

Seef Properties B.S.C.

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

30 JUNE 2022



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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 2022, comprising of the interim consolidated statement of financial position as at 30 June 2022 and the related interim consolidated statement of comprehensive income for the three-month period and six-month period then ended, and the 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.

2 August 2022
Manama, Kingdom of Bahrain

Seef Properties B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Reviewed)

	<i>Note</i>	30 June 2022 Reviewed BD	<i>31 December 2021 Audited BD</i>
ASSETS			
Non-current assets			
Investment properties		137,201,725	137,504,119
Equipment, furniture and motor vehicles		4,058,725	441,649
Capital work-in-progress		1,044,391	2,196,681
Investments in an associate and a joint venture	3	8,002,994	23,585,571
Right-of-use-assets	4	1,936,714	1,967,294
		152,244,549	165,695,314
Current assets			
Trade and other receivables		4,553,487	6,019,222
Bank balances, term deposits and cash	5	23,932,985	8,155,599
		28,486,472	14,174,821
TOTAL ASSETS		180,731,021	179,870,135
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		313,845	291,274
Retained earnings		85,829,928	85,592,653
Equity attributable to equity holders of the parent		155,143,773	154,883,927
Non-controlling interests		3,651,116	3,647,889
Total equity		158,794,889	158,531,816
Non-current liabilities			
Term loans - non-current portion	6	8,704,035	8,754,299
Lease liability - non-current portion	7	2,472,424	2,478,763
Employees' end of service benefits		196,194	178,165
		11,372,653	11,411,227
Current liabilities			
Unclaimed dividends	9	739,623	777,044
Trade and other payables		4,250,364	4,027,407
Term loans - current portion	6	5,560,974	5,110,710
Lease liability - current portion	7	12,518	11,931
		10,563,479	9,927,092
Total liabilities		21,936,132	21,338,319
TOTAL EQUITY AND LIABILITIES		180,731,021	179,870,135



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 2022 (Reviewed)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		BD	BD	BD	BD
REVENUE					
Property rental income and service charges		2,301,047	2,718,470	4,989,981	5,332,760
Income from serviced apartments		362,422	239,060	752,383	541,219
Leisure and recreational income		783,600	31,592	982,265	31,592
		3,447,069	2,989,122	6,724,629	5,905,571
Less: cost of sales		865,322	513,776	1,355,208	940,320
GROSS PROFIT		2,581,747	2,475,346	5,369,421	4,965,251
Other operating income		426,487	185,100	773,265	330,077
Profit on term deposits		18,235	7,716	49,171	21,175
OPERATING PROFIT		3,026,469	2,668,162	6,191,857	5,316,503
EXPENSES					
General and administrative expenses		908,482	708,668	2,093,834	1,684,741
Depreciation		130,447	156,223	193,125	329,233
Expected credit losses		-	522,221	62,010	543,496
Finance costs		232,297	222,913	440,232	393,810
		1,271,226	1,610,025	2,789,201	2,951,280
PROFIT BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE					
Share of loss from investments in an associate and a joint venture		(51,791)	(38,664)	(77,189)	(43,295)
Unrealised fair value loss on investment properties		(151,197)	-	(302,394)	-
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,552,255	1,019,473	3,023,073	2,321,928
Basic and diluted earnings per share	10	3.40 Fils	2.26 Fils	6.56 Fils	5.00 Fils
Attributable to:					
Equity holders of the parent		1,565,956	1,037,621	3,019,846	2,299,766
Non-controlling interest		(13,701)	(18,148)	3,227	22,162
		1,552,255	1,019,473	3,023,073	2,321,928



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 2022 (Reviewed)

	Note	Six months ended 30 June	
		2022 BD	2021 BD
OPERATING ACTIVITIES			
Profit for the period		3,023,073	2,321,928
Adjustments for:			
Depreciation		342,147	369,434
Profit on term deposits		(49,171)	(21,175)
Expected credit losses		62,010	543,496
Finance costs		440,232	393,810
Other expenses		395,000	340,000
Employees' end of service benefits		25,042	18,728
Unrealised fair value loss on investment properties		302,394	-
Share of loss from investments in an associate and a joint venture		77,189	43,295
Other adjustments		-	25,250
Gain on disposal of an associate	3	(155,829)	-
Operating profit before working capital changes		4,462,087	4,034,766
Working capital changes:			
Trade and other receivables		1,420,508	(730,397)
Trade and other payables		(104,858)	(51,407)
		5,777,737	3,252,962
Profit on term deposits received		32,388	19,560
Employees' end of service benefits paid		(7,013)	(51,091)
Other expenses paid		(316,975)	(185,732)
Net cash flows from operating activities		5,486,137	3,035,699
INVESTING ACTIVITIES			
Purchase of equipment, furniture and motor vehicles		(2,403,216)	(79,538)
Expenditure incurred on capital work-in-progress		(373,137)	(321,664)
Additions to investment properties		-	(53,036)
Disposal of an associate	3	15,661,217	-
Net cash flows used in investing activities		12,884,864	(454,238)
FINANCING ACTIVITIES			
Dividends paid		(2,797,421)	(2,348,984)
Movement in bank balances representing unclaimed dividends		37,296	48,324
Term loan obtained		400,000	2,106,882
Lease liability paid (including finance costs)		(125,000)	(125,000)
Finance costs paid on term loans		(71,194)	(274,493)
Net cash flows used in financing activities		(2,556,319)	(593,271)
NET INCREASE IN CASH AND CASH EQUIVALENTS		15,814,682	1,988,190
Cash and cash equivalents at 1 January		7,973,504	3,190,670
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	23,788,186	5,178,860

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 2022 (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 2022		46,000,000	23,000,000	291,274	85,592,653	154,883,927	3,647,889	158,531,816
Net profit and total comprehensive income		-	-	-	3,019,846	3,019,846	3,227	3,023,073
Dividends - 2022	8	-	-	-	(2,760,000)	(2,760,000)	-	(2,760,000)
Transfer to furniture and fixtures replacement reserve		-	-	22,571	(22,571)	-	-	-
Balance as at 30 June 2022		46,000,000	23,000,000	313,845	85,829,928	155,143,773	3,651,116	158,794,889

	<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		-	-	-	2,299,766	2,299,766	22,162	2,321,928
Dividends - 2021	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

*Retained earnings include BD 613,028 (30 June 2021: BD 596,683) 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 2022 (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 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. In addition, the Company manages, as part of property management service agreements, Souq Al Baraha and Al Liwan. Al Liwan project is owned by Lama Real Estate W.L.L. which is the joint venture of the Company.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 2 August 2022.

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
	2022	2021	
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 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)	0%	25%	Real estate business.
Joint Venture			
Lama Real Estate W.L.L.	50%	50%	Real estate business.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2022 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 2021. In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Certain prior period figures in the interim condensed consolidated financial statements 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 2022

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 2021, except for the adoption of new and amended standards and interpretations as of 1 January 2022. The Group has not early adopted any other new or amended standard or interpretation that has been issued but is not yet effective.

The following amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Onerous Contracts – Costs of fulfilling a contract – Amendments to IAS 37;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities; and
- IAS 41 Agriculture – Taxation in fair value measurements.

New and amended standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1: Disclosures of accounting policies;
- Amendments to IAS 8: Definition of accounting estimates; and
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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 2021.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

3 INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

	<i>Six months ended 30 June 2022 Reviewed BD</i>	<i>Year ended 31 December 2021 Audited BD</i>
Balance at the beginning of the period / year	23,585,571	23,968,102
Disposal during the period / year	(15,505,388)	-
Share of loss during the period / year	(77,189)	(357,281)
Other adjustments	-	(25,250)
Balance at the end of the period / year	8,002,994	23,585,571

During the period, the Group has fully disposed of its investment in its associate, Bina Al Bahrain B.S.C., by selling its shares for BD 15,661,217 cash, resulting in a gain of disposal amounting to BD 155,829.

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 2022.

The joint venture and associate had no material contingent liabilities as at the reporting date. The Group's share of joint venture's capital commitments at reporting date is disclosed in note 11.

4 RIGHT-OF-USE-ASSETS

The movement in the carrying value of right-of-use assets during the period / year is as follows:

	<i>Reviewed</i>		
	<i>Land BD</i>	<i>Compactors BD</i>	<i>Total BD</i>
As at 1 January 2022	1,967,294	-	1,967,294
Depreciation for the period	(30,580)	-	(30,580)
As at 30 June 2022	1,936,714	-	1,936,714
	<i>Audited</i>		
	<i>Land BD</i>	<i>Compactors BD</i>	<i>Total BD</i>
As at 1 January 2021	2,028,453	4,074	2,032,527
Depreciation for the year	(61,159)	(4,074)	(65,233)
As at 31 December 2021	1,967,294	-	1,967,294

Investment properties with a carrying value of BD 19,302,818 (31 December 2021: BD 19,605,212) are constructed on land held as right-of-use asset.

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

5 BANK BALANCES, TERM DEPOSITS 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 2022 Reviewed BD	<i>31 December 2021 Audited BD</i>
Cash in hand, bank balances and term deposits	23,932,985	8,155,599
Bank balances representing unclaimed dividends (note 9)	(144,799)	(182,095)
	23,788,186	7,973,504

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 2022 ranged from 2.00% to 2.75% p.a. (2021: 2.00% to 3.05% p.a.)

6 TERM LOANS

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 amounting to BD 6,295,009 to finance the development of Muharraq Seef Mall. The term loan based on the latest amendment carries an interest at the rate of 2.95% p.a. plus 3 months LIBOR and was repayable originally in 40 quarterly instalments commencing from December 2018. During 2020 and 2021, the repayment of the loan was extended to a new maturity date of September 2030. The interest rate on the loan at 30 June 2022 was 4.41% p.a. (2021: 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.

During 2020, the Company obtained a loan from a commercial bank in the Kingdom of Bahrain amounting to BD 4,500,000 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 2021, the loan was rescheduled with a revised maturity of October 2022. The interest rate on the loan at 30 June 2022 was 4.69% p.a. (2021: 5.97% p.a.)

During 2021, the Group's subsidiary, Seef Entertainment W.L.L., obtained a loan facility from a commercial bank in the Kingdom of Bahrain amounting to BD 4,000,000 to fund the project of a family entertainment centre in Liwan, Al Hamala. At 30 June 2022, the utilised amount was BD 3,470,000 (2021: BD 3,070,000). The loan carries an interest rate of 4.90% per annum subject to rate revision of +/- change in 3 months BHIBOR with a floor rate of 4.75%. Principal and interest are payable quarterly starting from 27 July 2022. The loan is secured against a guarantee issued by the Company in favour of the bank. The interest rate on the loan at 30 June 2022 was 4.9% p.a. (2021: 4.75% p.a.)

The movement in the term loan is as follows:

	Six months ended 30 June 2022 Reviewed BD	<i>Year ended 31 December 2021 Audited BD</i>
At 1 January	13,865,009	10,958,127
Additional loan during the period / year	400,000	3,070,000
Repayments during the period / year	-	(163,118)
	14,265,009	13,865,009

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

6 TERM LOANS (continued)

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

	30 June 2022 Reviewed BD	31 December 2021 Audited BD
Current	5,560,974	5,110,710
Non-current	8,704,035	8,754,299
	14,265,009	13,865,009

7 LEASE LIABILITY

The lease liability balance represents the present value of future lease payments for leasehold land. The lease for the land ends in February 2054.

The payments for the leasehold land are discounted using a discount factor of 9.66% p.a.

The movement of the lease liability is as follows:

	Reviewed		
	Leasehold land BD	Leasehold compactors BD	Total BD
30 June 2022:			
Balance at 1 January 2022	2,490,694	-	2,490,694
Lease payments during the period	(125,000)	-	(125,000)
Finance cost charge during the period	119,248	-	119,248
Balance at 30 June 2022	2,484,942	-	2,484,942

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

	Reviewed		
	Leasehold land BD	Leasehold compactors BD	Total BD
Current	12,518	-	12,518
Non-current	2,472,424	-	2,472,424
	2,484,942	-	2,484,942
	Audited		
	Leasehold land BD	Leasehold compactors BD	Total BD
31 December 2021:			
Balance at 1 January 2021	2,501,530	4,189	2,505,719
Lease payments during the year	(250,000)	(4,200)	(254,200)
Finance cost charge during the year	239,164	11	239,175
Balance at 31 December 2021	2,490,694	-	2,490,694

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

7 LEASE LIABILITY (continued)

	<i>Audited</i>		<i>Total BD</i>
	<i>Leasehold land BD</i>	<i>Leasehold compactors BD</i>	
Current	11,931	-	11,931
Non-current	2,478,763	-	2,478,763
	<u>2,490,694</u>	<u>-</u>	<u>2,490,694</u>

8 DIVIDENDS DECLARED

At the Annual General Meeting held on 29 March 2022, the Company's shareholders approved to pay a final dividend of BD 0.006 per share totalling BD 2,760,000 relating to 2021. Dividend paid during 2022 amounting to BD 2,797,421 relates to 2021 and before (refer note 9).

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. Dividend paid during 2021 amounting to BD 2,408,033 relates to 2020 and before (refer note 9).

9 UNCLAIMED DIVIDENDS

	<i>Six months ended 30 June 2022 Reviewed BD</i>	<i>Year ended 31 December 2021 Audited BD</i>
Balance at the beginning of the period / year	777,044	885,077
Dividends declared (note 8)	2,760,000	2,300,000
Dividends paid	(2,797,421)	(2,408,033)
Balance at the end of the period / year	<u>739,623</u>	<u>777,044</u>

10 BASIC AND DILUTED EARNINGS PER SHARE

	<i>Three months ended</i>		<i>Six months ended</i>	
	30 June 2022 Reviewed	<i>30 June 2021 Reviewed</i>	30 June 2022 Reviewed	<i>30 June 2021 Reviewed</i>
Profit attributable to equity holders of the parent for the period – BD	1,565,956	1,037,621	3,019,846	2,299,766
Weighted average number of shares outstanding	460,000,000	460,000,000	460,000,000	460,000,000
Basic and diluted earnings per share	3.40 Fils	2.26 Fils	6.56 Fils	5.00 Fils

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

Seef Properties B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (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 2022 Reviewed BD	31 December 2021 Audited BD
Lama Real Estate W.L.L.	1,361,116	1,508,909
Seef Mall, Isa Town Mall and Magic Island renovation works	448,866	1,346,310
Muharraq Seef Mall	-	3,200
	1,809,982	2,858,419

b) *Other commitments*

Muharraq Mall Co. W.L.L. is contracted to pay a royalty charge of 2.75% of its gross rental income to the lessor, commencing from the year 2022 until the end of the lease term in 2054.

c) *Legal cases*

In the ordinary course of business, the Group is subject to legal claims. The Group, based on legal advice obtained, hasn't provided for any of its legal cases as the likelihood of any contingent liability towards the Group is remote.

d) *Guarantee*

The Company has signed a corporate guarantee towards the term loan obtained by Seef Entertainment W.L.L. from a commercial bank. In addition, the Company, along with the other shareholders, have jointly signed several corporate guarantees towards the term loan obtained by Muharraq Mall Co. W.L.L. from a commercial bank. Refer to note 6.

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.

In addition, the Group also earns other income from profit on term deposits.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (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, equipment, furniture and motor vehicles, capital work-in-progress, investments in an associate and a joint venture, right-of-use-assets, bank balances, term deposits 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.

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As at 30 June 2022 (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>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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	2,301,047	2,718,470	362,422	239,060	783,600	31,592	-	-	-	-	3,447,069	2,989,122
Inter-segment income	70,405	35,944	-	-	-	-	-	-	(70,405)	(35,944)	-	-
Less: cost of sales	400,867	336,862	113,473	91,582	421,387	121,276	-	-	(70,405)	(35,944)	865,322	513,776
GROSS PROFIT / (LOSS)	1,970,585	2,417,552	248,949	147,478	362,213	(89,684)	-	-	-	-	2,581,747	2,475,346
Other operating income	426,487	179,471	-	-	-	5,629	-	-	-	-	426,487	185,100
Profit on term deposits	-	-	-	-	-	-	18,235	7,716	-	-	18,235	7,716
OPERATING PROFIT / (LOSS)	2,397,072	2,597,023	248,949	147,478	362,213	(84,055)	18,235	7,716	-	-	3,026,469	2,668,162
EXPENSES												
General and administrative expenses	755,624	606,493	113,309	88,558	39,549	13,617	-	-	-	-	908,482	708,668
Depreciation	30,187	54,083	22,325	21,139	77,935	81,001	-	-	-	-	130,447	156,223
Expected credit losses	-	522,221	-	-	-	-	-	-	-	-	-	522,221
Finance costs	192,641	200,199	-	-	39,656	22,714	-	-	-	-	232,297	222,913
	978,452	1,382,996	135,634	109,697	157,140	117,332	-	-	-	-	1,271,226	1,610,025
PROFIT / (LOSS) BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE	1,418,620	1,214,027	113,315	37,781	205,073	(201,387)	18,235	7,716	-	-	1,755,243	1,058,137
Share of (loss) / profit from investments in an associate and a joint venture	(51,791)	(38,664)	-	-	-	-	-	-	-	-	(51,791)	(38,664)
Unrealised fair value loss on investment properties	(151,197)	-	-	-	-	-	-	-	-	-	(151,197)	-
	(202,988)	(38,664)	-	-	-	-	-	-	-	-	(202,988)	(38,664)
Segment profit / (loss) for the period	1,215,632	1,175,363	113,315	37,781	205,073	(201,387)	18,235	7,716	-	-	1,552,255	1,019,473

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 2022 (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 30 June</i>		<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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	4,989,981	5,332,760	752,383	541,219	982,265	31,592	-	-	-	-	6,724,629	5,905,571
Inter-segment income	140,808	77,253	-	-	-	-	-	-	(140,808)	(77,253)	-	-
Less: cost of sales	637,958	546,086	224,367	198,833	633,691	272,654	-	-	(140,808)	(77,253)	1,355,208	940,320
GROSS PROFIT / (LOSS)	4,492,831	4,863,927	528,016	342,386	348,574	(241,062)	-	-	-	-	5,369,421	4,965,251
Other operating income	773,265	324,023	-	-	-	6,054	-	-	-	-	773,265	330,077
Profit on term deposits	-	-	-	-	-	-	49,171	21,175	-	-	49,171	21,175
OPERATING PROFIT / (LOSS)	5,266,096	5,187,950	528,016	342,386	348,574	(235,008)	49,171	21,175	-	-	6,191,857	5,316,503
EXPENSES												
General and administrative expenses	1,815,167	1,478,455	234,823	189,935	43,844	16,351	-	-	-	-	2,093,834	1,684,741
Depreciation	63,223	126,581	44,250	40,441	85,652	162,211	-	-	-	-	193,125	329,233
Expected credit losses	62,010	543,496	-	-	-	-	-	-	-	-	62,010	543,496
Finance costs	363,685	361,506	-	-	76,547	32,304	-	-	-	-	440,232	393,810
	2,304,085	2,510,038	279,073	230,376	206,043	210,866	-	-	-	-	2,789,201	2,951,280
PROFIT / (LOSS) BEFORE SHARE OF RESULTS FROM INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE	2,962,011	2,677,912	248,943	112,010	142,531	(445,874)	49,171	21,175	-	-	3,402,656	2,365,223
Share of loss from investments in an associate and a joint venture	(77,189)	(43,295)	-	-	-	-	-	-	-	-	(77,189)	(43,295)
Unrealised fair value loss on investment properties	(302,394)	-	-	-	-	-	-	-	-	-	(302,394)	-
	(379,583)	(43,295)	-	-	-	-	-	-	-	-	(379,583)	(43,295)
Segment profit (loss) for the period	2,582,428	2,634,617	248,943	112,010	142,531	(445,874)	49,171	21,175	-	-	3,023,073	2,321,928
	<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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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	166,479,962	166,604,683	11,328,662	11,235,791	5,724,114	5,031,378	-	-	(2,801,717)	(3,001,717)	180,731,021	179,870,135
Total liabilities	17,110,552	17,097,694	3,107,437	3,263,508	4,519,860	3,978,834	-	-	(2,801,717)	(3,001,717)	21,936,132	21,338,319

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.

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13 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, joint venture, 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 2022 Reviewed BD	<i>31 December 2021 Audited BD</i>
Term loan - non-current portion / Kuwait Finance House (Bahrain) B.S.C. (c)	3,102,656	2,799,490
Term loan - current portion / Kuwait Finance House (Bahrain) B.S.C. (c)	367,344	270,510
Accrued expenses / Kuwait Finance House (Bahrain) B.S.C. (c)	102,055	25,519
Trade and other receivables / Lama Real Estate W.L.L.	117,153	53,675

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	30 June 2022 Reviewed BD	<i>30 June 2021 Reviewed BD</i>	30 June 2022 Reviewed BD	<i>30 June 2021 Reviewed BD</i>
Other operating income / Lama Real Estate W.L.L.	37,056	35,762	105,938	58,364
Finance costs / Kuwait Finance House (Bahrain) B.S.C. (c)	39,656	22,714	76,547	32,304

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 2022, the Group has not recorded any impairment of amounts owed by related parties (30 June 2021: nil).

Compensation of key management personnel

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	30 June 2022 Reviewed BD	<i>30 June 2021 Reviewed BD</i>	30 June 2022 Reviewed BD	<i>30 June 2021 Reviewed BD</i>
Directors' remuneration	-	-	225,000	170,000
Board sitting fees	20,000	8,100	33,700	23,300
Key management personnel:				
Management short-term benefits	32,685	29,450	94,085	94,860
Management end of service benefits	1,450	1,450	2,900	2,900
	54,135	39,000	355,685	291,060

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

14 FAIR VALUE MEASUREMENT**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.

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.

During the reporting periods ended 30 June 2022 and 30 June 2021 and year ended 31 December 2021, there were no transfers within various levels of fair value hierarchy.

Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of trade and other receivables and bank balances, term deposits and cash. Financial liabilities consist of trade and other payables, lease liabilities, unclaimed dividends and term loans which are carried at amortised cost. There were no liabilities measured at fair value as of 30 June 2022 and 31 December 2021.

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

- a) Bank balances, term deposits and cash, trade and other receivables, trade and other payables and unclaimed dividends approximate their carrying amounts at the reporting date largely due to the short-term maturities of these instruments; and
- b) Term loans 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 of non - financial instruments

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 2022 (Reviewed)				
Investment properties	-	-	137,201,725	137,201,725
31 December 2021 (Audited)				
Investment properties	-	-	137,504,119	137,504,119

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As at 30 June 2022 (Reviewed)

14 FAIR VALUE MEASUREMENT (continued)

Fair value of non - financial instruments (continued)

The fair values of the investment properties have been determined by the Group based on valuations performed by independent surveyors as at 31 December 2021 (2021: 31 December 2021). 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.