

Seef Properties B.S.C.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 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 September 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 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 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 November 2012
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012 (Unaudited)


	<i>Note</i>	30 September 2012 Unaudited BD	31 December 2011 Audited BD
ASSETS			
Non-current assets			
Furniture, equipment and vehicles	3	1,796,587	1,850,830
Capital work-in-progress	4	52,457	301,965
Investment properties	5	100,989,449	100,878,707
Investment in joint ventures	6	5,301,417	11,000
		<u>108,139,910</u>	<u>103,042,502</u>
Current assets			
Trade and other receivables		1,034,811	1,071,533
Cash and bank balances	7	12,672,958	15,146,792
		<u>13,707,769</u>	<u>16,218,325</u>
TOTAL ASSETS		<u><u>121,847,679</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	96,141	57,800
Retained earnings		55,373,359	52,892,205
Total equity		<u>115,679,500</u>	<u>113,160,005</u>
Liabilities			
Non-current liability			
Employees' end of service benefits		155,047	124,546
Current liabilities			
Unclaimed dividends	12	4,283,065	4,017,474
Other payables and accruals		1,730,067	1,958,802
		<u>6,013,132</u>	<u>5,976,276</u>
Total liabilities		<u>6,168,179</u>	<u>6,100,822</u>
TOTAL EQUITY AND LIABILITIES		<u><u>121,847,679</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 18 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months period ended 30 September 2012 (Unaudited)

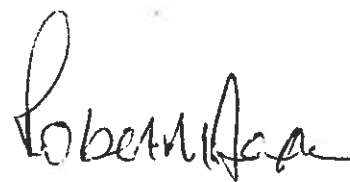
	Note	Three months period ended 30 September		Nine months period ended 30 September	
		2012	2011	2012	2011
		BD	BD	BD	BD
Income					
Property rental income and service charges		2,140,361	2,087,031	6,384,643	6,157,472
Rent relief		-	(157,779)	-	(564,707)
Income from serviced apartments		449,761	452,939	1,278,022	1,115,965
Leisure and recreational income		364,303	274,485	950,655	629,204
		2,954,425	2,656,676	8,613,320	7,337,934
Less: cost of sales		612,058	529,860	1,650,839	1,543,891
Gross profit		2,342,367	2,126,816	6,962,481	5,794,043
Other operating income	13	1,287,955	142,254	1,746,931	502,326
Profit on term deposits		86,786	100,689	287,812	304,132
Operating profit		3,717,108	2,369,759	8,997,224	6,600,501
Expenses					
Staff costs		446,012	407,713	1,325,245	1,235,509
General, administration, marketing and advertisement		389,222	290,747	1,083,115	1,033,562
Depreciation	3	113,221	80,304	320,030	222,157
Directors' remuneration		6,200	8,333	135,000	140,575
Donations and charitable contributions		-	-	120,000	120,000
Provision for doubtful debts		12,250	7,500	36,750	22,500
		966,905	794,597	3,020,140	2,774,303
Share of net profit (loss) from joint ventures	6	11,789	-	(7,589)	-
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,761,992	1,575,162	5,969,495	3,826,198
Basic and diluted earnings per share (fils)	14	6.00	3.42	12.98	8.32



Abdulla bin Khalifa Al-Khalifa
Chairman



Essa Mohamed Najibi
Vice-Chairman



Robert Addison
General Manager

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

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2012 (Unaudited)

	Note	Nine months period ended 30 September	
		2012 BD	2011 BD
OPERATING ACTIVITIES			
Profit for the period		5,969,495	3,826,198
Adjustments for:			
Depreciation		539,186	418,542
Profit on sale of investment properties	13	(1,077,293)	-
Profit on term deposits		(287,812)	(304,132)
Provision for doubtful debts (net)		36,750	22,500
Directors' remuneration		135,000	140,575
Donations and charitable contributions		120,000	120,000
Employees' end of service benefits		39,687	46,565
Write-back of accruals no longer payable		(87,603)	-
Share of net loss from joint ventures	6	7,589	-
Operating profit before working capital changes		5,394,999	4,270,248
Working capital changes:			
Trade and other receivables		53,882	609,597
Other payables and accruals		(228,627)	291,310
Net cash from operations		5,220,254	5,171,155
Employees' end of service benefits paid		(9,186)	(7,604)
Directors' remuneration paid		(130,600)	(136,402)
Donations and charitable contributions paid		(36,905)	(35,681)
Net cash from operating activities		5,043,563	4,991,468
INVESTING ACTIVITIES			
Net movement in term deposits		2,490,548	(2,110,963)
Profit on term deposits received		233,902	259,840
Proceeds from redemption of available-for-sale investments		-	263,900
Proceeds from sale of investment properties	13	1,077,293	-
Purchase of furniture, equipment and vehicles		(201,064)	(135,277)
Expenditure incurred on capital work-in-progress		(30,893)	(1,947,370)
Additions to investment properties	5	(114,220)	(29,441)
Investment in joint venture	6	(5,300,000)	-
Net movement in due from joint venture	6	1,994	-
Net cash used in investing activities		(1,842,440)	(3,699,311)
FINANCING ACTIVITIES			
Dividends paid		(3,184,409)	(3,100,702)
Movement in bank balances representing unclaimed dividends		(266,391)	(349,038)
Net cash used in financing activities		(3,450,800)	(3,449,740)
DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		1,206,635	2,739,265
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	956,958	581,682

Non-cash items:

- 1) Movement in donations and charitable contributions accrued but not yet paid amounting to BD 83,095 (2011: BD 84,319) have been excluded from the movement of other payables and accruals.
- 2) Movement in profit on term deposits of BD 53,910 (2011: BD 44,292) 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 September 2012 of BD 4,400 (2011: BD 4,173) has been excluded from the movement of other payables and accruals.

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

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 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		-	-	-	5,969,495	5,969,495
Dividends declared for 2011	11	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve	10	-	-	38,341	(38,341)	-
Balance at 30 September 2012		46,000,000	14,210,000	96,141	55,373,359	115,679,500
Balance at 1 January 2011		46,000,000	13,350,000	28,171	48,634,397	108,012,568
Total comprehensive income		-	-	-	3,826,198	3,826,198
Dividends declared for 2010	11	-	-	-	(3,450,000)	(3,450,000)
Transfer to furniture and fixtures replacement reserve	10	-	-	22,319	(22,319)	-
Balance at 30 September 2011		46,000,000	13,350,000	50,490	48,988,276	108,388,766

* 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 September 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.

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

The Company and its wholly owned subsidiary are 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 November 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 nine months period ended 30 September 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 September 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	127,760	72,898	406	201,064
Transfers from:				
Capital-work-in progress (note 4)	255,522	24,879	-	280,401
Investment properties (note 5)	-	3,478	-	3,478
Disposals	(75,293)	(1,715)	-	(77,008)
At 30 September 2012 (unaudited)	3,729,602	2,928,057	59,982	6,717,641
Depreciation:				
At 1 January 2012	2,780,483	1,650,999	27,394	4,458,876
Charge for the period	395,084	133,365	10,737	539,186
Relating to disposals	(75,293)	(1,715)	-	(77,008)
At 30 September 2012 (unaudited)	3,100,274	1,782,649	38,131	4,921,054
Net carrying values:				
At 30 September 2012 (unaudited)	629,328	1,145,408	21,851	1,796,587

	<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 nine months ended</i>	
	<i>30 September 2012 Unaudited BD</i>	<i>30 September 2011 Unaudited BD</i>
Cost of sales	219,156	196,385
Expenses	320,030	222,157
	539,186	418,542

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

4 CAPITAL WORK-IN-PROGRESS

	30 September 2012	31 December 2011
	Unaudited BD	Audited BD
Balance at the beginning of the period / year	301,965	1,733,123
Capital expenditure incurred during the period / year	30,893	2,948,256
Transfers to investment properties (note 5)	-	(3,706,635)
Transfers to furniture, equipment and vehicles (note 3)	(280,401)	(672,779)
Balance at the end of the period / year	52,457	301,965

5 INVESTMENT PROPERTIES

	30 September 2012	31 December 2011
	Unaudited BD	Audited BD
Balance at the beginning of the period / year	100,878,707	94,803,998
Expenditure incurred during the period / year	114,220	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	100,989,449	100,878,707

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:

<i>Name of the joint venture company</i>	<i>Principal activities</i>	<i>Percentage ownership</i>	
		30 September 2012	31 December 2011
Saar Complex Company	Development of Saar shopping complex	55%	55%
Muharraq Mall W.L.L.	Property management, development and maintenance of Muharraq Mall	50%	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

6 INVESTMENT IN JOINT VENTURES (continued)

The carrying amounts included in the statement of financial position represent the net assets of the joint ventures are as follows:

30 September 2012

	<i>Saar Complex Company</i>	<i>Muharraq Mall W.L.L.</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
At 1 January	11,000	-	11,000
Cost of investment	-	5,300,000	5,300,000
Share of (loss) profit recognised	(9,006)	1,417	(7,589)
Due from joint venture (note 17)	(1,994)	-	(1,994)
At 30 September	<u>-</u>	<u>5,301,417</u>	<u>5,301,417</u>

31 December 2011

	<i>Saar Complex Company</i>	<i>Muharraq Mall W.L.L.</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
At 1 January	<u>11,000</u>	<u>-</u>	<u>11,000</u>

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

30 September 2012

	<i>Saar Complex Company</i>	<i>Muharraq Mall W.L.L.</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
Current assets	1,994	2,683,052	2,685,046
Non-current assets	-	2,039,497	2,039,497
Current liabilities	-	(90,501)	(90,501)
Net assets	<u>1,994</u>	<u>4,632,048</u>	<u>4,634,042</u>
Share of other income of the joint venture	<u>-</u>	<u>20,113</u>	<u>20,113</u>

31 December 2011

	<i>Saar Complex Company</i>	<i>Muharraq Mall W.L.L.</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
Current assets	2,452	-	2,452
Non-current assets	-	-	-
Current liabilities	(308)	-	(308)
Net assets	<u>2,144</u>	<u>-</u>	<u>2,144</u>
Share of other income of the joint venture	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

6 INVESTMENT IN JOINT VENTURES (continued)

- a) At the Board of Directors meeting held on 21 February 2012, it was resolved to voluntarily liquidate the investment in Saar Complex Company subject to the approval by the Ministry of Industry and Commerce. The application for dissolution of the joint venture was approved by the Ministry of Industry and Commerce on 23 September 2012.
- b) On 6 May 2012, the Company acquired a 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.

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

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 September 2012 Unaudited BD	31 December 2011 Audited BD	30 September 2011 Unaudited BD
Cash on hand, bank balances and term deposits	12,672,958	15,146,792	13,869,443
less: Term deposits with an original maturity of more than three months	(10,183,059)	(12,673,607)	(11,988,607)
Bank balances representing unclaimed dividends *	(1,532,941)	(1,266,550)	(1,299,154)
	956,958	1,206,635	581,682

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 (30 September 2011: six months to one year). The profit rates on term deposits as at 30 September 2012 range between 2.10% to 4.25% (30 September 2011: 3.35% to 4.00%).

* Refer to note 12 for details of unclaimed dividends.

8 SHARE CAPITAL

	30 September 2012 Unaudited BD	31 December 2011 Audited BD
Authorised:		
1,000,000,000 shares of BD 0.100 each	100,000,000	100,000,000
Issued, subscribed and fully paid-up:		
460,000,000 shares (31 December 2011: 460,000,000 shares) of BD 0.100 each	46,000,000	46,000,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

9 STATUTORY RESERVE

The Bahrain Commercial Companies Law and the Company's articles of association require that 10% of the profit for the year 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 nine-month period ended 30 September 2012 (30 September 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.

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 September 2012	31 December 2011
	<i>Unaudited</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>
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	(3,184,409)	(3,133,307)
Balance at the end of the period / year	<u>4,283,065</u>	<u>4,017,474</u>

13 OTHER OPERATING INCOME

Other operating income for the nine months period ended 30 September 2012 includes BD 1,077,293, which was received on 15 July 2012 from the Government of the Kingdom of Bahrain as a compensation for 2 plots of land. The plots were acquired by the Government from the Company in 2007, however the compensation and legal formalities were completed during the quarter ended 30 September 2012 (30 September 2011: no such transaction existed).

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

14 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Profit for the period – BD	2,761,992	1,575,162	5,969,495	3,826,198
Weighted average number of shares outstanding	460,000,000	460,000,000	460,000,000	460,000,000
Basic and diluted earnings per share	6.00	3.42	12.98	8.32

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.

15 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 September 2012	31 December 2011
	<i>Unaudited</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>
Seef Mall re-theming and other renovation works	52,094	189,766

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 Mall are as follows:

	30 September 2012	31 December 2011
	<i>Unaudited</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>
Muharraq Mall	7,187,803	-

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 in the following disclosed gross commitments.

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

	30 September 2012	31 December 2011
	<i>Unaudited</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>
Within one year	196,940	124,023
After one year but not more than five years	1,059,345	539,811
More than five years	5,038,128	577,762
	6,294,413	1,241,596

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

15 COMMITMENTS (continued)

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 in 2053.

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 employees.

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 September 2012. Based on independent legal advice, management do not believe that any provision is required.

16 SEGMENT INFORMATION

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

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

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

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

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

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

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.

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At 30 September 2012 (Unaudited)

16 SEGMENT INFORMATION (continued)

	Malls and properties		Serviced apartments		Leisure and entertainment		Others		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	
	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	2,140,361	2,087,031	449,761	452,939	364,303	274,485	-	-	-	-	2,954,425	2,814,455
Inter-segment income	55,185	48,750	-	-	-	-	-	-	(55,185)	(48,750)	-	-
Rent relief	-	(160,245)	-	-	-	-	-	-	-	2,466	-	(157,779)
Cost of sales	333,275	300,301	170,194	142,832	163,774	133,011	-	-	55,185	46,284	612,058	529,860
Gross profit	1,862,271	1,675,235	279,567	310,107	200,529	141,474	-	-	-	-	2,342,367	2,126,816
Other operating income	-	-	-	-	-	-	1,287,955	142,254	-	-	1,287,955	142,254
Profit on term deposits	-	-	-	-	-	-	86,786	100,689	-	-	86,786	100,689
Operating profit	1,862,271	1,675,235	279,567	310,107	200,529	141,474	1,374,741	242,943	-	-	3,717,108	2,369,759
Expenses												
Staff costs	305,053	279,683	62,368	57,991	78,591	70,039	-	-	-	-	446,012	407,713
General and administration, marketing and advertisement	307,471	214,372	59,293	53,321	22,458	23,054	-	-	-	-	389,222	290,747
Depreciation	57,286	25,831	42,311	41,654	13,624	12,819	-	-	-	-	113,221	80,304
Directors' remuneration	6,200	8,333	-	-	-	-	-	-	-	-	6,200	8,333
Donations and charitable contributions	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful debts	12,250	7,500	-	-	-	-	-	-	-	-	12,250	7,500
Share of gain from joint venture	688,260	535,719	163,972	152,966	114,673	105,912	-	-	-	-	966,905	794,597
	11,789	-	-	-	-	-	-	-	-	-	11,789	-
Segment profit for the period	1,185,800	1,139,516	115,595	157,141	85,856	35,562	1,374,741	242,943	-	-	2,761,992	1,575,162

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16 SEGMENT INFORMATION (continued)

Nine months ended 30 September

	Malls and properties		Serviced apartments		Leisure and entertainment		Others		Elimination		Consolidated	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	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	6,384,643	6,157,472	1,278,022	1,115,965	950,655	629,204	-	-	-	-	8,613,320	7,902,641
Inter-segment income	165,555	146,250	-	-	-	-	-	-	(165,555)	(146,250)	-	-
Rent relief	-	(579,360)	-	-	-	-	-	-	-	14,653	-	(564,707)
Cost of sales	849,165	834,018	476,531	448,396	480,698	393,074	-	-	165,555	131,597	1,650,839	1,543,891
Gross profit	5,701,033	4,890,344	801,491	667,569	459,957	236,130	-	-	-	-	6,962,481	5,794,043
Other operating income	-	-	15,936	-	-	-	1,730,995	502,326	-	-	1,746,931	502,326
Profit on term deposits	-	-	-	-	-	-	287,812	304,132	-	-	287,812	304,132
Operating profit	5,701,033	4,890,344	817,427	667,569	459,957	236,130	2,018,807	806,458	-	-	8,997,224	6,600,501
Expenses												
Staff costs	915,278	829,425	185,860	184,085	224,107	221,999	-	-	-	-	1,325,245	1,235,509
General and administration, marketing and advertisement	834,650	831,510	169,947	145,641	78,518	56,411	-	-	-	-	1,083,115	1,033,562
Depreciation	152,029	73,194	126,586	124,500	41,415	24,463	-	-	-	-	320,030	222,157
Directors' remuneration	135,000	140,575	-	-	-	-	-	-	-	-	135,000	140,575
Donations and charitable contributions	120,000	120,000	-	-	-	-	-	-	-	-	120,000	120,000
Provision for doubtful debts	36,750	22,500	-	-	-	-	-	-	-	-	36,750	22,500
Share of loss from joint venture	2,193,707	2,017,204	482,393	454,226	344,040	302,873	-	-	-	-	3,020,140	2,774,303
	(7,589)	-	-	-	-	-	-	-	-	-	(7,589)	-
Segment profit (loss) for the period	3,499,737	2,873,140	335,034	213,343	115,917	(66,743)	2,018,807	806,458	-	-	5,968,495	3,826,198

	30 September		31 December		30 September		31 December		30 September		31 December	
	2012		2011		2012		2011		2012		2011	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
Total assets	120,103,604	117,574,054	10,415,504	10,453,736	629,522	862,342	-	-	(9,300,951)	(9,629,305)	121,847,679	119,260,827
Total liabilities	6,056,694	5,944,425	9,412,436	9,785,702	-	-	-	-	(9,300,951)	(9,629,305)	6,168,179	6,100,822
Capital expenditure	316,320	3,202,934	24,150	6,650	5,707	68,373	-	-	-	-	346,177	3,277,957

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

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17 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 nine months ended</i>	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Muharraq Mall W.L.L.	4,099	-	4,099	-
Directors' related entities*	157,603	163,946	495,942	513,722
	161,702	163,946	500,041	513,722

* Rent relief of BD 50,463 was granted to related parties during the period ended 30 September 2011 (30 September 2012: nil).

On 3 May 2012, the Company has entered into a property services agreement with Muharraq Mall W.L.L. In the nine months period ended 30 September 2012, the Company charged the joint venture a development management fee of BD 22,500 which is 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:

		30 September 2012	31 December 2011
		<i>Unaudited</i>	<i>Audited</i>
		<i>BD</i>	<i>BD</i>
Related party:			
Directors' related entities	Trade receivables	65,704	95,936
Muharraq Mall W.L.L.	Other receivables	6,685	-
Saar Complex Company	Other receivables	1,994	-
		74,383	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 nine months ended</i>	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	<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	-	-	115,000	115,000
Board sitting fees	6,200	8,333	20,000	25,575
Management short-term benefits	21,900	31,900	87,600	85,700
	28,100	40,233	222,600	226,275

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17 RELATED PARTY TRANSACTIONS (continued)

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 nine months period ended 30 September 2012, the Group has not recorded any impairment loss of amounts owed by related parties (30 September 2011: 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:

	30 September 2012	31 December 2011
	No. of shares	No. of shares
Number of shares	1,446,054	1,385,500
Percentage of holdings	0.31%	0.30%

18 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.

	<i>As previously reported</i>	<i>Reclassification</i>	<i>As reported herein</i>
Consolidated statement of comprehensive income			
Property rental income and service charges	6,146,191	11,281	6,157,472
Rent relief	568,080	(3,373)	564,707
Cost of sales	1,329,138	214,753	1,543,891
Staff costs	1,235,835	(326)	1,235,509
General, administration, marketing and advertisement	1,283,312	(249,750)	1,033,562
Depreciation	220,317	1,840	222,157
Directors' remuneration	115,000	25,575	140,575
Profit for the nine months ended 30 September 2011	10,897,873	-	10,897,873