

Reef Holding Co. B.S.C. (c)

Consolidated condensed interim
financial information for the quarter and
the six months ended 30 June 2020
(Reviewed)

Reef Holding Co. B.S.C. (c)
Financial information for the six months ended 30 June 2020

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Reef Holding Co. B.S.C. (c)
Administration and contact details as at 30 June 2020

Commercial registration no.	58073 obtained on 10 September 2005	
Board of Directors	Mr Ali Al Baghli Mr Saud Kanoo Mr Faisal Al Matrook Mr Nasser Al Gharibah Mr Abdulhamid Mehriz Mr Yaser Al Jar Mr Waleed Al Khaja	- Chairman - Vice-Chairman
Chief Executive Officer	Mr Hasan Dhaif	
Executive Committee	Mr Faisal Al Matrook Mr Nasser Al Ghariba Mr Abdulhamid Mehriz	- Chairman
Nomination and Remuneration Committee	Mr Ali Al Baghli Mr Saud Kanoo Mr Faisal Al Matrook	- Chairman
Audit and Corporate Governance Committee	Mr Saud Kanoo Mr Yaser Al Jar Mr Waleed Al Khaja	- Chairman
Sharia'a Supervisory Advisor	Shaikh Dr. Osama Bahar	
Registered office	Kanoo Tower Flat 114, Building 155 Road 1703, Block 317 PO Box 18599 Diplomatic Area, Manama Kingdom of Bahrain	
Bankers	Ithmaar Bank Kuwait Finance House Al Salam Bank Bahrain Islamic Bank Al Baraka Islamic Bank Ahli United Bank	
Auditors	BDO 17 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 Holding Co. B.S.C. (c)

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Reef Holding Co. B.S.C. (c) ("the Company") and its subsidiary (collectively referred as "the Group"), as at 30 June 2020, 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 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 Organisation 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 2020, and of its financial performance and its cash flows for the 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 Group.



Manama, Kingdom of Bahrain
26 August 2020



Reef Holding Co. B.S.C. (c)
 Consolidated condensed interim statement of financial position as at 30 June 2020
 (Reviewed)
 (Expressed in Bahrain Dinars)

	Notes	30 June 2020 (Reviewed)	31 December 2019 (Audited)
ASSETS			
Cash and bank balances			
Investment securities	5	735,616	537,823
Investment in real estate	6	11,255,224	11,629,392
Receivables and prepayments	7	2,237,853	2,244,324
Property and equipment	8	446,142	498,111
		-	844
Total assets		14,674,835	14,910,494
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Murabaha financing		507,178	507,178
Other liabilities		101,004	94,093
		608,182	601,271
Owners' Equity			
Share capital			
Statutory reserve	9	11,556,679	11,556,679
Properties fair value reserve		1,543,890	1,543,890
Investment fair value reserve		429,346	434,346
Foreign currency translation reserve		(416,664)	(416,664)
Retained earnings		(1,068,634)	(701,216)
		2,022,036	1,892,188
Total liabilities and Owners' equity		14,066,653	14,309,223
		14,674,835	14,910,494

The reviewed condensed interim financial information, approved and authorised for issue by the Board of Directors and signed on their behalf by:


 Ali Ahmed Al Baghli
 Chairman


 Saud A. Aziz Kanoo
 Vice Chairman

Reef Holding Co. B.S.C. (c)
 Consolidated condensed interim statement of income for the six months ended 30 June 2020
 (Reviewed)
 (Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2020 (Reviewed)	Six months ended 30 June 2019 (Reviewed)
Income			
Profit from investment securities		208,384	197,803
Net rental income from investment in real estate		46,808	35,975
Profit from Mudaraba investments		6,196	9,025
Gain on sale of property and equipment		-	555
Allowance no longer required for ijarah Muntahia Bittamleek		-	1,500
		<u>261,388</u>	<u>244,858</u>
Expenses			
Staff costs		44,078	67,194
General and administrative expenses		49,885	81,237
Finance costs		12,687	14,271
Depreciation of property and equipment		844	2,061
Foreign exchange loss		15,825	1,969
Depreciation on investment in real estate	7	1,471	611
Investment fees and charges		-	1,290
Unrealised fair value loss on fair valuation of investment securities		6,750	-
		<u>131,540</u>	<u>168,633</u>
Net profit for the period		<u>129,848</u>	<u>76,225</u>
Basic and diluted earnings per share	10	<u>Fils1.12</u>	<u>Fils0.59</u>

The reviewed condensed interim financial information, approved and authorised for issue by the Board of Directors and signed on their behalf by:


 Ali Ahmed Al Baghli
 Chairman


 Saud A. Aziz Kanoo
 Vice Chairman

Reef Holding Co. B.S.C. (c)
 Consolidated condensed interim statement of changes in Owners' equity for the six months ended 30 June 2020
 (Reviewed)
 (Expressed in Bahrain Dinars)

	Share capital	Statutory reserve	Properties fair value reserve	Investment fair value reserve	Foreign currency translation reserve	Retained earnings	Total
At 31 December 2018 (Audited)	12,840,755	1,506,486	724,196	(98,001)	(944,235)	1,555,552	15,584,753
Net profit for the period	-	-	-	-	-	76,225	76,225
Foreign currency translation	-	-	-	-	(35,200)	-	(35,200)
At 30 June 2019 (Reviewed)	<u>12,840,755</u>	<u>1,506,486</u>	<u>724,196</u>	<u>(98,001)</u>	<u>(979,435)</u>	<u>1,631,777</u>	<u>15,625,778</u>
At 31 December 2019 (Audited)	11,556,679	1,543,890	434,346	(416,664)	(701,216)	1,892,188	14,309,223
Net unrealised fair value losses on revaluation of investment in real estate	-	-	(5,000)	-	-	-	(5,000)
Net profit for the period	-	-	-	-	-	129,848	129,848
Foreign currency translation	-	-	-	-	(367,418)	-	(367,418)
At 30 June 2020 (Reviewed)	<u>11,556,679</u>	<u>1,543,890</u>	<u>429,346</u>	<u>(416,664)</u>	<u>(1,068,634)</u>	<u>2,022,036</u>	<u>14,066,653</u>

Reef Holding Co. B.S.C. (c)
Consolidated condensed interim statement of cash flows for the six months ended 30 June 2020
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2020 (Reviewed)	Six months Ended 30 June 2019 (Reviewed)
Operating activities			
Net profit for the period		129,848	76,225
Adjustments for:			
Depreciation on property and equipment		844	2,061
Depreciation on investment in real estate	7	1,471	611
Unrealised fair value loss on investment securities		6,750	-
Gain on sale of property and equipment		-	(555)
Foreign exchange loss on translation of investment in securities		367,418	35,200
Changes in operating assets and liabilities:			
Receivables and prepayments		51,969	(87,991)
Other liabilities		<u>6,911</u>	<u>(1,048,656)</u>
Net cash provided by/(used in) operating activities		<u>565,211</u>	<u>(1,023,105)</u>
Investing activities			
Purchase of property and equipment		-	(410)
Net movement in the foreign currency translation reserve		(367,418)	(35,200)
Proceeds from sale of property and equipment		-	555
Proceeds from sale of investment securities		<u>-</u>	<u>384,490</u>
Net cash (used in)/provided by investing activities		<u>(367,418)</u>	<u>349,435</u>
Net increase/(decrease) in cash and cash equivalents		197,793	(673,670)
Cash and cash equivalents, beginning of the period		<u>537,823</u>	<u>2,421,949</u>
Cash and cash equivalents, end of the period	5	<u>735,616</u>	<u>1,748,279</u>

Reef Holding Co. B.S.C. (c)
Selected explanatory notes to the consolidated condensed interim financial information
for the six months ended 30 June 2020 (Reviewed)
(Expressed in Bahrain Dinars)

1 Organisation and principal activities

Reef Holding Co. B.S.C. (c) (“the Company”) and its subsidiaries (collectively referred as “the Group”). The Company is a closed Bahraini shareholding company and was operating as an Islamic financing company under license number 58073 granted by the Ministry of Industry Commerce and Tourism obtained on 3 May 2005. The Company commenced commercial operations on 10 September 2005.

The principal activities of the Company are of a holding company.

These reviewed condensed interim financial information, set out on pages 8 to 16, were approved and authorised for issue by the Board of Directors on 26 August 2020.

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

The structure of the Group is as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal Activities</u>	<u>Effective ownership interest 2020</u>	<u>Effective ownership interest 2019</u>
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%

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, 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 six months period ended 30 June 2020. 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 2019.

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 Group is Bahrain Dinars (BD).

Standards, amendments and interpretations effective and adopted in 2020

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2020 and has been adopted in the preparation of these consolidated financial statements:

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Selected explanatory notes to the consolidated condensed interim financial information
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2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2020 (continued)

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
FAS 30	Impairment, credit losses and onerous commitments	1 January 2020

FAS 30 - Impairment, credit losses and onerous commitments

AAOIFI has issued FAS 30 Impairment, Credit Losses and onerous commitments in 2017. FAS 30 replaces FAS 11 Provisions and Reserves and parts of FAS 25 Investment in Sukuk, shares and similar instruments that deals with impairment. The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions (the institutions), and provisions against onerous commitments enabling in particular the users of financial statements to fairly assess the amounts, timing and uncertainties with regard to the future cash flows associated with such assets and transactions.

The adoption of FAS 30 Impairment, credit losses and onerous commitments from 1 January 2020 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are as set out below. In accordance with the exemptions available as per the transitional provisions in FAS 30, the standard is applied retrospectively and the comparative figures have not been restated with differences being recorded in opening retained earnings.

Upon transition to FAS 30 on 1 January 2020, there was no impact on the Group's financial position and results of operations.

3 Significant accounting policies and critical accounting judgments, estimates and assumptions

Accounting policies

FAS 30 - Impairment, credit losses and onerous commitments

FAS 30 classifies assets and exposures into three categories based on the nature of risks involved (i.e. credit risk and other risks) and prescribes three approaches for assessing losses each of these categories of assets:

1. Credit Losses approach;
2. Net Realisable Value approach; and
3. Impairment approach.

For the purpose of the standard, the assets and exposures shall be categorized, as under:

- a) Assets and exposures subject to credit risk (subject to credit losses approach)
- b) Inventories (subject to net realizable value approach)
- c) Other financing and investment assets and exposures subject to risks other than credit risk (subject to impairment approach), excluding inventories.

Credit losses approach for receivables and off-balance sheet exposures uses a dual measurement approach, under which the loss allowance is measured as either a 12-month expected credit loss or a lifetime expected credit loss.

3 Significant accounting policies and critical accounting judgments, estimates and assumptions (continued)

Critical accounting judgments, estimates and assumptions

Expected Credit Losses

FAS 30 introduces the credit losses approach with a forward-looking 'Expected Credit Loss' ("ECL") model. The new impairment model will apply to financial assets which are subject to credit risk. A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- i. Determining criteria for significant increase in Credit Risk (SICR);
- ii. Choosing appropriate models and assumptions for measurement of ECL;
- iii. Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- iv. Establishing benchmark of similar financial assets for the purposes of measuring ECL.

Further, there have been no material revisions to the nature and amount of estimates of amounts reported in prior periods. However, as discussed in Note 4, the effects of COVID-19 have required significant judgments and estimates to be made, including:

- a) Assessing whether the entity has reasonable assurance as to whether it will comply with the conditions attached to government grants; and
- b) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ('adjusting events after the reporting period') and which do not ('non-adjusting events after the reporting period'). For disclosure of non-adjusting events after the reporting period, refer to Note 20.

Additionally, while the changes in the following estimates and judgments have not had a material impact on a Bank, the effects of COVID-19 have required revisions to:

- a) The methodology used to estimate the fair value of equity instruments classified as level 3 in the fair value hierarchy, as their valuation techniques incorporate significant unobservable inputs.

4 Significant events and transactions

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. The significant events and transactions that have occurred since 31 December 2019 relate to the effects of the global pandemic on the Group's interim consolidated financial statements for the six months ended 30 June 2020 and are summarised as follows.

(a) Government grants

The Group has applied for government support programs introduced in response to the global pandemic. The Group has received a government grant of BD15,806 relating to supporting the payroll of the Group's employees. The Group has elected to present this government grant by reducing the related expense. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program.

During the period, The Government of Kingdom of Bahrain announced to pay the electricity and water bills for the month of April to June 2020 including fixed administrative fee and municipal fees. The Company received government support in relation to the electricity expenses for the month of April to June 2020 amounting to BD290. The Company has elected to present this government grant by reducing the related expense.

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 Selected explanatory notes to the consolidated condensed interim financial information
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4 Significant events and transactions

(b) Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of Covid-19 may contribute to evolve, but at the present time the projections show that the Group has ample resources to continue to operational existence and its going concern positions remain largely unaffected and unchanged from 31 December 2019. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

No other significant impact has been noted by the management on other financial statement areas during the period ended 30 June 2020.

5 Cash and bank balances

	30 June 2020 <u>(Reviewed)</u>	31 December 2019 <u>(Audited)</u>
Current account balances with banks*	185,116	187,323
Mudaraba investments with maturity period of less than three Months	200,000	350,000
Cash on hand	<u>500</u>	<u>500</u>
Cash and cash equivalents	385,616	537,823
Mudaraba investments with maturity period of more than three months**	<u>350,000</u>	<u>-</u>
	<u>735,616</u>	<u>537,823</u>

* The current account balances with banks is non-profit bearing.

** Mudaraba investments placed with financial institutions earn market rates of profit receivable on maturity.

6 Investment securities

	30 June 2020 <u>(Reviewed)</u>	31 December 2019 <u>(Audited)</u>
Opening balance	11,629,392	12,253,137
Additions	-	9,500
Disposals	-	(557,600)
Foreign exchange (losses)/gains on translation of investment securities through equity	(367,418)	243,019
Net unrealised fair value losses through equity	-	(318,663)
Net unrealised fair value losses through statement of income	<u>(6,750)</u>	<u>-</u>
	<u>11,255,224</u>	<u>11,629,392</u>

Reef Holding Co. B.S.C. (c)
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6 Investment securities (continued)

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Investment in equity-type instruments - Unquoted <i>private equity</i>	9,694,474	10,061,892
Investment in debt-type instruments- Quoted	<u>1,560,750</u>	<u>1,567,500</u>
	<u>11,255,224</u>	<u>11,629,392</u>

Investment - securities-wise analysis:

		30 June 2020 (Reviewed)	31 December 2019 (Audited)
Equity type instruments carried at fair value through consolidated statement of income			
Manazel Qurtoba 2 fund	(a)	535,603	535,603
Jenina Real Estate Development Co. Ltd	(b)	1,885,777	1,885,777
Equity type instruments carried at fair value through equity			
APL PH1 Limited	(c)	702,470	737,956
APL 2B Limited	(d)	2,753,577	2,892,680
Global Greenridge Bracknell Limited (3M)	(e)	1,434,143	1,506,592
Global Greenridge Finco Limited (Manchester) (Stockport & Bury)	(f)	1,427,880	1,500,014
Global Greenridge 201 FINCO Limited (B&Q)	(g)	<u>955,024</u>	<u>1,003,270</u>
		9,694,474	10,061,892
Debt-type instruments carried at fair value through consolidated statement of income			
Government or CBB Sukuk	(h)	<u>1,560,750</u>	<u>1,567,500</u>
		<u>11,255,224</u>	<u>11,629,392</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 this fund is to develop a property in Northern Riyadh, Kingdom of Saudi Arabia. During the year ended 31 December 2019, the Company has disposed-off partial investment in Manazel Quroba 2 fund amounting to BD173,110. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value.
- (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". The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value.
- (c) During the year 2015, the Group has invested GBP3,714,286 in acquiring the shares in APL PH1 Limited. The objective of the Company is to develop a property in the United Kingdom. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value. During the period the Group has recorded unrealised foreign exchange loss amounting to BD35,486.

Reef Holding Co. B.S.C. (c)

**Selected explanatory notes to the consolidated condensed interim financial information
for the six months ended 30 June 2020 (Reviewed)
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6 Investment securities (continued)

- (d) During the year 2016, the Group has invested GBP6,095,237 in acquiring the shares in APL 2B Limited. The objective of the Company is to develop a property in United Kingdom. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value. During the period the Group has recorded unrealised foreign exchange loss amounting to BD139,104.
- (e) During the year 2016, the Group has invested GBP3,000,000 in Jersey Fin Co. (“SPV”) - 3M Bracknell, United Kingdom. The main objective of fund is capital appreciation and rental yield. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value. During the period the Group has recorded unrealised foreign exchange loss amounting to BD72,449.
- (f) During the year 2017, the Group has invested GBP3,000,000 in acquiring shares in Global Greenridge Finco Limited (Manchester) (Stockport & Bury), United Kingdom. The main objective of fund is capital appreciation and rental yield. During the year 2019, the Company has sold partial investment amounting to BD384,490. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value. During the period the Group has recorded unrealised foreign exchange loss amounting to BD72,133.
- (g) During the year 2017, the Group has invested GBP2,000,000 in acquiring shares in Global Greenridge 201 FINCO Limited (B&Q), United Kingdom. The main objective of fund is capital appreciation and rental yield. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value. During the period the Group has recorded unrealised foreign exchange loss amounting to BD48,246.
- (h) During 2015, the Group has invested BD1,500,000 in acquiring units Government Islamic Leasing Sukuk-Issue 22 (GILS22.SUK) due in 2025. The Group has fair valued the investment during the period and recorded an unrealised fair value loss amounting to BD6,750.

Unquoted equity securities at fair value comprise investments in closed companies, companies managed by external investment managers or represent investments in projects. The management calculates fair values of these investments using various sources of information including investment managers’ reports and audited financial statements, wherever available.

Investment securities are denominated in the following currencies:

Currency	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Great Britain Pound	7,273,094	7,640,512
Saudi Riyal	535,603	535,603
Arab Emirates Dirham	1,885,777	1,885,777
Bahraini Dinars	<u>1,560,750</u>	<u>1,567,500</u>
	<u>11,255,224</u>	<u>11,629,392</u>

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

	Investment properties for periodical consideration	Total
Cost/Revaluation		
As at 31 December 2018 (Audited)	2,563,926	2,563,926
Additions	779	779
Unrealised fair value loss	<u>(289,850)</u>	<u>(289,850)</u>
As at 31 December 2019 (Audited)	2,274,855	2,274,855
Unrealised fair value loss	<u>(5,000)</u>	<u>(5,000)</u>
As at 30 June 2020 (Reviewed)	<u>2,269,855</u>	<u>2,269,855</u>
Depreciation		
As at 31 December 2018 (Audited)	27,615	27,615
Charge for the year	<u>2,916</u>	<u>2,916</u>
As at 31 December 2019 (Audited)	30,531	30,531
Charge for the period	<u>1,471</u>	<u>1,471</u>
As at 30 June 2020 (Reviewed)	<u>32,002</u>	<u>32,002</u>
Net book value		
At 30 June 2020 (Reviewed)	<u>2,237,853</u>	<u>2,237,853</u>
At 31 December 2019 (Audited)	<u>2,244,324</u>	<u>2,244,324</u>

During the period, the net earned including accrued periodical consideration on investment in real estate amounted to BD46,808 (2019: BD35,975).

	30 June 2020 (Reviewed)	30 June 2019 (Reviewed)
Rental income	62,917	55,550
Maintenance and electricity expenses	<u>(16,109)</u>	<u>(19,575)</u>
	<u>46,808</u>	<u>35,975</u>

8 Receivables and prepayments

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Other receivables	150,897	312,603
Prepayments	8,129	4,544
Accrued profit on investment securities	287,116	180,760
Accrued profit on Mudaraba investments	<u>-</u>	<u>204</u>
	<u>446,142</u>	<u>498,111</u>

Reef Holding Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
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9 Share capital

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
Authorised 400,000,000 (2018: 400,000,000) ordinary shares of 100 Fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up 115,566,795 (2019: 115,566,795) ordinary shares of 100 Fils each	<u>11,556,679</u>	<u>11,556,679</u>

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

During 2019, the Group had decided in the extra general meeting held on 29 May 2019 to reduce the share capital from BD12,840,755 to BD11,556,680. However, as at 30 June 2020, the Company is in the process of amending the Memorandum and Articles of Association of the Company and completing the related legal formalities for the change in shareholding with the Notarisation Directorate - Ministry of Justice and Islamic Affairs.

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.

	Six months Ended 30 June 2020 (Reviewed)	Six months ended 30 June 2019 (Reviewed)
Net profit attributable to the shareholders	<u>BD129,848</u>	<u>BD76,225</u>
Weighted average number of ordinary shares	<u>115,566,795</u>	<u>128,407,550</u>
Basic and diluted earnings per share	<u>Fils1.12</u>	<u>Fils0.59</u>

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

11 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.

Reef Holding Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
 for the six months ended 30 June 2020 (Reviewed)
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11 Related party transactions (continued)

A summary of the transaction and amounts due from related parties is as follows:

<u>Related party relationship</u>	<u>Transaction type</u>	<u>For the period ended transaction amount</u>	
		<u>30 June 2020</u> <u>(Reviewed)</u>	<u>30 June 2019</u> <u>(Reviewed)</u>
Directors	Directors remuneration	<u>17,221</u>	<u>18,000</u>
Directors	Board member fees and allowances	<u>-</u>	<u>8,950</u>
Key management personnel *	Salaries and other short-term benefits	<u>24,750</u>	<u>40,000</u>
Directors	Premises leased	<u>7,555</u>	<u>7,547</u>

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

12 Dividends

No dividend was approved by the shareholders in the Annual General Meeting of the shareholders for the year ended 2019 (2018: BDNil).

13 Interim results

The interim net profit for the quarter and the six months ended 30 June 2020 may not represent a proportionate share of the annual net income due to the variability in the receipt of income.

14 Subsequent events

There were no significant events subsequent to 30 June 2020 and occurring before the date of the report that has a significant impact on these financial statements.