

Seef Properties B.S.C.

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

30 SEPTEMBER 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 September 2021, comprising the interim consolidated statement of financial position as at 30 September 2021 and the related interim consolidated statement of comprehensive income for the three and nine month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

9 November 2021
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

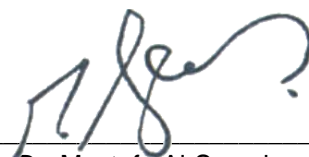
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021 (Reviewed)

	Note	30 September 2021 Reviewed BD	31 December 2020 Audited BD
ASSETS			
Non-current assets			
Property, equipment and furniture		515,173	888,089
Capital work-in-progress		1,403,650	554,661
Investment properties		137,394,215	137,316,526
Investments in an associate and a joint venture	3	24,062,965	23,968,102
Right-of-use-assets	4	1,982,583	2,032,527
		165,358,586	164,759,905
Current assets			
Trade and other receivables		5,667,129	5,038,749
Bank balances and cash	5	6,754,908	3,479,742
		12,422,037	8,518,491
TOTAL ASSETS		177,780,623	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		290,623	264,686
Retained earnings		84,117,892	82,901,424
Equity attributable to equity holders of the parent		153,408,515	152,166,110
Non-controlling interests		3,831,359	3,823,206
Total equity		157,239,874	155,989,316
Non-current liabilities			
Term loan - non-current portion	6	8,696,417	5,629,340
Lease liability - non-current portion	7	2,481,854	2,490,694
Employees' end of service benefits		225,480	250,017
		11,403,751	8,370,051
Current liabilities			
Dividend payable and unclaimed dividends	9	807,378	885,077
Trade and other payables		3,149,381	2,690,140
Term loan - current portion	6	5,168,592	5,328,787
Lease liability - current portion	7	11,647	15,025
		9,136,998	8,919,029
Total liabilities		20,540,749	17,289,080
TOTAL EQUITY AND LIABILITIES		177,780,623	173,278,396



Essà 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 nine months ended 30 September 2021 (Reviewed)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		BD	BD	BD	BD
REVENUE					
Property rental income and service charges		1,792,421	2,270,728	7,125,181	7,276,670
Income from serviced apartments		323,331	75,516	864,550	504,182
Leisure and recreational income		250,323	-	281,915	259,900
		2,366,075	2,346,244	8,271,646	8,040,752
Less: cost of sales		618,108	659,358	1,558,428	1,530,741
GROSS PROFIT		1,747,967	1,686,886	6,713,218	6,510,011
Other operating income		268,381	182,025	598,458	650,993
Profit on term deposits		14,310	1,948	35,485	39,810
OPERATING PROFIT		2,030,658	1,870,859	7,347,161	7,200,814
EXPENSES					
General and administrative expenses		575,594	435,566	1,920,335	1,682,425
Depreciation		125,126	188,558	454,359	524,327
Other expenses		-	-	340,000	400,000
Expected credit losses		65,028	302,781	608,524	535,744
Finance costs		199,688	214,679	593,498	558,762
		965,436	1,141,584	3,916,716	3,701,258
PROFIT BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE					
Share of profit from investments in an associate and a joint venture		1,065,222	729,275	3,430,445	3,499,556
		163,408	218,544	120,113	215,364
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,228,630	947,819	3,550,558	3,714,920
Basic and diluted earnings per share	10	2.70 Fils	2.03 Fils	7.70 Fils	7.92 Fils
Attributable to:					
Equity holders of the parent		1,242,639	933,334	3,542,405	3,641,858
Non-controlling interest		(14,009)	14,485	8,153	73,062
		1,228,630	947,819	3,550,558	3,714,920



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 nine months ended 30 September 2021 (Reviewed)

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2021	2020
<i>Note</i>	BD	BD
OPERATING ACTIVITIES		
Profit for the period	3,550,558	3,714,920
Adjustments for:		
Depreciation	514,653	524,327
Profit on term deposits	(35,485)	(39,810)
Expected credit losses	608,524	535,744
Finance costs	593,498	558,762
Other expenses	340,000	400,000
Employees' end of service benefits	28,217	33,815
Share of profit of a joint venture	(120,113)	(215,364)
Other adjustments	25,250	67,500
Operating profit before working capital changes	5,505,102	5,579,894
Working capital changes:		
Trade and other receivables	(1,233,112)	(1,832,753)
Trade and other payables	304,973	(255,397)
	4,576,963	3,491,744
Profit on term deposits received	31,693	41,961
Direct utilisation of furniture and fixtures replacement reserve	-	(44,036)
Employees' end of service benefits paid	(52,754)	(58,859)
Other expenses paid	(185,732)	(346,909)
Net cash flows from operating activities	4,370,170	3,083,901
INVESTING ACTIVITIES		
Net movement in term deposits	-	2,800,000
Purchase of property, equipment and furniture	(91,793)	(84,703)
Expenditure incurred on capital work-in-progress	(848,989)	(74,349)
Additions to investment properties	(77,689)	(323,020)
Investment in an associate	-	(4,968,577)
Net cash flows used in investing activities	(1,018,471)	(2,650,649)
FINANCING ACTIVITIES		
Dividends paid	(2,377,699)	(9,553,332)
Movement in bank balances representing unclaimed dividends	76,753	499,376
Term loan obtained, net	2,906,882	4,500,000
Finance costs paid	(605,716)	(578,674)
Net cash flows from (used in) financing activities	220	(5,132,630)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,351,919	(4,699,378)
Cash and cash equivalents at 1 January	3,190,670	6,708,848
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6,542,589	2,009,470
	5	

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 nine months ended 30 September 2021 (Reviewed)

	<i>Equity attributable to equity holders of the parent</i>							<i>Total equity BD</i>
	<i>Note</i>	<i>Share capital BD</i>	<i>Statutory reserve BD</i>	<i>Furniture and fixtures replacement reserve BD</i>	<i>Retained earnings* BD</i>	<i>Total BD</i>	<i>Non-controlling interests BD</i>	
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		-	-	-	3,542,405	3,542,405	8,153	3,550,558
Dividends for 2020	8	-	-	-	(2,300,000)	(2,300,000)	-	(2,300,000)
Transfer to furniture and fixtures replacement reserve		-	-	25,937	(25,937)	-	-	-
Balance as at 30 September 2021		46,000,000	23,000,000	290,623	84,117,892	153,408,515	3,831,359	157,239,874

	<i>Equity attributable to equity holders of the parent</i>							<i>Total equity BD</i>
	<i>Note</i>	<i>Share capital BD</i>	<i>Statutory reserve BD</i>	<i>Furniture and fixtures replacement reserve BD</i>	<i>Retained earnings* BD</i>	<i>Total BD</i>	<i>Non-controlling interests BD</i>	
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		-	-	-	3,641,858	3,641,858	73,062	3,714,920
Dividends for 2019	8	-	-	-	(6,900,000)	(6,900,000)	-	(6,900,000)
Transfer to furniture and fixtures replacement reserve		-	-	15,125	(15,125)	-	-	-
Utilisation of furniture and fixtures replacement reserve		-	-	(44,036)	-	(44,036)	-	(44,036)
Balance as at 30 September 2020		46,000,000	22,510,000	217,610	82,512,172	151,239,782	3,894,304	155,134,086

*Retained earnings include BD 596,683 (30 September 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 September 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 September 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 224,640 (30 September 2020: 663,603) was received and 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.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 9 November 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 September 2021 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the nine month period ended 30 September 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 nine month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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.

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, did 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 September 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

	<i>Nine month ended 30 September 2021 Reviewed BD</i>	<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 profit during the period / year	120,113	290,499
Other adjustments	(25,250)	(90,000)
	<u>24,062,965</u>	<u>23,968,102</u>

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

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

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	(45,870)	(4,074)	-	(49,944)
As at 30 September 2021	<u>1,982,583</u>	<u>-</u>	<u>-</u>	<u>1,982,583</u>
	<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	<u>2,028,453</u>	<u>4,074</u>	<u>-</u>	<u>2,032,527</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2021 (Reviewed)

4 RIGHT-OF-USE-ASSETS (continued)

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 September 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
Cash on hand, bank balances and term deposits	6,754,908	3,479,742
Bank balances representing unclaimed dividends (note 9)	(212,319)	(289,072)
	6,542,589	3,190,670

The bank balances representing unclaimed dividends amounting to BD 212,319 (2020: 289,072) are held within specific accounts and are not meant to be used for any other purposes.

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 three months. The profit rates on term deposits as at 30 September 2021 is 2.50% p.a. (2020: nil)

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 since December 2018. During 2020 and 2021, the repayment of the loan was extended by seven quarters to a new maturity date of September 2030. The interest rate on the loan at 30 September 2021 was 3.84% p.a. (2020: 3.18% 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.

The Company has also obtained a revolving 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. During the year, the loan was rescheduled to have a maturity of April 2022. The interest rate on the loan at 30 September 2021 was 4.79% p.a. (2020: 6.1% 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 subsequently the principal amount and interest are payable on a quarterly basis. The interest rate on the loan at 30 September 2021 was 4.9% p.a.

There have been no breaches of the financial covenants of term loan during the current period or previous year.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2021 (Reviewed)

6 TERM LOAN (continued)

Movement in the term loan is as follows:

	30 September 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	3,070,000	4,500,000
Repayments during the period / year	(163,118)	(149,917)
	<u><u>13,865,009</u></u>	<u><u>10,958,127</u></u>

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

	30 September 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
Current	5,168,592	5,328,787
Non-current	8,696,417	5,629,340
	<u><u>13,865,009</u></u>	<u><u>10,958,127</u></u>

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 were 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 September 2021:				
Balance at 1 January 2021	2,501,530	4,189	-	2,505,719
Lease payments during the period	(187,500)	(4,200)	-	(191,700)
Finance cost charge during the period	179,471	11	-	179,482
Balance at 30 September 2021	<u><u>2,493,501</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,493,501</u></u>

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2021 (Reviewed)

7 LEASE LIABILITY (continued)

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

	<i>Reviewed</i>			<i>Total BD</i>
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	<i>Leasehold motor vehicles BD</i>	
Current	11,647	-	-	11,647
Non-current	2,481,854	-	-	2,481,854
	2,493,501	-	-	2,493,501

	<i>Audited</i>			<i>Total BD</i>
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	<i>Leasehold motor vehicles 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>Total BD</i>
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	<i>Leasehold motor vehicles 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

8 DIVIDENDS

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).

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2021 (Reviewed)

9 DIVIDEND PAYABLE AND UNCLAIMED DIVIDENDS

	<i>Nine month ended 30 September 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	(2,377,699)	(9,606,902)
Balance at the end of the period / year	<u>807,378</u>	<u>885,077</u>

* During 2020, the Company 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 nine months ended</i>	
	<i>30 September 2021 Reviewed</i>	<i>30 September 2020 Reviewed</i>	<i>30 September 2021 Reviewed</i>	<i>30 September 2020 Reviewed</i>
Profit attributable to equity holders of the parent for the period – BD	<u>1,242,639</u>	933,334	<u>3,542,405</u>	3,641,858
Weighted average number of shares outstanding	<u>460,000,000</u>	460,000,000	<u>460,000,000</u>	460,000,000
Basic and diluted earnings per share	<u>2.70 Fils</u>	2.03 Fils	<u>7.70 Fils</u>	7.92 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.

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:

	<i>30 September 2021 Reviewed BD</i>	<i>31 December 2020 Audited BD</i>
Lama Real Estate W.L.L.	1,191,598	2,847,933
Seef Mall, Isa Town Mall and Magic Island renovation works	2,503,027	486,510
Muharraq Seef Mall	3,200	3,200
	<u>3,697,825</u>	<u>3,337,643</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2021 (Reviewed)

11 COMMITMENTS AND CONTINGENCIES (continued)

b) Other commitments

Muharrag 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.

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, Muharrag 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.

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, bank balance and 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 September 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</i>		<i>Three months ended</i>		<i>Three months ended</i>		<i>Three months ended</i>		<i>Three months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</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>
	Reviewed	<i>Reviewed</i>	Reviewed	<i>Reviewed</i>	Reviewed	<i>Reviewed</i>	Reviewed	<i>Reviewed</i>	Reviewed	<i>Reviewed</i>	Reviewed	<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	1,792,421	2,270,728	323,331	75,516	250,323	-	-	-	-	-	2,366,075	2,346,244
Inter-segment income	75,768	70,403	-	-	-	-	-	-	(75,768)	(70,403)	-	-
Less: cost of sales	466,011	480,576	120,349	96,158	107,516	153,027	-	-	(75,768)	(70,403)	618,108	659,358
GROSS PROFIT (LOSS)	1,402,178	1,860,555	202,982	(20,642)	142,807	(153,027)	-	-	-	-	1,747,967	1,686,886
Other operating income	-	-	-	-	2,912	3,352	265,469	178,673	-	-	268,381	182,025
Profit on term deposits	-	-	-	-	-	-	14,310	1,948	-	-	14,310	1,948
OPERATING PROFIT (LOSS)	1,402,178	1,860,555	202,982	(20,642)	145,719	(149,675)	279,779	180,621	-	-	2,030,658	1,870,859
EXPENSES												
General and administrative expenses	468,781	298,882	100,009	130,556	6,804	6,128	-	-	-	-	575,594	435,566
Depreciation	43,290	95,516	21,535	10,951	60,301	82,091	-	-	-	-	125,126	188,558
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Expected credit losses	65,028	302,781	-	-	-	-	-	-	-	-	65,028	302,781
Finance costs	166,234	214,679	-	-	33,454	-	-	-	-	-	199,688	214,679
	743,333	911,858	121,544	141,507	100,559	88,219	-	-	-	-	965,436	1,141,584
PROFIT (LOSS) BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE	658,845	948,697	81,438	(162,149)	45,160	(237,894)	279,779	180,621	-	-	1,065,222	729,275
Share of profit from investments in an associate and a joint venture	163,408	218,544	-	-	-	-	-	-	-	-	163,408	218,544
Segment profit (loss) for the period	822,253	1,167,241	81,438	(162,149)	45,160	(237,894)	279,779	180,621	-	-	1,228,630	947,819

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 September 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>Nine months ended 30 September</i>		<i>Nine months ended 30 September</i>		<i>Nine months ended 30 September</i>		<i>Nine months ended 30 September</i>		<i>Nine months ended 30 September</i>		<i>Nine months ended 30 September</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 BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>	<i>Reviewed BD</i>
Income from external operations	7,125,181	7,276,670	864,550	504,182	281,915	259,900	-	-	-	-	8,271,646	8,040,752
Inter-segment income	153,021	211,208	-	-	-	-	-	-	(153,021)	(211,208)	-	-
Less: cost of sales	1,012,097	968,545	319,182	264,013	380,170	509,391	-	-	(153,021)	(211,208)	1,558,428	1,530,741
GROSS PROFIT (LOSS)	6,266,105	6,519,333	545,368	240,169	(98,255)	(249,491)	-	-	-	-	6,713,218	6,510,011
Other operating income	-	-	-	-	8,966	9,530	589,492	641,463	-	-	598,458	650,993
Profit on term deposits	-	-	-	-	-	11,506	35,485	28,304	-	-	35,485	39,810
OPERATING PROFIT (LOSS)	6,266,105	6,519,333	545,368	240,169	(89,289)	(228,455)	624,977	669,767	-	-	7,347,161	7,200,814
EXPENSES												
General and administrative expenses	1,607,236	1,456,521	289,944	202,467	23,155	23,437	-	-	-	-	1,920,335	1,682,425
Depreciation	169,871	247,158	61,976	29,396	222,512	247,773	-	-	-	-	454,359	524,327
Other expenses	340,000	400,000	-	-	-	-	-	-	-	-	340,000	400,000
Expected credit losses	608,524	535,744	-	-	-	-	-	-	-	-	608,524	535,744
Finance costs	527,740	558,762	-	-	65,758	-	-	-	-	-	593,498	558,762
	3,253,371	3,198,185	351,920	231,863	311,425	271,210	-	-	-	-	3,916,716	3,701,258
PROFIT (LOSS) BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE	3,012,734	3,321,148	193,448	8,306	(400,714)	(499,665)	624,977	669,767	-	-	3,430,445	3,499,556
Share of profit from investments in an associate and a joint venture	120,113	215,364	-	-	-	-	-	-	-	-	120,113	215,364
Segment profit (loss) for the period	3,132,847	3,536,512	193,448	8,306	(400,714)	(499,665)	624,977	669,767	-	-	3,550,558	3,714,920
	30 September 2021	<i>31 December 2020</i>	30 September 2021	<i>31 December 2020</i>	30 September 2021	<i>31 December 2020</i>	30 September 2021	<i>31 December 2020</i>	30 September 2021	<i>31 December 2020</i>	30 September 2021	<i>31 December 2020</i>
	Reviewed BD	<i>Audited BD</i>	Reviewed BD	<i>Audited BD</i>	Reviewed BD	<i>Audited BD</i>	Reviewed BD	<i>Audited BD</i>	Reviewed BD	<i>Audited BD</i>	Reviewed BD	<i>Audited BD</i>
Total assets	175,046,360	173,771,881	11,043,537	10,864,208	4,590,800	1,573,378	-	-	(12,900,074)	(12,931,071)	177,780,623	173,278,396
Total liabilities	17,035,150	17,179,805	3,245,149	3,259,269	3,569,175	124,978	-	-	(3,308,725)	(3,274,972)	20,540,749	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

As at 30 September 2021 (Reviewed)

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 September 2021 Reviewed BD	<i>31 December 2020 Audited BD</i>
Assets:		
<i>Bank balances and cash</i>		
Entity related to a shareholder	1,055,812	107,452
Other related party	1,825,900	7,971
<i>Trade and other receivables</i>		
Entity related to a shareholder	22,054	31,536
A joint venture	-	49,459
	2,903,766	196,418
Liability:		
<i>Term loan</i>		
Entity related to a shareholder	3,070,000	-

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	30 September 2021 Reviewed BD	<i>30 September 2020 Reviewed BD</i>	30 September 2021 Reviewed BD	<i>30 September 2020 Reviewed BD</i>
Revenue:				
<i>Profit on term deposits</i>				
Entity related to a shareholder	-	-	-	27,701
<i>Property rental income and service charges</i>				
Entity related to a shareholder	7,749	7,749	23,238	23,247
Other related party	2,250	1,718	6,750	14,784
<i>Other operating income</i>				
A joint venture	39,112	28,746	122,726	73,746
	49,111	38,213	152,714	139,478
Expense:				
<i>Finance costs</i>				
Entity related to a shareholder	33,454	-	65,758	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 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 nine months ended 30 September 2021, the Group has not recorded any impairment of amounts owed by related parties (30 September 2020: nil).

Compensation of key management personnel

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

	<i>Nine months ended</i>	
	30 September 2021 Reviewed BD	<i>30 September 2020 Reviewed BD</i>
Directors' remuneration	170,000	230,000
Board sitting fees	31,000	38,000
Key management personnel:		
Management short-term benefits	124,260	119,250
Management end of service benefits	4,350	4,350
	329,610	391,600

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 September 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 September 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 September:

	<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 September 2021 (Reviewed)				
Investment properties	-	-	137,394,215	137,394,215
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 nine-month period ended 30 September 2021 and 30 September 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>Nine month ended</i>	<i>Year ended</i>
	<i>30 September 2021</i>	<i>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	77,689	432,051
	137,394,215	137,316,526

Management believes that there is no significant change in fair values of investment properties during nine month period ended 30 September 2021.