

IIAB ISLAMIC MENA FUND
MANAMA
KINGDOM OF BAHRAIN

CONDENSED INTERIM
FINANCIAL INFORMATION
MARCH 31, 2009

IIAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

<u>Directors</u>	Mr. Adel Kasaji Mr. Qutaiba Hawamdeh Mr. Mohammed Ghanamah (from February 9, 2009) Mr. Ghassan A. Bundakji (upto April 5, 2009)
<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)
<u>Investment Manager</u>	Al Arabi Investment Group Co.
<u>Administrator and Custodian</u>	Gulf Clearing Company B.S.C. (C) P.O. Box 2400, Manama, Kingdom of Bahrain.
<u>Shari'ah 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>Bankers</u>	ABC Islamic Bank, Bahrain Arab Bank, Jordan Oman Arab Bank Commercial Bank of Qatar National Bank of Kuwait Mashreqbank
<u>Auditor</u>	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

IIAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

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REVIEW REPORT TO THE UNIT HOLDERS

IIAB Islamic MENA Fund,
Manama, Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed statement of assets and liabilities of IIAB Islamic MENA Fund, ("the Fund"), as at March 31, 2009, and the related condensed statement of operations, condensed statement of changes in net assets and condensed cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. 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". Our responsibility is to express a conclusion on this 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 does not present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and of its financial performance and its cash flows for the six-month period ended in accordance with IAS 34, "Interim Financial Reporting".

Emphasis of Matter

Without qualifying our report we draw attention to Note 5 (a) to the condensed interim financial information. The securities designated at fair value through profit or loss represent investments in listed securities, which according to the Fund Manager provide the Fund with the opportunity to enhance the return on investment return through trading gains. The fair value of these securities are based on quoted market prices. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value.

Manama – Kingdom of Bahrain
June 21, 2009

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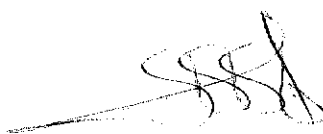
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Deloitte Touche Tohmatsu

IAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT MARCH 31, 2009

	<u>Notes</u>	<u>March 31,</u> <u>2009</u> <u>USD</u>	<u>(Audited)</u> <u>September</u> <u>30, 2008</u> <u>USD</u>
ASSETS:			
Cash at banks		1,819,639	623,154
Securities designated at fair value through profit or loss	5	3,893,684	9,116,496
Other assets		63,743	25,962
		-----	-----
Total Assets		5,777,066	9,765,612
		-----	-----
LIABILITIES:			
Due to a related party	6	20,496	39,093
Accrued fees and charges		61,275	162,646
		-----	-----
Total Liabilities		81,771	201,739
		-----	-----
Net Assets		5,695,295	9,563,873
		=====	=====
ANALYSIS OF NET ASSETS:			
Capital		12,444,089	12,053,277
Net cumulative realised loss		(4,101,557)	(72,522)
Changes in fair value of securities designated at fair value through profit or loss		(2,647,237)	(2,416,882)
		-----	-----
Net Assets		5,695,295	9,563,873
		=====	=====
Net asset per unit (1,259,409 units as at March 31, 2009)		4.5222	7.9153
(1,208,268 units as at September 30, 2009)		=====	=====

The condensed interim financial information were approved by the Directors on and signed on their behalf by:


 Director
 Abdul-Muawaddeh


 Director
 Adel Kasaji

The accompanying notes 1 to 7 form part of this condensed interim financial information.

IIAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

	<u>Notes</u>	<u>Six-Month</u> <u>Period Ended</u> <u>March 31</u> <u>2009</u> <u>USD</u>
Investment income		
Dividend income		97,623
Other operating income		836
		----- 98,459 -----
Expenses		
Management fees	7	(45,199)
Custody and administration fees		(37,346)
Registrar and transfer agent fees		(2,988)
Representative fees		(2,490)
Shari'ah board fees		(5,086)
Professional fees		(9,742)
Bank charges		(1,573)
Foreign exchange loss		(133,918)
Other expenses		(6,999)
		----- (245,341) -----
Investment loss-- net		(146,882) -----
Realised and unrealised gain / loss on securities designated at fair value through profit or loss:		
Net realised loss		(3,882,153)
Change in fair value		(230,355)
		----- (4,112,508) -----
Net loss on investments		(4,112,508)
Net decrease in net assets resulting from operations		(4,259,390) =====

The accompanying notes 1 to 7 form part of this condensed interim financial information.

IIAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

	<u>Six Month</u> <u>Period Ended</u> <u>March 31,</u> <u>2009</u> <u>USD</u>
Investment loss – net	(146,882)
Net realised loss on securities designated at fair value through profit or loss	(3,882,153)
Change in fair value of securities designated at fair value through profit or loss	(230,355)

Net decrease in net assets resulting from operations	(4,259,390)
Change in net assets from capital share transactions	390,812

Change in net assets	(3,868,578)
Net assets – beginning of the period	9,563,873

Net assets – end of the period	<u><u>5,695,295</u></u>

The accompanying notes 1 to 7 form part of this condensed interim financial information.

IIAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

	<u>Six-Month</u> <u>Period Ended</u> <u>March 31,</u> <u>2009</u> <u>USD</u>
Cash flows from operating activities	
Net decrease in net assets resulting from operations	(4,259,390)
Adjustments for:	
Net loss on securities designated at fair value through profit or loss	4,112,508
Dividend income	(97,623)
Murabaha profit	(836)

	(245,341)
Changes in operating assets and liabilities:	
Decrease in other assets	25,962
Decrease in due to a related party	(18,597)
Decrease in accrued fees and charges	(101,371)

	(339,347)
Purchase of securities designated at fair value through profit or loss	(1,497,850)
Proceeds from disposal of securities designated at fair value through profit or loss	2,608,154
Dividend received	33,880
Murabaha profit received	836

Net cash from operating activities	805,673

Cash flows from financing activities	
Proceeds from issue of units	390,812

Net cash from financing activities	390,812

Net increase in cash and cash equivalents	1,196,485
Cash and cash equivalents at the beginning of the period	623,154

Cash and cash equivalents at the end of the period	1,819,639
	=====
Comprising:	
Cash at banks	1,819,639
	=====

The accompanying notes 1 to 7 form part of this condensed interim financial information.

IIAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

1. **STATUS AND ACTIVITIES:**

IIAB Islamic MENA Fund (“the Fund”) is an open-ended investment fund established by IIAB Islamic MENA Fund Company B.S.C. (Closed) (“the Fund Company”). The Fund is an Expert Fund under the collective investment undertakings regulations issued by the Central Bank of Bahrain (“the CBB”) under circular number EDFIS/C/020/2007. The Fund has been registered at the Ministry of Industry & Commerce and is authorised and approved by the CBB.

The Fund was launched on March 26, 2008.

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.

The Fund is managed by Al Arabi Investment Group Co. (“the Investment Manager”) a company incorporated in Jordan. The Fund is administered by Gulf Clearing Company B.S.C. (Closed) (which also acts as the Custodian of the Fund), (“the Administrator” and “the Custodian”) a closed joint stock company incorporated under the laws of the Kingdom of Bahrain. The Fund Company is approved by the CBB and 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.

The condensed interim financial information represent 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.

IAB ISLAMIC MENA FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

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 (IAS) 34 “Interim Financial Reporting”.

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 period ended September 30, 2008.

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, 2009.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

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

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 period ended September 30, 2008.

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 annual audited financial statements as at and for the period ended September 30, 2008.

IIAB ISLAMIC MENA FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

5. SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:

This caption is composed of the following:

March 31, 2009

	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Change in</u> <u>Fair value</u> <u>USD</u>
Investment in listed shares:			
Kuwait	726,191	348,290	(377,901)
Oman	204,685	158,040	(46,645)
Qatar	888,110	536,823	(351,287)
United Arab Emirates	1,434,451	666,068	(768,383)
Saudi Arabia	2,369,496	1,501,157	(868,339)
Egypt	845,839	625,481	(220,358)
Bahrain	72,149	57,825	(14,324)
	<u>6,540,921</u>	<u>3,893,684</u>	<u>(2,647,237)</u>

September 30, 2008 (Audited)

	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Change in</u> <u>Fair value</u> <u>USD</u>
Investment in listed shares:			
Kuwait	1,254,514	1,065,804	(188,710)
Oman	206,837	197,521	(9,316)
Qatar	1,354,006	1,393,121	39,115
United Arab Emirates	2,562,378	1,761,523	(800,855)
Saudi Arabia	4,011,841	3,280,668	(731,173)
Egypt	1,952,136	1,273,936	(678,200)
Bahrain	191,666	143,923	(47,743)
	<u>11,533,378</u>	<u>9,116,496</u>	<u>(2,416,882)</u>

- (a) The securities designated at fair value through profit or loss represent investments in listed securities, which according to the Fund Manager provide the Fund with the opportunity to enhance the return on investment return through trading gains. The fair value of these securities are based on quoted market prices. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value.

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MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

6. **DUE TO A RELATED PARTY:**

	<u>March 31,</u> <u>2009</u> <u>USD</u>	<u>(Audited)</u> <u>September 30,</u> <u>2008</u> <u>USD</u>
Due to:		
Al Arabi Investment Group Co.		
- Management fees	20,496	39,093
	<u> </u>	<u> </u>

7. **RELATED PARTY TRANSACTIONS:**

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's the ultimate parent of the Fund Company.

Oman Arab Bank is an affiliate of Arab Bank Plc.

The following transactions occurred between the Fund and its related party:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Six-Month</u> <u>Period Ended</u> <u>March 31,</u> <u>2009</u> <u>USD</u>
Al Arabi Investment Group Co.	Management fees	45,199

The following related party own units in the Fund as at March 31, 2009.

<u>Related party</u>	<u>Nature of relationship</u>	<u>Number of</u> <u>units</u> <u>March 31,</u> <u>2009</u>	<u>Number of</u> <u>units</u> <u>September 30,</u> <u>2008</u>
Islamic International Arab Bank	Subsidiary Arab Bank plc	500,000	500,000

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

7. **RELATED PARTY TRANSACTIONS: (CONTINUED)**

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

<u>Related party</u>	<u>Nature of Bank balance</u>	<u>Amount outstanding as at</u>	
		<u>March 31,</u>	<u>(Audited)</u>
		<u>2009</u>	<u>September 30,</u>
		<u>USD</u>	<u>USD</u>
Oman Arab Bank	Current account	641,420	31,366
Arab Bank Plc - Jordan	Current account	9,387	9,374