

ARAB BANK MENA FUND
MANAMA
KINGDOM OF BAHRAIN

CONDENSED INTERIM
FINANCIAL INFORMATION
MARCH 31, 2009

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

Directors

Mr. Abdul Kader A Askalan
Mr. Jawdat Halabi (Upto September 30, 2008)
Mr. Adel Kasaji
Mr. Qutaiba M. Hawamdeh
Mr. Samer Al Tamimi
Mr. Guy Khouri (From April 27, 2009)

Registered Office

P. O. Box 2397
Manama,
Kingdom of Bahrain.

Investment Manager

Al Arabi Investment Group

Administrator, Custodian and Registrar

Gulf Clearing Company B.S.C. (c)

Principal Banker

Arab Bank plc

Auditor

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

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

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REVIEW REPORT

The Unitholders
Arab Bank MENA Fund,
Manama,
Kingdom of Bahrain.

Introduction

We have reviewed the accompanying condensed statement of assets and liabilities of Arab Bank MENA Fund ("the Fund") as at March 31, 2009 and the related condensed statement of operations, condensed statement of changes in net assets and condensed cash flow statement for the six-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this 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 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

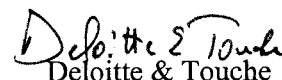
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not present fairly, in all material respects, the financial position of the Fund as at March 31, 2009, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of Matter

Without qualifying our conclusion we draw attention to Note 5.1 (a) to the condensed interim financial information. The investments at fair value through profit or loss include investments in listed shares, which according to the representation of the Fund Manager provide the Fund with the opportunity to enhance the return on investments through trading gains. The fair value of these securities is based on quoted market prices. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value.

Manama – Kingdom of Bahrain
June 22, 2009

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Member of
Deloitte Touche Tohmatsu

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT MARCH 31, 2009

	<u>March 31,</u> <u>2009</u> <u>USD</u>	<u>(Audited)</u> <u>September 30,</u> <u>2008</u> <u>USD</u>
ASSETS:		
Cash at banks	5,900,011	1,919,826
Securities designated – at fair value through profit or loss	5 23,032,822	50,179,124
Investments – available for sale	5 858,231	-
Investments – held to maturity	5 -	884,426
Other assets	652,531	150,488
Total Assets	30,443,595	53,133,864
LIABILITIES:		
Accrued expenses and other payables	174,950	667,898
Bank overdraft	140	149
Total liabilities	175,090	668,047
Net assets	30,268,505	52,465,817
ANALYSIS OF NET ASSETS:		
Capital	56,350,485	56,914,271
Net cumulative realised (loss) / gain	(9,356,064)	7,063,371
Changes in fair value of securities designated at fair value through profit or loss	(16,763,281)	(11,511,825)
Fair value reserve for available for sale investments	37,365	-
Net assets	30,268,505	52,465,817
Net asset value per unit (5,259,558 units as at March 31, 2009) (5,312,659 units as at September 30, 2008)	5.7550	9.8756

The condensed interim financial information was approved by the Directors on June 22, 2009 and signed on their behalf by:



Director



Director

The attached notes 1 to 6 form part of this condensed interim financial information.

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

	<u>Six-Month Period</u> <u>Ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
	<u>USD</u>	<u>USD</u>
INVESTMENT INCOME:		
Interest income	26,907	97,360
Interest income – Investments held to maturity	-	169,198
Dividend income	825,362	1,205,376
Other operating income	752	2,602
	-----	-----
	853,021	1,474,536
	-----	-----
EXPENSES:		
Management fees	244,231	409,469
Custody and administration fees	22,197	36,685
Accrual for performance fee	-	686,848
Registrar fees	8,449	8,899
Professional fees	11,850	26,326
Bank charges	1,452	11,015
Foreign exchange loss	1,043,850	87,420
Other expenses	13,496	17,695
	-----	-----
Total expenses	1,345,525	1,284,357
	-----	-----
Investment (loss) / gain - net	(492,504)	190,179
Realised and unrealised (loss) / gain on investments designated at fair value through profit or loss:		
Net realised (loss) / gain on investments	(15,926,931)	5,496,655
Change in fair value of investments	(5,251,456)	(665,552)
	-----	-----
Net (loss) / gain on investments designated at fair value through profit or loss:	(21,178,387)	4,831,103
	-----	-----
Net (decrease) / increase in net assets resulting from operations	(21,670,891)	5,021,282
	=====	=====

The attached notes 1 to 6 form part of this condensed interim financial information.

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

	<u>Six-Month Period</u> <u>Ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
	<u>USD</u>	<u>USD</u>
(Decrease) / increase in net assets from operations:		
Investment (loss) / gain - net	(492,504)	190,179
Net realised (loss) / gain on investments	(15,926,931)	5,496,655
Change in fair value of investments designated at fair value through profit or loss	(5,251,456)	(665,552)
	-----	-----
Net (decrease) / increase in net assets resulting from operations	(21,670,891)	5,021,282
Change in fair value of available for sale investments	37,365	-
Change in net assets from capital share transactions	(563,786)	11,046,294
	-----	-----
Change in net assets	(22,197,312)	16,067,576
Net assets – beginning of period	52,465,817	46,113,265
	-----	-----
Net assets – end of period	<u>30,268,505</u>	<u>62,180,841</u>

The attached notes 1 to 6 form part of this condensed interim financial information.

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

	<u>Six Month Period</u> <u>Ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
	<u>USD</u>	<u>USD</u>
Cash flows from operating activities		
Net (decrease) / increase in net assets from operations	(21,670,881)	5,021,282
Adjustment for:		
Net loss / (gain) on investments	21,178,387	(4,831,103)
Changes in operating assets and liabilities:		
Change in other assets	(502,043)	(449,349)
Change in other liabilities	(492,948)	1,679,942
	(1,487,495)	1,420,772
Purchase of securities	(1,188,086)	(30,437,173)
Proceeds from disposal of securities	7,156,001	20,168,334
Capital refunds from bonds	63,560	-
Net cash from / (used in) operating activities	4,543,980	(8,848,067)
Cash flows from financing activities		
Proceeds from issue of units	1,018,332	14,937,000
Payments on redemption of units	(1,582,118)	(3,890,706)
Net cash (used in) / from financing activities	(563,786)	11,046,294
Net increase in cash and cash equivalents	3,980,194	2,198,227
Cash and cash equivalents at the beginning of the period	1,919,677	4,354,452
Cash and cash equivalent at the end of the period	5,899,871	6,552,679
Comprising:		
Cash at bank	5,900,011	6,552,679
Bank overdraft	(140)	-
	5,899,871	6,552,679

The attached notes 1 to 6 form part of this condensed interim financial information.

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

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

Arab Bank MENA Fund (“the Fund”) is an open ended investment fund registered under the Law of the Kingdom of Bahrain, established on May 23, 2005 by Arab Bank MENA Fund Company B.S.C (c) (“the Fund Company”) pursuant to the provisions of the Central Bank of Bahrain (“the CBB”) circular number OG/356/92, of November 18, 1992 and subsequent supplementary circulars and has been approved and is regulated by the Central Bank of Bahrain.

The Fund is managed by Al Arabi Investment Group (formerly known as Atlas Investment Group) (“the Investment Manager”) who manages the Fund as a fiduciary patrimony on a discretionary basis pursuant to the provisions of the Fund's by-laws and the provisions of law that regulates fiduciary activities. Gulf Clearing Company B.S.C (c) is the custodian and administrative agent of the Fund.

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 maximizing capital growth during period of strong equity markets performance. The Fund may distribute dividends on an annual basis, upon the sole discretion of the Fund Company. Dividend, if any, will be paid out of investment income from dividends and interest earned by the Fund after deducting expenses.

The Fund is denominated in U.S. Dollars.

2. **BASIS OF PREPARATION:**

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The condensed interim financial information has been prepared under the historical cost convention except for the valuation of certain investment securities.

The same accounting policies, presentation and methods of computation are followed in this condensed interim financial information as were applied in the preparation of the Fund's financial statements for the year ended September 30, 2008.

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

4. **JUDGEMENTS AND ESTIMATES:**

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended September 30, 2008.

5. **INVESTMENTS:**

	<u>March 31,</u> <u>2009</u> <u>USD</u>	<u>(Audited)</u> <u>September 30,</u> <u>2008</u> <u>USD</u>
Investments in listed shares at fair value through profit or loss (Note 5.1)	23,032,822	50,179,124
	-----	-----
	23,032,822	50,179,124
	-----	-----
Investment in listed bonds – available for sale (Note 5.2)	858,231	-
Investment in listed bonds – held to maturity (Note 5.3)	-	884,426
	-----	-----
	858,231	844,426
	-----	-----
	<u>23,891,053</u>	<u>51,063,550</u>
	=====	=====

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

5. **INVESTMENTS: (CONTINUED)**

5.1 Investments in Listed Shares - at fair value through profit or loss

	<u>March 31, 2009</u>		
	<u>Cost</u>	<u>Fair value</u>	<u>Change in Fair</u>
	<u>USD</u>	<u>USD</u>	<u>value</u>
			<u>USD</u>
Palestine – USD	156,235	158,464	2,229
Egypt – EGP	5,001,128	3,954,131	(1,046,997)
Jordan – JOD	1,417,468	806,478	(610,990)
Kuwait – KWD	6,679,321	2,937,739	(3,741,582)
Kingdom of Bahrain – BHD	450,929	361,406	(89,523)
Oman – OMR	598,919	219,950	(378,969)
Qatar – QAR	4,285,530	2,528,463	(1,757,067)
Dubai – AED	5,275,439	1,924,619	(3,350,820)
Kingdom of Saudi Arabia – SAR	15,653,723	9,864,859	(5,788,864)
Libya Securities	38,707	33,203	(5,504)
Syria Securities	238,704	243,510	4,806
	-----	-----	-----
	39,796,103	23,032,822	(16,763,281)
	=====	=====	=====

September 30, 2008 (Audited)

	<u>September 30, 2008 (Audited)</u>		
	<u>Cost</u>	<u>Fair value</u>	<u>Change in</u>
	<u>USD</u>	<u>USD</u>	<u>Fair value</u>
			<u>USD</u>
Palestine – USD	148,499	119,879	(28,620)
Iraq - IQD	48,999	54,211	5,212
Egypt – EGP	10,961,112	7,169,360	(3,791,752)
Jordan – JOD	2,223,569	2,594,018	370,449
Kuwait – KWD	10,217,081	9,256,790	(960,291)
Kingdom of Bahrain – BHD	542,018	450,928	(91,090)
Oman – OMR	857,193	738,640	(118,553)
Qatar – QAR	4,959,737	4,548,019	(411,718)
United Arab Emirates – AED	9,826,040	7,637,089	(2,188,951)
Kingdom of Saudi Arabia – SAR	21,606,577	17,330,611	(4,275,966)
Libya-LYD	50,250	40,875	(9,375)
Syria- SYP	249,874	238,704	(11,170)
	-----	-----	-----
	61,690,949	50,179,124	(11,511,825)
	=====	=====	=====

- (a) Investments in listed shares are classified as investments at fair value through profit or loss. 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 market prices, which may not necessarily represent realisable value because of market illiquidity.

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

5. **INVESTMENTS: (CONTINUED)**

5.2 Investments in Listed Bonds – Available for sale

		<u>March 31, 2009</u>			<u>Change in</u>
	<u>Maturity</u>	<u>Coupon</u> <u>rate</u> <u>%</u>	<u>Cost</u> <u>USD</u>	<u>Fair</u> <u>Value</u> <u>USD</u>	<u>Fair</u> <u>Value</u> <u>USD</u>
Bank Muscat non guaranteed bonds	June 30, 2014	6.25	579,589	612,661	33,072
AHB non guaranteed bonds	May 15, 2011	5.55	156,531	159,555	3,024
ZARA Investment Holding bonds	December 12, 2009	6.50	84,746	86,015	1,269
			-----	-----	-----
			820,866	858,231	37,365
			=====	=====	=====

The bonds portfolio has been reclassified from Held to Maturity to available for sale investments during the period.

The gain on available for sale investments has been recognised directly in equity.

5.3 Investments in Listed Bonds – Held to maturity

		<u>September 30, 2008 (Audited)</u>			<u>Change in</u>
	<u>Maturity</u>	<u>Coupon</u> <u>rate</u> <u>%</u>	<u>Amortised</u> <u>cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Fair Value</u> <u>USD</u>
Bank Muscat non guaranteed bonds	June 30, 2014	6.25	579,589	606,960	27,371
AHB non guaranteed bonds	May 15, 2011	5.55	156,531	159,575	3,044
ZARA Investment Holding bonds	December 12, 2009	6.25	148,306	105,219	(43,087)
			-----	-----	-----
			884,426	871,754	(12,672)
			=====	=====	=====

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

6. **RELATED PARTY TRANSACTIONS:**

Transactions with companies in which the Investment Manager and its parent company, Arab Bank Plc have substantial or controlling interest are classified as transactions with related parties. These transactions are undertaken on an arm's length basis.

- 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</u>		<u>Payable as at March 31, 2009</u>	<u>(Audited) Payable as at September 30, 2008</u>
		<u>Six-month period ended March 31, 2009</u>	<u>March 31, 2008</u>		
		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Al Arabi Investment Group	Management fees	244,231	409,469	108,720	220,120

- 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>March 31, 2009</u>	<u>September 30, 2008</u>
- Arab Bank (Switzerland)	Subsidiary of Arab Bank Plc, Jordan	1,122,424	1,171,410
- Arab Bank Plc, Wholesale Bank, Bahrain	Branch of Arab Bank Plc, Jordan	500,000	500,000
- Oman Arab Bank S.A.O.C.	Affiliate Company of Arab Bank, Plc, Jordan	50,000	50,000

Arab Bank Plc, Jordan is the Ultimate Parent Company of the Fund Company.

ARAB BANK MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

6. **RELATED PARTY TRANSACTIONS: (CONTINUED)**

- 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>March 31, 2009</u>	<u>September 30, 2008</u>
			<u>USD</u>	<u>USD</u>
Arab Bank Plc – Wholesale Bank, Bahrain	Current account	Branch of Arab Bank Plc, Jordan	540,419	25,981
Arab Bank Plc – Retail Bank, Bahrain	Current account	Branch of Arab Bank Plc, Jordan	86	363
Arab Bank Plc, Jordan	Equity shares	Ultimate Parent Company of the Fund Company	806,478	1,415,466
Arab Bank Plc, Jordan	Current account	Ultimate Parent Company of the Fund Company	960,344	215,540
Arab Bank Plc, Palestine	Current account	Branch of Arab Bank Plc, Jordan	6,988	6,988
Oman Arab Bank S.A.O.C.	Current account	Affiliate Company of Arab Bank Plc, Jordan	1,592,050	720,729