

**IIAB ISLAMIC MENA FUND**

**REVIEW REPORT AND CONDENSED INTERIM  
FINANCIAL INFORMATION  
SIX-MONTH PERIOD ENDED MARCH 31, 2019**

## **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

Arab Bank Plc.

### Auditors

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 financial position of IIAB Islamic MENA Fund, (the "Fund"), as at March 31, 2019 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

May 29, 2019

**IIAB ISLAMIC MENA FUND**  
**INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT MARCH 31, 2019**

	Notes	March 31, 2019 USD	September 30, 2018 USD
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at banks		1,393,350	639,650
Investments held for trading	6	4,401,048	4,986,382
Due from brokers		427,410	696,286
Dividend receivable		172,895	46,364
<b>Total assets</b>		6,394,703	6,368,682
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Due to a related party	9	23,264	24,488
Accrued fees and other liabilities	7	35,035	98,366
<b>Total liabilities</b>		58,299	122,854
<b>EQUITY</b>			
Capital	8	10,316,040	10,427,540
Unit surplus		620,049	575,334
Accumulated losses		(4,599,685)	(4,757,046)
<b>Total equity</b>		6,336,404	6,245,828
<b>Total liabilities and equity</b>		6,394,703	6,368,682
Net asset value (NAV) per unit at book value based on 1,031,604 units (2018: 1,042,754) outstanding		6.1422	5.9897

The interim condensed financial information from page 2 to 9 was approved and authorised for issue by the Directors on 29 May, 2019 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, 2019**

	Notes	Six-Month Period Ended March 31,	
		2019 USD	2018 USD
<b>Income:</b>			
Net realised gain on investments	6	89,062	47,718
Net unrealised gain / (loss) on investments	6	28,056	(377,223)
Dividend income		142,992	180,569
Net foreign exchange loss		2,416	2,347
<b>Total operating income / (loss)</b>		<u>262,526</u>	<u>(146,589)</u>
<b>Expenses:</b>			
Management fee			
Custody and administration fees	9	(46,438)	(49,533)
Registrar and transfer agent fees		(24,932)	(24,932)
Representative fees		(1,995)	(1,995)
Shari'a board fees		(2,493)	(2,490)
Broker commission		(5,087)	(5,086)
Audit fees		(3,122)	(5,042)
Bank charges		(9,681)	(9,722)
Other expenses		(818)	(668)
<b>Total operating expenses</b>		<u>(10,599)</u>	<u>(10,606)</u>
		<u>(105,165)</u>	<u>(110,074)</u>
<b>Profit / (loss) for the period</b>		<u>157,361</u>	<u>(256,663)</u>
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income / (loss) for the period</b>		<u>157,361</u>	<u>(256,663)</u>

  
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, 2019**

	Number of units	Capital USD	Unit surplus USD	Accumulated losses USD	Total USD
At October 1, 2017 (Audited)					
Redemptions of units	1,046,234	10,462,340	562,329	(4,189,693)	6,834,976
Total comprehensive loss for the period	(1,830)	(18,300)	6,805	-	(11,495)
At March 31, 2018	1,044,404	10,444,040	569,134	(256,663)	(256,663)
At October 1, 2018 (Audited)					
Redemptions of units	1,042,754	10,427,540	575,334	(4,757,046)	6,245,828
Total comprehensive income for the period	(11,150)	(111,500)	44,715	-	(66,785)
At March 31, 2019	1,031,604	10,316,040	620,049	157,361	157,361
				(4,599,685)	6,336,404

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, 2019**

	Six-Month Period Ended March 31,	
	2019 USD	2018 USD
<b>Cash flows from operating activities</b>		
Profit / (loss) for the period	157,361	(256,663)
Adjustments for:		
Net (gain) / loss on investments held for trading	(117,118)	329,505
Dividend income	(142,992)	(180,569)
	(102,749)	(107,727)
Changes in operating assets and liabilities:		
Increase in due from broker	268,876	185,901
Decrease in due to a related party	(1,224)	(1,848)
Decrease in accrued fees and other liabilities	(63,331)	(9,382)
	101,572	66,944
Payment for purchase of investments held for trading	(345,336)	(934,480)
Proceeds from disposal of investments held for trading	1,047,788	806,454
Dividend received	16,461	100,281
<b>Net cash from operating activities</b>	<u>820,485</u>	<u>39,199</u>
<b>Cash flows from financing activity</b>		
Payment on redemption of units	(66,785)	(11,495)
<b>Net cash used in financing activity</b>	<u>(66,785)</u>	<u>(11,495)</u>
<b>Net increase in cash and cash equivalents</b>	753,700	27,704
Cash and cash equivalents at beginning of period	639,650	1,017,667
<b>Cash and cash equivalents at end of period</b>	<u>1,393,350</u>	<u>1,045,371</u>

The accompanying notes form part of this condensed interim financial information



**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2019**

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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 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, 2018.

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, 2019.

**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, 2018.

**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.

**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2019**

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**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, 2018.

**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.

**(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.

**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2019**

**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, 2019 USD	September 30, 2018 USD
Carrying value, beginning of period / year	4,986,382	4,773,960
Purchases during the period / year	345,336	2,276,528
Proceeds from sales during the period / year	(1,047,788)	(1,453,901)
Net realised gain on investments held for trading	89,062	138,439
Net unrealised gain / (loss) of investments held for trading	28,056	(748,644)
Carrying value, end of period / year	<u>4,401,048</u>	<u>4,986,382</u>

**7. ACCRUED FEES AND OTHER LIABILITIES**

	March 31, 2019 USD	September 30, 2018 USD
Custody and administration fees	12,329	12,877
Professional fee	9,022	14,950
Shari'ah board fee	5,088	10,200
Other payables	8,596	60,339
	<u>35,035</u>	<u>98,366</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.

**IIAB ISLAMIC MENA FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**SIX-MONTH PERIOD ENDED MARCH 31, 2019**

- Management fees to Al Arabi Investment Group Co. amounted to USD 46,438 (USD 49,533 for the six month period ended March 31, 2018). Outstanding management fees payable as at March 31, 2019 amounted to USD 23,264 (USD 24,488 as at September 30, 2018).
- Islamic International Arab Bank holds 500,000 units in the Fund as at March 31, 2019 and September 30, 2018.

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

Related party	Balance as at	
	March 31, 2019 USD (Unaudited)	September 30, 2018 USD (Audited)
Arab Bank Plc – Jordan	48	2,021
Arab Bank Plc – Bahrain Branch	367,314	592
Arab Bank Plc – UAE	31,669	105,955

**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.

Designated at held for Trading	Fair value as at		Fair value hierarchy
	March 31, 2019 USD (Unaudited)	September 30, 2018 USD (Audited)	
- Financial Institutions	594,295	549,365	Level 1
- Telecommunication	817,142	936,612	Level 1
- Others	2,989,611	3,500,405	Level 1
	<u>4,401,048</u>	<u>4,986,382</u>	