

Seef Properties B.S.C.

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

30 JUNE 2016

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

Introduction

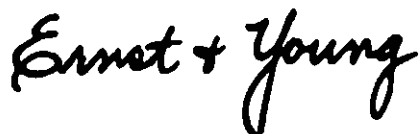
We have reviewed the accompanying interim condensed consolidated financial statements of Seef Properties B.S.C. ('the Company') and its subsidiary (together 'the Group') as at 30 June 2016, comprising of the interim consolidated statement of financial position as at 30 June 2016 and the related interim 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 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.



Auditor's Registration No. 115
20 July 2016
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 (Reviewed)

	Note	30 June 2016 Reviewed BD	31 December 2015 Audited BD
ASSETS			
Non-current assets			
Furniture, equipment and vehicles		2,819,620	3,204,137
Capital work-in-progress		86,983	31,299
Investment properties		110,753,181	110,682,734
Investment in joint venture		5,955,536	5,589,299
		<u>119,615,320</u>	<u>119,507,469</u>
Current assets			
Trade and other receivables		1,563,324	1,375,291
Cash and bank balances	3	20,412,213	21,060,332
		<u>21,975,537</u>	<u>22,435,623</u>
TOTAL ASSETS		<u><u>141,590,857</u></u>	<u><u>141,943,092</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		46,000,000	46,000,000
Statutory reserve		18,110,000	18,110,000
Furniture and fixtures replacement reserve		190,265	153,923
Retained earnings		69,506,755	70,573,262
Total equity		<u>133,807,020</u>	<u>134,837,185</u>
Liabilities			
Non-current liability			
Employees' end of service benefits		261,883	242,118
Current liabilities			
Unclaimed dividends	5	5,434,442	4,907,856
Trade and other payables		2,087,512	1,955,933
		<u>7,521,954</u>	<u>6,863,789</u>
Total liabilities		<u>7,783,837</u>	<u>7,105,907</u>
TOTAL EQUITY AND LIABILITIES		<u><u>141,590,857</u></u>	<u><u>141,943,092</u></u>



Essa Mohamed Najibi
Chairman



Mustafa Al-Sayed
Vice Chairman



Ahmed Yusuf
Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016 (Reviewed)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2016	2015	2016	2015
		BD	BD	BD	BD
Income					
Property rental income and service charges		2,557,060	2,459,185	5,092,225	4,802,453
Income from serviced apartments		557,323	581,033	1,211,414	1,218,668
Leisure and recreational income		388,895	379,870	812,127	818,431
		3,503,278	3,420,088	7,115,766	6,839,552
Less: cost of sales		743,602	682,520	1,343,912	1,243,133
Gross profit		2,759,676	2,737,568	5,771,854	5,596,419
Other operating income		282,542	267,341	598,828	571,301
Profit on term deposits		100,226	95,359	230,258	185,255
Operating profit		3,142,444	3,100,268	6,600,940	6,352,975
Expenses					
Staff costs		488,142	429,166	946,245	845,952
General, administration, marketing and advertisement		329,153	333,938	700,397	737,168
Depreciation		156,224	166,651	313,412	325,681
Directors' remuneration	9	-	-	210,500	210,500
Donations and charitable contributions		-	-	165,000	165,000
Provision for doubtful debts		64,288	-	141,788	13,000
		1,037,807	929,755	2,477,342	2,297,301
Share of profit from joint venture		188,946	196,461	366,237	296,132
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,293,583	2,366,974	4,489,835	4,351,806
Basic and diluted earnings per share	6	4.99 Fils	5.15 Fils	9.76 Fils	9.46 Fils



Essa Mohamed Najibi
Chairman



Mustafa Al-Sayed
Vice Chairman



Ahmed Yusuf
Chief Executive Officer

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016 (Reviewed)

	Note	Six months ended	
		30 June	
		2016	2015
		BD	BD
OPERATING ACTIVITIES			
Profit for the period		4,489,835	4,351,806
Adjustments for:			
Depreciation		427,719	445,551
Profit on term deposits		(230,258)	(185,255)
Provision for doubtful debts		141,788	13,000
Directors' remuneration		210,500	210,500
Donations and charitable contributions		165,000	165,000
Employees' end of service benefits		33,751	35,504
Elimination of intercompany charges		-	9,141
Share of profit from joint venture		(366,237)	(296,132)
Operating profit before working capital changes		4,872,098	4,749,115
Working capital changes:			
Trade and other receivables		(354,079)	(46,092)
Trade and other payables		144,806	159,115
		4,662,825	4,862,138
Direct utilisation of furniture and fixtures replacement reserve		-	(8,886)
Employees' end of service benefits paid		(13,986)	(6,703)
Directors' remuneration paid		(210,500)	(210,500)
Donations and charitable contributions paid		(178,227)	(167,969)
Net cash flows from operating activities		4,260,112	4,468,080
INVESTING ACTIVITIES			
Net movement in term deposits		(211,326)	(5,687,415)
Profit on term deposits received		254,516	94,736
Purchase of furniture, equipment and vehicles		(52,811)	(253,617)
Expenditure incurred on capital work-in-progress		(55,684)	(20,108)
Additions to investment properties		(60,838)	-
Net cash flows used in investing activities		(126,143)	(5,866,404)
FINANCING ACTIVITIES			
Dividends paid	5	(4,993,414)	(4,475,374)
Movement in bank balances representing unclaimed dividends		5,041,604	336,121
Net cash flows from (used in) financing activities		48,190	(4,139,253)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,182,159	(5,537,577)
Cash and cash equivalents at 1 January		1,896,057	6,484,237
CASH AND CASH EQUIVALENTS AT 30 JUNE	3	6,078,216	946,660

Non-cash item:

During the period ended 30 June 2015, the Group transferred BD 443,603 from capital work-in-progress to furniture, equipment and vehicles. This amount has been excluded from the statement of cash flows. (There were no such transactions in the prior period).

The attached notes 1 to 10 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 ended 30 June 2016 (Reviewed)

	Note	Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD
Balance as at 1 January 2016		46,000,000	18,110,000	153,923	70,573,262	134,837,185
Total comprehensive income		-	-	-	4,489,835	4,489,835
Dividends declared for 2015	4	-	-	-	(5,520,000)	(5,520,000)
Transfer to furniture and fixtures replacement reserve		-	-	36,342	(36,342)	-
Balance as at 30 June 2016		46,000,000	18,110,000	190,265	69,506,755	133,807,020
Balance as at 1 January 2015		46,000,000	17,125,000	149,963	66,783,112	130,058,075
Total comprehensive income		-	-	-	4,351,806	4,351,806
Dividends declared for 2014	4	-	-	-	(5,060,000)	(5,060,000)
Transfer to furniture and fixtures replacement reserve		-	-	36,560	(36,560)	-
Direct utilisation of furniture and fixtures replacement reserve		-	-	(8,886)	-	(8,886)
Balance as at 30 June 2015		46,000,000	17,125,000	177,637	66,038,358	129,340,995

* Retained earnings include BD 25,000 (2015: BD 25,000) relating to the statutory reserve of the subsidiary.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

1 ACTIVITIES

Seef Properties B.S.C. ('the Company') is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 44344. The postal address of the Company's registered head office is at P O Box 20084, Building 2102, Road 2825, Block 428, Seef District, Kingdom of Bahrain.

The Company has 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 20 July 2016.

2 SIGNIFICANT

Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015. In addition, results for the six-month period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016.

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. As required by IAS 34, the nature and the impact of each new standard or amendment is described below:

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments did not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**New standards, interpretations and amendments (continued)****Amendments to IAS 27 *Equity Method in Separate Financial Statements***

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments did not have any impact on the Group's interim condensed consolidated financial statements.

Annual Improvements 2012-2014 Cycle: IAS 34 *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment did not have any impact on the Group's interim condensed consolidated financial statements.

The following other new standards and amendments apply for the first time in 2016. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

- IFRS 14 *Regulatory Deferral Accounts*;
- IFRS 11 *Joint Arrangements*;
- IAS 16 and IAS 41 *Property, plant and equipment and Agriculture*;
- IAS 1 *Presentation of Financial Statements*; and
- IFRS 10, IFRS 12 and IAS 28 *Consolidated Financial Statements, Disclosure of Interest in other Entities and Investments in Associates and Joint Ventures*.

Annual Improvements 2012 - 2014 Cycle

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- IFRS 7 *Financial Instruments: Disclosures*; and
- IAS 19 *Employee Benefits*.

3 CASH AND BANK BALANCES

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

	30 June 2016 Reviewed BD	31 December 2015 Audited BD	30 June 2015 Reviewed BD
Cash on hand, bank balances and term deposits	20,412,213	21,060,332	16,706,662
less: Term deposits with original maturity of more than three months	(13,777,501)	(13,566,175)	(14,742,060)
Bank balances representing unclaimed dividends *	(556,496)	(5,598,100)	(1,017,942)
	<u>6,078,216</u>	<u>1,896,057</u>	<u>946,660</u>

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

3 CASH AND BANK BALANCES (continued)

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 30 June 2016 range between 1.20% to 3.50% (30 June 2015: 1.60% to 4.00%).

* Refer to note 5 for details of unclaimed dividends.

4 DIVIDENDS DECLARED

At the Annual General Meeting held on 16 March 2016, the Company's shareholders approved to pay a final dividend of BD 0.012 per share totalling BD 5,520,000. Dividends paid amounting to BD 4,993,414 relate to 2015 and before.

At the Annual General Meeting held on 17 March 2015, the Company's shareholders approved to pay a final dividend of BD 0.011 per share totalling BD 5,060,000. Dividends paid amounting to BD 4,810,907 relate to 2014 and before.

5 UNCLAIMED DIVIDENDS

	30 June 2016 Reviewed BD	31 December 2015 Audited BD	30 June 2015 Reviewed BD
Balance at the beginning of the period / year	4,907,856	4,658,763	4,658,763
Dividends declared (note 4)	5,520,000	5,060,000	5,060,000
Dividends paid	(4,993,414)	(4,810,907)	(4,475,374)
Balance at the end of the period / year	5,434,442	4,907,856	5,243,389

6 EARNINGS PER SHARE

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	30 June 2016 Reviewed	30 June 2015 Reviewed	30 June 2016 Reviewed	30 June 2015 Reviewed
Profit for the period – BD	2,293,583	2,366,974	4,489,835	4,351,806
Weighted average number of shares outstanding	460,000,000	460,000,000	460,000,000	460,000,000
Basic and diluted earnings per share	4.99 Fils	5.15 Fils	9.76 Fils	9.46 Fils

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

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

7 COMMITMENTS AND CONTINGENCIES

a) *Capital commitments*

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

	30 June 2016 Reviewed BD	31 December 2015 Audited BD
Seef Mall, Isa Town Mall and Magic Island renovation works	249,480	115,080

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

	30 June 2016 Reviewed BD	31 December 2015 Audited BD
Muharraq Seef Mall	22,778	27,695

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 non-cancellable operating leases are as follows:

	30 June 2016 Reviewed BD	31 December 2015 Audited BD
Within one year	125,000	125,000
After one year but not more than five years	500,000	500,000
More than five years	4,083,333	4,145,833
	4,708,333	4,770,833

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.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

7 COMMITMENTS AND CONTINGENCIES (continued)

d) *Legal cases*

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

e) *Guarantee*

The Company, along with the other two venturers, has signed a joint and several corporate guarantee towards the USD 26.25 million term loan obtained by Muharraq Mall Co. W.L.L. from a financial institution.

8 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 trade and other receivables.

Segment liabilities include all operating liabilities and consist primarily of employees' end of service benefits, unclaimed dividends and trade and other payables.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

8 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		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	2,557,060	2,459,185	557,323	581,033	388,895	379,870	-	-	-	-	-	-	-	-	-	3,503,278	-	3,420,088
Inter-segment income	55,185	55,185	-	-	-	-	-	-	-	-	-	-	(55,185)	(55,185)	-	-	-	-
Less: cost of sales	330,703	293,764	194,846	182,818	273,238	261,123	-	-	-	-	-	-	(55,185)	(55,185)	-	743,602	-	682,520
Gross profit	2,281,542	2,220,606	362,477	398,215	115,657	118,747	-	-	-	-	-	-	-	-	-	2,759,676	-	2,737,568
Other operating income	-	-	-	-	-	-	282,542	267,341	-	-	-	-	-	-	-	282,542	-	267,341
Profit on term deposits	-	-	-	-	-	-	100,226	95,359	-	-	-	-	-	-	-	100,226	-	95,359
Operating profit	2,281,542	2,220,606	362,477	398,215	115,657	118,747	382,768	362,700	-	-	-	-	-	-	-	3,142,444	-	3,100,268
Expenses																		
Staff costs	418,264	358,753	69,878	70,413	-	-	-	-	-	-	-	-	-	-	-	488,142	-	429,166
General and administration, marketing and advertisement	218,627	213,903	99,999	95,834	10,527	24,201	-	-	-	-	-	-	-	-	-	329,153	-	333,938
Depreciation	48,756	59,254	17,621	14,060	89,847	93,337	-	-	-	-	-	-	-	-	-	156,224	-	166,651
Provision for doubtful debts	64,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,288	-	-
Share of profit from joint venture	1,531,607	1,588,696	174,979	217,908	15,283	1,209	382,768	362,700	-	-	-	-	-	-	-	2,104,637	-	2,170,513
	188,946	196,461	-	-	-	-	-	-	-	-	-	-	-	-	-	188,946	-	196,461
Segment profit for the period	1,720,553	1,785,157	174,979	217,908	15,283	1,209	382,768	362,700	-	-	-	-	-	-	-	2,293,583	-	2,366,974
	1,720,553	1,785,157	174,979	217,908	15,283	1,209	382,768	362,700	-	-	-	-	-	-	-	2,293,583	-	2,366,974

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

8 SEGMENT INFORMATION (continued)

	Malls and properties			Serviced apartments			Leisure and entertainment			Others			Elimination			Consolidated		
	Six months ended			Six months ended			Six months ended			Six months ended			Six months ended			Six months ended		
	30 June	2015	2016	30 June	2015	2016	30 June	2015	2016	30 June	2015	2016	30 June	2015	2016	30 June	2015	2016
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Income from external operations	5,092,225	4,802,453	1,211,414	1,218,668	812,127	818,431	-	-	-	-	-	-	-	-	7,115,766	-	-	6,839,552
Inter-segment income	110,370	110,370	-	-	-	-	-	-	-	-	-	(110,370)	(110,370)	(110,370)	-	-	-	-
Less: cost of sales	529,170	489,462	386,863	353,485	538,249	510,556	-	-	-	-	-	(110,370)	(110,370)	(110,370)	1,343,912	-	-	1,243,133
Gross profit	4,673,425	4,423,361	824,551	865,183	273,878	307,875	-	-	-	-	-	-	-	-	5,771,854	-	-	5,596,419
Other operating income	-	-	-	-	-	1,186	598,828	570,115	-	-	-	-	-	-	598,828	-	-	571,301
Profit on term deposits	-	-	-	-	-	-	230,258	185,255	-	-	-	-	-	-	230,258	-	-	185,255
Operating profit	4,673,425	4,423,361	824,551	865,183	273,878	309,061	829,086	755,370	-	-	-	-	-	6,600,940	-	-	6,352,975	
Expenses																		
Staff costs	807,612	706,089	138,633	139,863	-	-	-	-	-	-	-	-	-	-	946,245	-	-	845,952
General and administration, marketing and advertisement	450,985	479,566	221,106	203,749	28,306	53,853	-	-	-	-	-	-	-	-	700,397	-	-	737,168
Depreciation	98,436	118,951	35,214	28,938	179,762	177,782	-	-	-	-	-	-	-	-	313,412	-	-	325,681
Directors' remuneration	210,500	210,500	-	-	-	-	-	-	-	-	-	-	-	-	210,500	-	-	210,500
Donations and charitable contributions	165,000	165,000	-	-	-	-	-	-	-	-	-	-	-	-	165,000	-	-	165,000
Provision for doubtful debts	141,788	13,000	-	-	-	-	-	-	-	-	-	-	-	-	141,788	-	-	13,000
Share of profit from joint venture	2,799,104	2,730,245	429,598	492,633	65,810	77,426	829,086	755,370	-	-	-	-	-	-	4,123,598	-	-	4,055,674
	366,237	296,132	-	-	-	-	-	-	-	-	-	-	-	-	366,237	-	-	296,132
Segment profit for the period	3,165,341	3,026,377	429,598	492,633	65,810	77,426	829,086	755,370	-	-	-	-	-	4,489,835	-	-	4,351,806	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Total assets	132,243,129	132,820,428	12,609,234	12,667,400	2,351,453	2,642,120	-	-	-	-	(5,612,959)	(6,186,856)	141,590,857	141,943,092				
Total liabilities	7,447,113	6,855,316	5,949,683	6,437,447	-	-	-	-	-	-	(5,612,959)	(6,186,856)	7,783,837	7,105,907				

All of the sales and profit of the Group are earned in the Kingdom of Bahrain from the above business segments.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

9 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>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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
<i>Muharraq Mall Co. W.L.L. (a joint venture):</i>				
- Cost of sales	12,801	12,801	25,602	21,335
- Other operating income	33,851	44,427	92,947	101,538

The Company has an existing property services agreement with Muharraq Mall Co. W.L.L., a joint venture, to provide property development and management, lease management, tenant coordination, management set-up and mall marketing management. The fees for these services were included in other operating income in the interim consolidated statement of comprehensive income.

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

	<i>Due from related party</i>	
	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>Reviewed</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>
Muharraq Mall Co. W.L.L.	201,987	140,546

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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Directors' remuneration	-	-	210,500	210,500
Management short-term benefits	50,800	29,800	121,600	81,735
Management end of service benefits	2,025	2,025	4,050	4,050
	52,825	31,825	336,150	296,285

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 six months ended 30 June 2016, the Group has not recorded any impairment of amounts owed by related parties (30 June 2015: nil).

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016 (Reviewed)

9 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 2016	31 December 2015
Number of shares	1,877,680	1,927,680
Percentage of holdings	0.41%	0.42%

10 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of trade and other receivables and bank balances. Financial liabilities consist of accounts and other payables and unclaimed dividends payable which are carried at amortised cost.

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

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value as at the reporting date:

		<u>Fair value measurement using</u>			
	<i>Date of valuation</i>	<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>
30 June 2016					
Assets measured at fair value					
Investment properties	<i>31 December 2015</i>	-	-	110,682,734	110,682,734

		<u>Fair value measurement using</u>			
	<i>Date of valuation</i>	<i>Quoted prices in active markets (Level 1) BD</i>	<i>Significant observable inputs (Level 2) BD</i>	<i>Significant unobservable inputs (Level 3) BD</i>	<i>Total BD</i>
31 December 2015					
Assets measured at fair value					
Investment properties	<i>31 December 2015</i>	-	-	110,682,734	110,682,734

As at 30 June 2016, the management believes that the fair valuation of investment properties last carried out on 31 December 2015 are not materially different from their carrying amounts.

During the reporting periods ended 30 June 2016 and 30 June 2015 and year ended 31 December 2015, there were no transfers within the levels of fair value hierarchy.