

**ARAB BANK MENA FUND**

**REVIEW REPORT AND INTERIM CONDENSED**  
**FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED**  
**MARCH 31, 2016**

**ARAB BANK MENA FUND**

Directors

Mr. Feras Jasser Jameel Ziyad  
Mr. Guy Khoury  
Mr. Ammar Zuhair Husni Saifi  
Mr. Mohammed Al Ghanamah

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

Auditors

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

Engagement Partner: Rushdi Kikhia

**ARAB BANK MENA FUND**

**CONTENTS**

	<u>Page</u>
Review Report	1
Financial Statements:	
Interim Statement of Financial Position	2
Interim Statement of Profit or Loss and Other Comprehensive income	3
Interim Statement of Changes in Net Assets	4
Interim Statement of Cash Flows	5
Notes to the Interim Condensed Financial Information	6 to 12

## REVIEW REPORT

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

### *Introduction*

We have reviewed the accompanying interim statement of financial position of Arab Bank MENA Fund (the "Fund"), as at March 31, 2016, and the related interim statement of profit or loss and other comprehensive income, interim statement of changes in net assets and interim statement of cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed 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 interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Manama, Kingdom of Bahrain  
July 24, 2016

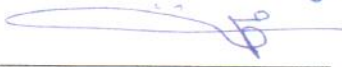



Deloitte & Touche – Middle East  
Partner Registration No. 135

**ARAB BANK MENA FUND**  
**INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT MARCH 31, 2016**

	Notes	March 31, 2016 USD (Unaudited)	September 30, 2015 USD (Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash at banks	6 & 8	3,017,296	492,947
Dividend receivable		108,211	2,801
Interest receivable		30	1,365
Investments at fair value through profit or loss	7	16,013,153	21,988,683
Due from brokers		1,785,141	1,133,496
<b>Total assets</b>		20,923,831	23,619,292
<b>Liabilities</b>			
<b>Current liabilities</b>			
Due to a related party	8	75,934	103,125
Other payables		32,483	48,093
<b>Total liabilities</b>		108,417	151,218
<b>Net assets attributable to holders of redeemable Units</b>			
		20,815,414	23,468,074
<b>Analysis of net assets</b>			
Unit capital	9	26,338,230	27,083,370
Unit surplus		7,730,482	7,587,612
Accumulated losses		(13,253,298)	(11,202,908)
<b>Net assets</b>		20,815,414	23,468,074
<b>Number of units outstanding</b>	9	2,633,823	2,708,337
<b>Net asset value per unit</b>		7.903	8.665

The interim condensed financial information from page 2 to 12 was approved and authorised for issue by the Directors on July 24, 2016 and signed by:

  
 Mr. Mohammed Al Ghanamah  
 Director

  
 Mr. Ammar Zuhair Husni Saifi  
 Director

The accompanying notes form part of this interim condensed financial information





**ARAB BANK MENA FUND**  
**INTERIM STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

	<u>Notes</u>	<u>Six-Month Period</u> <u>Ended March 31,</u>	
		<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
<b>Revenues</b>			
Dividend income		392,939	944,091
Interest income – available-for-sale investments		-	5,787
Interest income – bank accounts		3,053	23,902
Net realised loss on investments at fair value through profit or loss	7	(700,677)	(1,292,488)
Net unrealised loss on investments at fair value through profit or loss		(1,519,089)	(4,277,094)
Net realised gain on available-for-sale investments	7	-	94,360
Other income – capital reduction of an investee		34,266	-
Net foreign exchange loss		(20,804)	(105,630)
<b>Total operating loss</b>		<b>(1,810,312)</b>	<b>(4,607,072)</b>
<b>Expenses</b>			
Management fees	5 and 8	(159,818)	(261,559)
Custody and administration fees	5	(14,600)	(27,699)
Registrar fee	5	(4,571)	(5,307)
Professional fees		(11,275)	(11,110)
Bank charges		(1,497)	(1,920)
Other expenses		(48,317)	(95,262)
<b>Total operating expenses</b>		<b>(240,078)</b>	<b>(402,857)</b>
<b>Loss for the period</b>		<b>(2,050,390)</b>	<b>(5,009,929)</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net loss arising on revaluation of available-for-sale investments		-	(1,259)
Reclassification adjustment relating to available-for-sale investments disposed of in the year		-	(94,360)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(95,619)</b>
<b>Decrease in net assets attributable to holders of redeemable units</b>		<b>(2,050,390)</b>	<b>(5,105,568)</b>

  
Mr. Mohammed Al Ghanamah  
Director

  
Mr. Ammar Zuhair Husni Saifi  
Director

The accompanying notes form part of this interim condensed financial information





**ARAB BANK MENA FUND**  
**INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

	<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, 2014 (Audited)	3,815,867	38,158,670	7,105,823	(5,049,628)	111,293	40,326,158
Subscriptions of units	29,099	290,990	3,960	-	-	294,950
Redemptions of redeemable units	(208,514)	(2,085,140)	67,416	-	-	(2,017,724)
Decrease in net assets attributable to holders of redeemable units	-	-	-	(5,009,929)	-	(5,009,929)
Net loss on revaluation	-	-	-	-	(95,619)	(95,619)
Balance at March 31, 2015	<u>3,636,452</u>	<u>36,364,520</u>	<u>7,177,199</u>	<u>(10,059,557)</u>	<u>15,674</u>	<u>33,497,836</u>
Balance at September 30, 2015 (Audited)	2,708,337	27,083,370	7,587,612	(11,202,908)	-	23,468,074
Subscriptions of units	3,029	30,290	(5,290)	-	-	25,000
Redemptions of redeemable units	(77,543)	(775,430)	148,160	-	-	(627,270)
Decrease in net assets attributable to holders of redeemable units	-	-	-	(2,050,390)	-	(2,050,390)
Balance at March 31, 2016	<u>2,633,823</u>	<u>26,338,230</u>	<u>7,730,482</u>	<u>(13,253,298)</u>	<u>-</u>	<u>20,815,414</u>

The accompanying notes form part of this interim condensed financial information

**ARAB BANK MENA FUND**  
**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

	<u>Six Month Period</u> <u>Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
<b>Cash flows from operating activities</b>		
Loss for the period	(2,050,390)	(5,009,929)
Adjustments for:		
Dividend income	(392,939)	(944,091)
Interest income	(3,053)	(29,689)
Net loss on investments at fair value through profit or loss	2,219,766	5,569,582
Net realised gain on available-for-sale investments	-	(94,360)
	-----	-----
	(226,616)	(508,487)
Changes in operating assets and liabilities:		
Increase in due from brokers	(651,645)	(562,175)
Decrease in due to a related party	(27,191)	(27,309)
Decrease in due to brokers	-	(89,328)
(Decrease) / increase in other payables	(15,610)	2,996
	-----	-----
	(921,062)	(1,184,303)
Payments for purchase of investments at fair value through profit or loss	(5,013,350)	(13,901,160)
Proceeds from disposal of investments at fair value through profit or loss	8,769,114	19,303,762
Proceeds from disposal of available-for-sale investments	-	1,587,124
Dividend received	287,529	622,279
Interest received	4,388	52,579
	-----	-----
<b>Net cash from operating activities</b>	3,126,619	6,480,281
	-----	-----
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable units	25,000	174,990
Payments on redemption of redeemable units	(627,270)	(2,017,724)
	-----	-----
<b>Net cash used in financing activities</b>	(602,270)	(1,842,734)
	-----	-----
<b>Net increase in cash and cash equivalents</b>	2,524,349	4,637,547
Cash and cash equivalents at the beginning of the period	492,947	986,372
	-----	-----
<b>Cash and cash equivalent at the end of the period</b>	3,017,296	5,623,919
	=====	=====

The accompanying notes form part of this interim condensed financial information



**ARAB BANK MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

---

**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 interim condensed financial information represents 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.

**2. BASIS OF PREPARATION:**

The interim condensed financial information has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 - ‘Interim Financial Reporting’ (“IAS34”).

The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards. For more details, please refer to the audited financial statements for the year ended September 30, 2015.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period are not necessarily indicative of the results that may be expected for the financial year ending September 30, 2016.

**ARAB BANK MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

---

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The interim condensed financial information has been prepared under the historical cost convention except for the valuation of investments designated at fair value through profit or loss.

The same accounting policies, presentation and methods of computation are followed in this interim condensed financial information as were applied in the preparation of the Fund's financial statements for the year ended September 30, 2015, except for the impact of the adoption of the Standards and Interpretations described below:

**Standards affecting the disclosures and presentation in the current period**

None of the new and revised Standards that have been adopted in the current period which are effective for annual periods beginning on or after the current period have affected the disclosures and presentations in the interim condensed financial information.

4. **JUDGEMENTS AND ESTIMATES:**

The preparation of the interim condensed 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 interim condensed 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, 2015.

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) **Custody and Administration Fee**

Under the Custody and Administration 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:

**ARAB BANK MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

5. **FEES: (CONTINUED)**

(b) **Administration and Custody Fee (Continued)**

- 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.

(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 represents balances in current accounts and time deposit held at banks.

	<u>March 31,</u> <u>2016</u> <u>USD</u> <u>(Unaudited)</u>	<u>September 30,</u> <u>2015</u> <u>USD</u> <u>(Audited)</u>
Current accounts	3,004,265	138,718
Time deposit	13,031	354,229
	----- 3,017,296 =====	----- 492,947 =====

Time deposits carry interest rate of 7% per annum (2015: 6.5% and 7% per annum) and have original maturities of less than three months.

**ARAB BANK MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

**7. 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>March 31,</u> <u>2016</u> <u>USD</u> <u>(Unaudited)</u>	<u>September 30,</u> <u>2015</u> <u>USD</u> <u>(Audited)</u>
Investments at fair value through profit or loss at beginning of the period / year	21,988,683	34,825,758
Purchases during the period / year	5,013,350	21,338,687
Proceeds from sales during the period / year	(8,769,114)	(27,373,090)
Net realised loss on disposal of investments at fair value through profit or loss	(700,677)	(2,699,835)
Decrease in fair value of investments at fair value through profit or loss	(1,519,089)	(4,102,837)
	-----	-----
Investments at fair value through profit or loss at end of the period / year	<u>16,013,153</u>	<u>21,988,683</u>

**8. RELATED PARTIES:**

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

Arab Bank Mena Fund is a related party as it is the principal shareholder of the Fund Company.

Al-Arabia 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.

**ARAB BANK MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

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

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, 2016</u> <u>USD</u> <u>(Unaudited)</u>	<u>Payable as at September 30, 2015</u> <u>USD</u> <u>(Audited)</u>
		<u>Six-month period ended March 31, 2016</u> <u>USD</u> <u>(Unaudited)</u>	<u>2015</u> <u>USD</u> <u>(Audited)</u>		
Al Arabi Investment Group	Management fees	(159,818)	(261,559)	75,934	103,125
Arab Bank Plc	Dividend income	-	9,952	-	-

- 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, 2016</u> <u>(Unaudited)</u>	<u>September 30, 2015</u> <u>(Audited)</u>
- Arab Bank (Switzerland)	Subsidiary of Arab Bank Plc, Jordan	460,716	502,153
- 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>March 31, 2016</u> <u>USD</u> <u>(Unaudited)</u>	<u>September 30, 2015</u> <u>USD</u> <u>(Audited)</u>
Arab Bank Plc – Wholesale Bank, Bahrain	Current accounts	Branch of Arab Bank Plc, Jordan	12,666	8,338
Arab Bank Plc, Jordan	Equity shares (March 2016: 66,240 shares) (September 30, 2015: 66,240 shares)	Ultimate Parent of the Fund Company	570,950	599,151

**ARAB BANK MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

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

<u>Related Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Fair Value</u>	
			<u>March 31,</u> <u>2016</u> <u>USD</u> <u>(Unaudited)</u>	<u>September 30,</u> <u>2015</u> <u>USD</u> <u>(Audited)</u>
Arab Bank Plc, Jordan	Current account	Ultimate Parent of the Fund Company	96,277	16,819
Arab Bank Plc, Palestine	Current account	Branch of Arab Bank Plc, Jordan	582	591
Oman Arab Bank S.A.O.C.	Current accounts	Affiliate of Arab Bank Plc, Jordan	2,330,140	57,959
Arab Bank Plc, Dubai	Current account	Affiliate of Arab Bank Plc, Jordan	231,374	12,491
Arab Bank, Syria	Current account	Affiliate of Arab Bank Plc, Jordan	22,302	17,581
Arab Bank, Syria	Time deposit	Affiliate of Arab Bank Plc, Jordan	13,031	12,349
Arab Bank, Cairo	Time deposit	Affiliate of Arab Bank Plc, Jordan	-	341,880
Arab Bank, Cairo	Current accounts	Affiliate of Arab Bank Plc, Jordan	3,046	1,610

9. **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.

**ARAB BANK MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2016**

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

Investments at fair value through profit or loss are measured based on quoted bid prices in an active market. These are categorised within Level 1 in the fair value hierarchy.

The carrying values of financial assets and liabilities at amortised cost approximate their fair value due to their short term nature.

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

The 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>Valuation technique and key inputs</u>
	<u>March 31, 2016</u> <u>USD</u> <u>(Unaudited)</u>	<u>September 30, 2015</u> <u>USD</u> <u>(Audited)</u>		
<b>Designated at fair value through profit or loss</b>				Quoted bid prices in an active market
- Financial Institutions	5,549,978	5,950,485	Level 1	
- Telecommunication	1,613,560	2,452,679	Level 1	
- Manufacturing	140,840	268,109	Level 1	
- Services	3,534,741	5,394,631	Level 1	
- Industries	2,966,808	5,359,457	Level 1	
- Real Estate	2,207,226	2,563,322	Level 1	
	----- 16,013,153 =====	----- 21,988,683 =====		