800	6,200
Provision for doubtful debts	20,603	12,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,603	12,250
Share of net (loss) profit from joint venture	1,183,886	1,174,011	131,021	115,595	107,080	85,856	330,932	1,374,741	-	-	-	-	-	-	-	-	1,752,919	2,750,203
	(16,490)	11,789	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,490)	11,789
Segment profit for the period	1,167,396	1,185,800	131,021	115,595	107,080	85,856	330,932	1,374,741	-	-	-	-	-	-	-	-	1,736,429	2,761,992

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
At 30 September 2013 (Unaudited)

9 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Other		Elimination		Consolidated	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	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	6,540,131	6,384,643	1,533,009	1,278,022	1,036,292	950,655	-	-	-	-	9,109,432	8,613,320
Inter-segment income	165,555	165,555	-	-	-	-	-	-	(165,555)	(165,555)	-	-
Less: cost of sales	777,475	849,165	463,422	437,971	524,133	490,698	-	-	165,555	165,555	1,599,475	1,612,279
Gross profit	5,928,211	5,701,033	1,069,587	840,051	512,159	459,957	-	-	-	-	7,509,957	7,001,041
Other operating income	-	-	-	-	-	-	741,162	1,730,995	-	-	741,162	1,730,995
Profit on term deposits	-	-	-	-	-	-	293,103	287,812	-	-	293,103	287,812
Operating profit	5,928,211	5,701,033	1,069,587	840,051	512,159	459,957	1,034,265	2,018,807	-	-	8,544,222	9,019,848
Expenses												
Staff costs	1,105,709	915,278	187,888	176,441	231,067	224,107	-	-	-	-	1,524,664	1,315,826
General, administration, marketing and advertisement	883,565	834,650	240,666	201,990	73,420	78,518	-	-	-	-	1,197,651	1,115,158
Depreciation	191,932	152,029	128,040	126,586	40,570	41,415	-	-	-	-	360,542	320,030
Directors' remuneration	190,800	135,000	-	-	-	-	-	-	-	-	190,800	135,000
Donations and charitable contributions	150,000	120,000	-	-	-	-	-	-	-	-	150,000	120,000
Provision for doubtful debts	46,603	36,750	-	-	-	-	-	-	-	-	46,603	36,750
Share of net loss from joint venture	3,359,602	3,507,326	512,993	335,034	167,102	115,917	1,034,265	2,018,807	-	-	5,073,962	5,977,084
	(23,263)	(7,589)	-	-	-	-	-	-	-	-	(23,263)	(7,589)
Segment profit for the period	3,336,339	3,499,737	512,993	335,034	167,102	115,917	1,034,265	2,018,807	-	-	5,050,699	5,969,495
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	123,087,753	121,992,373	10,216,081	10,300,836	331,262	538,472	-	-	(8,269,485)	(8,918,217)	125,365,611	123,913,464
Total liabilities	6,222,089	5,731,627	8,520,092	9,117,838	-	-	-	-	(8,269,485)	(8,918,217)	6,472,696	5,931,248

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 September 2013 (Unaudited)

### 10 RELATED PARTY TRANSACTIONS

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

Transactions with related parties during the period are as follows:

	<i>Property rental income and service charges for the three months ended</i>		<i>Property rental income and service charges for the nine months ended</i>	
	<b>30 September 2013</b>	<b>30 September 2012</b>	<b>30 September 2013</b>	<b>30 September 2012</b>
	<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	-	157,603	<b>171,944</b>	495,942
Muharraq Mall Co. W.L.L.	<b>4,099</b>	4,099	<b>12,296</b>	4,099
	<b>4,099</b>	<b>161,702</b>	<b>184,240</b>	<b>500,041</b>

During the Annual General Meeting held on 31 March 2013, a new Board of Directors has been appointed which has affected the related party balances and transactions disclosure as at the date of the interim condensed consolidated financial statements.

On 3 May 2012, the Company has entered into a property services agreement with Muharraq Mall Co. W.L.L. During the period ended 30 September 2013, the Company charged the joint venture a development management fee of BD 45,000 and lease management fee of BD 42,493 which are included in other operating income in the interim consolidated statement of comprehensive income (2012: nil).

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

		<b>30 September 2013</b>	<b>31 December 2012</b>
		<i>Unaudited</i>	<i>Audited</i>
		<i>BD</i>	<i>BD</i>
Related parties:			
Directors' related entities	Trade receivables	-	78,529
Muharraq Mall Co. W.L.L.	Other receivables	<b>84,990</b>	5,403
Saar Complex Company W.L.L.	Other receivables	-	1,994
		<b>84,990</b>	<b>85,926</b>



# Seef Properties B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

### 10 RELATED PARTY TRANSACTIONS (continued)

#### Compensation of key management personnel

The remuneration of directors and members of key management during the period was as follows:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</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	-	-	172,500	115,000
Board sitting fees	6,800	6,200	18,300	20,000
Management short-term benefits	22,700	21,900	95,700	87,600
Management end of service benefits	913	913	2,738	2,738
	<b>30,413</b>	<b>29,013</b>	<b>289,238</b>	<b>225,338</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 that the debt will not be recovered. For the nine months ended 30 September 2013, the Group has not recorded any impairment of amounts owed by related parties (30 September 2012: nil).

The details of total ownership interest held by the directors along with the entities controlled, jointly controlled or significantly influenced by them are as follows:

	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
Number of shares	1,092,680	1,446,054
Percentage of holdings	0.24%	0.31%

### 11 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.