

Reef Real Estate Finance Co. B.S.C. (c)

Consolidated condensed interim
financial information for the quarter and
the nine months ended 30 September
2015 (Unaudited)

Reef Real Estate Finance Co. B.S.C. (c)
Financial information for the quarter and the nine months ended 30 September 2015

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Reef Real Estate Finance Co. B.S.C. (c)
Administration and contact details as at 30 September 2015

Commercial registration no.	58073 obtained on 10 September 2005	
CBB license	FC/001 obtained on 3 May 2005	
Board of Directors	Mr Ali Ahmed Al Baghli Mr Saud Kanoo Mr Faisal Al Matrook Mr Nasser Abdulhadi Al Gharibah Mr Samer Abbouchi Mr Mohammed Abdulla Isa Mr Waleed Al Kaja Mr Mohammed A.Khaliq (Till 26 March 2015)	(Chairman) (Vice-Chairman)
Chief Executive Officer	Mr Mahmood Al Koofi	
Executive Committee	Mr Faisal Al Matrook Mr Nasser Abdulhadi Al Gharibah Mr Samer Abbouchi	(Chairman)
Nomination and remuneration committee	Mr Ali Ahmed Al Baghli Mr Faisal Al Matrook Mr Saud Kanoo	(Chairman)
Audit Committee	Mr Saud Kanoo Mr Mohammed Abdulla Isa Mr Waleed Al Kaja Mr Mohammed A.Khaliq (Till 26 March 2015)	(Chairman)
Sharia'a Supervisory Advisor	Shaikh Dr. Osama Bahar	
Registered office	YBA Kanoo Tower Flat 114, Building 155 Road 1703, Block 317 PO Box 18599 Diplomatic Area, Manama Kingdom of Bahrain	
Bankers	Ithmaar Bank Ahli United Bank Kuwait Finance House Al Baraka Islamic Bank Khaleeji Commercial Bank BMI Bank Al Salam Bank Citi Bank	
Auditors	BDO 17 th Floor Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	

Review report by the independent auditor to the Board of Directors of Reef Real Estate Finance B.S.C. (c)

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Reef Real Estate Finance B.S.C. (c) ("the Company") and its subsidiaries ("the Group") as at 30 September 2015, the consolidated condensed interim statement of income, the consolidated condensed interim statement of other comprehensive income, the consolidated condensed interim statement of changes in Owners' equity, the consolidated condensed interim statement of cash flows for the quarter and the nine months then ended, and selected explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the Sharia'a Rules and Principles as determined by the Sharia'a Supervisory Advisor of the Company. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410- "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed 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 and consequently 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 consolidated condensed interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 September 2015, and of its financial performance and its cash flows for the quarter and the nine months then ended in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and the Sharia'a Rules and Principles as determined by the Sharia'a Supervisory Advisor of the Company.



Manama, Kingdom of Bahrain
18 October 2015

Reef Real Estate Finance Co. B.S.C. (c)
 Consolidated condensed interim statement of financial position as at 30 September 2015
 (Unaudited)
 (Expressed in Bahraini Dinars)

	<u>Notes</u>	30 September 2015 (Unaudited)	31 December 2014 (Audited)
ASSETS			
Cash and bank balances		56,637	1,693,092
Investment securities	3	10,274,984	6,001,439
Mudaraba investments	4	4,065,980	4,568,812
Murabaha financing	5	5,848,786	5,976,938
Ijarah Muntahia Bittamleek and Musharaka	6	2,461,583	3,645,072
Properties-under-development		405,545	1,529,920
Investment in real estate	7	2,599,116	3,214,889
Receivables and prepayments	8	2,201,605	2,367,025
Property and equipment		<u>41,957</u>	<u>66,802</u>
Total assets		<u>27,956,193</u>	<u>29,063,989</u>
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Other liabilities		<u>627,257</u>	<u>501,215</u>
Owners' Equity			
Share capital	9	24,042,900	24,042,900
Treasury shares	9	(1,202,145)	
Statutory reserve		1,150,154	1,150,154
Properties fair value reserve		989,463	1,078,825
Charity reserve		86	2,294
Retained earnings		<u>2,348,478</u>	<u>2,288,601</u>
		<u>27,328,936</u>	<u>28,562,774</u>
Total liabilities and Owners' equity		<u>27,956,193</u>	<u>29,063,989</u>

The unaudited condensed interim financial information, set out on pages 4 to 17, were approved and authorised for issue by the Board of Directors on 18 October 2015 and signed on their behalf by:

Ali Ahmed Al Baghli
 Chairman

Saud Kanoo
 Vice Chairman

Reef Real Estate Finance Co. B.S.C. (c)
Consolidated condensed interim statement of income for the quarter and nine months ended
30 September 2015 (Unaudited)
(Expressed in Bahraini Dinars)

	Notes	Nine months ended 30 September 2015	Nine months ended 30 September 2014	Quarter ended 30 September 2015	Quarter ended 30 September 2014
Income					
Gross Ijarah and Musharaka revenue		703,853	997,599	179,911	291,701
Less: Depreciation on Ijarah Muntahia Bittamleek	6	<u>330,119</u>	<u>491,354</u>	<u>101,671</u>	<u>157,715</u>
		373,734	506,245	78,240	133,986
Profit from Mudaraba investments		57,639	126,564	18,543	37,101
Profit from Murabaha financing		397,405	692,770	96,062	242,806
Fees income from Ijarah Muntahia Bittamleek		16,708	12,147	240	819
Net rental Income from investment in real estate		87,096	106,393	25,542	26,808
Income from investment securities		188,401	70,961	65,029	37,205
Net gain on sale of investment in real estate		132,519	-	45,443	-
Gain on sale of property-under-development		108,606	-	-	-
Allowance no longer required for Ijarah Muntahia Bittamleek		65,876	-	15,000	-
Gain on sale of property and equipment		-	9,500	-	-
Unrealised fair value gain on investment securities		-	<u>16,271</u>	-	<u>1,326</u>
		<u>1,427,984</u>	<u>1,540,851</u>	<u>344,099</u>	<u>480,051</u>
Expenses					
Staff costs		356,674	315,839	129,190	111,641
General and administrative expenses		229,217	250,894	47,495	80,079
Depreciation of property and equipment		25,429	20,230	8,509	7,842
Depreciation on investment in real estate	7	4,930	18,075	1,545	1,694
Investment fees & charges		-	14,796	-	-
Unrealised fair value loss on investment securities		50,930	-	49,325	-
Net foreign exchange losses		178,099	63,071	253,886	180,569
Allowances and provisions		<u>8,906</u>	<u>80,626</u>	<u>2,202</u>	<u>24,464</u>
		<u>854,185</u>	<u>763,531</u>	<u>492,152</u>	<u>406,289</u>
Net profit/(loss) for the period		<u>573,799</u>	<u>777,320</u>	<u>(148,053)</u>	<u>73,762</u>
Basic and diluted earnings/(loss) per share	10	<u>Fils2.51</u>	<u>Fils3.2</u>	<u>(Fils0.62)</u>	<u>Fils0.3</u>

Reef Real Estate Finance Co. B.S.C. (c)
 Consolidated condensed interim statement of other comprehensive income
 for the quarter and nine months ended 30 September 2015 (Unaudited)
 (Expressed in Bahraini Dinars)

	Nine months ended 30 September <u>2015</u>	Nine months ended 30 September <u>2014</u>	Quarter ended 30 September <u>2015</u>	Quarter ended 30 September <u>2014</u>
Net profit/(loss) for the period	573,799	777,320	(148,053)	73,762
Other comprehensive income				
Realised gain on the sale of investment in real estate	<u>(89,362)</u>	<u>—</u>	<u>(45,668)</u>	<u>—</u>
Total and other comprehensive loss for the period	<u>(89,362)</u>	<u>—</u>	<u>(45,668)</u>	<u>—</u>
Total comprehensive income/(loss) for the period	<u>484,437</u>	<u>777,320</u>	<u>(193,721)</u>	<u>73,762</u>

Reef Real Estate Finance Co. B.S.C. (c)
 Consolidated condensed interim statement of changes in Owners' equity for the quarter and nine months ended 30 September 2015
 (Unaudited)
 (Expressed in Bahraini Dinars)

	Share capital	Treasury shares	Statutory reserve	Properties fair value reserve	Charity reserve	Retained earnings	Total
At 31 December 2013 (Audited)	24,042,900	-	1,039,512	1,078,825	2,770	1,292,822	27,456,829
Charity reserve movement	-	-	-	-	(492)	-	(492)
Total comprehensive income for the period	-	-	-	-	-	777,320	777,320
At 30 September 2014 (Unaudited)	24,042,900	-	1,039,512	1,078,825	2,278	2,070,142	28,233,657
At 31 December 2014 (Audited)	24,042,900	-	1,150,154	1,078,825	2,294	2,288,601	28,562,774
Treasury shares purchased back (Note 9)	-	(1,202,145)	-	-	-	-	(1,202,145)
Dividend paid during the period	-	-	-	-	-	(513,922)	(513,922)
Charity reserve movement	-	-	-	-	(2,208)	-	(2,208)
Total comprehensive income for the period	-	-	-	(89,362)	-	573,799	484,437
At 30 September 2015 (Unaudited)	24,042,900	(1,202,145)	1,150,154	989,463	86	2,348,478	27,328,936

Reef Real Estate Finance Co. B.S.C. (c)
Consolidated condensed interim statement of cash flows
for the nine months ended 30 September 2015
(Unaudited)
(Expressed in Bahraini Dinars)

	<u>Notes</u>	Nine months ended 30 September 2015 (Unaudited)	Nine months ended 30 September 2014 (Unaudited)
Operating activities			
Net profit for the period		573,799	777,320
Adjustments for:			
Depreciation on property and equipment		25,429	20,230
Depreciation on Ijarah Muntahia Bittamleek	6	330,119	491,354
Depreciation on investment in real estate	7	4,930	18,075
Unrealised fair value loss/(gain) on investment securities	3	50,930	(16,271)
Gain on sale of property and equipment		-	(9,500)
Net foreign exchange loss		20,259	63,071
Gain on sale of investment in real estate		(132,519)	-
Gain on the sale of property under development		(108,606)	-
Changes in operating assets and liabilities:			
Receivables and prepayments		165,420	(807,428)
Other liabilities		<u>126,042</u>	<u>8,541</u>
Net cash provided by operating activities		<u>1,055,803</u>	<u>545,392</u>
Investing activities			
Net movement in Murabaha financing		128,152	(1,442,230)
Net movement in properties-under-development		(53,000)	(140,005)
Purchase of property and equipment		(584)	(72,545)
Additions in investment securities	3	(4,344,734)	(3,431,140)
Addition in investment in real estate	7	-	(421,849)
Net Movement in Mudaraba investments		502,832	1,002,412
Net movement in Ijarah Muntahia Bittamleek and Musharaka		853,370	3,301,342
Proceeds from sale of property-under-development		1,285,981	-
Proceeds from sale of property and equipment		-	9,500
Proceeds from sale of investment in real estate		<u>654,000</u>	<u>-</u>
Net cash used in investing activities		<u>(973,983)</u>	<u>(1,194,515)</u>
Financing activities			
Purchase of treasury shares	9	(1,202,145)	-
Charity reserve movement		(2,208)	(492)
Dividends paid during the period		<u>(513,922)</u>	<u>-</u>
Net cash used in financing activities		<u>(1,718,275)</u>	<u>(492)</u>
Net decrease in cash and cash equivalents		(1,636,455)	(649,615)
Cash and cash equivalents, beginning of the period		<u>1,693,092</u>	<u>1,368,833</u>
Cash and cash equivalents, end of the period		<u><u>56,637</u></u>	<u><u>719,218</u></u>

Reef Real Estate Finance Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
 for the quarter and the nine months ended 30 September 2015
 (Unaudited)
 (Expressed in Bahraini Dinars)

1 Organisation and principal activities

Reef Real Estate Finance Co. B.S.C. (c) (“the Company”) is a closed Bahraini shareholding company and operates as an Islamic financing company under license number 58073 granted by the Ministry of Commerce and Central Bank of Bahrain (“CBB”) license number FC/001 obtained on 5 May 2005. The Company commenced its commercial operations on 10 September 2005.

The principal activities of the Company include:

- granting short and long-term financing facilities to consumers to finance the purchase and construction of real estate;
- providing leasing facilities with an option to buy;
- investing in real estate, industrial, agricultural and other economic sectors and dealing in shares of established companies;
- buying and selling of properties, developing residential and commercial land, building residential and commercial units with the intent of their subsequent sale or lease

The Company’s activities are regulated by the CBB and supervised by a Shari’a Supervisory Advisor whose role has been defined by the Board of Directors.

The registered office of the Company is in the Kingdom of Bahrain.

2 Basis of preparation

The condensed interim financial information have been prepared in accordance with the Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”). However, in accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist, the Company uses the relevant International Financial Reporting Standards (“IFRS”).

Therefore, in the absence of relevant standards in AAOIFI relating interim financial information, the guidance from International Accounting Standard 34 - “Interim Financial Reporting” is used in preparation of these interim condensed consolidated financial information for the quarter and the nine months ended 30 September 2015. The condensed interim financial information should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2014.

These consolidated condensed financial information have been prepared using going concern assumption under the historical cost convention, modified by the valuation of investment in real estate and investment securities which are measured at their fair values.

The functional and presentation currency of the Company is Bahrain Dinars (BD).

The structure of the Group is as follows:

Subsidiaries

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2015</u>	<u>Effective ownership interest 2014</u>
First Reef B.S.C. (c)	Kingdom of Bahrain	Buying and selling of properties	99.9%	99.9%
Reef Investment UK B.S.C (c)	Kingdom of Bahrain	To Issue Funds	99.9%	99.9%

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 Selected explanatory notes to the consolidated condensed interim financial information
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3 Investment securities

	30 September 2015 (Unaudited)	31 December 2014 (Audited)
Opening balance	6,001,439	2,111,508
Additions	4,344,734	3,935,665
Foreign exchange loss on translation of investment securities	(20,259)	(2,040)
Unrealised fair value loss for the period	<u>(50,930)</u>	<u>(43,694)</u>
	<u>10,274,984</u>	<u>6,001,439</u>

	30 September 2015 (Unaudited)	31 December 2014 (Audited)
Investment in equity-type instruments - Unquoted		
<i>Equity investments</i>	343,123	352,260
<i>Private equity</i>	5,309,558	2,508,713
Investment in debt-type instruments- Quoted	<u>4,622,303</u>	<u>3,140,466</u>
	<u>10,274,984</u>	<u>6,001,439</u>

Investment - securities-wise analysis:

	30 September 2015 (Unaudited)	31 December 2014 (Audited)
<i>Equity-type instruments</i>		
Amwaj Property Limited	343,123	352,260
Manazel Qurtoba 2 fund (a)	1,008,713	1,008,713
Jenina Real Estate Development Co. Ltd (b)	1,508,053	1,500,000
NATS (c)	571,871	-
SICO kingdom equity fund (d)	217,215	-
Difaaf Development Limited (e)	<u>2,003,706</u>	<u>-</u>
	5,652,681	2,860,973
<i>Debt-type instruments</i> CBB sukuk (f)	<u>4,622,303</u>	<u>3,140,466</u>
	<u>10,274,984</u>	<u>6,001,439</u>

- (a) During the year 2013, the Group has invested BD1,008,713 in acquiring shares in Manazel Qurtoba 2 fund, floated by MEFIC Capital in Kingdom of Saudi Arabia. The main objective of Fund is to develop a property in Northern Riyadh, Kingdom of Saudi Arabia.
- (b) During the year 2014, the Group has invested BD1,508,053 in Sky palaces project, Business Bay Dubai through an SPV "Jenina Real Estate Development Co. Ltd".
- (c) During the year 2015, the Group has invested GBP1,000,000 in Global Investments House to invest in GIH-NATS project in United Kingdom.
- (d) During the year 2015, the Group has invested BD250,000 in SICO to seek capital appreciation through investing in equity securities listed in the Saudi Exchange market and the GCC.

Reef Real Estate Finance Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
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3 Investment securities (continued)

- (e) During the year 2015, the Group has invested BD2,003,706 in Difaaf Development Limited project, Bahrain through Venture Capital Bank.
- (f) During the year 2015, the Group has invested BD1,500,000 in acquiring units in Government Islamic Leasing Sukuk-Issue 22 (GILS22.SUK) due in 2025. The Group's total investment in Sukuk "CBB international Sukuk" floated by the Central Bank of Bahrain amounting to BD3,054,803 (2013: BD3,140,466). These units are listed. The Group has fair valued the Sukuks at 30 September 2015 and the recorded net loss of BD18,164 in the consolidated condensed interim statement of income.

Investment securities are denominated in the following currencies:

Currency	30 September 2015 <u>(Unaudited)</u>	31 December 2014 <u>(Audited)</u>
Great Britain Pounds	914,994	352,260
United States Dollars	5,275,724	3,140,466
Saudi Riyals	1,008,713	1,008,713
Arab Emirates Dirhams	1,508,053	1,500,000
Bahraini Dinars	<u>1,567,500</u>	<u>-</u>
	<u>10,274,984</u>	<u>6,001,439</u>

4 Mudaraba investments

	30 September 2015 <u>(Unaudited)</u>	31 December 2014 <u>(Audited)</u>
Ithmaar Bank	3,000,000	2,500,000
Al Salam Bank	1,000,000	2,000,000
Khaleeji Commercial Bank	<u>65,980</u>	<u>68,812</u>
	<u>4,065,980</u>	<u>4,568,812</u>

Mudaraba investments represent amounts placed with financial institutions, which have maturity periods ranging between 90 days to 150 days, and earn market rates of profit receivable on maturity.

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5 Murabaha financing

		30 September <u>2015</u> (Unaudited)	31 December <u>2014</u> (Audited)
Amwaj Property Limited (APL)	(a)	3,088,105	3,170,340
Amwaj Property Limited (APL) - Mezzanine 2	(b)	1,732,606	1,778,523
Omniyat Properties Six Limited	(c)	<u>1,028,075</u>	<u>1,028,075</u>
		<u>5,848,786</u>	<u>5,976,938</u>

- a) The Murabaha financing with Amwaj Property Limited (APL) is unsecured, bears a compounded quarterly profit of 12.5% per annum and an arrangement fee of 1% and is expected to be received on 15 March 2016. The accrued profit on this murabaha financing with Amwaj Property Limited (APL) for the nine months period amounted to BD110,852 (2014: 408,633).
- b) The Murabaha financing Mezzanine 2 with Amwaj Property Limited (APL) is unsecured, bears a compounded quarterly profit of 12.5% per annum. The accrued profit on this murabaha financing with Amwaj Property Limited (APL) for the nine months period amounted to BD171,211 (2014: 163,849).
- c) The Omniyat Properties Six Limited (OPUS Project) is secured, bears a profit of 15% per annum and is expected to be received at the end of two and half years from the date of investment i.e. on 16 June 2013. This project is based in Dubai, UAE. The accrued profit on this murabaha financing with Omniyat Properties Six Limited for the nine months period amounting to BD115,342 (2014: BD115,342).

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6 Ijarah Muntahia Bittamleek

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost			
At 31 December 2013	3,074,269	11,063,638	14,137,907
Additions*	44,975	-	44,975
Payment received/disposals	<u>(2,698,270)</u>	<u>(1,778,894)</u>	<u>(4,477,164)</u>
At 31 December 2014 (Audited)	420,974	9,284,744	9,705,718
Additions*	-	37,439	37,439
Payment received/disposals during the period	<u>(374,997)</u>	<u>(1,116,725)</u>	<u>(1,491,722)</u>
At 30 September 2015 (Unaudited)	<u>45,977</u>	<u>8,205,458</u>	<u>8,251,435</u>
Depreciation			
At 31 December 2013	-	(5,821,202)	(5,821,202)
Charged for the year	-	(641,628)	(641,628)
Disposals	<u>-</u>	<u>840,456</u>	<u>840,456</u>
At 31 December 2014 (Audited)	-	(5,622,374)	(5,622,374)
Charged for the period	-	(330,119)	(330,119)
Disposals during the period	<u>-</u>	<u>555,913</u>	<u>555,913</u>
At 30 September 2015 (Unaudited)	<u>-</u>	<u>(5,396,580)</u>	<u>(5,396,580)</u>
Impairment provision			
At 31 December 2014 (Audited)	(5,071)	(433,201)	(438,272)
Provision no longer required	<u>-</u>	<u>45,000</u>	<u>45,000</u>
At 30 September 2015 (Unaudited)	<u>(5,071)</u>	<u>(388,201)</u>	<u>(393,272)</u>
Net book value			
At 30 September 2015 (Unaudited)	<u>40,906</u>	<u>2,420,677</u>	<u>2,461,583</u>
At 31 December 2014 (Audited)	<u>415,903</u>	<u>3,229,169</u>	<u>3,645,072</u>

*Additions relate to rescheduling of financing deals. During the period, a financing deal was rescheduled (2014: one deal was rescheduled).

Assets acquired for leasing (Ijarah Muntahia Bittamleek) are leased under contracts that conclude with the transfer of the legal title (ownership) in the leased asset to the lessee at the end of the lease period for a token consideration.

The Ijarah Muntahia Bittamleek contracts outstanding at 30 September 2015 have lease terms of up to 18 years.

Reef Real Estate Finance Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
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7 Investment in real estate

	<u>Investment properties for capital appreciation</u>	<u>Investment properties for periodical consideration</u>	<u>Total</u>
Cost/Revalued			
As at 31 December 2013	376,208	2,858,195	3,234,403
Additions during the year	420,402	1,447	421,849
Disposals	<u>(420,402)</u>	<u>-</u>	<u>(420,402)</u>
As at 31 December 2014	376,208	2,859,642	3,235,850
Disposals	<u>(376,208)</u>	<u>(236,906)</u>	<u>(613,114)</u>
As at 30 September 2015	<u>-</u>	<u>2,622,736</u>	<u>2,622,736</u>
Depreciation			
As at 31 December 2013	-	1,194	1,194
Charge for the year	<u>-</u>	<u>19,767</u>	<u>19,767</u>
As at 31 December 2014	-	20,961	20,961
Charge for the period	-	4,930	4,930
On disposals	<u>-</u>	<u>(2,271)</u>	<u>(2,271)</u>
As at 30 September 2015	<u>-</u>	<u>23,620</u>	<u>23,620</u>
Net book value			
As at 30 September 2015 (Unaudited)	<u>-</u>	<u>2,599,116</u>	<u>2,599,116</u>
At 31 December 2014 (Audited)	<u>376,208</u>	<u>2,838,681</u>	<u>3,214,889</u>

Included in investment properties for periodical consideration is the net book value of furniture and fixtures of BD27,249 (2014: BD12,870) which is depreciated over their useful lives.

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8 Receivables and prepayments

	30 September 2015 <u>(Unaudited)</u>	31 December 2014 <u>(Audited)</u>
Ijarah Muntahia Bittamleek rental receivables	339,376	372,684
Allowance for doubtful Ijarah Muntahia Bittamleek rental receivables	<u>(272,023)</u>	<u>(286,693)</u>
	67,353	85,991
Other receivables	569,026	837,343
Allowance for other receivables	<u>(392,573)</u>	<u>(389,873)</u>
	176,453	447,470
Prepayments	25,963	24,753
Accrued arrangement fee on Murabaha financing	30,881	31,699
Accrued profit on investment in sukuk	79,446	18,728
Accrued profit on Murabaha financing	1,814,233	1,742,980
Accrued profit on Mudaraba investments	<u>7,276</u>	<u>15,404</u>
	<u>2,201,605</u>	<u>2,367,025</u>

9 Share capital

	30 September 2015 <u>(Unaudited)</u>	31 December 2014 <u>(Audited)</u>
Authorised		
400,000,000 (2014: 400,000,000) ordinary shares of 100 Fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up		
240,429,000 (2014: 240,429,000) ordinary shares of 100 Fils each	<u>24,042,900</u>	<u>24,042,900</u>

The Company has only one class of equity shares and the holders of the shares have equal voting rights.

Treasury Shares:

The Company had decided in the Annual General Meeting held on 24 April 2014 to purchase back 12,021,450 shares of 100 Fils each, amounting to BD1,202,145, which represents 5% of the share capital. The Company had obtained the approval from the Ministry of Industry and Commerce on 28 May 2014 and from the Central Bank of Bahrain on 2 July 2014. During the period, the Company purchase back the treasury shares amounting to BD1,121,105 and is still in the process of transferring the remaining shares.

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10 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares during the period.

	Nine months ended 30 September 2015	Nine months ended 30 September 2014	Quarter ended 30 September 2015	Quarter ended 30 September 2014
Net profit attributable to the shareholders	<u>573,799</u>	<u>777,320</u>	<u>(148,053)</u>	<u>73,762</u>
Number of ordinary shares net of treasury shares	<u>228,407,550</u>	<u>240,429,000</u>	<u>228,407,550</u>	<u>240,429,000</u>
Basic and diluted earnings/(loss) per share	<u>Fils2.51</u>	<u>Fils3.2</u>	<u>(Fils0.65)</u>	<u>Fils0.3</u>

The Company does not have any potentially dilutive ordinary shares hence the diluted earnings and basic earnings per share are identical.

11 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of the shareholders and directors and their close family members, and businesses under their control. The Group's transactions with related parties are at arm's length and are authorised by the management.

A summary of the transaction and balances is as follows:

Related party relationship	Transaction type	For the period ended transaction amount		Amounts due from related parties	
		30 September 2015 (Unaudited)	30 September 2014 (Unaudited)	30 September 2015 (Unaudited)	31 December 2014 (Audited)
Shareholders and their immediate family members	Ijarah Muntahia Bittamleek	<u>182,540</u>	<u>182,540</u>	<u>16,785</u>	<u>35,669</u>
Directors	Directors Remuneration	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Subsidiary	Expenditures	<u>56,771</u>	<u>141,250</u>	<u>-</u>	<u>-</u>
Directors	Board member fees and allowances	<u>11,300</u>	<u>14,895</u>	<u>-</u>	<u>-</u>
Directors and senior management	Salaries and other short-term benefits	<u>206,405</u>	<u>201,845</u>	<u>-</u>	<u>-</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group

Amounts due from related parties are unsecured, bear no interest and have no fixed repayment terms.

12 Interim financial information

The interim net profit for the nine months ended 30 September 2015 may not represent a proportionate share of the annual net income due to the variability in the receipt of income.

13 Subsequent events

There were no significant events subsequent to 30 September 2015 and occurring before the date of the report that has a significant impact on these consolidated condensed interim financial information.