

**IIAB ISLAMIC MENA FUND**

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

## IIAB ISLAMIC MENA FUND

### Directors

Mr. Mohammed Al Ghanamah  
Mr. Ammar Zuhair Husni Saifi  
Mr. Feras Jasser Jameel Ziyed

### Registered Office

P.O. Box 2400  
Manama, Kingdom of Bahrain

### Fund Company

IIAB Islamic 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 Co.  
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

### Shari'a Supervisory Board

His Eminence Sheikh Professor Dr. Ahmad Mohammed Helayyel  
His Eminence Sheikh Said Abdul Haffeth Asa'ad Al Hijjawi  
Professor Dr. Ahmad Subhi Ahmad Al Ayyadi

### Principal Banker

ABC Islamic Bank

### Auditors

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

Engagement Partner: Rushdi Kikhia

## IIAB ISLAMIC MENA FUND

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## REVIEW REPORT

To the Unitholders  
IIAB Islamic MENA Fund  
Manama, Kingdom of Bahrain

### *Introduction*

We have reviewed the accompanying interim statement of net assets of IIAB Islamic MENA Fund, (the "Fund"), as at March 31, 2016, and the related interim statement of operations, 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 International Accounting Standard 34.

Manama, Kingdom of Bahrain  
August 9, 2016



Deloitte & Touche – Middle East  
Partner Registration No. 135

**IIAB ISLAMIC MENA FUND**  
**INTERIM STATEMENT OF NET ASSETS (UNAUDITED)**  
**AS AT MARCH 31, 2016**

	<u>Notes</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>
<b>ASSETS</b>			
Cash at banks		1,785,815	1,638,255
Investments held for trading	6	5,379,936	6,989,808
Due from a brokers		928,110	-
Due from a related party		-	29,122
Other receivables		42,438	-
<b>Total assets</b>		<u>8,136,299</u>	<u>8,657,185</u>
<b>LIABILITIES</b>			
Due to a related party	9	29,246	33,251
Due to a broker		-	45,150
Accrued fees and other liabilities	7	36,699	48,240
<b>Total liabilities</b>		<u>65,945</u>	<u>126,641</u>
<b>Net assets attributable to holders of redeemable units</b>		<u>8,070,354</u>	<u>8,530,544</u>
<b>ANALYSIS OF NET ASSETS</b>			
Capital	8	12,976,590	12,996,840
Unit deficit		(301,338)	(308,713)
Accumulated losses		(4,604,898)	(4,157,583)
<b>Net assets</b>		<u>8,070,354</u>	<u>8,530,544</u>
<b>Number of units outstanding</b>		<u>1,297,659</u>	<u>1,299,684</u>
<b>Net asset value per unit</b>		<u>6.2191</u>	<u>6.5635</u>

The interim condensed financial information from page 2 to 11 was approved and authorised for issue by the Directors on August 9, 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






**IIAB ISLAMIC MENA FUND**  
**INTERIM STATEMENT OF OPERATIONS (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

		Six-Month Period Ended	
		March 31,	
	Notes	2016 USD	2015 USD
<b>Income:</b>			
Net realised loss on investments held for trading	6	(99,934)	(7,389)
Net unrealised loss gain on investments held for trading	6	(327,423)	(845,020)
Dividend income		119,944	236,629
Net foreign exchange loss		(8,237)	(7,394)
Other operating income		2	145
		(315,648)	(623,029)
<b>Expenses:</b>			
Management fee	9	(60,568)	(67,787)
Custody and administration fees		(25,000)	(24,932)
Registrar and transfer agent fees		(2,000)	(1,995)
Representative fees		(2,500)	(2,493)
Shari'a board fees		(5,100)	(5,086)
Broker commission		(16,401)	(25,964)
Audit fees		(10,214)	(10,052)
Bank charges		(1,144)	(1,491)
Other expenses		(8,740)	(13,284)
		(131,667)	(153,084)
<b>Loss for the period</b>		(447,315)	(776,113)
<b>Decrease in net assets attributable to holders of redeemable units</b>		(447,315)	(776,113)



Mr. Mohammed Al Ghanamah  
Director



Mr. Ammar Zuhair Husni Saifi  
Director

The accompanying notes form part of this interim condensed financial information




**IIAB ISLAMIC MENA FUND**  
**INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

	Number of units	Capital USD	Unit deficit USD	Accumulated losses USD	Total USD
At October 1, 2014 (Audited)	1,288,073	12,880,730	(277,437)	(3,005,790)	9,597,503
Subscription of redeemable units	13,415	134,150	(34,194)	-	99,956
Redemptions of redeemable units	(4,100)	(41,000)	12,204	-	(28,796)
Decrease in net assets attributable to holders of redeemable units	-	-	-	(776,113)	(776,113)
At March 31, 2015	1,297,388	12,973,880	(299,427)	(3,781,903)	8,892,550
At October 1, 2015 (Audited)	1,299,684	12,996,840	(308,713)	(4,157,583)	8,530,544
Redemptions of redeemable units	(2,025)	(20,250)	7,375	-	(12,875)
Decrease in net assets attributable to holders of redeemable units	-	-	-	(447,315)	(447,315)
At March 31, 2016	1,297,659	12,976,590	(301,338)	(4,604,898)	8,070,354

The accompanying notes form part of this interim condensed financial information

**IIAB ISLAMIC MENA FUND**  
**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

	<u>Six-Month Period Ended</u>	
	<u>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	(447,315)	(776,113)
Adjustments for:		
Net gain on investments held for trading	427,357	852,409
Dividend income	(119,944)	(236,629)
Other operating income	(2)	(145)
	-----	-----
	(139,904)	(160,478)
Changes in operating assets and liabilities:		
Decrease in due to a related party	(4,005)	(3,852)
(Decrease) / increase in accrued fees and other liabilities	(11,541)	4,099
Decrease in due from a related party	29,122	-
Increase in due from broker	(928,110)	-
Decrease in due to broker	(45,150)	-
	-----	-----
	(1,099,588)	(160,231)
Payment for purchase of investments held for trading	(2,857,437)	(6,525,343)
Proceeds from disposal of investments held for trading	4,039,952	5,796,686
Dividend received	77,506	167,921
Other operating income received	2	145
	-----	-----
<b>Net cash from / (used in) operating activities</b>	160,435	(720,822)
	-----	-----
<b>Cash flows from financing activity</b>		
Payment on redemption of redeemable units	(12,875)	(28,796)
	-----	-----
<b>Net cash used in financing activity</b>	(12,875)	(28,796)
	-----	-----
<b>Net increase / (decrease) in cash and cash equivalents</b>	147,560	(749,618)
Cash and cash equivalents at the beginning of the period	1,638,255	3,046,521
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<b>Cash and cash equivalents at the end of the period</b>	1,785,815	2,296,903
	=====	=====

The accompanying notes form part of this interim condensed financial information



**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

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

IIAB Islamic 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 23, 2006. The Fund was launched on March 26, 2008. 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 Fund aims at the realisation of capital growth in the long run through the investment in companies situated in MENA region in compliance with the Islamic investment principles as detailed in the prospectus of the Fund.

The Fund is managed by Al Arabi Investment Group Co., a company incorporated in Kingdom of Jordan. 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 assets, liabilities and operations 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 Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, and in accordance with International Accounting Standard 34 - ‘Interim Financial Reporting’ (“IAS 34”).

The interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and 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.



**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

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3. **SIGNIFICANT ACCOUNTING POLICIES:**

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

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 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 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 AND EXPENSES:**

(a) **Management Fee**

The Investment Manager is entitled to an annual Management Fee at a maximum of 1.5% of the Net Asset Value ("NAV") of the Fund prior to the accrual of the performance fee for its services as Investment Manager. The Management Fee is calculated and accrued as at each Valuation Day and payable quarterly in arrears.

(b) **Performance Fee**

The Investment Manager is also entitled to a Performance Fee equivalent to 15% of any additional return over the Hurdle Rate (as defined in the Prospectus) of 8% per annum (after the deduction of all Fees) since the closing date or the previous year end on which the Performance Fee was paid (whichever is later). The Fund will pay to the Investment Manager on the last day of that financial year.

**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

5. **FEES AND EXPENSES: (CONTINUED)**

(c) **Shari'a Board Fee**

The Fund shall pay each of the members of the Shari'ah Board USD 3,400 per annum. The Fee is calculated and accrued as at each Valuation Day and payable annually in arrears.

(d) **Custody and Administration Fees**

Under the Administration and Custody agreement, the Fund pays the Administrator and Custodian as remuneration for its on-going services a fee accruing on each Valuation Day at the annual rate of 0.2% of the NAV of the Fund on such Valuation Day (subject to a minimum fee of USD 50,000 per annum).

(e) **Registrar and Transfer Agent Fee**

Under the Registrar agreement, the Fee payable by the Fund for the provision of such service will be USD 4,000 per annum for up to 100 Unitholders and USD 40 per annum per additional Unitholder. The Registrar and Transfer Agent Fee is calculated and accrued as at each Valuation Day and payable quarterly in arrears.

6. **INVESTMENTS HELD FOR TRADING:**

Investments held for trading 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 held for trading at beginning of the period / year	6,989,808	6,735,799
Purchases during the period / year	2,857,437	11,450,897
Proceeds from sales during the period / year	(4,039,952)	(9,996,770)
Net realised loss on disposal of investments held for trading	(99,934)	(254,274)
Net unrealised loss of investments held for trading	(327,423)	(945,844)
	-----	-----
Investments held for trading at the end of the period / year	5,379,936	6,989,808
	=====	=====



**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

**7. ACCRUED FEES AND OTHER LIABILITIES:**

	<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>
Custody and administration fees	12,432	12,603
Professional fee	9,612	15,844
Shari'a board fee	5,100	10,200
Other payables	9,555	9,593
	-----	-----
	<u>36,699</u>	<u>48,240</u>
	=====	=====

**8. CAPITAL:**

The 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 unitholder 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.

**9. RELATED PARTIES:**

IIAB Islamic MENA Fund Company B.S.C. (Closed) 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 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 transactions occurred between the Fund and its related parties:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount incurred</u>	
		<u>Six-Month</u> <u>Period</u> <u>Ended</u> <u>March 31,</u> <u>2016</u> <u>USD</u>	<u>Six-Month</u> <u>Period</u> <u>Ended</u> <u>March 31,</u> <u>2015</u> <u>USD</u>
Al Arabi Investment Group Co.	Management fees	60,568	67,787
		=====	=====



**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

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

The following related party owns units in the Fund as March 31, 2016 and September 30, 2015.

<u>Related party</u>	<u>Nature of relationship</u>	<u>Number of units</u>
Islamic International Arab Bank	Subsidiary of Arab Bank Plc	500,000 =====

The Fund maintains the following bank accounts with its related parties:

<u>Related party</u>	<u>Nature of Bank balance</u>	<u>Balance as at</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>
Oman Arab Bank	Current accounts	1,394,664	18,928
Arab Bank Plc – Jordan	Current account	120,368	23,323
Arab Bank Plc – Bahrain Branch	Current accounts	2,899	72,035
Arab Bank Plc – UAE	Current accounts	228	-
		=====	=====

  

	<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>
Due to a related party - Management fees	29,246 =====	33,251 =====

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

Financial assets held for trading 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 carried at amortised cost in the interim condensed financial information 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.

**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2016**

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

<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 held for trading</b>				Quoted bid prices in an active market
- Financial Institutions	877,095	182,441	Level 1	
- Telecommunication	949,514	1,756,604	Level 1	
- Others	3,553,327	5,050,763	Level 1	
	<u>5,379,936</u>	<u>6,989,808</u>		