

ARAB BANK MENA FUND

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

ARAB BANK MENA FUND

Directors

Mr. Feras Jasser Jameel Ziyad
Mr. Guy Houry
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: Zahi Zeini

ARAB BANK MENA FUND

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REVIEW REPORT

To the Unitholders
Arab Bank MENA Fund
Kingdom of Bahrain

Introduction

We have reviewed the interim statement of financial position of Arab Bank MENA Fund (the "Fund"), as at March 31, 2019, 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 condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.



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

May 29, 2019

ARAB BANK MENA FUND
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2019

	Notes	March 31 2019 (Unaudited) USD	September 30 2018 (Audited) USD
ASSETS			
Current assets			
Cash at banks	6	2,948,367	1,678,185
Dividends receivable		365,801	2,731
Interest receivable		109	82
Investments at fair value through profit or loss	7.1	13,364,492	14,275,143
Due from brokers		474,764	1,191,541
Total assets		17,153,533	17,147,682
EQUIY AND LIABILITIES			
Liabilities			
Current liabilities			
Due to a related party	8	62,808	66,472
Other payables		30,810	93,192
Total liabilities		93,618	159,664
Equity			
Unit capital	9	20,310,020	20,710,440
Unit surplus		8,672,332	8,601,137
Accumulated losses		(11,922,437)	(12,323,559)
Total equity		17,059,915	16,988,018
Total liabilities and equity		17,153,533	17,147,682
Net Asset Value (NAV) per unit at book value based on 2,031,002 units (2018: 2,071,044) outstanding		8.3998	8.2026

The condensed interim financial information from page 2 to 10 was approved and authorised for issue by the Directors on 29 May and signed by:



 Mr. Mohammed Al Ghanamah
 Director



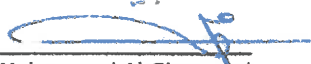

 Mr. Ammar Zuhair Husni Saifi
 Director

The accompanying notes form part of this condensed interim financial information





ARAB BANK MENA FUND
INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

	Notes	Six-Month Period Ended March 31,	
		2019 USD	2018 USD
Dividend income		401,985	494,134
Interest income – bank accounts		1,678	1,031
Net realised gain on sales of investments	7	134,328	156,482
Net unrealised gain / (loss) on investments	7	44,368	(1,195,776)
Net foreign exchange gain / (loss)		7,135	(42,792)
		<u>589,494</u>	<u>(586,921)</u>
Expenses			
Management fees	5 and 8	(125,962)	(135,189)
Custody and administration fees	5	(27,425)	(27,425)
Registrar fee	5	(3,408)	(3,832)
Professional fees		(10,807)	(10,912)
Bank charges		(1,996)	(838)
Other expenses		(18,774)	(22,030)
Total operating expenses		<u>(188,372)</u>	<u>(200,226)</u>
Profit / (loss) for the period		<u>401,122</u>	<u>(787,147)</u>
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		<u>401,122</u>	<u>(787,147)</u>
			
Mr. Mohammed Al Ghanamah Director		Mr. Anwar Zuhair Husni Saifi Director	

The accompanying notes form part of this condensed interim financial information




ARAB BANK MENA FUND
INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

	Number of units	Unit capital USD	Unit surplus USD	Accumulated losses USD	Total USD
Balance at October 1, 2017 (Audited)	2,245,345	22,453,450	8,310,241	(11,418,239)	19,345,452
Redemptions of units	(126,280)	(1,262,800)	211,929	-	(1,050,871)
Total comprehensive loss for the period	-	-	-	(787,147)	(787,147)
Balance at March 31, 2018	2,119,065	21,190,650	8,522,170	(12,205,386)	17,507,434
Balance at October 1, 2018 (Audited)	2,071,044	20,710,440	8,601,137	(12,323,559)	16,988,018
Redemptions of units	(40,042)	(400,420)	71,195	-	(329,225)
Total comprehensive income for the period	-	-	-	401,122	401,122
Balance at March 31, 2019	2,031,002	20,310,020	8,672,332	(11,922,437)	17,059,915

The accompanying notes form part of this condensed interim financial information

ARAB BANK MENA FUND
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

	Notes	Six Month Period Ended March 31,	
		2019 USD	2018 USD
Cash flows from operating activities			
Profit / (loss) for the period		401,122	(787,147)
Adjustments for:			
Dividend income		(401,985)	(494,134)
Interest income		(1,678)	(1,031)
Net (gain) / loss on investments	7	(178,696)	1,039,294
		<u>(181,237)</u>	<u>(243,018)</u>
Changes in operating assets and liabilities:			
Decrease in due from brokers		716,777	1,304,101
Decrease in Due to a related party		(3,664)	(10,759)
Decrease in other payables		(62,382)	(6,738)
		<u>469,494</u>	<u>1,043,586</u>
Payments for purchase of investments	7	(654,745)	(1,372,880)
Proceeds from disposal of investments	7	1,744,092	1,205,051
Dividend received		38,915	452,346
Interest received		1,651	991
Net cash from operating activities		<u>1,599,407</u>	<u>1,329,094</u>
Cash flows from financing activities			
Payments on redemption of units		(329,225)	(1,050,871)
Net cash used in financing activities		<u>(329,225)</u>	<u>(1,050,871)</u>
Net increase in cash and cash equivalents		1,270,182	278,223
Cash and cash equivalents at beginning of period		1,678,185	1,953,633
Cash and cash equivalent at end of period		<u>2,948,367</u>	<u>2,231,856</u>

The accompanying notes form part of this condensed interim financial information

ARAB BANK MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

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 and Tourism 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. 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 International Financial Reporting Standards and in accordance with International Accounting Standard 34 - 'Interim Financial Reporting' ("IAS34").

The condensed interim 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, 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 accounting policies used in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Fund's financial statements for the year ended September 30, 2018.

The Fund has adopted the following new Standards and amendments to Standards effective January 1, 2018:

IFRS 9 Financial Instruments: The adoption of this Standard resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements as at and for the year ended September 30, 2018.

IFRS 15 Revenue from Contracts with Customers: The Fund did not have a significant impact on its financial statements from adoption of this Standard.

Amendments to IAS 40 Transfers of Investment Property: The Fund did not have a significant impact on its financial statements from adoption of these amendments.

The adoption of the above new standards and amendments to standards did not have an impact on the reported amounts of the Fund.

ARAB BANK MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

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

(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:

- 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.

	March 31, 2019 USD (Unaudited)	September 30, 2018 USD (Audited)
Current accounts	2,906,011	1,645,125
Time deposit	42,356	33,060
	<u>2,948,367</u>	<u>1,678,185</u>

Time deposits carry interest rate of 7% per annum (2018: 7% per annum) and have original maturities of less than three months.

ARAB BANK MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss represent investments in securities quoted on various Gulf Cooperation Council (GCC) and Middle East and North Africa (MENA) stock exchanges.

	March 31, 2019	September 30, 2018
	USD (Unaudited)	USD (Audited)
Balance beginning of period / year	14,275,143	15,675,943
Purchases during the period / year	654,745	3,339,531
Proceeds from sales during the period / year	(1,744,092)	(3,454,768)
Net realised gain on sales of investments	134,328	506,705
Net unrealised gain / (loss) on investments	44,368	(1,792,268)
Balance at end of period / year	<u>13,364,492</u>	<u>14,275,143</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.

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.

The following are the transactions and balances between the Fund and its related party:

Related Party	Nature of Transaction	Amount incurred		Payable as at March 31, 2019 USD (Unaudited)	Payable as at September 30, 2018 USD (Audited)
		Six-month period ended			
		March 31, 2019 USD (Unaudited)	March 31, 2018 USD (Unaudited)		
Al Arabi Investment Group	Management fees	125,962	135,189	62,808	66,472

- The following related parties owned units in the Fund:

Related Party	Nature of Relationship	Number of units held as at	
		March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
- Arab Bank (Switzerland)	Subsidiary of Arab Bank Plc, Jordan	391,805	409,245
- 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

ARAB BANK MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

The Fund has the following bank balances and has invested in equity shares of the following:

Related Party	Nature of Transaction	Nature of Relationship	Fair Value	
			March 31, 2019 USD	September 30, 2018 USD
Arab Bank Plc, Dubai	Current account	Affiliate of Arab Bank Plc, Jordan	29,808	53,158
Arab Bank Plc – Wholesale Bank, Bahrain	Current accounts	Branch of Arab Bank Plc, Jordan	740,012	702
Arab Bank Plc, Jordan	Current account	Ultimate Parent of the Fund Company	117,571	18,645
Arab Bank Plc, Palestine	Current account	Branch of Arab Bank Plc, Jordan	500	507
Arab Bank Plc, Cairo	Current accounts	Branch of Arab Bank Plc, Jordan	2,748	2,763
Arab Bank Plc, Syria	Current account	Affiliate of Arab Bank Plc, Jordan	4,278	8,090
Arab Bank Plc, Syria	Time deposit	Affiliate of Arab Bank Plc, Jordan	42,356	33,060
Arab Bank Plc, Jordan	Equity shares (2019: 66,240 shares) (2018: 66,240 shares)	Ultimate Parent of the Fund Company	561,660	584,985
Arab Bank Plc, Syria	Interest Receivable	Affiliate of Arab Bank Plc, Jordan	109	82

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.

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 financial 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.

ARAB BANK MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2019

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.

Financial assets	Fair value as at		Fair value hierarchy
	March 31, 2019 USD	September 30, 2018 USD	
Designated at fair value through profit or loss			
- Financial Institutions	3,595,270	4,398,548	Level 1
- Telecommunication	1,525,877	1,716,119	Level 1
- Manufacturing	60,400	116,726	Level 1
- Services	5,879,332	4,359,295	Level 1
- Industries	225,873	2,028,586	Level 1
- Real Estate	2,077,740	1,655,869	Level 1
	<u>13,364,492</u>	<u>14,275,143</u>	