

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

Consolidated condensed interim
financial information for six
months ended 30 June 2021
(Reviewed)

Reef Holding Co. B.S.C. (c)
Financial information for the six months ended 30 June 2021

Index	Page
1. Administration and contact details	2
2. Review report by the independent auditor	3
3. Consolidated condensed interim statement of financial position	4
4. Consolidated condensed interim statement of income	5
5. Consolidated condensed interim statement of changes in Owners' equity	6
6. Consolidated condensed interim statement of cash flows	7
7. Selected explanatory notes to the condensed interim financial information	8 - 19

Reef Holding Co. B.S.C. (c)
Administration and contact details as at 30 June 2021

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 2021, 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 2021, 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
9 December 2021



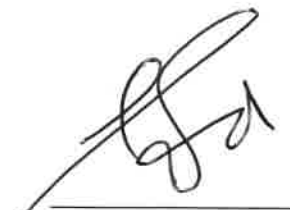
Reef Holding Co. B.S.C. (c)
 Consolidated condensed interim statement of financial position as at 30 June 2021
 (Reviewed)
 (Expressed in Bahrain Dinars)

	Notes	30 June 2021 (Reviewed)	31 December 2020 (Audited)
ASSETS			
Cash and bank balances	4	541,805	1,155,944
Investment securities	5	12,061,328	12,153,939
Investment in real estate	6	1,989,761	1,995,432
Receivables and prepayments	7	433,352	512,993
Right-of-use asset	8	19,499	-
Total assets		15,045,745	15,818,308
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Murabaha financing		507,178	507,178
Ijarah Liability	9	19,835	-
Other liabilities		162,653	103,931
		689,666	611,109
Owners' Equity			
Share capital	10	10,401,011	11,556,679
Statutory reserve		1,580,194	1,580,194
Properties fair value reserve		334,133	339,133
Investment fair value reserve		(278,679)	(414,749)
Foreign currency translation reserve		(72,979)	(72,979)
Retained earnings		2,392,399	2,218,921
		14,356,079	15,207,199
Total liabilities and Owners' equity		15,045,745	15,818,308

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 2021
 (Reviewed)
 (Expressed in Bahrain Dinars)

	<u>Notes</u>	Six months ended 30 June 2021 (Reviewed)	Six months ended 30 June 2020 (Reviewed)
Income			
Profit from investment securities		124,444	208,384
Net rental income from investment in real estate		46,798	46,808
Gain on sale of investment securities		126,682	-
Profit from Mudaraba investments		<u>9,875</u>	<u>6,196</u>
		<u>307,799</u>	<u>261,388</u>
Expenses			
Salaries and wages		68,141	44,078
General and administrative expenses		52,805	49,885
Finance costs		8,692	12,687
Depreciation of property and equipment		-	844
Foreign exchange (gain)/loss		(3,659)	15,825
Depreciation on investment in real estate	6	1,592	1,471
Unrealised fair value loss on fair valuation of investment securities		<u>6,750</u>	<u>6,750</u>
		<u>134,321</u>	<u>131,540</u>
Net profit for the period		<u>173,478</u>	<u>129,848</u>
Basic and diluted earnings per share	11	<u>Fils1.70</u>	<u>Fils1.12</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 2021
(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 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>
At 31 December 2020 (Audited)	11,556,679	1,580,194	339,133	(72,979)	(414,749)	2,218,921	15,207,199
Reduction of share capital	(1,155,668)	-	-	-	-	-	(1,155,668)
Net unrealised fair value losses on revaluation of investment in real estate	-	-	(5,000)	-	-	-	(5,000)
Net profit for the period	-	-	-	-	-	173,478	173,478
Foreign currency translation	-	-	-	-	136,070	-	136,070
At 30 June 2021 (Reviewed)	<u>10,401,011</u>	<u>1,580,194</u>	<u>334,133</u>	<u>(72,979)</u>	<u>(278,679)</u>	<u>2,392,399</u>	<u>14,356,079</u>

Reef Holding Co. B.S.C. (c)
 Consolidated condensed interim statement of cash flows for the six months ended 30 June 2021
 (Reviewed)
 (Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2021 (Reviewed)	Six months ended 30 June 2020 (Reviewed)
Operating activities			
Net profit for the period		173,478	129,848
Adjustments for:			
Depreciation on property and equipment		-	844
Depreciation on investment in real estate	6	1,592	1,471
Unrealised fair value loss on investment securities	5	6,750	6,750
Gain on sale of investment securities		(126,682)	-
Amortisation of right-of-use asset		6,500	-
Deferred Ijara cost		780	-
Foreign exchange (gain)/loss on translation of investment in securities	5	(136,070)	367,418
Changes in operating assets and liabilities:			
Receivables and prepayments		79,642	51,969
Other liabilities		<u>58,721</u>	<u>6,911</u>
Net cash provided by operating activities		<u>64,711</u>	<u>565,211</u>
Investing activities			
Addition in investment in real estate	6	(921)	-
Net movement in the foreign currency translation reserve	5	136,070	(367,418)
Proceeds from sale of investment securities		<u>348,613</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>483,762</u>	<u>(367,418)</u>
Financing activities			
Amount paid to shareholders on reduction of share capital		(1,155,668)	-
Principal and deferred ijara cost paid on Ijarah liability		<u>(6,944)</u>	<u>-</u>
Net cash used in financing activities		<u>(1,162,612)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(614,139)	197,793
Cash and cash equivalents, beginning of the period		<u>1,155,944</u>	<u>537,823</u>
Cash and cash equivalents, end of the period	4	<u>541,805</u>	<u>735,616</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 2021 (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 operating 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 19, were approved and authorised for issue by the Board of Directors on 9 December 2021.

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 2021</u>	<u>Effective ownership interest 2020</u>
Reef Investment UK B.S.C. (c)	Kingdom of Bahrain	- Real estate activities with own or leased property - Trusts, 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 2021. 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 2020.

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 2021

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 2021 and has been adopted in the preparation of these consolidated financial statements:

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2021 (continued)

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
FAS 32	Ijarah	1 January 2021

FAS 32 - Ijarah

FAS 32 sets out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah (Ijarah asset, including different forms of Ijarah Muntahia Bittamleek) transactions entered into by the Group as a lessor and lessee.

The Group has applied FAS 32 "Ijarah" from 1 January 2021. The impact of adoption of this standard is disclosed in (b) below.

(a) Change in accounting policy

Identifying an Ijarah

At inception of a contract, the Group assesses whether the contract is Ijarah, or contains an Ijarah. A contract is Ijarah or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration. For Ijarah contracts with multiple components, the Group accounts for each Ijarah component within a contract separately from non-Ijarah components of the contract (e.g. service fee, maintenance charges, toll manufacturing charges etc.).

Measurement

For a contract that contains an Ijarah component and one or more additional Ijarah or non-Ijarah components, the Group allocates the consideration in the contract to each Ijarah component on the basis of relative stand-alone price of the Ijarah component and the aggregate estimated stand-alone price of the non-Ijarah components, that may be charged by the lessor, or a similar supplier, to the lessee.

At the commencement date, a lessee shall recognise a right-of-use (usufruct) asset and a net Ijarah liability.

i) Right-of-use (usufruct) asset

On initial recognition, the lessee measures the right-of-use asset at cost. The cost of the right-of-use asset comprises of:

- The prime cost of the right-of-use asset;
- Initial direct costs incurred by the lessee; and
- Dismantling or decommissioning costs.

The prime cost is reduced by the expected terminal value of the underlying asset. If the prime cost of the right-of-use asset is not determinable based on the underlying cost method (particularly in the case of an operating Ijarah). the prime cost at commencement date may be estimated based on the fair value of the total consideration paid/ payable (i.e. total Ijarah rentals) against the right-of-use assets, under a similar transaction. As per the group's assessment, at the time of implementation the fair value of right-of-use assets are equal to the net Ijarah liability.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2021 (continued)

i) Right-of-use (usufruct) asset (continued)

After the commencement date, the lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modification or reassessment.

The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. The amortizable amount comprises of the right-of-use asset less residual value, if any.

The Group determines the Ijarah term, including the contractually binding period, as well as reasonably certain optional periods, including:

- Extension periods if it is reasonably certain that the Group will exercise that option; and/ or
- Termination options if it is reasonably certain that The Group will not exercise that option.

The Group carries out impairment assessment in line with the requirements of FAS 30 "Impairment, Credit Losses and Onerous Commitments" to determine whether the right-of-use asset is impaired and to account for any impairment losses. The impairment assessment takes into consideration the salvage value, if any. Any related commitments, including promises to purchase the underlying asset, are also considered in line with FAS 30 "Impairment, Credit Losses and Onerous Commitments".

ii) Net Ijarah liability

The net Ijarah liability comprises of the gross Ijarah liability, plus deferred Ijarah cost (shown as a contra-liability). The gross Ijarah liability are initially recognised as the gross amount of total Ijarah rental payables for the Ijarah term. The rentals payable comprises of the following payments for the right to use the underlying asset during the Ijarah term:

- Fixed Ijarah rentals less any incentives receivable;
- Variable Ijarah rentals including supplementary rentals; and
- Payment of additional rentals, if any, for terminating the Ijarah (if the Ijarah term reflects the lessee exercising the termination option).

Advance rentals paid are netted-off with the gross Ijarah liability.

Variable Ijarah rentals are Ijarah rentals that depend on an index or rate, such as payments linked to a consumer price index, financial markets, regulatory benchmark rates, or changes in market rental rates. Supplementary rentals are rentals contingent on certain items, such as additional rental charge after provision of additional services or incurring major repair or maintenance. As of 30 June 2021, the Group did not have any contracts with variable or supplementary rentals.

After the commencement date, the Group measures the net Ijarah liability by:

- Increasing the net carrying amount to reflect return on the Ijarah liability (amortisation of deferred Ijarah cost);
- Reducing the carrying amount of the gross Ijarah liability to reflect the Ijarah rentals paid; and
- Re-measuring the carrying amount in the event of reassessment or modifications to Ijarah contract, or to reflect revised Ijarah rentals.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2021 (continued)

Advance rentals paid are netted-off with the gross Ijarah liability. (continued)

The deferred Ijarah cost is amortised to income over the Ijarah terms on a time proportionate basis, using the effective rate of return method. After the commencement date, the Group recognises the following in the income statement:

- Amortisation of deferred Ijarah cost; and
- Variable Ijarah rentals (not already included in the measurement of Ijarah liability) as and when the triggering events/ conditions occur.

Ijarah contract modifications

After the commencement date, the Group accounts for Ijarah contract modifications as follows:

- Change in the Ijarah term: re-calculation and adjustment of the right-of-use asset, the Ijarah liability, and the deferred Ijarah cost; or
- Change in future Ijarah rentals only: Recalculation of the Ijarah liability and the deferred Ijarah cost only, without impacting the right-of-use asset.

An Ijarah modification is considered as a new Ijarah component to be accounted for as a separate Ijarah for the lessee, if the modification both additionally transfers the right to use of an identifiable underlying asset and the Ijarah rentals are increased corresponding to the additional right-of-use asset.

For modifications not meeting any of the conditions stated above, the Group considers the Ijarah as a modified Ijarah as of the effective date and recognises a new Ijarah transaction. The Group recalculates the Ijarah liability, deferred Ijarah cost, and right-of-use asset, and de-recognise the existing Ijarah transaction and balances.

Expenses relating to underlying asset

Operational expenses relating to the underlying asset, including any expenses contractually agreed to be borne by the Group, are recognised by the Group in income statement in the period incurred. Major repair and maintenance, takaful, and other expenses incidental to ownership of underlying assets (if incurred by lessee as agent) are recorded as receivable from lessor.

Recognition exemptions and simplified accounting for the lessee

The Group has elected not to apply the requirements of Ijarah recognition and measurement of recognizing right-of-use asset and net Ijarah liability for the following:

- Short-term Ijarah; and
- Ijarah for which the underlying asset is of low value.

Short-term Ijarah exemption is applied on a whole class of underlying assets which have similar characteristics and operational utility. However, low-value Ijarah exemption is applied on an individual asset! Ijarah transaction, and not on group/ combination basis.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2021 (continued)

(b) Impact on adoption of FAS 32

The management of the Group has decided to apply FAS 32 using the modified retrospective approach (i.e. the impact of all the Ijarah contracts outstanding as at 31 December 2020 are reflected in the balances as of 1 January 2021) and therefore comparative information has not been restated. The impact of adoption of FAS 32 as at 1 January 2021 has resulted in an increase in right-of-use asset and an increase in net Ijarah liability by BD25,999. The lease contracts comprise of the premises of the building and car park.

Standards, amendments and interpretations issued and effective in 2021 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2021 or subsequent periods, but is not relevant to the Group's operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
FAS 31	Investment agency (Al-Wakala Bi Al-Istithmar)	1 January 2021
FAS 34	Financial reporting for sukuk-holders	1 January 2021
FAS 35	Risk reserves	1 January 2021
FAS 38	Wa'ad, khiyar and tahawwut	1 January 2021

Early adoption of amendments or standards in 2021

The Group did not early-adopt any new or amended standards in 2021. There would have been no change in the operational results of the Group for the period ended 30 June 2021 had the Group early adopted any of the above standards applicable to the Group.

Reef Holding Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
 for the six months ended 30 June 2021 (Reviewed)
 (Expressed in Bahrain Dinars)

3 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 2020 relate to the effects of the global pandemic on the Group's interim consolidated financial statements for the six months ended 30 June 2021 and are summarised as follows.

(a) 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 2020. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.

(b) Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issue were noted.

No other significant impact noted by the management on other areas during the period ended 30 June 2021.

4 Cash and bank balances

	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Current account balances with banks*	141,305	155,444
Mudaraba investments with maturity period of less than three months	400,000	400,000
Cash on hand	<u>500</u>	<u>500</u>
Cash and cash equivalents	541,805	555,944
Mudaraba investments with maturity period of more than three months**	<u>-</u>	<u>600,000</u>
	<u>541,805</u>	<u>1,155,944</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.

Reef Holding Co. B.S.C. (c)
Selected explanatory notes to the consolidated condensed interim financial information
for the six months ended 30 June 2021 (Reviewed)
(Expressed in Bahrain Dinars)

5 Investment securities

	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Opening balance	12,153,939	11,629,392
Disposals	(221,931)	(92,105)
Foreign exchange gains on translation of investment securities through equity	136,070	286,467
Net unrealised fair value losses through equity	-	343,685
Net unrealised fair value losses through statement of income	<u>(6,750)</u>	<u>(13,500)</u>
	<u>12,061,328</u>	<u>12,153,939</u>
	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Investment in equity-type instruments - Unquoted <i>private equity</i>	10,514,078	10,599,939
Investment in debt-type instruments- Quoted	<u>1,547,250</u>	<u>1,554,000</u>
	<u>12,061,328</u>	<u>12,153,939</u>
<i>Investment - securities-wise analysis:</i>		
	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
<i>Equity type instruments carried at fair value through consolidated statement of income</i>		
Manazel Qurtoba 2 fund (a)	221,567	443,498
<i>Equity type instruments carried at fair value through equity</i>		
Jenina Real Estate Development Co. Ltd (b)	2,273,757	2,273,757
APL PH1 Limited (c)	1,132,482	1,113,264
APL 2B Limited (d)	3,076,180	3,023,981
Global Greenridge Bracknell Limited (3M) (e)	1,589,733	1,562,757
Global Greenridge Finco Limited (Manchester) (Stockport & Bury) (f)	1,163,474	1,143,731
Global Greenridge 201 FINCO Limited (B&Q) (g)	<u>1,056,885</u>	<u>1,038,951</u>
	10,514,078	10,599,939
<i>Debt-type instruments carried at fair value through consolidated statement of income</i>		
Government or CBB Sukuk (h)	<u>1,547,250</u>	<u>1,554,000</u>
	<u>12,061,328</u>	<u>12,153,939</u>

5 Investment securities (continued)

- (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 period ended 30 June 2021, the Company has disposed-off partial investment in Manazel Quroba 2 fund amounting to BD221,931. 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 gain amounting to BD19,218.
- (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 gain amounting to BD52,199.
- (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 gain amounting to BD26,976.
- (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 gain amounting to BD19,743.
- (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 gain amounting to BD17,934.
- (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.

Reef Holding Co. B.S.C. (c)
 Selected explanatory notes to the consolidated condensed interim financial information
 for the six months ended 30 June 2021 (Reviewed)
 (Expressed in Bahrain Dinars)

5 Investment securities (continued)

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 2021 (Reviewed)	31 December 2020 (Audited)
Great Britain Pound	8,018,754	7,882,684
Saudi Riyal	221,567	443,498
Arab Emirates Dirham	2,273,757	2,273,757
Bahraini Dinars	<u>1,547,250</u>	<u>1,554,000</u>
	<u>12,061,328</u>	<u>12,153,939</u>

6 Investment in real estate

Cost/Revaluation	Investment properties for periodical consideration
As at 31 December 2019 (Audited)	2,274,855
Additions	588
Unrealised fair value loss	(95,213)
Disposals	<u>(151,301)</u>
As at 31 December 2020 (Audited)	2,028,929
Additions	921
Unrealised fair value loss	<u>(5,000)</u>
At 30 June 2021 (Reviewed)	<u>2,024,850</u>
Depreciation	
As at 31 December 2019 (Audited)	30,531
Charge for the year	<u>2,966</u>
As at 31 December 2020 (Audited)	33,497
Charge for the period	<u>1,592</u>
As at 30 June 2021 (Reviewed)	<u>35,089</u>
Net book value	
At 30 June 2021 (Reviewed)	<u>1,989,761</u>
At 31 December 2020 (Audited)	<u>1,995,432</u>

During the period, the net earned including accrued periodical consideration on investment in real estate amounted to BD46,798 (2020: BD 46,808).

Reef Holding Co. B.S.C. (c)
Selected explanatory notes to the consolidated condensed interim financial information
for the six months ended 30 June 2021 (Reviewed)
(Expressed in Bahrain Dinars)

6 Investment in real estate (continued)

	30 June 2021 <u>(Reviewed)</u>	30 June 2020 <u>(Reviewed)</u>
Rental income	65,538	62,917
Maintenance and electricity expenses	<u>(18,740)</u>	<u>(16,109)</u>
	<u>46,798</u>	<u>46,808</u>

7 Receivables and prepayments

	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Other receivables	277,839	281,776
Prepayments	33,223	-
Accrued profit on investment securities	122,213	221,420
Accrued profit on Mudaraba investments	<u>77</u>	<u>9,797</u>
	<u>433,352</u>	<u>512,993</u>

8 Right-of-use asset

	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Recognition of right-of-use assets on initial application of FAS 32	25,999	-
Amortisation charge for the period	<u>(6,500)</u>	<u>-</u>
Closing balance	<u>19,499</u>	<u>-</u>

9 Ijarah Liability

	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Maturity analysis – Net Ijarah liability		
Less than one year	12,992	-
More than one year	<u>6,843</u>	<u>-</u>
Closing balance	<u>19,835</u>	<u>-</u>
Maturity analysis – Gross Ijarah liability		
Less than one year	13,887	-
More than one year	<u>6,944</u>	<u>-</u>
Closing balance	<u>20,831</u>	<u>-</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 2021 (Reviewed)
(Expressed in Bahrain Dinars)

10 Share capital

	30 June 2021 <u>(Reviewed)</u>	31 December 2020 <u>(Audited)</u>
Authorised		
400,000,000 (2020: 400,000,000) ordinary shares of 100 Fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up		
104,010,115 (2020: 115,566,795) ordinary shares of 100 Fils each	<u>10,401,011</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 the period, the Group has decided in the extra general meeting held on 26 April 2021 to reduce the share capital from BD11,556,679 to BD10,401,011. However, as at 30 June 2021, 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.

11 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 2021 <u>(Reviewed)</u>	Six months ended 30 June 2020 <u>(Reviewed)</u>
Net profit attributable to the shareholders	<u>BD173,478</u>	<u>BD129,848</u>
Weighted average number of ordinary shares	<u>104,010,110</u>	<u>115,566,795</u>
Basic and diluted earnings per share	<u>Fils1.70</u>	<u>Fils1.12</u>

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

12 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 2021 (Reviewed)
 (Expressed in Bahrain Dinars)

12 Related party transactions (continued)

A summary of the transaction is as follows:

<u>Related party relationship</u>	<u>Transaction type</u>	<u>For the period ended transaction amount</u>	
		<u>30 June 2021</u> <u>(Reviewed)</u>	<u>30 June 2020</u> <u>(Reviewed)</u>
Directors	Directors remuneration	<u>16,918</u>	<u>17,221</u>
Directors	Board member fees and allowances	<u>2,900</u>	<u>-</u>
Key management personnel *	Salaries and other short-term benefits	<u>46,200</u>	<u>24,750</u>
Directors	Premises leased	<u>6,944</u>	<u>7,555</u>

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

13 Dividends

No dividend was approved by the shareholders in the Annual General Meeting of the shareholders for the year ended 2020 (2019: BDNil).

14 Interim results

The interim net profit for the six months ended 30 June 2021 may not represent a proportionate share of the annual net income due to the variability in the receipt of income.

15 Subsequent events

There were no significant events subsequent to 30 June 2021 and occurring before the date of the report that has a significant impact on these financial statements.