

IIAB ISLAMIC MENA FUND

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

IIAB ISLAMIC MENA FUND

<u>Directors</u>	Mr. Mohammed Al Ghanamah Mr. Ammar Zuhair Husni Saifi Mr. Feras Jasser Jameel Ziyed
<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) P. O. Box 2400 Manama, Kingdom of Bahrain
<u>Investment Manager, Operator and Placement Agent</u>	Al Arabi Investment Group Co. P. O. Box 143156 Amman 11814, Hashemite Kingdom of Jordan
<u>Administrator, Custodian and Registrar</u>	Gulf Custody Company B.S.C. (c) P.O. Box 2400 Manama, Kingdom of Bahrain
<u>Shari'a Supervisory 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>Principal Banker</u>	Arab Bank Plc.
<u>Auditors</u>	Deloitte & Touche – Middle East P.O. Box 421 Manama, Kingdom of Bahrain Engagement Partner: Irshad Mahmood

IIAB ISLAMIC MENA FUND

CONTENTS

	<u>Page(s)</u>
Review Report	1
Financial Information:	
Interim Statement of Financial Position	2
Interim Statement of Operations	3
Interim Statement of Changes in Net Assets	4
Interim Statement of Cash Flows	5
Notes to the Condensed Interim Financial Information	6 to 9

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, 2021 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 the basis of preparation stated in note 2 to the interim condensed financial information. 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 the basis of preparation stated in note 2 to the interim condensed financial information.

Deloitte & Touche,

DELOITTE & TOUCHE – MIDDLE EAST
Partner Registration No. 157
Manama, Kingdom of Bahrain

May 30, 2021

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

	Notes	March 31, 2021 USD	September 30, 2020 USD
ASSETS			
Current assets			
Cash at banks	6	2,643,133	3,050,780
Investments held for trading	7	3,462,110	2,826,798
Due from brokers		246,871	347,889
Dividend receivable		75,848	4,679
Total assets		<u>6,427,962</u>	<u>6,230,146</u>
LIABILITIES			
Current liabilities			
Due to a related party	10	23,829	22,874
Accrued fees and other liabilities	8	38,800	48,451
Total liabilities		<u>62,629</u>	<u>71,325</u>
EQUITY			
Capital	9	10,276,080	10,276,080
Unit surplus		635,293	635,293
Accumulated losses		(4,546,040)	(4,752,552)
Total equity		<u>6,365,333</u>	<u>6,158,821</u>
Total liabilities and equity		<u>6,427,962</u>	<u>6,230,146</u>
Net asset value (NAV) per unit at book value based on 1,027,608 units (2020: 1,027,608) outstanding		<u>6.1943</u>	<u>5.9933</u>

The interim condensed financial information from page 2 to 9 was approved and authorized for issue by the Directors on 30 May, 2021 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, 2021

	Notes	Six-month period ended March 31,	
		2021	2020
Income:			
Net realized gain on investments	7	85,482	44,047
Net unrealized gain / (loss) on investments	7	150,027	(907,856)
Dividend income		76,063	93,242
Net foreign exchange gain / (loss)		1,956	(2,572)
Total operating income / (loss)		<u>313,528</u>	<u>(773,139)</u>
Expenses:			
Management fee	10, 5(a)	(47,635)	(47,075)
Custody and administration fees	5(d)	(24,932)	(25,000)
Registrar and transfer agent fees	5(e)	(1,994)	(2,000)
Representative fees	5(f)	(2,494)	(2,500)
Shari'a board fees	5(c)	(5,086)	(5,100)
Broker commission		(5,695)	(5,531)
Audit fees		(9,606)	(9,725)
Bank charges		(703)	(778)
Other expenses		(8,871)	(9,533)
Total operating expenses		<u>(107,016)</u>	<u>(107,242)</u>
Profit / (loss) for the period		<u>206,512</u>	<u>(880,381)</u>
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) income for the period		<u>206,512</u>	<u>(880,381)</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, 2021

	Number of units	Capital USD	Unit surplus USD	Accumulated losses USD	Total USD
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
At October 1, 2020 (Audited)	1,027,608	10,276,080	635,293	(4,752,552)	6,158,821
Total comprehensive income for the period	-	-	-	206,512	206,512
At March 31, 2021	1,027,608	10,276,080	635,293	(4,546,040)	6,365,333

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, 2021

	Notes	Six-month period ended March 31,	
		2021 USD	2020 USD
Cash flows from operating activities			
Profit / (loss) for the period		206,512	(880,381)
Adjustments for:			
Net (gain) / loss on investments	7	(235,509)	863,809
Dividend income		(76,063)	(93,242)
		(105,060)	(109,814)
Changes in operating assets and liabilities:			
Decrease in due from brokers		101,018	422,842
Increase / (decrease) in due to a related party		955	(1,915)
Decrease in accrued fees and other liabilities		(9,651)	(8,811)
		(12,738)	302,302
Payment for purchase of investments held for trading	7	(953,170)	(609,701)
Proceeds from disposal of investments held for trading	7	553,367	1,244,244
Dividend received		4,894	53,818
Net cash (used in) / generated from operating activities		(407,647)	990,663
Net (decrease) / increase in cash and cash equivalents		(407,647)	990,663
Cash and cash equivalents at beginning of period		3,050,780	1,825,365
Cash and cash equivalents at end of period		2,643,133	2,816,028

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, 2021

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, 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 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, 2020.

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, 2021

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.

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, 2021

6. CASH AT BANKS

Cash at banks consists of balances in current accounts with various financial institutions including related parties. As of the reporting period, the balance at banks was more than 40% of total assets of the Fund.

7. 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, 2021 USD	September 30, 2020 USD
Carrying value, beginning of period / year	2,826,798	4,098,630
Purchases during the period / year	953,170	813,633
Proceeds from sales during the period / year	(553,367)	(1,811,674)
Net realized gain on investments held for trading	85,482	131,739
Net unrealized gain / (loss) of investments held for trading	150,027	(405,530)
Carrying value, end of period / year	<u>3,462,110</u>	<u>2,826,798</u>

8. ACCRUED FEES AND OTHER LIABILITIES

	March 31, 2021 USD	September 30, 2020 USD
Custody and administration fees	12,329	12,568
Professional fee	11,275	14,949
Shari'ah board fee	5,086	10,200
Other payables	10,110	10,734
	<u>38,800</u>	<u>48,451</u>

9. 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.

10. 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, 2021

- Management fees to Al Arabi Investment Group Co. amounted to USD 47,635 (USD 47,075 for the six month period ended March 31, 2020). Outstanding management fees payable as at March 31, 2021 amounted to USD 23,829 (USD 22,874 as at September 30, 2020).
- Islamic International Arab Bank holds 500,000 units in the Fund as at March 31, 2021 and September 30, 2020.

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

Related parties	Balance as at	
	March 31, 2021 USD (Unaudited)	September 30, 2020 USD (Audited)
Arab Bank Plc – Jordan	537,786	866,751
Arab Bank Plc – Bahrain Branch	480,752	722,011
Arab Bank Plc – UAE	103,324	103,467

11. 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, 2021 USD (Unaudited)	September 30, 2020 USD (Audited)	
Designated at held for Trading			
- Financial Institutions	557,534	529,351	Level 1
- Telecommunication	683,920	649,300	Level 1
- Others	2,220,656	1,648,147	Level 1
	<u>3,462,110</u>	<u>2,826,798</u>	

12. 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.