

IIAB ISLAMIC MENA FUND

**REVIEW REPORT AND CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED
MARCH 31, 2018**

IIAB ISLAMIC MENA FUND

<u>Directors</u>	Mr. Mohammed Al Ghanamah Mr. Ammar Zuhair Husni Saifi Mr. Feras Jasser Jameel Ziyed
<u>Registered Office</u>	P.O. Box 2400 Manama, Kingdom of Bahrain
<u>Fund Company</u>	IIAB Islamic MENA Fund Company B.S.C. (c) P. O. Box 2400 Manama, Kingdom of Bahrain
<u>Investment Manager, Operator and Placement Agent</u>	Al Arabi Investment Group Co. P. O. Box 143156 Amman 11814, Hashemite Kingdom of Jordan
<u>Administrator, Custodian and Registrar</u>	Gulf Custody Company B.S.C. (c) P.O. Box 2400 Manama, Kingdom of Bahrain
<u>Shari'a Supervisory Board</u>	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
<u>Principal Banker</u>	Arab Bank Plc.
<u>Auditors</u>	Deloitte & Touche – Middle East P.O. Box 421 Manama, Kingdom of Bahrain Engagement Partner: Zahi Zeini

IIAB ISLAMIC MENA FUND

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REVIEW REPORT

To the Unitholders
IIAB Islamic MENA Fund
Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed interim statement of net assets of IIAB Islamic MENA Fund, (the "Fund"), as at March 31, 2018 and the related condensed statements of operations, changes in net assets and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with Financial Accounting Standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 Financial Accounting Standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions.



DELOITTE & TOUCHE - MIDDLE EAST
Partner Registration No. 184
Manama, Kingdom of Bahrain

June 10, 2018

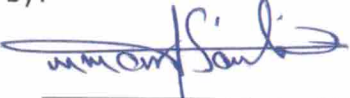
IIAB ISLAMIC MENA FUND
INTERIM STATEMENT OF NET ASSETS (UNAUDITED)
AS AT MARCH 31, 2018

	Notes	March 31, 2018 USD (Unaudited)	September 30, 2017 USD (Audited)
ASSETS			
Cash at banks		1,045,371	1,017,667
Investments held for trading	6	4,572,481	4,773,960
Due from brokers		926,101	1,112,002
Dividends receivable		80,288	-
Total assets		6,624,241	6,903,629
LIABILITIES			
Due to a related party	9	24,222	26,070
Accrued fees and other liabilities	7	33,201	42,583
Total liabilities		57,423	68,653
EQUITY:			
Capital	8	10,444,040	10,462,340
Unit surplus		569,134	562,329
Accumulated losses		(4,446,356)	(4,189,693)
Total equity		6,566,818	6,834,976
Total liabilities and equity		6,624,241	6,903,629
Number of units outstanding		1,044,404	1,046,234
Net asset value per unit		6.288	6.533

The interim condensed financial information from page 2 to 11 was approved and authorised for issue by the Directors on 10 June 2018 and signed by:



 Mr. Mohammed Al Ghanamah
 Director

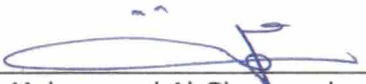



 Mr. Ammar Zuhair Husni Saifi
 Director

The accompanying notes form part of this condensed interim financial information

IIAB ISLAMIC MENA FUND
INTERIM STATEMENT OF OPERATIONS (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

	Notes	Six-Month Period Ended March 31,	
		2018 USD	2017 USD
Income:			
Net realised gain on investments held for trading	6	47,718	480,515
Net unrealised (loss) / gain on investments held for trading	6	(377,223)	50,637
Dividend income		180,569	140,408
Net foreign exchange loss		2,347	(4,703)
Total operating (loss) / income		(146,589)	666,857
Expenses:			
Management fee	9	(49,533)	(59,428)
Custody and administration fees		(24,932)	(24,932)
Registrar and transfer agent fees		(1,995)	(1,995)
Representative fees		(2,493)	(2,493)
Shari'a board fees		(5,086)	(5,087)
Broker commission		(5,042)	(16,225)
Audit fees		(9,722)	(9,865)
Bank charges		(668)	(1,706)
Other expenses		(10,603)	(8,400)
Total operating expenses		(110,074)	(130,131)
(Loss) / profit for the period		(256,663)	536,726
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		(256,663)	536,726


Mr. Mohammed Al Ghanamah
Director


Mr. Ammar Zuhair Husni Saifi
Director

The accompanying notes form part of this condensed interim financial information

IIAB ISLAMIC MENA FUND
INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

	Number of units	Capital		Unit (deficit)/ surplus		Accumulated losses		Total	
		USD	USD	USD	USD	USD	USD	USD	USD
At October 1, 2016 (Audited)	1,277,791	12,777,910	(227,673)	(4,598,121)	7,952,116				
Redemptions of redeemable units	(182,705)	(1,827,050)	619,930	-	(1,207,120)				
Total comprehensive income for the period	-	-	-	536,726	536,726				
At March 31, 2017	1,095,086	10,950,860	392,257	(4,061,395)	7,281,722				
At October 1, 2017 (Audited)	1,046,234	10,462,340	562,329	(4,189,693)	6,834,976				
Redemptions of redeemable units	(1,830)	(18,300)	6,805	-	(11,495)				
Total comprehensive loss for the period	-	-	-	(256,663)	(256,663)				
At March 31, 2018	1,044,404	10,444,040	569,134	(4,446,356)	6,566,818				

The accompanying notes form part of this condensed interim financial information

IIAB ISLAMIC MENA FUND
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

	Six-Month Period Ended March 31,	
	2018 USD	2017 USD
Cash flows from operating activities		
(Loss) / profit for the period	(256,663)	536,726
Adjustments for:		
Net (loss) / gain on investments held for trading	329,505	(531,152)
Dividend income	<u>(180,569)</u>	<u>(140,408)</u>
	(107,727)	(134,834)
Changes in operating assets and liabilities:		
(Decrease) / increase in due from broker	185,901	(686,146)
Decrease in due to a related party	(1,848)	(1,316)
Decrease in accrued fees and other liabilities	<u>(9,382)</u>	<u>(15,257)</u>
	66,944	(837,553)
Payment for purchase of investments held for trading	(934,480)	(1,952,695)
Proceeds from disposal of investments held for trading	806,454	3,946,108
Dividend received	<u>100,281</u>	<u>94,971</u>
Net cash from operating activities	<u>39,199</u>	<u>1,250,831</u>
Cash flows from financing activity		
Payment on redemption of redeemable units	<u>(11,495)</u>	<u>(1,207,120)</u>
Net cash used in financing activity	<u>(11,495)</u>	<u>(1,207,120)</u>
Net increase in cash and cash equivalents	27,704	43,711

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

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 and Tourism 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 condensed interim 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 condensed interim financial information has been prepared using accounting policies consistent with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions. (AAOIFI). In line with the requirements of AAOIFI and CBB Rulebook Volume 7, for matters that are not covered by AAOIFI Standards, the Fund uses guidance from the relevant IFRS. Accordingly, the interim financial information has been presented in condensed form 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 and should be read in conjunction with the audited financial statements of the Fund for the year ended September 30, 2017.

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, 2018.

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES:

The condensed interim 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 condensed interim financial information as were applied in the preparation of the Fund's financial statements for the year ended September 30, 2017.

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 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, 2017.

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 CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

(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.

(f) **Representative Fee**

Under the Representation agreement, the Gulf Clearing Company B.S.C. (c) was appointed to be representative of the Fund Company and it is entitled to receive an annual representative fee of USD 5,000 per annum.

6. **INVESTMENTS HELD FOR TRADING:**

Investments held for trading represent investments in securities quoted on various Gulf Cooperation Council (GCC) and Middle East and North Africa (MENA) stock exchanges.

	March 31, 2018	September 30, 2017
	USD	USD
	(Unaudited)	(Audited)
Investments held for trading at beginning of period / year	4,773,960	6,447,828
Purchases during the period / year	934,480	2,407,080
Proceeds from sales during the period / year	(806,454)	(4,482,620)
Net realised gain on disposal of investments held for trading	47,718	544,603
Net unrealised (loss) of investments held for trading	(377,223)	(142,931)
Investments held for trading at end of period / year	<u>4,572,481</u>	<u>4,773,960</u>

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

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

	March 31, 2018 <u>USD</u> (Unaudited)	September 30, 2017 <u>USD</u> (Audited)
Custody and administration fees	12,329	12,740
Professional fee	9,021	14,949
Shari'a board fee	6,072	10,200
Other payables	<u>5,779</u>	<u>4,694</u>
	<u>33,201</u>	<u>42,583</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.

- Management fees to Al Arabi Investment Group Co. amounted to BD 49,533 (BD 59,428 for the six month period ended March 31, 2017). Outstanding management fees payable as at March 31, 2018 amounted to BD 24,222 (BD 26,070 as at September 30, 2017).
- Islamic International Arab Bank holds 500,000 units in the Fund as at March 31, 2018 and September 30, 2017.

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
SIX-MONTH PERIOD ENDED MARCH 31, 2018

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

Related party	Balance as at	
	March 31, 2018	September 30, 2017
	USD (Unaudited)	USD (Audited)
Arab Bank Plc – Jordan	242,537	325,314
Arab Bank Plc – Bahrain Branch	-	8,763
Arab Bank Plc – UAE	126,787	27,232
	<u>369,324</u>	<u>361,309</u>

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 condensed interim 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.

	Fair value as at		Fair value hierarchy
	March 31, 2018 USD (Unaudited)	September 30, 2017 USD (Audited)	
Designated at held for Trading			
- Financial Institutions	542,217	658,966	Level 1
- Telecommunication	894,749	886,011	Level 1
- Others	3,135,515	3,228,983	Level 1
	<u>4,572,481</u>	<u>4,773,960</u>	