

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

Consolidated condensed interim  
financial information for the quarter and  
the six months ended 30 June 2018  
(Unaudited)

**Reef Real Estate Finance Co. B.S.C. (c)**  
**Financial information for the quarter and the six months ended 30 June 2018**

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**Reef Real Estate Finance Co. B.S.C. (c)**  
**Administration and contact details as at 30 June 2018**

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<b>Commercial registration no.</b>	58073 obtained on 10 September 2005	
<b>CBB license</b>	FC/001 obtained on 5 May 2005	
<b>Board of Directors</b>	Mr Ali Ahmed Al Baghli Mr Saud A.Aziz Kanoo Mr Faisal Al Matrook Mr Nasser Abdulhadi Al Gharibah Mr Abdulhamid Mehriz Mr Yaser Al Jar Mr Waleed Al Khaja	- (Chairman) - (Vice-Chairman)
<b>Chief Executive Officer</b>	Mr Hasan Dhaif	
<b>Executive Committee</b>	Mr Faisal Al Matrook Mr Nasser Abdulhadi Al Gharibah Mr Abdulhamid Mehriz	- (Chairman)
<b>Nomination and Remuneration Committee</b>	Mr Ali Ahmed Al Baghli Mr Saud A.Aziz Kanoo Mr Faisal Al Matrook	- (Chairman)
<b>Audit and Corporate Governance Committee</b>	Mr Saud A.Aziz Kanoo Mr Yaser Al Jar Mr Waleed Al Khaja	- (Chairman)
<b>Sharia'a Supervisory Advisor</b>	Shaikh Dr. Osama Bahar	
<b>Registered office</b>	Kanoo Tower Flat 114, Building 155 Road 1703, Block 317 PO Box 18599 Diplomatic Area, Manama Kingdom of Bahrain	
<b>Bankers</b>	Ithmaar Bank Ahli United Bank Kuwait Finance House Khaleeji Commercial Bank Al Salam Bank Bahrain Islamic Bank Al Baraka Islamic Bank	
<b>Auditors</b>	BDO 17 <sup>th</sup> 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 (collectively referred as "the Group"), as at 30 June 2018, the consolidated condensed interim statement of income, the consolidated condensed interim statement of changes in Owners' equity, the consolidated condensed interim statement of cash flows for the quarter and six months period 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 June 2018, and of its financial performance and its cash flows for the quarter and six months period 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  
8 August 2018



Reef Real Estate Finance Co. B.S.C. (c)  
 Consolidated condensed interim statement of financial position as at 30 June 2018  
 (Unaudited)  
 (Expressed in Bahrain Dinars)

	Notes	30 June 2018 (Unaudited)	31 December 2017 (Audited)
<b>ASSETS</b>			
Cash and bank balances	3	8,540,306	7,788,532
Investment securities	4	15,358,068	16,107,392
Ijarah Muntahia Bittamleek	5	-	1,107,349
Properties-under-development		-	444,628
Investment in real estate	6	2,551,095	2,132,662
Receivables and prepayments	7	179,071	212,784
Property and equipment		5,587	8,240
<b>Total assets</b>		<b><u>26,634,127</u></b>	<b><u>27,801,587</u></b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Murabaha financing		507,178	507,178
Other liabilities		246,786	372,468
		<u>753,964</u>	<u>879,646</u>
<b>Owners' Equity</b>			
Share capital	8	24,042,900	24,042,900
Treasury shares	8	(1,202,145)	(1,202,145)
Statutory reserve		1,466,427	1,466,427
Properties fair value reserve		741,392	813,840
Investment fair value reserve		(98,001)	(98,001)
Foreign currency translation reserve		(612,812)	(438,135)
Retained earnings		1,542,402	2,337,055
		<u>25,880,163</u>	<u>26,921,941</u>
<b>Total liabilities and Owners' equity</b>		<b><u>26,634,127</u></b>	<b><u>27,801,587</u></b>

The unaudited condensed interim financial information, set out on pages 4 to 15, approved and authorised for issue by the Board of Directors on 8 August 2018 and signed on their behalf by:



Ali Ahmed Al Baghli  
 Chairman



Yaser Hamad Al Jar  
 Board Member

Reef Real Estate Finance Co. B.S.C. (c)  
 Consolidated condensed interim statement of income for the quarter and the six months ended  
 30 June 2018  
 (Unaudited)  
 (Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Quarter ended 30 June 2018 (Unaudited)	Quarter ended 30 June 2017 (Unaudited)
<b>Income</b>					
Gross Ijarah income		80,657	229,131	66,027	110,873
Less: Depreciation on Ijarah Muntahia Bittamleek	5	<u>34,460</u>	<u>136,125</u>	<u>26,145</u>	<u>66,684</u>
		46,197	93,006	39,882	44,189
Profit from investment securities		311,621	238,778	154,871	131,929
Net rental income from investment in real estate		27,385	40,789	12,673	21,256
Profit from Mudaraba investments		89,836	54,735	46,916	29,244
Fees from financing activities		-	3,266	-	73
Gain on sale of investment in real estate		36,904	102,453	-	-
Gain/(loss) on sale of investment securities		3,432	(5,853)	-	-
Foreign exchange (loss)/gain		(37,678)	111,210	(97,182)	59,433
Reversal of provision of Ijara Muntahia Bittamleek		151,301	-	-	-
Allowance no longer required for ijarah Muntahia Bittamleek		<u>72,149</u>	<u>-</u>	<u>72,149</u>	<u>-</u>
		<u>701,147</u>	<u>638,384</u>	<u>229,309</u>	<u>286,124</u>
<b>Expenses</b>					
Staff costs		100,361	115,611	50,352	57,505
General and administrative expenses		179,884	167,185	127,394	101,765
Finance costs		9,760	-	5,205	-
Depreciation of property and equipment		2,653	5,255	1,327	2,016
Depreciation on investment in real estate	6	366	593	219	190
Investment fees and charges		2,590	2,396	1,267	1,218
Unrealised fair value loss on revaluation of investment securities		<u>58,148</u>	<u>31,712</u>	<u>21,219</u>	<u>24,137</u>
		<u>353,762</u>	<u>322,752</u>	<u>206,983</u>	<u>186,831</u>
<b>Net profit for the period</b>		<u>347,385</u>	<u>315,632</u>	<u>22,326</u>	<u>99,293</u>
<b>Basic and diluted earnings per share</b>	9	<u>Fils 1.52</u>	<u>Fils 1.38</u>	<u>Fils 0.10</u>	<u>Fils 0.43</u>

The unaudited condensed interim financial information, set out on pages 4 to 15, approved and authorised for issue by the Board of Directors on 8 August 2018 and signed on their behalf by:



Ali Ahmed Al Baghli  
 Chairman



Yaser Hamad Al Jar  
 Board Member

Reef Real Estate Finance Co. B.S.C. (c)  
 Consolidated condensed interim statement of changes in Owners' equity for the quarter and the six months ended 30 June 2018  
 (Unaudited)  
 (Expressed in Bahrain Dinars)

	Share capital	Treasury shares	Statutory reserve	Properties fair value reserve	Investment fair value reserve	Foreign currency translation reserve	Retained earnings	Total
At 31 December 2016 (Audited)	24,042,900	(1,202,145)	1,332,524	989,463	-	(1,127,635)	2,273,968	26,309,075
Dividend paid for the year 2016 (Note 11)	-	-	-	-	-	-	(1,142,038)	(1,142,038)
Net profit for the period	-	-	-	(175,623)	-	-	315,632	315,632
Foreign currency translation	-	-	-	-	-	394,030	-	218,407
At 30 June 2017 (Unaudited)	24,042,900	(1,202,145)	1,332,524	813,840	-	(733,605)	1,447,562	25,701,076
At 31 December 2017 (Audited)	24,042,900	(1,202,145)	1,466,427	813,840	(98,001)	(438,135)	2,337,055	26,921,941
Dividend paid for the year 2017 (Note 11)	-	-	-	-	-	-	(1,142,038)	(1,142,038)
Net movement in properties fair value reserve on the sale of investment in real estate	-	-	-	(72,448)	-	-	-	(72,448)
Net profit for the period	-	-	-	-	-	-	347,385	347,385
Foreign currency translation	-	-	-	-	-	(174,677)	-	(174,677)
At 30 June 2018 (Unaudited)	24,042,900	(1,202,145)	1,466,427	741,392	(98,001)	(612,812)	1,542,402	25,880,163

Reef Real Estate Finance Co. B.S.C. (c)  
Consolidated condensed interim statement of cash flows for the quarter and the six months ended  
30 June 2018  
(Unaudited)  
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2018	Six months ended 30 June 2017
<b>Operating activities</b>			
Net profit for the period		347,385	315,632
Adjustments for:			
Depreciation on property and equipment		2,653	5,255
Depreciation on Ijarah Muntahia Bittamleek	5	34,460	136,125
Depreciation on investment in real estate	6	366	593
Unrealised fair value loss on investment securities	4	58,148	31,712
(Gain)/loss on sale of investment securities		(3,432)	5,852
Foreign exchange (gain)/loss on translation of investment in securities		162,142	(420,007)
Realised (gain)/loss on sale of investment in real estate		35,544	(102,453)
Changes in operating assets and liabilities:			
Receivables and prepayments		33,713	(28,797)
Other liabilities		(125,682)	(65,127)
Net cash provided/(used in) by operating activities		<u>545,297</u>	<u>(121,215)</u>
<b>Investing activities</b>			
Net movement in mudaraba investments		(511,963)	-
Net movement in properties-under-development		444,628	(5,876)
Purchase of property and equipment		-	(1,400)
Additions in investment securities		-	(1,411,827)
Additions in investment in real estate		(608,843)	-
Net movement in Ijarah muntahia bittamleek		1,072,889	565
Net movement in the foreign currency translation reserve		(174,677)	394,030
Net movement in the investment properties fair value reserve		(72,448)	-
Proceeds from sale of investment securities		532,466	206,210
Proceeds from sale of investment in real estate		<u>154,500</u>	<u>386,781</u>
Net cash provided by/(used in) investing activities		<u>836,552</u>	<u>(431,517)</u>
<b>Financing activities</b>			
Dividend paid during the year	11	(1,142,038)	(1,142,038)
Net cash used in financing activities		<u>(1,142,038)</u>	<u>(1,142,038)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		239,811	(1,694,770)
Cash and cash equivalents, beginning of the period		<u>4,758,218</u>	<u>7,430,437</u>
Cash and cash equivalents, end of the period	3	<u>4,998,029</u>	<u>5,735,667</u>



## 1 Organisation and principal activities

Reef Real Estate Finance Co. B.S.C. (c) (“the Company”) and its subsidiaries (collectively referred as “the Group”). The Company is a closed Bahraini shareholding company and operates as an Islamic financing company under license number 58073 granted by the Ministry of Industry Commerce and Central Bank of Bahrain (“CBB”) license number FC/001 obtained on 3 May 2005. The Company commenced 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; and
- 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 has completed the sale of Ijara portfolio during May 2018. The Central Bank of Bahrain appointed an expert to confirm that the Company was not carrying out any operations which were regulated. The expert is in the process of issuing an opinion confirming that the Company is no longer involved in any activities regulated by CBB. The Company is awaiting the final approval from the CBB for the de-licensing.

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 issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (‘AAOIFI’), the Shari’a Rules and Principles as determined by the Shari’a Supervisory Advisor of the Group, the Bahrain Commercial Companies Law, the Central Bank of Bahrain, Financial Institutions Law and the CBB Rule Book (Volume 5 and applicable provision of Volume 2) and CBB directives, regulations and associated resolutions, rules and procedures of the Company’s memorandum and articles of association in accordance with the requirements of AAOIFI. For matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards (‘the IFRS’) issued by International Accounting Standards Board.

Therefore, in the absence of relevant standards in AAOIFI relating interim financial statements, 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 six months period ended 30 June 2018. The condensed interim financial information should therefore be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2017.

These financial statements 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).

Reef Real Estate Finance Co. B.S.C. (c)  
 Selected explanatory notes to the consolidated condensed interim financial information  
 for the quarter and the six months ended 30 June 2018  
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2 Basis of preparation (continued)

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 2018</u>	<u>Effective ownership interest 2017</u>
First Reef B.S.C. (c)	Kingdom of Bahrain	Real estate activities with own or leased property	99.9%	99.9%
Reef Investment UK B.S.C (c)	Kingdom of Bahrain	Trust, funds and similar financial entities - Special Purpose Vehicle (SPV), selling and buying of securities	99.9%	99.9%

3 Cash and bank balances

	<u>30 June 2018</u> (Unaudited)	<u>31 December 2017</u> (Audited)
Current account balances with banks*	896,639	2,706,419
Mudaraba investments with maturity period of less than three months	4,100,890	2,051,299
Cash on hand	<u>500</u>	<u>500</u>
Cash and bank balances	4,998,029	4,758,218
Mudaraba investments with maturity period of more than three months	<u>3,542,277</u>	<u>3,030,314</u>
	<u>8,540,306</u>	<u>7,788,532</u>

The current account balances with banks are non-profit bearing.

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

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

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Opening balance	16,107,392	14,635,962
Additions	-	2,426,183
Disposals	(529,034)	(1,215,769)
Foreign exchange gains on translation of investment securities through profit or loss	12,535	40,176
Foreign exchange gains on translation of investment securities through equity	(174,677)	689,500
Net unrealised fair value loss for the period through equity	-	(98,001)
Net unrealised fair value losses for the period through profit or loss	<u>(58,148)</u>	<u>(370,659)</u>
	<u>15,358,068</u>	<u>16,107,392</u>

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Investment in equity-type instruments - Unquoted <i>Private equity</i>	11,017,060	11,708,236
Investment in debt-type instruments- Quoted	<u>4,341,008</u>	<u>4,399,156</u>
	<u>15,358,068</u>	<u>16,107,392</u>

**Investment - securities-wise analysis:**

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Equity type instruments carried at fair value through consolidated statement of income	2,216,766	2,733,265
Equity type instruments carried at fair value through equity	8,800,294	8,974,971
Debt-type instruments carried at fair value through consolidated statement of income	<u>4,341,008</u>	<u>4,399,156</u>
	<u>15,358,068</u>	<u>16,107,392</u>

Investment securities are denominated in the following currencies:

Currency	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Great Britain Pounds	8,800,294	9,491,470
United States Dollars	2,773,508	2,831,656
Saudi Riyals	708,713	708,713
Arab Emirates Dirhams	1,508,053	1,508,053
Bahrain Dinars	<u>1,567,500</u>	<u>1,567,500</u>
	<u>15,358,068</u>	<u>16,107,392</u>

Reef Real Estate Finance Co. B.S.C. (c)  
 Selected explanatory notes to the consolidated condensed interim financial information  
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5 Ijarah Muntahia Bittamleek

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
<b>Cost</b>			
At 31 December 2015 (Audited)	618,210	7,180,361	7,798,571
Additions	-	6,930	6,930
Payment received/disposals	<u>(210,643)</u>	<u>(510,487)</u>	<u>(721,130)</u>
At December 2016 (Audited)	407,567	6,676,804	7,084,371
Additions	-	258,443	258,443
Transferred to receivables and Prepayments	(219,200)	-	(219,200)
Payment received/disposals	<u>(21,610)</u>	<u>(467,994)</u>	<u>(489,604)</u>
At December 2017 (Audited)	166,757	6,467,253	6,634,010
Payment received/disposals	<u>(166,757)</u>	<u>(2,873,538)</u>	<u>(3,040,295)</u>
At 30 June 2018 (Unaudited)	<u>-</u>	<u>3,593,715</u>	<u>3,593,715</u>
<b>Depreciation</b>			
At 31 December 2016	-	(5,408,791)	(5,408,791)
Charged for the year	-	(207,831)	(207,831)
On disposals	<u>-</u>	<u>162,110</u>	<u>162,110</u>
At 31 December 2017	-	(5,454,512)	(5,454,512)
Charged for the period	-	(34,460)	(34,460)
On Payment received/disposals	<u>-</u>	<u>(1,895,257)</u>	<u>(1,895,257)</u>
At 30 June 2018	<u>-</u>	<u>(3,593,715)</u>	<u>(3,593,715)</u>
<b>General provision</b>			
At 31 December 2015	-	119,620	119,620
General provision transferred from Murabaha financing	<u>-</u>	<u>108,652</u>	<u>108,652</u>
At 31 December 2016	-	228,272	228,272
Provision transferred to receivables and prepayments	<u>-</u>	<u>(156,123)</u>	<u>(156,123)</u>
At 31 December 2017	-	72,149	72,149
Provision written back	<u>-</u>	<u>(72,149)</u>	<u>(72,149)</u>
At 30 June 2018	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
At 30 June 2018 (Unaudited)	<u>166,757</u>	<u>(166,758)</u>	<u>-</u>
At 31 December 2017 (Audited)	<u>166,757</u>	<u>940,592</u>	<u>1,107,349</u>

During May 2018, the Company has sold the IMB portfolio to Al Baraka Islamic Bank.

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.

Reef Real Estate Finance Co. B.S.C. (c)  
 Selected explanatory notes to the consolidated condensed interim financial information  
 for the quarter and the six months ended 30 June 2018  
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6 Investment in real estate

	Investment properties for periodical consideration	Total
<b>Cost/Revaluation</b>		
As at 31 December 2016 (Audited)	2,623,076	2,623,076
Disposals	<u>(464,204)</u>	<u>(464,204)</u>
As at 31 December 2017 (Audited)	2,158,872	2,158,872
Additions	155,025	155,025
Transferred from properties-under-development	453,818	453,818
Disposals	<u>(190,044)</u>	<u>(190,044)</u>
As at 30 June 2018 (Unaudited)	<u>2,577,671</u>	<u>2,577,671</u>
<b>Depreciation</b>		
As at 31 December 2016 (Audited)	29,608	29,608
Charge for the year	855	855
On disposals	<u>(4,253)</u>	<u>(4,253)</u>
As at 31 December 2017 (Audited)	26,210	26,210
Charge for the year	<u>366</u>	<u>366</u>
As at 30 June 2018 (Unaudited)	<u>26,576</u>	<u>26,576</u>
<b>Net book value</b>		
At 30 June 2018 (Unaudited)	<u>2,551,095</u>	<u>2,551,095</u>
At 31 December 2017 (Audited)	<u>2,132,662</u>	<u>2,132,662</u>
Included in investment properties for periodical consideration is the net book value of furniture and fixtures of BD3,710 (2017: BD914) which is depreciated over their estimated useful lives.		
During the period, the net earned including accrued periodical consideration on investment in real estate amounted to BD27,385 (2017: BD40,789).		
	30 June <u>2018</u>	30 June <u>2017</u>
Rental income	46,350	55,870
Maintenance and electricity expenses	<u>(18,965)</u>	<u>(15,081)</u>
	<u>27,385</u>	<u>40,789</u>

Reef Real Estate Finance Co. B.S.C. (c)  
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7 Receivables and prepayments

	30 June 2018 <u>(Unaudited)</u>	31 December 2017 <u>(Audited)</u>
Ijarah Muntahia Bittamleek rental receivables	-	53,682
Other receivables	8,032	21,027
Allowance for other receivables	-	(9,055)
Prepayments	16,006	22,577
Accrued profit on investment securities	125,141	99,117
Accrued profit on Mudaraba investments	<u>29,892</u>	<u>25,436</u>
	<u>179,071</u>	<u>212,784</u>

8 Share capital

	30 June 2018 <u>(Unaudited)</u>	31 December 2017 <u>(Audited)</u>
<b>Authorised</b> 400,000,000 (2017: 400,000,000) ordinary shares of 100 Fils each	<u>40,000,000</u>	<u>40,000,000</u>
<b>Issued and fully paid-up</b> 240,429,000 (2017: 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 Group 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 Group 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.

Reef Real Estate Finance Co. B.S.C. (c)  
 Selected explanatory notes to the consolidated condensed interim financial information  
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 (Expressed in Bahrain Dinars)

9 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.

	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Quarter ended 30 June 2018 (Unaudited)	Quarter ended 30 June 2017 (Unaudited)
Net profit attributable to the shareholders	<u>BD 347,385</u>	<u>BD 315,632</u>	<u>22,326</u>	<u>99,293</u>
Weighted average number of ordinary shares	<u>228,407,550</u>	<u>228,407,550</u>	<u>228,407,550</u>	<u>228,407,550</u>
Basic and diluted earnings per share	<u>Fils 1.52</u>	<u>Fils 1.38</u>	<u>Fils 0.10</u>	<u>Fils 0.43</u>

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

10 Related party transactions

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 amounts due from related parties is as follows:*

Related party relationship	Transaction type	For the period ended transaction amount		Amounts due from related parties	
		30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Directors	Directors remuneration	<u>70,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Directors	Board member fees and allowances	<u>9,900</u>	<u>12,050</u>	<u>-</u>	<u>-</u>
Key management personnel *	Salaries and other short-term benefits	<u>50,594</u>	<u>46,775</u>	<u>-</u>	<u>-</u>
Directors	Premises leased	<u>15,769</u>	<u>15,769</u>	<u>-</u>	<u>-</u>

\* Key management personnel are those staff members who have authority and responsibility for planning, directing and controlling the activities of the Group.

#### **11 Dividends**

A dividend of BD1,142,038 representing 5% of the total issued and fully paid-up share capital (net of treasury shares) of the Company for the year ended 31 December 2017 (2017: BD1,142,038 for the year ended 31 December 2016) was approved by the shareholders in the Annual General Meeting of the shareholders held on 3 May 2018, declared and subsequently paid in 2018.

#### **12 Interim results**

The interim net profit for the quarter and the six months ended 30 June 2018 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 June 2018 and occurring before the date of the report that has a significant impact on these financial statements.