

ARAB BANK MENA FUND

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

ARAB BANK MENA FUND

Directors

Mr. Guy Khoury
Mr. Adel Kasaji
Mr. Feras Jasser Jameel Ziyad (Appointed on October 29, 2014)
Mr. Ammar Zuhair Husni Saifi (Appointed on October 29, 2014)
Mr. Mohammed Al Ghanamah (Appointed on October 29, 2014)
Mr. Samer S. Tamimi (Resigned on October 29, 2014)
Mr. Abdul Kader A. Askalan (Resigned on October 29, 2014)
Mr. Qutaiba M. Hawamdeh (Resigned on October 29, 2014)

Registered Office

P. O. Box 2400
Manama, Kingdom of Bahrain

Fund Company

Arab Bank MENA Fund Company B.S.C. (c)
P. O. Box 2400
Manama, Kingdom of Bahrain

Investment Manager, Operator and Placement Agent

Al Arabi Investment Group
P. O. Box 143156
Amman 11814
Hashemite, Kingdom of Jordan

Administrator, Custodian and Registrar

Gulf Custody Company B.S.C. (c)
P. O. Box 2400
Manama, Kingdom of Bahrain

Principal Banker

Arab Bank Plc – Bahrain Branch

Auditors

Deloitte & Touche – Middle East
P.O. Box 421
Manama, Kingdom of Bahrain

Engagement Partner: Rushdi Kikhia

ARAB BANK MENA FUND

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ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

DIRECTORS' REPORT

The Directors present the annual report and financial statements of Arab Bank MENA Fund (the "Fund") for the year ended September 30, 2015.

PRINCIPAL ACTIVITY

The Fund is an open ended collective investment scheme and its primary objective is to invest primarily in equities with possible investment in bonds aiming to preserve capital during periods of weak equity markets performance and maximising capital growth during periods of strong equity market performance in the MENA region.

REVIEW OF BUSINESS

The results of the operations of the Fund are summarised on page 5.

APPROPRIATIONS

None.

CHANGES IN DIRECTORS

On October 29, 2014, Mr. Abdul Kader A. Askalan, Mr. Qutaiba M. Hawamdeh, Mr. Samer S. Tamimi resigned as Directors of the Fund and Mr. Feras Jasser Jameel Ziyad, Mr. Ammar Zuhair Husni Saifi, Mr. Mohammed Al Ghanamah were appointed as Directors of the Fund.

AUDITORS

A resolution proposing the reappointment of Deloitte & Touche – Middle East as the auditors of the Fund for the year ending September 30, 2016 and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

On behalf of the Board



Mr. Guy Khoury
Director

Dec - 31st, 2016

INDEPENDENT AUDITOR'S REPORT

To the Unitholders
Arab Bank MENA Fund
Manama, Kingdom of Bahrain

Report on the Financial Statements

We have audited the accompanying financial statements of Arab Bank MENA Fund (the "Fund"), which comprise the statement of financial position as at September 30, 2015, the statement of profit or loss and other comprehensive income, statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Bank MENA Fund as at September 30, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the Fund has maintained proper accounting records and the financial statements, have been prepared in accordance with those records. We further report that, to the best of our knowledge and belief, the financial information provided in the Directors' Report is in agreement with the financial statements and based on the information and explanations provided by the management which were required for the purpose of our audit, we are not aware of significant violations of the regulations issued by the Central Bank of Bahrain (the "CBB") as contained in Volume 7 of the CBB Rulebook, having occurred during the year ended September 30, 2015 that might have had a material adverse effect on the business of the Fund or on its financial position.

Manama, Kingdom of Bahrain
January 31, 2016



Deloitte & Touche – Middle East
Partner Registration No. 135

ARAB BANK MENA FUND
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015

	Notes	<u>September 30,</u> <u>2015</u> <u>USD</u>	<u>September 30,</u> <u>2014</u> <u>USD</u>
Assets			
Current assets			
Cash at banks	6 & 8	492,947	986,372
Dividend receivable		2,801	1,799
Interest receivable		1,365	25,720
Investments at fair value through profit or loss	7.1 & 8	21,988,683	34,825,758
Available-for-sale investments	7.2	-	1,664,995
Due from brokers		1,133,496	3,225,758
Total assets		<u>23,619,292</u>	<u>40,730,402</u>
Liabilities			
Current liabilities			
Due to a related party	8	103,125	153,754
Due to brokers		-	89,328
Other payables	9	48,093	161,162
Total liabilities		<u>151,218</u>	<u>404,244</u>
Net assets attributable to holders of redeemable units		<u>23,468,074</u>	<u>40,326,158</u>
Analysis of net assets			
Unit capital	10	27,083,370	38,158,670
Unit surplus		7,587,612	7,105,823
Accumulated losses		(11,202,908)	(5,049,628)
Fair value reserve for available-for-sale investments	7.2	-	111,293
Net assets		<u>23,468,074</u>	<u>40,326,158</u>
Number of units outstanding	10	<u>2,708,337</u>	<u>3,815,867</u>
Net asset value per unit		<u>8.665</u>	<u>10.568</u>

The financial statements from page 4 to 29 were approved and authorised for issue by the Directors on Jan-31st, 2016 and signed by:


 Mr. Guy Khoury
 Director


 Mr. Ammar Zuhair Husni Saifi
 Director

The accompanying notes form an integral part of these financial statements



ARAB BANK MENA FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Notes</u>	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
Revenue			
Dividend income	11	1,365,106	1,020,970
Interest income – available-for-sale investments	11	5,850	85,437
Interest income – bank accounts	11	39,132	31,035
Net realised (loss) / gain on investments at fair value through profit or loss	7.1	(2,699,835)	5,519,759
Net unrealised (loss) / gain on investments at fair value through profit or loss	7.1	(4,102,837)	1,922,290
Net realised gain on available-for-sale investments		111,890	7,765
Net foreign exchange loss		(112,650)	(20,923)
Other income		-	663
Total operating (loss) / income		<u>(5,393,344)</u>	<u>8,566,996</u>
Expenses			
Management fees	5 & 8	(494,925)	(560,889)
Custody and administration fee	5	(58,962)	(51,038)
Registrar fee	5	(10,244)	(11,595)
Professional fees		(22,077)	(22,281)
Broker commission		(112,173)	(263,001)
Bank charges		(2,727)	(3,882)
Other expenses		(58,828)	(24,715)
Total operating expenses		<u>(759,936)</u>	<u>(937,401)</u>
(Loss) / profit for the year		<u>(6,153,280)</u>	<u>7,629,595</u>
Other comprehensive (loss) / income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Net unrealised gain on available-for-sale investments		-	53,150
Reclassification adjustments relating to available-for-sale investments disposed of during the year		(111,293)	(7,765)
Other comprehensive (loss) / income		<u>(111,293)</u>	<u>45,385</u>
Total comprehensive (loss) / income for the year		<u>(6,264,573)</u>	<u>7,674,980</u>
(Decrease) / increase in net assets attributable to holders of redeemable units		<u>(6,264,573)</u>	<u>7,674,980</u>

Mr. Guy Khoury
Director

Mr. Ammar Zuhair Husni Saifi
Director

The accompanying notes form an integral part of these financial statements

ARAB BANK MENA FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Number of units</u>	<u>Unit capital USD</u>	<u>Unit surplus USD</u>	<u>Accumulated losses USD</u>	<u>Fair value reserve for available- for-sale investments USD</u>	<u>Total USD</u>
Balance at September 30, 2013	3,876,256	38,762,560	7,158,865	(12,679,223)	65,908	33,308,110
Subscriptions of units	203,644	2,036,440	(92,817)	-	-	1,943,623
Redemptions of redeemable units	(264,033)	(2,640,330)	39,775	-	-	(2,600,555)
Profit for the year	-	-	-	7,629,595	-	7,629,595
Other comprehensive income	-	-	-	-	45,385	45,385
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Balance at September 30, 2014	3,815,867	38,158,670	7,105,823	(5,049,628)	111,293	40,326,158
Subscriptions of units	29,099	290,990	3,959	-	-	294,949
Redemptions of redeemable units	(1,136,629)	(11,366,290)	477,830	-	-	(10,888,460)
Loss for the year	-	-	-	(6,153,280)	-	(6,153,280)
Other comprehensive loss	-	-	-	-	(111,293)	(111,293)
	-----	-----	-----	-----	-----	-----
Balance at September 30, 2015	<u>2,708,337</u>	<u>27,083,370</u>	<u>7,587,612</u>	<u>(11,202,908)</u>	<u>-</u>	<u>23,468,074</u>

The accompanying notes form an integral part of these financial statements

ARAB BANK MENA FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
Cash flows from operating activities		
(Loss) / profit for the year	(6,153,280)	7,629,595
Adjustments for:		
Dividend income	(1,365,106)	(1,020,970)
Interest income	(44,982)	(116,472)
Net loss / (gain) on investments at fair value through profit or loss	6,802,672	(7,442,049)
Net realised gain on available-for-sale investments	(111,890)	(7,765)
	-----	-----
	(872,586)	(957,661)
Changes in operating assets and liabilities:		
Decrease / (increase) in due from brokers	2,092,262	(2,125,674)
(Decrease) / increase in due to a related party	(50,629)	26,513
Increase in due to brokers	-	89,328
Increase /(decrease) in other payables	6,891	(2,503)
	-----	-----
	1,175,938	(2,969,997)
Payments for purchase of investments at fair value through profit or loss	(21,428,015)	(55,312,359)
Payments for purchase of available-for-sale investments	-	(613,701)
Proceeds from disposal of investments at fair value through profit or loss	27,373,090	44,256,300
Proceeds from disposal of available-for-sale investments	1,665,592	837,681
Dividend received	1,364,104	1,024,832
Interest received	69,337	157,963
	-----	-----
Net cash from / (used in) operating activities	10,220,046	(12,619,281)
	-----	-----
Cash flows from financing activities		
Proceeds from issue of redeemable units	174,989	1,943,623
Payments on redemption of redeemable units	(10,888,460)	(2,600,555)
Subscription fees received in advance	-	119,960
	-----	-----
Net cash used in financing activities	(10,713,471)	(536,972)
	-----	-----
Net decrease in cash and cash equivalents	(493,425)	(13,156,253)
Cash and cash equivalents at the beginning of the year	986,372	14,142,625
	-----	-----
Cash and cash equivalent at the end of the year	492,947	986,372
	=====	=====
Comprising:		
Cash at banks (Note 6)	492,947	986,372
	=====	=====

The accompanying notes form an integral part of these financial statements

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

1. **FORMATION AND OBJECTIVE OF THE FUND:**

Arab Bank MENA Fund (the "Fund") is an open-ended investment fund established by Al Arabi Investment Group Co. (the "Operator" and the "Investment Manager"). The Fund is an Expert Fund under the collective investment undertakings regulations issued by the Central Bank of Bahrain (the "CBB") as contained in Volume 7 of the CBB Rulebook. The Fund Company has been registered at the Ministry of Industry & Commerce on March 22, 2005. The Fund was launched on May 23, 2005. The address of the Fund's registered office is Flat no. 23, Building no. 4521, Road no.1010, Block no. 410, Sanabis, P. O. Box 2400, Kingdom of Bahrain.

The objective of the Fund is to provide income primarily from investments in equities with possible investment in bonds aiming to preserve capital during period of weak equity market performance and maximising capital growth during period of strong equity market performance. The Fund may distribute dividends on an annual basis, upon the sole discretion of the Investment Manager

The Fund is managed by Al Arabi Investment Group Co., a company incorporated in Jordan, who manages the Fund as a fiduciary patrimony on a discretionary basis authorise to the provisions of the Fund's by-laws and the provisions of law that regulates fiduciary activities. The Fund is administered by Gulf Custody Company B.S.C. (c) (the "Administrator" and the "Custodian") (which also acts as the Custodian of the Fund), a closed joint stock company incorporated under the laws of the Kingdom of Bahrain. The Fund Company is incorporated as closed joint stock company under the laws of the Kingdom of Bahrain and has been established to act as an umbrella vehicle for the Fund. Al-Arabi Investment Group Co. owns 99% shares of the Fund Company.

The financial statements represent the financial position, the results of operations and cash flows of the Fund only. The Fund does not have any employees and utilises the services of the Investment Manager, Administrator and Custodian to operate the Fund.

The Fund has been established for an indefinite period but the Fund Company reserves the right to terminate the Fund at any time without penalty to any party involved. Such termination requires the prior written consent of the CBB and proposal to dissolve the Fund at an Extraordinary General Meeting of shareholders of the Fund Company for which three months' notice should be given to the Unitholders by the Directors of the Fund. Neither the death, bankruptcy, incapacity of a Unitholder in the Fund nor the bankruptcy or resignation of the Investment Manager will terminate the Fund or in any way affect its continuity.

The Fund must be liquidated if either:

- a- the Net Asset Value of the Fund declines for any reason to less than the Minimum Fund Size, and such decline continues for three consecutive months, or
- b- the Net Asset Value per Unit of the Fund drops below 50% of its highest recorded level, after adjustment for cash dividends if any, for a period of twenty four months without reasonable justification.

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

2. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):**

2.1 **Standards and Interpretations effective for the current period**

The following new and revised standards and interpretations have been adopted in the current year with no material impact on the disclosures and amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

- Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosures of Interests in Other Entities* and IAS 27 *Separate Financial Statements* relating to exception from the requirement to consolidate subsidiaries for eligible Investment Entities.
- IFRIC 21 *Levies*. IFRIC 21 provides guidance on when to recognise a liability to pay a levy imposed by a government.
- Amendment to IAS 36: *Impairment of Assets* relating to the disclosure of information about the recoverable amount of impaired assets if the amount is based on fair value less cost of disposal.
- Amendments to IAS 39: *Novation of Derivatives and Continuation of Hedge Accounting*.
- Amendments to IAS 19 *Employee Benefits* eliminate the “corridor approach” and therefore require an entity to recognise changes in defined benefit plan obligations and plan assets when they occur.
- Amendments arising from the *Annual Improvements Cycle 2010 – 2012*.
- Amendments arising from the *Annual Improvements Cycle 2011 – 2013*.

2.2 **Standards and Interpretations in issue not yet effective**

Management has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • IFRS 9 <i>Financial Instruments</i> (2014) replacing IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. IFRS 9 (2014) contains requirements for Financial Instruments in Classification and Measurement, Impairment, Hedge Accounting and Derecognition. 	January 1, 2018
<ul style="list-style-type: none"> • Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9. 	January 1, 2018
<ul style="list-style-type: none"> • IFRS 15 <i>Revenue from Contracts with Customers</i> provides a single, principles based five-step method to be applied to all contracts with customers. 	January 1, 2018

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

2. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):(CONTINUED)**

2.2 **Standards and Interpretations in issue not yet effective (Continued)**

	Effective for annual periods beginning on or after
• Amendments to IFRS 10 and IAS 28 relating to sale and contribution of assets between an investor and its associates or Joint Venture.	January 1, 2016
• Amendments to IFRS 11 <i>Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations</i> .	January 1, 2016
• Amendments to IAS 16 and IAS 38: <i>Clarification of Acceptable Method of Depreciation and Amortisation</i> .	January 1, 2016
• IFRS 14: <i>Regulatory Deferral Accounts</i> .	January 1, 2016
• Amendments to IAS 1: <i>Presentation of Financial Statements</i> under disclosure Initiative.	January 1, 2016
• Amendment to IFRS 10, IFRS 12 and IAS 28 Amendments regarding the application of consolidation exceptions.	January 1, 2016
• Amendments to IAS 27: <i>Separate Financial Statements</i> . The amendments reinstate the equity method as an accounting option for investment in subsidiaries, joint arrangements and associates in the entity's separate financial statements.	January 1, 2016
• Amendments arising from the Annual improvements Cycle 2012 – 2014.	January 1, 2016
• IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17	January 1, 2019

The management anticipates that all of the above Standards and Interpretations as applicable, will be adopted in the Fund's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Fund in the period of initial application, except for IFRS 9 with regard to impairment accounting of financial instruments.

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

3. **SIGNIFICANT ACCOUNTING POLICIES:**

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) in conformity with the prospectus and the relevant provisions of the CBB Rulebook Volume 7.

Basis of Preparation

The financial statements are prepared under the historical cost convention, except for the measurement of certain financial assets at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured by taking into account the characteristics of the asset or liability that if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes fair value measurement is categorised into Levels 1, 2 or 3 based on the degree to which the inputs to fair value measurement in its entirety, which are described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

These financial statements are presented in United States Dollars (“USD”), being the functional and presentation currency of the Fund.

The significant accounting policies are as follows:

(a) **Investment in Securities**

The values of securities listed on a securities exchange are based on the official closing price on that exchange on the day of valuation. Transactions in marketable securities are accounted for on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investments within the time frame established by the market concerned.

Investments in Securities at Fair Value through Profit or Loss (“FVTPL”)

Investments in listed securities are classified as securities at fair value through profit or loss which are initially recognised and subsequently measured at fair value. The change in fair value of these securities is recorded in the profit or loss.

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

3. **SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

(a) **Investment in Securities (Continued)**

Available-for-Sale ("AFS") Investments

Available-for-sale investments are initially measured at cost, being the fair value of the consideration given including acquisition charges associated with investment. After initial recognition, investments which are classified as "available - for - sale" are normally measured at fair value, unless fair value cannot be reliably determined in which case they are measured at cost less impairment. Fair value changes are reported as a separate component of other comprehensive income until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported as "fair value reserve" within equity, is included in the profit or loss for the period. In case of a reversal of previously recognised impairment losses for equity investments, such changes will not be recognised in the current profit or loss but will be recorded as an increase in the fair value reserve.

(b) **Receivables**

Receivables are non-derivative financial assets of fixed or determinable amounts that are not quoted in an active market. Receivables are recognised at fair value net of transaction costs that are directly attributable to their disposal and are subsequently measured at amortised cost, less any impairment.

(c) **Interest and Dividend Income Recognition**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable adjusted by the amortisation of premiums and discounts.

Dividend income on shares are recognised when the shareholder's right to receive such dividend is established.

(d) **Valuation of Units**

The prices at which units may be issued and redeemed are calculated by reference to the Net Asset Value ("NAV") of the Fund calculated in accordance with the Fund's prospectus.

(e) **Other Payables**

Other payables are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not. These are subsequently measured at amortised cost.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, the Fund's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

(f) **Expenses**

All recurring expenses are accounted for on an accrual basis.

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

3. **SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

(g) **Foreign Currencies**

Foreign currency transactions are recognised in United States Dollars using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are retranslated into the functional currency at the rates of exchange prevailing at the reporting date. Exchange differences arising on the settlement of transactions and on the translation of monetary items, are included in profit or loss for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(h) **Impairment of Financial Assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets that are assessed not to be impaired individually are substantially assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Fund's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

3. **SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

(i) **Derecognition of Financial Assets**

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset are substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

In the application of the Fund's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Fund's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Classification of investments

Management decides on the acquisition of an investment whether to classify it as held to maturity, available-for-sale or financial assets at fair value through profit or loss. For those deemed to be held to maturity, the Fund ensures that the requirements of IAS 39 are met and in particular the Fund has the positive intention and ability to hold these to maturity. The Fund classifies investments as financial assets at fair value through profit or loss if the investment is held for trading or upon initial recognition it is designated by the Fund as at fair value through profit or loss. All other investments are classified as available-for-sale.

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4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY: (CONTINUED)**

Critical judgements in applying the Fund's accounting policies (continued)

Impairment of available-for-sale equity investments

Available-for-sale equity investments are considered impaired when there is a significant or prolonged decline in fair value of the security below its cost. Management has to make judgements to decide what is a significant and what is a prolonged decline in fair value.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of receivables

The Fund's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty, and actual results may differ resulting in future changes to such provisions.

5. **FEES:**

(a) **Management Fee**

Under the Investment Management agreement, the Fund has to pay the Investment Manager for its on-going services a fee accruing on each Valuation Day at the annual rate of 1.5% of the NAV of the Fund, prior to the accrual of performance fees. Management fees accrue monthly and are payable quarterly in arrears by the Fund.

(b) **Administration and Custody Fee**

Under the Administration and Custody agreement, the Fund has agreed to pay the Administrator and Custodian as remuneration for its on-going services a fee accruing on each Valuation Day. The administration and custody fee is payable quarterly in arrears within seven (7) business days following the last day of each quarter and are calculated as follows:

- Investments that are made in the Gulf Cooperation Council (GCC) Countries: The Fund will be charged an annual custody and administration fee of 0.125% of the NAV
- that is held under custody in these countries, subject to a minimum annual fee of USD 25,000; and
- Investments that are made in Levant and North African Countries: The Fund is charged an annual fee of 0.175% of the NAV that is held under the custody in these countries, subject to a minimum annual fee of USD 30,000.

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

5. **FEES: (CONTINUED)**

(c) **Registrar Fee**

Under the Registrar and Transfer Agent agreement, the Registrar and Transfer Agent's fee is being paid at USD 4,000 per annum up to 50 unitholders and additional charge of USD 50 per annum for every additional unitholder. The registrar fee will be accrued on each Valuation Day and will be payable quarterly in arrears within seven business day following the last revaluation day of each quarter.

6. **CASH AT BANKS:**

Cash at banks represent balances in current accounts and time deposits held at banks including related parties.

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
Current accounts	138,718	254,194
Time deposits	354,229	732,178
	-----	-----
	492,947	986,372
	=====	=====

Time deposits carry interest rate of 6.5% and 7% per annum (2014: 6.5% and 7% per annum) and have original maturities of less than three months.

A balance amounting to USD 27,959 denominated in Libyan Dinar (LYD 38,174) and due from a broker in Libya has been fully impaired during the year.

7. **INVESTMENT SECURITIES:**

This caption is composed of the following:

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
Investments at fair value through profit or loss (Note 7.1)	21,988,683	34,825,758
Available-for-sale investments (Note 7.2)	-	1,664,995
	-----	-----
	21,988,683	36,490,753
	=====	=====

ARAB BANK MENA FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

7. INVESTMENT SECURITIES: (CONTINUED)

7.1 Investments at fair value through profit or loss:

Investments at fair value through profit or loss represent investments in securities quoted on various GCC and MENA stock exchanges.

	<u>September 30,</u> <u>2015</u> <u>USD</u>	<u>September 30,</u> <u>2014</u> <u>USD</u>
Financial assets at fair value through profit or loss at beginning of the year	34,825,758	16,327,650
Purchases during the year	21,338,687	55,312,359
Proceeds from sales during the year	(27,373,090)	(44,256,300)
Net realised (loss) / gain on disposal of investments at fair value through profit or loss	(2,699,835)	5,519,759
Net unrealised (loss) / gain on investment at fair value through profit or loss	(4,102,837)	1,922,290
	-----	-----
Investments at fair value through profit or loss at end of the year	21,988,683	34,825,758
	=====	=====

7.2 Available-for-sale investments:

During the year, the Fund disposed all of its available-for-sale investments.

The analysis of listed bonds as of the previous year is as follows:

		<u>September 30, 2014</u>			
	<u>Maturity</u>	<u>Coupon</u> <u>rate</u>	<u>Cost</u> <u>USD</u>	<u>Fair</u> <u>Value</u> <u>USD</u>	<u>Fair Value</u> <u>Reserve</u> <u>USD</u>
Bank Muscat convertible bonds	March 20, 2017	4.5%	7,974	42,038	34,064
Renaissance bonds	July 25, 2017	3.75%	100,728	104,357	3,629
HKJ Euro bonds	November 12, 2015	3.875%	1,445,000	1,518,600	73,600
			-----	-----	-----
			1,553,702	1,664,995	111,293
			=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS
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7. **INVESTMENT SECURITIES: (CONTINUED)**

Investments in listed shares are classified as investments at fair value through profit or loss and investments in listed bonds are classified as available-for-sale. These securities provide the Fund with the opportunity to enhance the return on investment through trading gains. The fair value of these securities are based on quoted market prices of the relevant stock exchanges. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value. The Investment Manager manages market illiquidity by diversifying holdings across many markets and sectors and by maintaining healthy cash balances.

8. **RELATED PARTIES:**

Related parties, as defined in International Accounting Standards 24, "Related Party Disclosures" include entities in which the Investment Manager and Arab Bank Plc have substantial or controlling interest and transactions with key management personnel of the Fund.

Arab Bank MENA Fund Company B.S.C. (c) is a related party as it was incorporated to create the Fund.

Al-Arabi Investment Group Co. is a related party as it is the Operator, Investment Manager and principal shareholder of the Fund Company.

Arab Bank Plc is a related party as it is the ultimate parent of the Fund Company, correspondingly all branches of Arab Bank Plc are also considered as related parties. Oman Arab Bank is an affiliate of Arab Bank Plc.

The following are the transactions and balances between the Fund and its related party:

<u>Related Party</u>	<u>Nature of Transaction</u>	<u>Amount (incurred) / earned</u>		<u>(Payable) / receivable</u>	
		<u>September 30,</u>		<u>as at September 30,</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Al Arabi Investment Group	Management fees	(494,925)	(560,889)	(103,125)	(153,754)
Arab Bank Plc	Dividend income	9,952	23,479	-	-

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NOTES TO THE FINANCIAL STATEMENTS
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8. **RELATED PARTIES: (CONTINUED)**

- The following related parties owned units in the Fund:

<u>Related Party</u>	<u>Nature of Relationship</u>	<u>Number of units held as at</u>	
		<u>2015</u>	<u>2014</u>
- Arab Bank (Switzerland)	Subsidiary of Arab Bank Plc, Jordan	502,153	539,869
- Arab Bank Plc, Wholesale Bank, Bahrain	Branch of Arab Bank Plc, Jordan	500,000	500,000
- Oman Arab Bank S.A.O.C.	Affiliate of Arab Bank Plc, Jordan	50,000	50,000

- The Fund has the following bank balances and has invested in equity shares of the following:

<u>Related Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Fair Value</u>	
			<u>2015</u>	<u>2014</u>
			<u>USD</u>	<u>USD</u>
Arab Bank Plc, Dubai	Current account	Affiliate of Arab Bank Plc, Jordan	12,491	7,103
Arab Bank Plc – Wholesale Bank, Bahrain	Current accounts	Branch of Arab Bank Plc, Jordan	8,338	66,445
Arab Bank Plc, Jordan	Equity shares (2015: 66,240 shares) (2014: 58,880 shares)	Ultimate Parent of the Fund Company	599,151	627,055
Arab Bank Plc, Jordan	Current account	Ultimate Parent of the Fund Company	16,819	4,840
Arab Bank Plc, Palestine	Current account	Branch of Arab Bank Plc, Jordan	591	5,605

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8. **RELATED PARTIES: (CONTINUED)**

The Fund has the following bank balances and has invested in equity shares of the following:
(Continued)

<u>Related Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Fair Value</u>	
			<u>2015</u>	<u>2014</u>
			<u>USD</u>	<u>USD</u>
Arab Bank Plc, Cairo	Current accounts	Branch of Arab Bank Plc, Jordan	1,610	1,523
Arab Bank Plc, Cairo	Time deposit	Branch of Arab Bank Plc, Jordan	341,880	716,155
Oman Arab Bank S.A.O.C.	Current accounts	Affiliate of Arab Bank Plc, Jordan	57,959	100,937
Arab Bank Plc, Syria	Current account	Affiliate of Arab Bank Plc, Jordan	17,581	24,331
Arab Bank Plc, Syria	Time deposit	Affiliate of Arab Bank Plc, Jordan	12,349	16,023

9. **OTHER PAYABLES:**

	<u>2015</u>	<u>2014</u>
	<u>USD</u>	<u>USD</u>
Custody and administration fees	19,500	14,055
Registrar fee	2,416	2,857
Professional fee	17,303	22,281
Subscription fees received in advance	-	119,960
Other liabilities	8,874	2,009
	-----	-----
	48,093	161,162
	=====	=====

10. **UNIT CAPITAL:**

The unit capital of the Fund consists of redeemable units with a par value of USD 10 per unit, which do not carry voting rights. They are entitled to dividends and to a proportionate share of the Fund's net assets attributable to holders of redeemable units.

All issued redeemable units are fully paid. The Fund's capital is represented by these redeemable units. Quantitative information about the Fund's capital is provided in the statement of changes in net assets attributable to holders of redeemable units.

Each unit issued confers upon the unitholders an equal interest in the Fund, and is of equal value. A unit does not confer any interests in any particular asset or investment of the Fund.

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11. **INVESTMENT INCOME:**

The caption is composed of the following:

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
Dividend income	1,365,106	1,020,970
Interest income - available-for-sale investments	5,850	85,437
Interest income - bank accounts	39,132	31,035
	<u>1,410,088</u>	<u>1,137,442</u>

12. **FINANCIAL INSTRUMENTS:**

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Fund include cash at banks, receivables, investments and due from brokers.

Financial liabilities of the Fund include due to a related party and other payables.

Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and liabilities are set out in Note 3.

Categories of financial instruments

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
Financial assets		
Investment securities at fair value through profit or loss	21,988,683	34,825,758
Available-for-sale investments	-	1,664,995
Receivables at amortised cost (including cash at banks)	1,630,609	4,239,649
Financial liabilities		
Amortised cost	151,218	404,244

Financial risk management objectives

The Investment Manager provides services to the Fund, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Fund through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk, market risk comprising interest rate risk, foreign currency risk and equity price risk.

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NOTES TO THE FINANCIAL STATEMENTS
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12. **FINANCIAL INSTRUMENTS: (CONTINUED)**

12.1 **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location.

To mitigate this risk, the Fund spreads its investments, to the extent possible, over various types of counterparties and products consisting mainly of equity securities. However, where concentration is inevitable, the Fund takes precautions to reduce this additional risk to acceptable levels.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good credit - ratings assigned by international rating agencies.

Exposure to credit risk

The management of the Fund believes that the carrying amount of financial assets recorded in the financial statements represents the Fund's maximum exposure to credit risk. Recorded financial assets have not been provided as collateral for any facilities.

12.2 **Liquidity Risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities, it arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected or reimburse the unitholders as a result of market illiquidity. Liquidity risk may also result from an inability to sell a financial asset quickly at close to its fair value.

The Fund manages liquidity risk by maintaining sufficient bank balances or by obtaining credit facilities from the banks.

The liquidity profile of financial liabilities reflects the projected cash flows over the life of these financial liabilities.

The financial liabilities at September 30, 2015 and 2014 have a maturity of three months or less.

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12. **FINANCIAL INSTRUMENTS: (CONTINUED)**

12.3 **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Fund's market risk is managed through diversification of the investments portfolio exposure. The Fund's overall market positions are monitored on a daily basis by the Investment Manager.

Market risk consists of interest rate risk, currency risk and equity price risk.

12.3.1 **Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Fund is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund is exposed to interest rate risk in respect of time deposits and the investment manager believes it is not significant as at the reporting date.

The Investment Manager reviews the market analysis and expectations for interest rate movements as the basis on which Investment Manager monitors and manages the interest rate risk aspect and its impact on the Fund performance.

12.3.2 **Currency Risk:**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund's financial assets and financial liabilities are denominated in GCC currencies, Jordanian Dinars ("JOD"), Egyptian Pounds ("EGP"), Syrian Pounds ("SYP") Moroccan Dirham ("MAD"), Libyan Dinar ("LYD"), Great Britain Pound ("GBP") and United States Dollars. As the GCC currencies (except for the Kuwaiti Dinar), the Jordanian Dinar is effectively pegged to the United States Dollar, balances in this currency are not considered to represent a significant currency risk. The balances in the other currencies are exposed to currency risk.

Exchange rate exposures to these currencies are managed through continuously monitoring exchange rate fluctuations.

ARAB BANK MENA FUND
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12. **FINANCIAL INSTRUMENTS: (CONTINUED)**

12.3 **MARKET RISK (CONTINUED)**

12.3.2 **Currency Risk: (Continued)**

The carrying amounts of the Fund's foreign currency denominated monetary assets and monetary liabilities equivalent to United States Dollar at the reporting dates are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
AED	6,882,355	12,958,452	-	-
SAR	7,561,360	7,127,353	-	-
OMR	741,686	3,820,323	-	-
KWD	310,965	1,267,846	4,773	201
BHD	(27)	-	739	1,106
QAR	698,467	4,958,571	-	-
	-----	-----	-----	-----
GCC Currencies	16,194,806	30,132,545	5,512	1,307
	-----	-----	-----	-----
USD	13,732	1,611,578	142,345	312,907
EGP	343,382	718,258	-	-
SYP	114,383	133,252	2	4
MAD	3,204	3,570	-	-
JOD	5,822,471	7,192,254	558	90,006
LYD	2,801	31,213	2,801	-
GBP	1,124,513	907,732	-	20
	-----	-----	-----	-----
Non-GCC Currencies	7,424,486	10,597,857	145,706	402,937
	-----	-----	-----	-----
	23,619,292	40,730,402	151,218	404,244
	=====	=====	=====	=====

Foreign currency sensitivity analysis

The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items in GCC currencies (except the Kuwaiti Dinar) and the Jordanian Dinar and adjusts their translation at the period end for a 5% change in foreign currency rates with all other variables held constant. 5% represents management's assessment of the reasonably possible change in foreign currency rates. A positive number below indicates an increase in income where USD weakens 5% against the relevant currency, a negative number represents a decrease in income. For a 5% strengthening of USD against the relevant currency, there would be an equal and opposite impact on the income.

ARAB BANK MENA FUND
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12. **FINANCIAL INSTRUMENTS: (CONTINUED)**

12.3 **MARKET RISK (CONTINUED)**

12.3.2 **Currency Risk: (Continued)**

Foreign currency sensitivity analysis (Continued)

<u>Currency</u>	<u>2015</u> <u>Effect on Profit or</u> <u>Loss</u> <u>USD</u>	<u>2014</u> <u>Effect on Profit or</u> <u>Loss</u> <u>USD</u>
KWD	15,309	63,392
EGP	17,169	35,913
SYP	5,719	6,663
MAD	160	179
LYD	-	1,561
GBP	56,226	45,387

12.3.3 **Equity Price Risk:**

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. The Fund manages the risk through diversification of investments in terms of geographical distribution, to the extent permissible in the Prospectus, and industry concentration. As at the year ends, all the Fund's equity investments were in equities listed on the Securities Markets of United Arab Emirates, Saudi Arabia, Palestine, Oman, Jordan, Qatar, Syria and Kuwait.

The effect on the results for the year (as a result of a change in the fair value of equity instruments held as investments at fair value through profit or loss at the year ends presented) due to a reasonably possible change in market indices, with all other variables held constant, is as follows:

<u>Market</u>	<u>Change in equity</u> <u>price</u> <u>%</u>	<u>2015</u> <u>Effect on Profit or</u> <u>Loss</u> <u>USD</u>	<u>2014</u> <u>Effect on Profit or</u> <u>Loss</u> <u>USD</u>
Palestine	+ 5	+22,261	+19,103
Jordan	+ 5	+268,021	+340,018
Kuwait	+ 5	+15,545	+63,392
Qatar	+ 5	+34,437	+246,545
United Arab Emirates	+ 5	+342,676	+532,558
Saudi Arabia	+ 5	+375,353	+368,499
Syria	+ 5	+4,221	+4,643
Oman	+ 5	+36,919	+166,531

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12. **FINANCIAL INSTRUMENTS: (CONTINUED)**

12.3 **MARKET RISK (CONTINUED)**

12.3.3 **Equity Price Risk: (Continued)**

The effect on other comprehensive income due to a 5% change in market prices for the listed bonds classified as available-for-sale would be USD Nil (2014: USD 83,250).

There would be an equal and opposite impact on the results for the year and other comprehensive income (as appropriate), had there been a decrease in market prices by 5%.

12.4 **CAPITAL RISK MANAGEMENT**

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide return for Unitholders and to maintain an optimal capital structure to reduce the cost of capital. The Investment Manager monitors capital structure on monthly basis.

The capital structure of the Fund consists of Unitholders' capital. The Fund does not have borrowings.

13. **FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Financial assets at fair value through profit or loss and available-for-sale investments are measured based on quoted bid prices in an active market. These are categorised within Level 1 of the fair value hierarchy.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

There are no financial liabilities at FVTPL at the reporting dates.

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13. **FAIR VALUE OF FINANCIAL INSTRUMENTS: (CONTINUED)**

Fund's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

<u>Financial assets</u>	<u>Fair value as at</u>		<u>Fair value hierarchy</u>
	<u>September 30,</u> <u>2015</u> <u>USD</u>	<u>September 30,</u> <u>2014</u> <u>USD</u>	
Designated at fair value through profit or loss			
- Financial Institutions	5,950,485	9,424,749	Level 1
- Telecommunication	2,452,679	4,498,692	Level 1
- Manufacturing	268,109	491,525	Level 1
- Services	5,394,631	10,437,206	Level 1
- Industries	5,359,457	3,741,600	Level 1
- Real Estate	2,563,322	6,231,986	Level 1
	----- 21,988,683 =====	----- 34,825,758 =====	
Available-for-sale investments			
- Financial Institutions	-	42,038	Level 1
- Government	-	1,518,600	Level 1
- Services	-	104,357	Level 1
	----- - =====	----- 1,664,995 =====	

ANNEXURE
ADDITIONAL DISCLOSURES

Additional Disclosures

The additional disclosures as required by “Appendix CRR - (i) – Contents of Financial Reports” to the Rulebook on Collective Investment Undertakings (CIU) – Volume 7 are as follows:

I Investment Portfolio as at September 30, 2015

Top ten holdings

<u>Description</u>	<u>Fair Value</u> <u>USD</u>	<u>Fair Value as</u> <u>% of total NAV</u>
Siniora Food Industries Co.	2,069,378	8.82%
EMAAR Properties P.J.S.C.	2,022,917	8.62%
Abu Dhabi Commercial Bank P.J.S.C.	1,718,553	7.32%
Saudi Pharmaceutical Industries and Medical Appliances Corporation	1,610,724	6.86%
Saudi Airlines Catering	1,333,682	5.68%
Saudi Telecommunication Co.	1,184,644	5.05%
Fawaz A. AlHokair	1,091,727	4.65%
First Gulf Bank	987,632	4.21%
Air Arabia P.J.S.C.	953,050	4.06%
Gulf Marine Services	857,933	3.66%
Total	13,830,240	58.93%

II Performance table

a) Comparative table

	<u>September 30,</u> <u>2011</u> <u>USD</u>	<u>September 30,</u> <u>2012</u> <u>USD</u>	<u>September 30,</u> <u>2013</u> <u>USD</u>	<u>September 30,</u> <u>2014</u> <u>USD</u>	<u>September 30,</u> <u>2015</u> <u>USD</u>
Net Asset Value	33,389,669	32,605,400	33,308,110	40,326,158	23,468,074
NAV Per Unit	7.1058	7.7320	8.5928	10.5680	8.6651

b) Performance record

	<u>Highest</u> <u>Redemption</u> <u>Price</u> <u>USD</u>	<u>Lowest</u> <u>Redemption</u> <u>Price</u> <u>USD</u>
September 30, 2015	10.5680	8.7240
September 30, 2014	10.5257	8.5928
September 30, 2013	8.5960	7.7320
September 30, 2012	7.9491	7.0625
September 30, 2011	7.5676	7.1947
September 30, 2010	7.6954	7.1978
September 30, 2009	7.5549	5.3685
September 30, 2008	12.4425	9.8756
September 30, 2007	10.6125	9.3277
September 30, 2006	10.1472	9.0445
September 30, 2005	10.0000	10.0000

* The first financial statements cover the period from 23 May 2005 (the date of commencement of operations) to September 30, 2005.