

ARAB BANK MENA FUND

**REVIEW REPORT AND CONDENSED INTERIM
FINANCIAL INFORMATION
PERIOD ENDED MARCH 31, 2021**

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: Irshad Mahmood

ARAB BANK MENA FUND

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the interim statement of financial position of Arab Bank MENA Fund (the "Fund"), as at March 31, 2021, 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. 157
Manama, Kingdom of Bahrain

May 30, 2021

ARAB BANK MENA FUND
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2021

	Notes	March 31 2021 (Unaudited) USD	September 30 2020 (Audited) USD
ASSETS			
Current assets			
Cash at banks	6	2,364,934	2,139,343
Dividends receivable		203,048	13,063
Interest receivable		9	88
Investments at fair value through profit or loss	7	9,639,474	9,383,500
Due from brokers		1,124,105	1,230,695
Total assets		<u>13,331,570</u>	<u>12,766,689</u>
EQUITY AND LIABILITIES			
Liabilities			
Current liabilities			
Due to a related party	8	49,847	46,650
Other payables		29,451	38,759
Total liabilities		<u>79,298</u>	<u>85,409</u>
Equity			
Unit capital	9	15,442,090	15,688,900
Unit surplus		9,440,908	9,401,027
Accumulated losses		(11,630,726)	(12,408,647)
Total equity		<u>13,252,272</u>	<u>12,681,280</u>
Total liabilities and equity		<u>13,331,570</u>	<u>12,766,689</u>
Net Asset Value (NAV) per unit at book value based on 1,544,209 units (2020: 1,568,890) outstanding		<u>8.58191</u>	<u>8.0829</u>

The condensed interim financial information from page 2 to 10 was approved and authorized for issue by the Directors on 30 May 2021 and signed on their behalf 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, 2021

	Notes	Six-Month period ended March 31,	
		2021	2020
		USD	USD
Dividend income		202,941	348,887
Interest income – bank accounts		1,664	1,801
Net realized gain on sales of investments	7	270,939	95,608
Net unrealized gain / (loss) on investments	7	492,491	(2,805,479)
Net foreign exchange loss		(36,883)	(6,382)
		<u>931,152</u>	<u>(2,365,565)</u>
Expenses			
Management fees	5 and 8	(98,984)	(116,393)
Custody and administration fees	5	(27,425)	(27,500)
Registrar fee	5	(2,996)	(3,125)
Professional fees		(10,777)	(10,880)
Bank charges		(1,190)	(2,025)
Other expenses		(11,859)	(30,092)
Total operating expenses		<u>(153,231)</u>	<u>(190,015)</u>
Profit / (loss) for the period		<u>777,921</u>	<u>(2,555,580)</u>
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		<u>777,921</u>	<u>(2,555,580)</u>



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 CHANGES IN NET ASSETS (UNAUDITED)
PERIOD ENDED MARCH 31, 2021

	Number of units	Unit capital USD	Unit surplus USD	Accumulated losses USD	Total USD
Balance at October 1, 2019 (Audited)	1,948,257	19,482,570	8,787,066	(11,564,215)	16,705,421
Redemptions of units	(378,294)	(3,782,940)	611,727	-	(3,171,213)
Total comprehensive loss for the period	-	-	-	(2,555,580)	(2,555,580)
Balance at March 31, 2020	<u>1,569,963</u>	<u>15,699,630</u>	<u>9,398,793</u>	<u>(14,119,795)</u>	<u>10,978,628</u>
Balance at October 1, 2020 (Audited)	1,568,890	15,688,900	9,401,027	(12,408,647)	12,681,280
Redemptions of units	(24,681)	(246,810)	39,881	-	(206,929)
Total comprehensive income for the period	-	-	-	777,921	777,921
Balance at March 31, 2021	<u>1,544,209</u>	<u>15,442,090</u>	<u>9,440,908</u>	<u>(11,630,726)</u>	<u>13,252,272</u>

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, 2021

	Notes	Six Month period ended March 31,	
		2021 USD	2020 USD
Cash flows from operating activities			
Profit / (loss) for the period		777,921	(2,555,580)
Adjustments for:			
Dividend income		(202,941)	(348,887)
Interest income		(1,664)	(1,801)
Net (gain) / loss on investments	7	(763,430)	2,709,871
		(190,114)	(196,397)
Changes in operating assets and liabilities:			
Decrease in due from brokers		106,590	753,613
Increase / (decrease) in due to a related party		3,197	(10,228)
Decrease in other payables		(9,308)	(55,273)
		(89,635)	491,715
Payments for purchase of investments	7	(884,168)	(2,171,488)
Proceeds from disposal of investments	7	1,391,624	3,434,683
Dividend received		12,956	43,276
Interest received		1,743	1,789
Net cash generated from operating activities		432,520	1,799,975
Cash flows from financing activities			
Payments on redemption of units		(206,929)	(3,171,213)
Net cash used in financing activities		(206,929)	(3,171,213)
Net increase / (decrease) in cash and cash equivalents			
		225,591	(1,371,238)
Cash and cash equivalents at beginning of period		2,139,343	3,462,469
Cash and cash equivalent at end of period		2,364,934	2,091,231

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, 2021

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 maximizing 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 utilizes 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, 2020.

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, 2021.

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, 2020.

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 an annual period that begins on, or after October 1, 2020 have affected the disclosures and presentation 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, 2020.

ARAB BANK MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2021

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, 2021 USD (Unaudited)	September 30, 2020 USD (Audited)
Current accounts	2,353,576	2,120,018
Time deposit	19,745	46,910
Impairment loss	(8,387)	(27,585)
	2,364,934	2,139,343

Time deposits carry interest rate of 7% per annum (2020: 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, 2021

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, 2021	September 30, 2020
	USD (Unaudited)	USD (Audited)
Balance beginning of period / year	9,383,500	12,625,544
Purchases during the period / year	884,168	3,339,826
Proceeds from sales during the period / year	(1,391,624)	(5,615,801)
Net realized gain on sales of investments during the period / year	270,939	402,841
Net unrealized gain / (loss) on investments during the period / year	492,491	(1,368,910)
Balance at end of period / year	<u>9,639,474</u>	<u>9,383,500</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, 2021 USD (Unaudited)	Payable as at September 30, 2020 USD (Audited)
		Six-month period ended March 31, 2021 USD (Unaudited)	March 31, 2020 USD (Unaudited)		
Al Arabi Investment Group	Management fees	98,984	116,393	49,847	46,650

- The following related parties owned units in the Fund:

Related Party	Nature of Relationship	Number of units held as at	
		March 31, 2021 (Unaudited)	September 30, 2020 (Audited)
- Arab Bank (Switzerland)	Subsidiary of Arab Bank Plc, Jordan	25,284	25,284
- Arab Bank plc, Wholesale Bank, Bahrain*	Branch of Arab Bank Plc, Jordan	875,035	875,035
- Oman Arab Bank S.A.O.C.	Affiliate of Arab Bank Plc, Jordan	50,000	50,000

* 375,035 units were transferred from Rose Nominees Limited to Arab Bank plc on December 24, 2019 in order to increase the seed capital of Arab Bank plc.

ARAB BANK MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2021

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, 2021	September 30, 2020
			USD	USD
Arab Bank Plc, Dubai	Current account	Affiliate of Arab Bank Plc, Jordan	99,253	274,750
Arab Bank Plc – Wholesale Bank, Bahrain	Current accounts	Branch of Arab Bank Plc, Jordan	9,183	43,618
Arab Bank Plc, Jordan	Current account	Ultimate Parent of the Fund Company	44,354	13,590
Arab Bank Plc, Palestine	Current account	Branch of Arab Bank Plc, Jordan	461	473
Arab Bank Plc, Cairo	Current accounts	Branch of Arab Bank Plc, Jordan	2,495	2,552
Arab Bank Plc, Syria	Current account	Affiliate of Arab Bank Plc, Jordan	6,239	15,325
Arab Bank Plc, Syria	Time deposit	Affiliate of Arab Bank Plc, Jordan	19,745	46,910
Arab Bank Plc, Jordan	Equity shares (2021: 66,240 shares) (2020: 66,240 shares)	Ultimate Parent of the Fund Company	373,408	389,140
Arab Bank Plc, Syria	Interest Receivable	Affiliate of Arab Bank Plc, Jordan	9	88

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 categorized within Level 1 in the fair value hierarchy.

The carrying values of financial assets and financial liabilities at amortized 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, 2021

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, 2021	September 30, 2020	

Designated at fair value through profit or loss

- Financial Institutions	3,594,326	3,727,985	Level 1
- Telecommunication	1,226,939	1,235,076	Level 1
- Manufacturing	362,585	-	Level 1
- Services	3,166,164	2,743,958	Level 1
- Industries	127,232	432,044	Level 1
- Real Estate	1,162,228	1,244,437	Level 1
	<u>9,639,474</u>	<u>9,383,500</u>	

10. IMPACT OF COVID-19 PANDEMIC

The recent and ongoing widespread outbreak of the COVID-19 pandemic in different parts of the world has so far resulted in adverse financial impacts on the global economies, including the GCC economies, and is significantly impacting a number of industries. The Fund manager assessed the potential impact of COVID-19 on the financial information, including going concern assumption and concluded that this matter will not affect the Fund to continue as a going concern as it has sufficient financial resources. Up to the date of the issuance of the Fund's financial information there was no impact on the Fund's operations and the Directors have concluded that any potential impact going forward on the Fund's operations and on the Fund's financial statements will be minimal.