

Seef Properties B.S.C.

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

30 JUNE 2021



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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 subsidiaries (together 'the Group') as at 30 June 2021, comprising the interim consolidated statement of financial position as at 30 June 2021 and the related interim consolidated statement of comprehensive income for the three and six month periods then ended and the related interim consolidated statements of 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.

11 August 2021

Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Reviewed)

		30 June 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
ASSETS			
Non-current assets			
Property, equipment and furniture		632,847	888,089
Capital work-in-progress		876,325	554,661
Investment properties		137,369,562	137,316,526
Investments in an associate and a joint venture	3	23,899,557	23,968,102
Right-of-use-assets	4	1,997,873	2,032,527
		164,776,164	164,759,905
Current assets			
Trade and other receivables		5,227,265	5,038,749
Bank balances and cash	5	5,419,608	3,479,742
		10,646,873	8,518,491
TOTAL ASSETS		175,423,037	173,278,396
EQUITY AND LIABILITIES			
Equity			
Share capital		46,000,000	46,000,000
Statutory reserve		23,000,000	23,000,000
Furniture and fixtures replacement reserve		280,923	264,686
Retained earnings		82,884,953	82,901,424
Equity attributable to equity holders of the parent		152,165,876	152,166,110
Non-controlling interests		3,845,368	3,823,206
Total equity		156,011,244	155,989,316
Non-current liabilities			
Term loan - non-current portion	6	8,149,700	5,629,340
Lease liability - non-current portion	7	2,484,872	2,490,694
Employees' end of service benefits		217,654	250,017
		10,852,226	8,370,051
Current liabilities			
Dividend payable and unclaimed dividends	9	836,093	885,077
Trade and other payables		2,796,795	2,690,140
Term loan - current portion	6	4,915,309	5,328,787
Lease liability - current portion	7	11,370	15,025
		8,559,567	8,919,029
Total liabilities		19,411,793	17,289,080
TOTAL EQUITY AND LIABILITIES		175,423,037	173,278,396



Essa Mohamed Najibi
Chairman



Dr. Mustafa Al-Sayed
Vice Chairman



Ahmed Yusuf
Chief Executive Officer

The attached notes 1 to 14 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 2021 (Reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		BD	BD	BD	BD
REVENUE					
Property rental income and service charges		2,718,470	1,916,501	5,332,760	5,005,942
Income from serviced apartments		239,060	36,872	541,219	428,666
Leisure and recreational income		31,592	-	31,592	259,900
		2,989,122	1,953,373	5,905,571	5,694,508
Less: cost of sales		513,776	294,497	940,320	871,383
GROSS PROFIT		2,475,346	1,658,876	4,965,251	4,823,125
Other operating income		185,100	224,323	330,077	468,968
Profit on term deposits		7,716	12,325	21,175	37,862
OPERATING PROFIT		2,668,162	1,895,524	5,316,503	5,329,955
EXPENSES					
General and administrative expenses		708,668	406,746	1,344,741	1,246,859
Depreciation		156,223	167,613	329,233	335,769
Other expenses		-	-	340,000	400,000
Expected credit losses		522,221	232,963	543,496	232,963
Finance costs		222,913	202,009	393,810	344,083
		1,610,025	1,009,331	2,951,280	2,559,674
PROFIT BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE					
Share of (loss) profit from investments in an associate and a joint venture		1,058,137	886,193	2,365,223	2,770,281
		(38,664)	4,839	(43,295)	(3,180)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD					
		1,019,473	891,032	2,321,928	2,767,101
Basic and diluted earnings per share	10	2.26 Fils	1.96 Fils	5 Fils	5.89 Fils
Attributable to:					
Equity holders of the parent		1,037,621	900,099	2,299,766	2,708,524
Non-controlling interest		(18,148)	(9,067)	22,162	58,577
		1,019,473	891,032	2,321,928	2,767,101



Essa Mohamed Najibi
Chairman



Dr. Mustafa Al-Sayed
Vice Chairman



Ahmed Yusuf
Chief Executive Officer

The attached notes 1 to 14 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 2021 (Reviewed)

		<i>Six months ended</i>	
		<i>30 June</i>	
		2021	2020
	<i>Note</i>	BD	BD
OPERATING ACTIVITIES			
Profit for the period		2,321,928	2,767,101
Adjustments for:			
Depreciation		369,434	378,571
Profit on term deposits		(21,175)	(37,862)
Provision for expected credit losses		543,496	232,963
Finance costs		393,810	344,083
Other expenses		340,000	400,000
Employees' end of service benefits		18,728	24,641
Share of loss of a joint venture		43,295	3,180
Other adjustments		25,250	45,000
Operating profit before working capital changes		4,034,766	4,157,677
Working capital changes:			
Trade and other receivables		(730,397)	(869,480)
Trade and other payables		(51,407)	(216,783)
		3,252,962	3,071,414
Profit on term deposits received		19,560	41,961
Direct utilisation of furniture and fixtures replacement reserve		-	(38,864)
Employees' end of service benefits paid		(51,091)	(48,106)
Other expenses paid		(185,732)	(346,909)
Net cash flows from operating activities		3,035,699	2,679,496
INVESTING ACTIVITIES			
Net movement in term deposits		-	296,250
Purchase of property, equipment and furniture		(79,538)	(99,376)
Expenditure incurred on capital work-in-progress		(321,664)	(70,563)
Additions to investment properties		(53,036)	(311,464)
Investment in an associate	3	-	(4,968,577)
Net cash flows used in investing activities		(454,238)	(5,153,730)
FINANCING ACTIVITIES			
Dividends paid	9	(2,348,984)	(6,002,715)
Movement in bank balances representing unclaimed dividends		48,324	(327,813)
Term loan obtained, net		2,106,882	4,500,000
Finance costs paid		(399,493)	(357,382)
Net cash flows used in financing activities		(593,271)	(2,187,910)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,988,190	(4,662,144)
Cash and cash equivalents at 1 January		3,190,670	6,708,848
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	5,178,860	2,046,704

The attached notes 1 to 14 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 2021 (Reviewed)

	Note	Equity attributable to equity holders of the parent					Non-controlling interests BD	Total equity BD
		Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD		
Balance as at 1 January 2021		46,000,000	23,000,000	264,686	82,901,424	152,166,110	3,823,206	155,989,316
Net profit and total comprehensive income		-	-	-	2,299,766	2,299,766	22,162	2,321,928
Dividends declared for 2020	8	-	-	-	(2,300,000)	(2,300,000)	-	(2,300,000)
Transfer to furniture and fixtures replacement reserve		-	-	16,237	(16,237)	-	-	-
Balance as at 30 June 2021		46,000,000	23,000,000	280,923	82,884,953	152,165,876	3,845,368	156,011,244

	Note	Equity attributable to equity holders of the parent					Non-controlling interests BD	Total equity BD
		Share capital BD	Statutory reserve BD	Furniture and fixtures replacement reserve BD	Retained earnings* BD	Total BD		
Balance as at 1 January 2020		46,000,000	22,510,000	246,521	85,785,439	154,541,960	3,821,242	158,363,202
Net profit and total comprehensive income		-	-	-	2,708,524	2,708,524	58,577	2,767,101
Dividends declared for 2019	8	-	-	-	(6,900,000)	(6,900,000)	-	(6,900,000)
Transfer to furniture and fixtures replacement reserve		-	-	12,860	(12,860)	-	-	-
Utilisation of furniture and fixtures replacement reserve		-	-	(38,864)	-	(38,864)	-	(38,864)
Balance as at 30 June 2020		46,000,000	22,510,000	220,517	81,581,103	150,311,620	3,879,819	154,191,439

*Retained earnings include BD 596,683 (30 June 2020: BD 595,969) relating to statutory reserve of the subsidiaries.

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (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, Commerce and Tourism under commercial registration (CR) number 44344. The postal address of the Company's registered head office is at Building 2102, Road 2825, Block 428, P O Box 20084, Seef District, Kingdom of Bahrain.

The Company and its subsidiaries are collectively referred to as the (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 Seef Mall, Isa Town Mall, Muharraq Seef Mall, Fraser Suites - Seef, Seef Entertainment and other commercial facilities in the Kingdom of Bahrain.

During the year ended 31 December 2020, there was an outbreak of coronavirus (COVID-19). The existing and anticipated effects of the outbreak on the global economy is expected to continue to evolve. The Group continues to closely monitoring the latest developments in the current evolving situation, however the scale and duration of these developments remain uncertain at this stage. The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non – financial assets and liabilities as at 30 June 2021. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations, the extent of which is presently undeterminable. In addition, during the period, Government assistance amounting to BD 136,543 was received and is recorded in profit or loss during the current period. The amount was recorded as a deduction from related expenses in interim consolidated statement of income.

Certain prior period figures in the interim consolidated statement of cash flows have been reclassified to conform with the current year presentation. Such reclassifications do not affect previously reported profit or equity.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 11 August 2021.

The Company's subsidiaries, associate and joint venture, all of which are incorporated in the Kingdom of Bahrain, are as follows:

Name	Ownership interest		Principal activities
	2021	2020	
Subsidiaries			
Fraser Suites Seef - Bahrain W.L.L.	100%	100%	Hotel, tourist furnished flats and restaurants for tourist services management.
Seef Entertainment W.L.L.	100%	100%	Management of amusement parks and theme parks and other other amusement and recreation activities.
Muharraq Mall Co. W.L.L.	72.5%	72.5%	Management of real estate including malls.
Associate			
Binaa Al Bahrain B.S.C. (c)	25%	25%	Real estate business.
Joint Venture			
Lama Real Estate W.L.L.	50%	50%	Real estate business.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2021 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 for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020. In addition, results for the six month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

New and amended standards and interpretations adopted as on 1 January 2021

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 2020, except for the new standards and interpretations and amendments to standards and interpretations effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new standards, interpretations and amendments which apply for the first time in 2021, do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On August 27, 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the amendments). The amendments introduce various practical expedients with respect to changes arising due to IBOR reform as explained below:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the IBOR reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. In such a case the Group does not derecognise or adjust the carrying amount of financial instruments for modifications required by IBOR reform but instead updates the effective interest rate to reflect the change in the interest rate benchmark.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. This is applied in cases where the basis for determining the contractual cash flows of existing hedge relationship changes as a result of IBOR reform, the Group may amend the hedge documentation without discontinuing the hedging relationship.
- Provide temporary relief when determining the hedged risk, the Group may designate an alternative benchmark rate risk component that is not currently separately identifiable, as long as it is reasonable to expect that the alternative benchmark rate will become separately identifiable within a 24-month period.

The Group has no hedging instruments as of the reporting date and therefore this had no impact on the interim condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Significant accounting judgements and estimates**

The significant accounting judgements and estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

3 INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

	Six month ended 30 June 2021 Reviewed BD	<i>Year ended 31 December 2020 Audited BD</i>
Balance at the beginning of the period / year	23,968,102	18,861,526
Addition during the period / year	-	4,906,077
Share of (loss) / profit during the period / year	(43,295)	290,499
Other adjustments	(25,250)	(90,000)
Balance at the end of the period / year	23,899,557	23,968,102

The share of results of an associate and a joint venture are recorded based on the approved management accounts for the six-month period ended 30 June 2021.

The joint venture and associate had no material contingent liabilities as at 30 June 2021 and 31 December 2020. The Group's share of joint venture's capital commitments at reporting date is disclosed in note 11.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

4 RIGHT-OF-USE-ASSETS

The movements in the carrying value of right-of-use assets during the period, was as follows:

	<i>Reviewed</i>			
	<i>Land BD</i>	<i>Compactors BD</i>	<i>Motor vehicles BD</i>	<i>Total BD</i>
As at 1 January 2021	2,028,453	4,074	-	2,032,527
Depreciation for the period	(30,580)	(4,074)	-	(34,654)
As at 30 June 2021	1,997,873	-	-	1,997,873
	<i>Audited</i>			
	<i>Land BD</i>	<i>Compactors BD</i>	<i>Motor vehicles BD</i>	<i>Total BD</i>
As at 1 January 2020	2,089,612	20,370	329	2,110,311
Depreciation for the year	(61,159)	(16,296)	(329)	(77,784)
As at 31 December 2020	2,028,453	4,074	-	2,032,527

Investment properties with a carrying value of BD 20,210,000 (31 December 2020: BD 20,210,000) are constructed on land held as right-of-use asset.

5 BANK BALANCES AND CASH

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	30 June 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
Cash on hand, bank balances and term deposits	5,419,608	3,479,742
Bank balances representing unclaimed dividends (note 9)	(240,748)	(289,072)
	5,178,860	3,190,670

The bank balances are held in commercial banks in the Kingdom of Bahrain and are non-profit bearing. The term deposits are placed for a period of one month to three months. The profit rates on term deposits as at 30 June 2021 ranged from 2.2% to 2.65% p.a. (2020: nil)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

6 TERM LOAN

This partly represents a term loan facility obtained by the Group's subsidiary Muharraq Mall Co. W.L.L. from a commercial bank in the Kingdom of Bahrain to finance the development of Muharraq Seef Mall. The term loan carries an interest at the rate of 2.95% p.a. plus 3 months LIBOR and is repayable in 40 quarterly instalments commencing from December 2018. The repayment of the loan was extended by five quarters up to March 2030. The effective interest rate on the loan at 30 June 2021 was 3.87% p.a. (2020: 3.89% p.a.).

The loan is secured against the joint and several guarantees issued by all the shareholders of Muharraq Mall Co. W.L.L. in favour of the bank. There have been no breaches of the financial covenants of term loan during the current and previous year.

The Company has also obtained a loan from a commercial bank in the Kingdom of Bahrain partially to fund the project in Binaa Al Bahrain B.S.C. (c) and for working capital purposes. The loan carries an interest rate of 3% p.a. plus 3 months BHIBOR and the interest is payable monthly with a bullet payment of the principal amount in April 2022. The effective interest rate on the loan at 30 June 2021 was 5.97% p.a. (2020: 5.97% p.a.)

In addition, during the period the Group's subsidiary Seef Entertainment W.L.L. has obtained a loan, for a maximum period of nine years, from a commercial bank in the Kingdom of Bahrain in order to finance the development of a family entertainment centre in one of the Group's projects. The loan carries an interest rate of 4.75% p.a. plus 3 months BHIBOR. For a period of one year from the first drawdown the interest amount is payable quarterly and after which the principal amount and interest are payable on a quarterly basis. The effective interest rate on the loan at 30 June 2021 was 4.9% p.a.

Movement in the term loan is as follows:

	30 June 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
At 1 January	10,958,127	6,608,044
Additional loan during the period / year	2,270,000	4,500,000
Repayments during the period / year	(163,118)	(149,917)
	13,065,009	10,958,127

The current and non-current portions of the term loan are as follows:

	30 June 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
Current	4,915,309	5,328,787
Non-current	8,149,700	5,629,340
	13,065,009	10,958,127

As disclosed above, during the period the term loans obtained by Muharraq Mall Co. W.L.L. and the Company were deferred for a period of five quarters and one year respectively.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

7 LEASE LIABILITY

The lease liability balance represents the present value of future lease payments for a leasehold land, leased motor vehicles and leased compactors which end in February 2054, February 2020 and March 2021 respectively.

The payments for the leasehold land are discounted using a discount factor of 9.66% p.a. The payments for the leased motor vehicles and leased compactors are discounted at 3.2% p.a.

The movement of the lease liability is as follows:

	<i>Reviewed</i>			
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	<i>Leasehold motor vehicles BD</i>	<i>Total BD</i>
30 June 2021:				
Balance at 1 January 2021	2,501,530	4,189	-	2,505,719
Lease payments during the period	(125,000)	(4,200)	-	(129,200)
Finance cost charge during the period	119,712	11	-	119,723
Balance at 30 June 2021	2,496,242	-	-	2,496,242

The current and non-current portions of the lease liability are as follows:

	<i>Reviewed</i>			
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	<i>Leasehold motor vehicles BD</i>	<i>Total BD</i>
Current	11,370	-	-	11,370
Non-current	2,484,872	-	-	2,484,872
	2,496,242	-	-	2,496,242

	<i>Audited</i>			
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	<i>Leasehold motor vehicles BD</i>	<i>Total BD</i>
31 December 2020:				
Balance at 1 January 2020	2,511,372	20,612	351	2,532,335
Lease payments during the year	(250,000)	(16,800)	(351)	(267,151)
Finance costs during the year	240,158	377	-	240,535
Balance at 31 December 2020	2,501,530	4,189	-	2,505,719

	<i>Audited</i>			
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	<i>Leasehold motor vehicles BD</i>	<i>Total BD</i>
Current	10,836	4,189	-	15,025
Non-current	2,490,694	-	-	2,490,694
	2,501,530	4,189	-	2,505,719

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

8 DIVIDENDS DECLARED

At the Annual General Meeting held on 28 March 2021, the Company's shareholders approved to pay a final dividend of BD 0.005 per share totalling BD 2,300,000 relating to 2020. Dividend paid amounting to BD 2,348,984 relate to 2020 and before (refer note 9).

At the Annual General Meeting held on 25 March 2020, the Company's shareholders approved to pay a final dividend of BD 0.015 per share totalling BD 6,900,000 relating to 2019. Dividend paid amounting to BD 9,606,902 relate to 2019 and before (refer note 9).

9 DIVIDEND PAYABLE AND UNCLAIMED DIVIDENDS

	<i>Six month ended 31 June 2021 Reviewed BD</i>	<i>Year ended 31 December 2020 Audited BD</i>
Balance at the beginning of the period / year	885,077	3,591,979
Dividends declared (note 8)	2,300,000	6,900,000
* Dividends paid	(2,348,984)	(9,606,902)
Balance at the end of the period / year	836,093	885,077

* During 2020, the Company had transferred unclaimed dividends amounting to BD 3,433,493 pertaining to dividends up to 2018 to Bahrain Bourse as per their instructions.

10 EARNINGS PER SHARE

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	30 June 2021 Reviewed	<i>30 June 2020 Reviewed</i>	30 June 2021 Reviewed	<i>30 June 2020 Reviewed</i>
Profit attributable to equity holders of the parent for the period – BD	1,037,621	900,099	2,299,766	2,708,524
Weighted average number of shares outstanding	460,000,000	460,000,000	460,000,000	460,000,000
Basic and diluted earnings per share	2.26 Fils	1.96 Fils	5 Fils	5.89 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

11 COMMITMENTS AND CONTINGENCIES*a) Capital commitments*

The Group's capital expenditure commitments outstanding as at the reporting date but not yet provided for, relating to the projects in malls and other properties are as follows:

	30 June 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
Lama Real Estate W.L.L.	1,239,688	2,847,933
Seef Mall, Isa Town Mall and Magic Island renovation works	1,633,478	486,510
Muharraq Seef Mall	3,200	3,200
	2,876,366	3,337,643

b) Other commitments

Muharraq Mall Co. W.L.L. is contracted to pay a royalty charge of 2.75% (2020: 2.75%) of its gross rental income to the lessor, commencing from the year 2022 until 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 Group, based on legal advice obtained has provided for certain claims.

d) Guarantee

The Company, along with a shareholder, has signed a joint and several corporate guarantee towards term loan obtained, by Muharraq Mall Co W.L.L. from a commercial bank. As of 30 June 2021, the loan has a carrying value of BD 6,295,009 (31 December 2020: BD 6,458,127).

12 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, Isa Town Mall, Muharraq Seef 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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

12 SEGMENT INFORMATION (continued)

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

Transfer prices between operating segments are under normal commercial terms similar to transactions with third parties.

Segment assets include all operating assets used by a segment and consist primarily of investment properties, property, equipment and furniture, capital work-in-progress, investment in associate and a joint venture, vehicles, bank balance & cash and trade and other receivables.

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

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

12 SEGMENT INFORMATION (continued)

	<i>Malls and properties</i>		<i>Serviced apartments</i>		<i>Leisure and entertainment</i>		<i>Others</i>		<i>Elimination</i>		<i>Consolidated</i>	
	<i>Three months ended 30 June</i>		<i>Three months ended 30 June</i>		<i>Three months ended 30 June</i>		<i>Three months ended 30 June</i>		<i>Three months ended 30 June</i>		<i>Three months ended 30 June</i>	
	2021	<i>2020</i>	2021	<i>2020</i>	2021	<i>2020</i>	2021	<i>2020</i>	2021	<i>2020</i>	2021	<i>2020</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>
Income from external operations	2,718,470	1,916,501	239,060	36,872	31,592	-	-	-	-	-	2,989,122	1,953,373
Inter-segment income	35,944	70,402	-	-	-	-	-	-	(35,944)	(70,402)	-	-
Less: cost of sales	336,862	177,189	91,582	45,885	121,276	141,825	-	-	(35,944)	(70,402)	513,776	294,497
GROSS PROFIT / (LOSS)	2,417,552	1,809,714	147,478	(9,013)	(89,684)	(141,825)	-	-	-	-	2,475,346	1,658,876
Other operating income	179,471	-	-	-	5,629	1,684	-	222,639	-	-	185,100	224,323
Profit on term deposits	7,716	-	-	-	-	3,007	-	9,318	-	-	7,716	12,325
OPERATING PROFIT / (LOSS)	2,604,739	1,809,714	147,478	(9,013)	(84,055)	(137,134)	-	231,957	-	-	2,668,162	1,895,524
EXPENSES												
General and administrative expenses	606,493	431,095	88,558	(29,431)	13,617	5,082	-	-	-	-	708,668	406,746
Depreciation	54,083	73,285	21,139	11,508	81,001	82,820	-	-	-	-	156,223	167,613
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Expected credit losses	522,221	232,963	-	-	-	-	-	-	-	-	522,221	232,963
Finance costs	200,199	202,009	-	-	22,714	-	-	-	-	-	222,913	202,009
	1,382,996	939,352	109,697	(17,923)	117,332	87,902	-	-	-	-	1,610,025	1,009,331
PROFIT / (LOSS) BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE	1,221,743	870,362	37,781	8,910	(201,387)	(261,771)	-	231,957	-	-	1,058,137	886,193
Share of (loss) / profit from investments in an associate and a joint venture	(38,664)	4,839	-	-	-	-	-	-	-	-	(38,664)	4,839
Segment profit / (loss) for the period	1,183,079	875,201	37,781	8,910	(201,387)	(261,771)	-	231,957	-	-	1,019,473	891,032

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 2021 (Reviewed)

12 SEGMENT INFORMATION (continued)

	<i>Malls and properties</i>		<i>Serviced apartments</i>		<i>Leisure and entertainment</i>		<i>Others</i>		<i>Elimination</i>		<i>Consolidated</i>	
	<i>Six months ended</i>		<i>Six months ended</i>		<i>Six months ended</i>		<i>Six months ended</i>		<i>Six months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>		<i>30 June</i>		<i>30 June</i>		<i>30 June</i>		<i>30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</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>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Income from external operations	5,332,760	5,005,942	541,219	428,666	31,592	259,900	-	-	-	-	5,905,571	5,694,508
Inter-segment income	77,253	140,805	-	-	-	-	-	-	(77,253)	(140,805)	-	-
Less: cost of sales	546,086	487,969	198,833	167,855	272,654	356,364	-	-	(77,253)	(140,805)	940,320	871,383
GROSS PROFIT / (LOSS)	4,863,927	4,658,778	342,386	260,811	(241,062)	(96,464)	-	-	-	-	4,965,251	4,823,125
Other operating income	179,471	-	-	-	6,054	6,178	144,552	462,790	-	-	330,077	468,968
Profit on term deposits	7,716	-	-	-	-	11,506	13,459	26,356	-	-	21,175	37,862
OPERATING PROFIT / (LOSS)	5,051,114	4,658,778	342,386	260,811	(235,008)	(78,780)	158,011	489,146	-	-	5,316,503	5,329,955
EXPENSES												
General and administrative expenses	1,138,455	1,157,639	189,935	71,911	16,351	17,309	-	-	-	-	1,344,741	1,246,859
Depreciation	126,581	151,642	40,441	18,445	162,211	165,682	-	-	-	-	329,233	335,769
Other expenses	340,000	400,000	-	-	-	-	-	-	-	-	340,000	400,000
Expected credit losses	543,496	232,963	-	-	-	-	-	-	-	-	543,496	232,963
Finance costs	361,506	344,083	-	-	32,304	-	-	-	-	-	393,810	344,083
	2,510,038	2,286,327	230,376	90,356	210,866	182,991	-	-	-	-	2,951,280	2,559,674
PROFIT / (LOSS) BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE	2,541,076	2,372,451	112,010	170,455	(445,874)	(261,771)	158,011	489,146	-	-	2,365,223	2,770,281
Share of loss from investments in an associate and a joint venture	(43,295)	(3,180)	-	-	-	-	-	-	-	-	(43,295)	(3,180)
Segment profit (loss) for the period	2,497,781	2,369,271	112,010	170,455	(445,874)	(261,771)	158,011	489,146	-	-	2,321,928	2,767,101
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>Reviewed</i>	<i>Audited</i>	<i>Reviewed</i>	<i>Audited</i>	<i>Reviewed</i>	<i>Audited</i>	<i>Reviewed</i>	<i>Audited</i>	<i>Reviewed</i>	<i>Audited</i>	<i>Reviewed</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Total assets	173,945,896	173,771,881	10,963,311	10,864,208	3,590,794	1,573,378	-	-	(13,076,964)	(12,931,071)	175,423,037	173,278,396
Total liabilities	17,077,408	17,179,805	3,246,360	3,259,269	2,573,640	124,978	-	-	(3,485,615)	(3,274,972)	19,411,793	17,289,080

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

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13 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.

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

	30 June 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
Assets:		
<i>Bank balances and cash</i>		
Entity related to a shareholder	1,666,427	107,452
<i>Trade and other receivables</i>		
Entity related to a shareholder	14,184	31,536
A joint venture	104,877	49,459
	1,785,488	188,447
Liability:		
<i>Term loan</i>		
Entity related to a shareholder	2,270,000	-

Balances with related parties included in the interim consolidated statement of comprehensive income are as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	30 June 2021 Reviewed BD	<i>30 June 2020 Reviewed BD</i>	30 June 2021 Reviewed BD	<i>30 June 2020 Reviewed BD</i>
Revenue:				
<i>Profit on term deposits</i>				
Entity related to a shareholder	-	27,701	-	27,701
<i>Property rental income and service charges</i>				
Entity related to a shareholder	7,749	7,749	15,498	15,498
<i>Other operating income</i>				
A joint venture	35,762	-	58,364	-
	43,511	35,450	73,862	43,199
Expense:				
<i>Finance costs</i>				
Entity related to a shareholder	22,714	-	32,304	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

13 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 that the debt will not be recovered. For the six months ended 30 June 2021, the Group has not recorded any impairment of amounts owed by related parties (30 June 2020: nil).

Compensation of key management personnel

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

	<i>Six months ended</i>	
	30 June 2021 Reviewed BD	<i>30 June 2020 Reviewed BD</i>
Directors' remuneration	170,000	230,000
Management short-term benefits	94,860	88,850
Management end of service benefits	2,900	2,733
Board sitting fees	23,300	38,000
	291,060	359,583

14 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of trade and other receivables and bank balances and cash. Financial liabilities consist of trade and other payables, lease liabilities, dividend payable and unclaimed dividends and term loan which are carried at amortised cost. There were no liabilities measured at fair value as of 30 June 2021 and 31 December 2020.

Fair value of financial instruments

The fair value of financial instruments are estimated based on the following methods and assumptions:

- a) Cash, bank balances, trade and other receivables, trade and other payables and dividend payable and unclaimed dividends approximate their carrying amounts at the reporting date largely due to the short-term maturities of these instruments; and
- b) Loans and borrowings and lease liabilities are evaluated by the Group based on parameters such as interest rates. The carrying amounts are not materially different from their fair values at the reporting date.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021 (Reviewed)

14 FAIR VALUE MEASUREMENT (continued)

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value at 30 June:

	<i>Fair value measurement using</i>			<i>Total</i>
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	
<i>Assets measured at fair value:</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
30 June 2021 (Reviewed)				
Investment properties	-	-	137,369,562	137,369,562
31 December 2020 (Audited)				
Investment properties	-	-	137,316,526	137,316,526

The fair values of the investment properties have been determined by the Group based on valuations performed by independent surveyors as at 31 December 2020 (2020: 31 December 2020). The surveyors are industry specialists in valuing these types of properties and have recent experience in the location and category of the properties being valued. The valuations undertaken were based on income yield capitalisation or discounted cash flow method.

During the reporting periods ended 30 June 2021 and 30 June 2020 and year ended 31 December 2020, there were no transfers within various levels of fair value hierarchy.

The movements in the fair value of level 3 non-financial assets are as follows:

	<i>Non-financial assets-investment property</i>	
	<i>Six month ended 30 June 2021</i>	<i>Year ended 31 December 2020</i>
	<i>Reviewed</i>	<i>Audited</i>
	<i>BD</i>	<i>BD</i>
At 1 January	137,316,526	137,846,854
Unrealised fair value loss	-	(1,094,451)
Transfers from capital work-in-progress	-	132,072
Expenditure incurred during the period / year	53,036	432,051
	137,369,562	137,316,526