

IIAB ISLAMIC MENA FUND

**REVIEW REPORT AND CONDENSED INTERIM
FINANCIAL INFORMATION
SIX-MONTH PERIOD ENDED MARCH 31, 2020**

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

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REVIEW REPORT

To the Unitholders
IIAB Islamic MENA Fund
Manama, 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, 2020 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
July 14, 2020

IIAB ISLAMIC MENA FUND
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2020

	Notes	March 31, 2020 USD	September 30, 2019 USD
ASSETS			
Current assets			
Cash at banks		2,816,028	1,825,365
Investments held for trading	6	2,600,278	4,098,630
Due from brokers		142,461	565,303
Dividend receivable		84,704	45,280
Total assets		<u>5,643,471</u>	<u>6,534,578</u>
LIABILITIES			
Current liabilities			
Due to a related party	9	22,778	24,693
Accrued fees and other liabilities	7	38,818	47,629
Total liabilities		<u>61,596</u>	<u>72,322</u>
EQUITY			
Capital	8	10,276,080	10,276,080
Unit surplus		635,293	635,293
Accumulated losses		(5,329,498)	(4,449,117)
Total equity		<u>5,581,875</u>	<u>6,462,256</u>
Total liabilities and equity		<u>5,643,471</u>	<u>6,534,578</u>
Net asset value (NAV) per unit at book value based on 1,027,608 units (2019: 1,027,608) outstanding		<u>5.4319</u>	<u>6.2886</u>

The interim condensed financial information from page 2 to 9 was approved and authorized for issue by the Directors on 14 July, 2020 and signed by:


 Mr. Mohammed Al Ghanamah
 Director


 Mr. Ammar Zuhair Husni Salfi
 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, 2020

	Notes	Six-month period ended March 31,	
		2020	2019 USD
Income:			
Net realized gain on investments	6	44,047	89,062
Net unrealized (loss) / gain on investments	6	(907,856)	28,056
Dividend income		93,242	142,992
Net foreign exchange (loss) / gain		(2,572)	2,416
Total operating (loss) / income		<u>(773,139)</u>	<u>262,526</u>
Expenses:			
Management fee	9, 4(a)	(47,075)	(46,438)
Custody and administration fees	4(d)	(25,000)	(24,932)
Registrar and transfer agent fees	4(e)	(2,000)	(1,995)
Representative fees	4(f)	(2,500)	(2,493)
Shari'a board fees	4(c)	(5,100)	(5,087)
Broker commission		(5,531)	(3,122)
Audit fees		(9,725)	(9,681)
Bank charges		(778)	(818)
Other expenses		(9,533)	(10,599)
Total operating expenses		<u>(107,242)</u>	<u>(105,165)</u>
(Loss) / profit for the period		<u>(880,381)</u>	<u>157,361</u>
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		<u>(880,381)</u>	<u>157,361</u>


 Mr. Mohammed Al Ghanamah
 Director


 Mr. Amrjar 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, 2020

	Number of units	Capital USD	Unit surplus USD	Accumulated losses USD	Total USD
At October 1, 2018 (Audited)	1,042,754	10,427,540	575,334	(4,757,046)	6,245,828
Redemptions of units	(11,150)	(111,500)	44,715	-	(66,785)
Total comprehensive income for the period	-	-	-	157,361	157,361
At March 31, 2019	1,031,604	10,316,040	620,049	(4,599,685)	6,336,404
At October 1, 2019 (Audited)	1,027,608	10,276,080	635,293	(4,449,117)	6,462,256
Total comprehensive loss for the period	-	-	-	(880,381)	(880,381)
At March 31, 2020	1,027,608	10,276,080	635,293	(5,329,498)	5,581,875

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, 2020

	Six-month period ended March 31,	
	2020 USD	2019 USD
Cash flows from operating activities		
(Loss) / profit for the period	(880,381)	157,361
Adjustments for:		
Net loss / (gain) on investments	863,809	(117,118)
Dividend income	(93,242)	(142,992)
	(109,814)	(102,749)
Changes in operating assets and liabilities:		
Decrease in due from brokers	422,842	268,876
Decrease in due to a related party	(1,915)	(1,224)
Decrease in accrued fees and other liabilities	(8,811)	(63,331)
	302,302	101,572
Payment for purchase of investments held for trading	(609,701)	(345,336)
Proceeds from disposal of investments held for trading	1,244,244	1,047,788
Dividend received	53,818	16,461
Net cash from operating activities	990,663	820,485
Cash flows from financing activity		
Payment on redemption of units	-	(66,785)
Net cash used in financing activity	-	(66,785)
Net increase in cash and cash equivalents	990,663	753,700
Cash and cash equivalents at beginning of period	1,825,365	639,650
Cash and cash equivalents at end of period	2,816,028	1,393,350

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, 2020

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 realization 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 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 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, 2019.

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, 2020.

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, 2019.

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, 2020

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, 2019.

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, 2020

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, 2020	September 30, 2019
	USD	USD
Carrying value, beginning of period / year	4,098,630	4,986,382
Purchases during the period / year	609,701	503,835
Proceeds from sales during the period / year	(1,244,244)	(1,665,917)
Net realised gain on investments held for trading	44,047	152,349
Net unrealised (loss) / gain of investments held for trading	(907,856)	121,981
Carrying value, end of period / year	<u>2,600,278</u>	<u>4,098,630</u>

7. ACCRUED FEES AND OTHER LIABILITIES

	March 31, 2020	September 30, 2019
	USD	USD
Custody and administration fees	12,432	12,877
Professional fee	11,302	14,950
Shari'ah board fee	5,100	10,200
Other payables	9,984	9,877
	<u>38,818</u>	<u>47,629</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, 2020

- Management fees to Al Arabi Investment Group Co. amounted to USD 47,075 (USD 46,438 for the six month period ended March 31, 2019). Outstanding management fees payable as at March 31, 2020 amounted to USD 22,778 (USD 24,693 as at September 30, 2019).
- Islamic International Arab Bank holds 500,000 units in the Fund as at March 31, 2020 and September 30, 2019.

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

Related party	Balance as at	
	March 31, 2020 USD (Unaudited)	September 30, 2019 USD (Audited)
Arab Bank Plc – Jordan	855,903	122,428
Arab Bank Plc – Bahrain Branch	781,867	293,923
Arab Bank Plc – UAE	24,049	24,295

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets held for trading 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 liabilities carried at amortized 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, 2020 USD (Unaudited)	September 30, 2019 USD (Audited)	
Designated at held for Trading			
- Financial Institutions	416,466	571,620	Level 1
- Telecommunication	713,870	846,292	Level 1
- Others	1,469,942	2,680,718	Level 1
	<u>2,600,278</u>	<u>4,098,630</u>	

11. 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.