

**Reef Holding Co. B.S.C. (c)**  
**(Formerly known as Reef Real**  
**Estate Finance Co. B.S.C. (c))**

Consolidated condensed interim  
financial information for the quarter and  
the six months ended 30 June 2019  
(Unaudited)

**Reef Holding Co. B.S.C. (c)**  
**(Formerly known as Reef Real Estate Finance Co. B.S.C. (c))**  
**Financial information for the six months ended 30 June 2019**

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**Reef Holding Co. B.S.C. (c)**  
**(Formerly known as Reef Real Estate Finance Co. B.S.C. (c))**  
**Administration and contact details as at 30 June 2019**

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<b>Commercial registration no.</b>	58073 obtained on 10 September 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 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 Holding Co. B.S.C. (c)  
(Formerly known as Reef Real Estate Finance 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) (Formerly known as Reef Real Estate Finance Co. B.S.C. (c)) (“the Company”) and its subsidiary (collectively referred as “the Group”), as at 30 June 2019, 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 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 2019, 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 Company.

BDO

Manama, Kingdom of Bahrain  
26 September 2019



Reef Holding Co. B.S.C. (c)  
(Formerly known as Reef Real Estate Finance Co. B.S.C. (c))  
Consolidated condensed interim statement of financial position as at 30 June 2019  
(Unaudited)  
(Expressed in Bahrain Dinars)

	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
<b>ASSETS</b>			
Cash and bank balances	3	1,748,279	2,421,949
Investment securities	4	11,833,447	12,253,137
Investment in real estate	6	2,535,700	2,536,311
Receivables and prepayments	7	251,004	163,012
Property and equipment		<u>1,516</u>	<u>3,168</u>
<b>Total assets</b>		<b><u>16,369,946</u></b>	<b><u>17,377,577</u></b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Murabaha financing		507,178	507,178
Other liabilities		<u>236,990</u>	<u>1,285,646</u>
		<u>744,168</u>	<u>1,792,824</u>
<b>Owners' Equity</b>			
Share capital	8	12,840,755	12,840,755
Statutory reserve		1,506,486	1,506,486
Properties fair value reserve		724,196	724,196
Investment fair value reserve		(98,001)	(98,001)
Foreign currency translation reserve		(979,435)	(944,235)
Retained earnings		<u>1,631,777</u>	<u>1,555,552</u>
		<u>15,625,778</u>	<u>15,584,753</u>
<b>Total liabilities and Owners' equity</b>		<b><u>16,369,946</u></b>	<b><u>17,377,577</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 26 September 2019 and signed on their behalf by:



Ali Ahmed Al Baghli  
Chairman



Saud A. Aziz Kanoo  
Vice Chairman

**Reef Holding Co. B.S.C. (c)**  
**(Formerly known as Reef Real Estate Finance Co. B.S.C. (c))**  
**Consolidated condensed interim statement of income for the six months ended 30 June 2019**  
**(Unaudited)**  
**(Expressed in Bahrain Dinars)**

	Notes	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
<b>Income</b>			
Gross Ijarah income		-	80,657
Less: Depreciation on Ijarah Muntahia Bittamleek	5	-	<u>34,460</u>
		-	46,197
Profit from investment securities		197,803	311,621
Net rental income from investment in real estate		35,975	27,385
Profit from Mudaraba investments		9,025	89,836
Gain on sale of property and equipment		555	-
Gain on sale of investment in real estate		-	36,904
Gain on sale of investment securities		-	3,432
Reversal of provision of Ijara Muntahia Bittamleek		-	151,301
Allowance no longer required for ijarah Muntahia Bittamleek		<u>1,500</u>	<u>72,149</u>
		<u>244,858</u>	<u>738,825</u>
<b>Expenses</b>			
Staff costs		67,194	100,361
General and administrative expenses		81,237	179,884
Finance costs		14,271	9,760
Depreciation of property and equipment		2,061	2,653
Foreign exchange loss		1,969	37,678
Depreciation on investment in real estate	6	611	366
Investment fees and charges		1,290	2,590
Unrealised fair value loss on revaluation of investment securities		-	<u>58,148</u>
		<u>168,633</u>	<u>391,440</u>
<b>Net profit for the period</b>		<u>76,225</u>	<u>347,385</u>
<b>Basic and diluted earnings per share</b>	9	<u>Fils0.59</u>	<u>Fils1.52</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 26 September 2019 and signed on their behalf by:

  
 Ali Ahmed Al Baghli  
 Chairman

  
 Saud A. Aziz Kanoo  
 Vice Chairman

**Reef Holding Co. B.S.C. (c)**  
**(Formerly known as Reef Real Estate Finance Co. B.S.C. (c))**  
**Consolidated condensed interim statement of changes in Owners' equity for the six months ended 30 June 2019**  
**(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 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
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 (Unaudited)	12,840,755	-	1,506,486	724,196	(98,001)	(979,435)	1,631,777	15,625,778

Reef Holding Co. B.S.C. (c)  
(Formerly known as Reef Real Estate Finance Co. B.S.C. (c))  
Consolidated condensed interim statement of cash flows for the six months ended 30 June 2019  
(Unaudited)  
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2019	Six months ended 30 June 2018
<b>Operating activities</b>			
Net profit for the period		76,225	347,385
Adjustments for:			
Depreciation on property and equipment		2,061	2,653
Depreciation on Ijarah Muntahia Bittamleek	5	-	34,460
Depreciation on investment in real estate	6	611	366
Unrealised fair value loss on investment securities		-	58,148
Gain on sale of investment securities		-	(3,432)
Gain on sale of property and equipment		(555)	-
Foreign exchange loss on translation of investment in securities		35,200	162,142
Realised loss on sale of investment in real estate		-	35,544
Changes in operating assets and liabilities:			
Receivables and prepayments		(87,991)	33,713
Other liabilities		<u>(1,048,656)</u>	<u>(125,682)</u>
Net cash (used in)/provided by operating activities		<u>(1,023,105)</u>	<u>545,297</u>
<b>Investing activities</b>			
Net movement in mudaraba investments		-	(511,963)
Net movement in properties-under-development		-	444,628
Purchase of property and equipment		(410)	-
Additions in investment in real estate		-	(608,843)
Net movement in ijarah muntahia bittamleek		-	1,072,889
Net movement in the foreign currency translation reserve		(35,200)	(174,677)
Net movement in the investment properties fair value reserve		-	(72,448)
Proceeds from sale of property and equipment		555	-
Proceeds from sale of investment securities		384,490	532,466
Proceeds from sale of investment in real estate		<u>-</u>	<u>154,500</u>
Net cash provided by investing activities		<u>349,435</u>	<u>836,552</u>
<b>Financing activities</b>			
Dividend paid during the period	11	<u>-</u>	<u>(1,142,038)</u>
Net cash used in financing activities		<u>-</u>	<u>(1,142,038)</u>
Net (decrease)/increase in cash and cash equivalents		(673,670)	239,811
Cash and cash equivalents, beginning of the period		<u>2,421,949</u>	<u>4,758,218</u>
Cash and cash equivalents, end of the period	3	<u>1,748,279</u>	<u>4,998,029</u>



## 1 Organisation and principal activities

Reef Holding Co. B.S.C. (c) (Formerly known as Reef Real Estate Finance Co. B.S.C. (c)) (“the Company”) and its subsidiary (collectively referred as “the Group”). The Company is a closed Bahraini shareholding company under license number 58073 granted by the Ministry of Industry Commerce. The Company commenced commercial operations on 10 September 2005.

The Company has cancelled its license with Central Bank of Bahrain (“CBB”) license number FC/001 as on 25 September 2018. On 7 August 2018, the Company applied to Ministry of Industry and Commerce and Tourism to change the name of the Company and principal activities and the request was approved on 25 October 2018. The Company’s name has been changed to Reef Holding B.S.C. (c) as on 25 October 2018. The Company has received a letter from CBB on 27 September 2018 stating that the Company’s licenses has been cancelled and its record has been removed from the CBB’s register according to CBB’s resolution No. 50 of 2018 issued on 25 September 2018.

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

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 six months period ended 30 June 2019. 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 2018.

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 Holding Co. B.S.C. (c)  
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Selected explanatory notes to the consolidated condensed interim financial information  
for the six months ended 30 June 2019 (Unaudited)  
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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 2019</u>	<u>Effective ownership interest 2018</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%

\* The Group has liquidated the subsidiary on 9 June 2019.

**3 Cash and bank balances**

	<u>30 June 2019</u> (Unaudited)	<u>31 December 2018</u> (Audited)
Current account balances with banks	747,779	1,421,449
Cash on hand	<u>500</u>	<u>500</u>
Cash and bank balances	748,279	1,421,949
Mudaraba investments with maturity period of more than three months	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,748,279</u>	<u>2,421,949</u>

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

**4 Investment securities**

	<u>30 June 2019</u> (Unaudited)	<u>31 December 2018</u> (Audited)
Opening balance	12,253,137	16,107,392
Disposal	(384,490)	(3,283,442)
Foreign exchange gains on translation of investment securities through profit or loss	-	12,535
Foreign exchange gains on translation of investment securities through equity	(35,200)	(506,100)
Net unrealised fair value losses for the period through profit or loss	<u>-</u>	<u>(77,248)</u>
	<u>11,833,447</u>	<u>12,253,137</u>

Reef Holding Co. B.S.C. (c)  
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Selected explanatory notes to the consolidated condensed interim financial information  
for the six months ended 30 June 2019 (Unaudited)  
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4 Investment securities (continued)

	30 June 2019 <u>(Unaudited)</u>	31 December 2018 <u>(Audited)</u>
Investment in equity-type instruments - Unquoted		
<i>Private equity</i>	10,265,947	10,685,637
Investment in debt-type instruments- Quoted	<u>1,567,500</u>	<u>1,567,500</u>
	<u>11,833,447</u>	<u>12,253,137</u>

*Investment - securities-wise analysis:*

		30 June 2019 <u></u>	31 December 2018 <u></u>
<i>Equity type instruments carried at fair value through consolidated statement of income</i>			
Manazel Qurtoba 2 fund	(a)	708,713	708,713
Jenina Real Estate Development Co. Ltd	(b)	1,508,053	1,508,053
<i>Equity type instruments carried at fair value through equity</i>			
APL PH1 Limited	(c)	1,724,099	1,731,295
APL 2B Limited	(d)	2,836,741	2,848,581
Global Greenridge Bracknell Limited (3M)	(e)	1,458,840	1,464,929
Global Greenridge Finco Limited (Manchester) (Stockport & Bury)	(f)	1,072,072	1,462,641
Global Greenridge 201 FINCO Limited (B&Q)	(g)	<u>957,429</u>	<u>961,425</u>
		10,265,947	10,685,637
<i>Debt-type instruments carried at fair value through consolidated statement of income</i>			
Government or CBB sukuk	(h)	<u>1,567,500</u>	<u>1,567,500</u>
		<u>11,833,447</u>	<u>12,253,137</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. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value (2018: BD708,713).
- (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 (2018: BD1,508,053).
- (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 (2018: BD1,731,295).
- (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 (2018: BD2,848,581).

4 Investment securities (continued)

- (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 (2018: BD1,464,929).
- (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 period 2019, Company sold partial investment amounting to BD 384,490. The Group has fair valued the investment during the period and concluded that the fair value is not significantly different from the carrying value (2018: BD1,462,641).
- (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 (2018: 961,425).
- (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 concluded that the fair value is not significantly different from the carrying value (2018: 1,567,500).

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 2019	31 December 2018
Great Britain Pound	8,049,181	8,468,871
Saudi Riyal	708,713	708,713
Arab Emirates Dirham	1,508,053	1,508,053
Bahraini Dinars	<u>1,567,500</u>	<u>1,567,500</u>
	<u>11,833,447</u>	<u>12,253,137</u>

Reef Holding Co. B.S.C. (c)  
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Selected explanatory notes to the consolidated condensed interim financial information  
for the six months ended 30 June 2019 (Unaudited)  
(Expressed in Bahrain Dinars)

5 Ijarah Muntahia Bittamleek

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
<b>Cost</b>			
At December 2017 (Audited)	166,757	6,467,253	6,634,010
Payment received/disposals	<u>-</u>	<u>(3,040,295)</u>	<u>(3,040,295)</u>
At 31 December 2018 and 30 June 2019 (Unaudited)	<u>166,757</u>	<u>3,426,958</u>	<u>3,593,715</u>
<b>Depreciation</b>			
At 31 December 2017 (Audited)	-	(5,454,512)	(5,454,512)
Charged for the year	-	(34,460)	(34,460)
On payment received/disposals	<u>-</u>	<u>1,895,257</u>	<u>1,895,257</u>
At 31 December 2018 and 30 June 2019 (Unaudited)	<u>-</u>	<u>(3,593,715)</u>	<u>(3,593,715)</u>
<b>General provision</b>			
At 31 December 2017 (Audited)	-	72,149	72,149
Provision written back	<u>-</u>	<u>(72,149)</u>	<u>(72,149)</u>
At 31 December 2018 and 30 June 2019 (Unaudited)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
At 31 December 2018 and 30 June 2019 (Unaudited)	<u>166,757</u>	<u>(166,757)</u>	<u>-</u>
At 31 December 2017	<u>166,757</u>	<u>940,592</u>	<u>1,107,349</u>

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

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

	Investment properties for periodical consideration	Total
<b>Cost/Revaluation</b>		
As at 31 December 2017 (Audited)	2,158,872	2,158,872
Additions	158,476	158,476
Unrealised fair value loss	(17,196)	(17,196)
Transferred from properties-under-development	453,818	453,818
Disposals	<u>(190,044)</u>	<u>(190,044)</u>
As at 31 December 2018 and June 2019 (Unaudited)	<u>2,563,926</u>	<u>2,563,926</u>
<b>Depreciation</b>		
As at 31 December 2017 (Audited)	26,210	26,210
Charge for the year	<u>1,405</u>	<u>1,405</u>
As at 31 December 2018 (Audited)	27,615	27,615
Charge for the year	<u>611</u>	<u>611</u>
As at 30 June 2019 (Unaudited)	<u>28,226</u>	<u>28,226</u>
<b>Net book value</b>		
At 30 June 2019 (Unaudited)	<u>2,535,700</u>	<u>2,535,700</u>
At 31 December 2018 (Audited)	<u>2,536,311</u>	<u>2,536,311</u>
included in investment properties for periodical consideration is the net book value of furniture and fixtures of BD31,390 (2018: BD3,710) 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 BD35,975 (2018: BD27,385).		
	30 June 2019	30 June 2018
Rental income	55,550	46,350
Maintenance and electricity expenses	<u>(19,575)</u>	<u>(18,965)</u>
	<u>35,975</u>	<u>27,385</u>

Reef Holding Co. B.S.C. (c)  
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**7 Receivables and prepayments**

	30 June 2019 <u>(Unaudited)</u>	31 December 2018 <u>(Audited)</u>
Other receivables	64,191	2,093
Prepayments	13,591	8,760
Accrued profit on investment securities	170,911	130,494
Accrued profit on Mudaraba investments	<u>2,311</u>	<u>21,665</u>
	<u><b>251,004</b></u>	<u><b>163,012</b></u>

**8 Share capital**

	30 June 2019 <u>(Unaudited)</u>	31 December 2018 <u>(Audited)</u>
<b>Authorised</b> 400,000,000 (2018: 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> 12,840,755 (2018: 12,840,755) ordinary shares of 100 Fils each	<u>12,840,755</u>	<u>12,840,755</u>

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

During 2018, the Group had decided in the extra general meeting held on 22 November 2018 to reduce the share capital from BD24,042,900 to BD12,840,755 which was executed by cancelling the treasury shares of BD1,202,145 along with number of shares equal to the BD10,000,000. The necessary legal formalities for restructuring the share capital with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain were completed in 2018.

**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 2019 <u>(Unaudited)</u>	Six months ended 30 June 2018 <u>(Unaudited)</u>
Net profit attributable to the shareholders	<u>BD76,225</u>	<u>BD347,385</u>
Weighted average number of ordinary shares	<u>128,407,550</u>	<u>228,407,550</u>
Basic and diluted earnings per share	<u>Fils 0.59</u>	<u>Fils 1.38</u>

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

Reef Holding Co. B.S.C. (c)  
(Formerly known as Reef Real Estate Finance Co. B.S.C. (c))  
Selected explanatory notes to the consolidated condensed interim financial information  
for the six months ended 30 June 2019 (Unaudited)  
(Expressed in Bahrain Dinars)

## 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	
		30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Directors	Directors remuneration	<u>18,000</u>	<u>70,000</u>
Directors	Board member fees and allowances	<u>8,950</u>	<u>9,900</u>
Key management personnel *	Salaries and other short-term benefits	<u>40,000</u>	<u>50,594</u>
Directors	Premises leased	<u>7,547</u>	<u>15,769</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

No dividend was approved by the shareholders in the Annual General Meeting of the shareholders for the year ended 2018 (2018: BD1,142,038 for the year ended 31 December 2017).

## 12 Interim results

The interim net profit for the quarter and the six months ended 30 June 2019 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 2019 and occurring before the date of the report that has a significant impact on these financial statements.