

IIAB ISLAMIC MENA FUND

**INDEPENDENT AUDITOR'S REVIEW REPORT
AND CONDENSED INTERIM
FINANCIAL INFORMATION
PERIOD ENDED MARCH 31, 2024**

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>	Gulf Custody Company B.S.C (c) 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: Ronald Gardiner

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INDEPENDENT AUDITOR'S 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, 2024 and the related interim statement of comprehensive income, interim statement of changes in net assets and interim statement of cash flows for the period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Financial Accounting Standard FAS 41, "Interim Financial Reporting" ("FAS 41") as issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI"). 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 the 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 FAS 41.




Deloitte & Touche – Middle East
Partner Registration No. 261
Manama, Kingdom of Bahrain

May 30, 2024

IIAB ISLAMIC MENA FUND
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2024

		March 31, 2024	September 30, 2023
	Notes	USD (Unaudited)	USD (Audited)
Assets			
Current assets			
Cash at banks	6	1,787,047	1,852,804
Due from brokers	7	845,325	1,740,511
Dividend receivable		14,318	5,601
Financial assets at fair value through profit and loss	8	3,892,398	3,058,853
Total assets		<u>6,539,088</u>	<u>6,657,769</u>
Liabilities			
Current liabilities			
Due to a related party	11	24,934	26,043
Accrued fees and other liabilities	9	34,408	47,585
Total liabilities		<u>59,342</u>	<u>73,628</u>
Net assets attributable to Unitholders of the Fund		<u>6,479,746</u>	<u>6,584,141</u>
Capital	10	9,767,500	9,767,500
Unit surplus		799,830	799,830
Accumulated losses		(4,087,584)	(3,983,189)
Total net assets attributable to Unitholders of the Fund		<u>6,479,746</u>	<u>6,584,141</u>
Net asset value (NAV) per unit at book value based on 976,750 units (2023: 976,750) outstanding		<u>6.6339</u>	<u>6.7408</u>

The condensed interim financial information from page 2 to 10 was approved and authorized for issue by the Directors on 30 May, 2024 and signed by:



Mr. Mohammed Al Ghanamah
Chairman



Mr. Ammar Zuhair Husni Saifi
Director

The accompanying notes form part of this condensed interim financial information




IIAB ISLAMIC MENA FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
PERIOD ENDED MARCH 31, 2024

	Notes	For the six months period ended March 31,	
		2024 USD (Unaudited)	2023 USD (Unaudited)
Income			
Net realised gain on investment in securities	8	23,111	19,448
Net unrealised loss on investment in securities	8	(94,458)	(210,110)
Dividend income		82,067	96,272
Net foreign exchange loss/(gain)		(92)	3,337
Total operating income		<u>10,628</u>	<u>(91,053)</u>
Expenses			
Management fee	11, 5(a)	(49,697)	(49,316)
Custody and administration fees	5(d)	(25,000)	(24,932)
Registrar and transfer agent fees	5(e)	(2,000)	(1,995)
Representative fees	5(f)	(5,000)	(2,493)
Shari'a board fees	5(c)	(5,100)	(5,086)
Broker commission		(5,752)	(1,416)
Audit fees		(9,823)	(9,589)
Bank charges		(514)	(404)
Other expenses		(12,137)	(11,389)
Total operating expenses		<u>(115,023)</u>	<u>(106,620)</u>
Loss for the period		<u>(104,395)</u>	<u>(197,673)</u>
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		<u>(104,395)</u>	<u>(197,673)</u>



Mr. Mohammed Al Ghanamah
Chairman



Mr. Ammar Zuhair Husni Saifi
Director

The accompanying notes form part of this condensed interim financial information



IIAB ISLAMIC MENA FUND
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
PERIOD ENDED MARCH 31, 2024

	Number of units	Capital		Unit surplus	Accumulated losses		Total
		USD	USD		USD	USD	
At October 1, 2022 (Audited)	983,424	9,834,240		778,928	(3,858,727)	6,754,441	
Total comprehensive loss for the period	-	-		-	(197,673)	(197,673)	
Redemption of units	(6,674)	(66,740)		20,902	-	(45,838)	
At March 31, 2023 (Unaudited)	976,750	9,767,500		799,830	(4,056,400)	(6,510,930)	
At October 1, 2023 (Audited)	976,750	9,767,500		799,830	(3,983,189)	6,584,141	
Total comprehensive loss for the period	-	-		-	(104,395)	(104,395)	
At March 31, 2024 (Unaudited)	976,750	9,767,500		799,830	(4,087,584)	6,479,746	

The accompanying notes form part of this condensed interim financial information

IIAB ISLAMIC MENA FUND
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
PERIOD ENDED MARCH 31, 2024

	Notes	For the six months period ended March 31,	
		2024 USD (Unaudited)	2023 USD (Unaudited)
Cash flows from operating activities			
Loss for the period		(104,395)	(197,673)
<u>Adjustments for:</u>			
Net realised gain on investment in securities	8	(23,111)	(19,448)
Net unrealised loss on investment in securities		94,458	210,110
Dividend income		(82,067)	(96,272)
		(115,115)	(103,283)
<u>Changes in operating assets and liabilities:</u>			
Decrease in due from brokers		895,186	191,129
Decrease in due to a related party		(1,109)	(718)
(Decrease) / increase in accrued fees and other liabilities		(13,177)	7,389
		765,785	94,517
Payment for purchase of investments in securities	8	(1,459,321)	(347,652)
Proceeds from disposal of investments in securities	8	554,429	162,398
Dividend received		73,350	14,837
Net cash used in operating activities		(65,757)	(75,900)
Cash flows from financing activities			
Payments on redemption of redeemable units		-	(45,838)
Net cash used in financing activities		-	(45,838)
Net decrease in cash and cash equivalents		(65,757)	(121,738)
Cash and cash equivalents at beginning of period		1,852,804	1,544,922
Cash and cash equivalents at end of period		1,787,047	1,423,184

The accompanying notes form part of this condensed interim financial information

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2024

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 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 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 a 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 and Islamic International Arab Bank owns the remaining 1% share.

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.

The Fund has been established for an indefinite period, but the Fund Company reserves the right to terminate the Fund at any time without penalty to any party involved. Such termination requires the prior written consent of the CBB and proposal to dissolve the Fund at an Extraordinary General Meeting of shareholders of the Fund Company for which three months' notice should be given to the Unitholders by the Directors of the Fund. Neither the death, bankruptcy, incapacity of a Unitholder in the Fund nor the bankruptcy or resignation of the Investment Manager will terminate the Fund or in any way affect its continuity.

The Fund must be liquidated if either:

- a- the Net Asset Value of the Fund declines for any reason to less than the Minimum Fund Size, and such decline continues for three consecutive months, or
- b- the Net Asset Value per Unit of the Fund drops below 50% of its highest recorded level, after adjustment for cash dividends if any, for a period of twenty-four months without reasonable justification.
- c- Islamic International Arab Bank or Al Arabi Investment Group Co. enters into bankruptcy or if regulatory changes deem it impractical for the Fund to continue.

2. BASIS OF PREPARATION

The condensed interim financial information of the Fund has been prepared in accordance with the Financial Accounting Standards FAS41 Interim Financial Reporting ("FAS41") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI").

The condensed interim financial information of the Fund does not contain all information and disclosures required for the annual financial statements and should be read in conjunction with the Fund's audited annual financial statements for the year ended September 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last annual financial statements as at and for the year ended September 30, 2023.

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, 2024.

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed interim financial information has been prepared under the historical cost convention except for the valuation of the investment in 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 year ended September 30, 2023.

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 October 1, 2023 have affected the disclosures and presentations 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, 2023.

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, 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)
PERIOD ENDED MARCH 31, 2024

6. **CASH AT BANKS**

	Credit rating as per Moody's	March 31, 2024 USD	September 30, 2023 USD
<i>Current accounts with banks</i>			
Arab Bank PLC - UAE	Ba2	736,283	685,403
Arab Bank PLC - Bahrain	Ba2	402,538	473,759
National Bank of Kuwait	A3	333,183	356,568
Arab Bank PLC - Jordan	Ba2	315,043	337,074
		<u>1,787,047</u>	<u>1,852,804</u>

6.1 The Fund shall invest a maximum of 40% of its assets in cash and cash equivalents. As of March 31, 2024, the total investment in cash and cash equivalents is 27.30% of its assets.

6.2 The Fund shall invest not more than 20% of its assets invested in cash and cash equivalents with a single party. As of March 31, 2024, the total amount invested with one of the parties was 11.26% of its assets.

7. **DUE FROM BROKERS**

	March 31, 2024 USD	September 30, 2023 USD
EFG Hermes UAE & Kuwait L.L.C	447,861	395,263
UBHAR Capital S.A.O.C	380,376	1,232,432
Qatar National Bank (Q.P.S.C.)	14,118	25
EFG Hermes - Egypt	2,970	-
Al Arabi Investment Group Company	-	112,791
	<u>845,325</u>	<u>1,740,511</u>

Balances with due from brokers are all considered as stage 1 exposure and expected credit losses are considered insignificant.

8. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

Investment in securities represent investments in securities quoted on various Gulf Cooperation Council (GCC) and Middle East and North Africa (MENA) stock exchanges.

The movement of investments in securities was as follows:

	March 31, 2024 USD	September 30, 2023 USD
Carrying value, beginning of period / year	3,058,853	3,126,675
Purchases during the period / year	1,459,321	598,346
Proceeds from sales during the period / year	(554,429)	(594,918)
Net realised gain on investment in securities	23,111	87,962
Net unrealised loss of investment in securities	(94,458)	(159,212)
Carrying value, end of period / year	<u>3,892,398</u>	<u>3,058,853</u>

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2024

9. **ACCRUED FEES AND OTHER LIABILITIES**

	March 31, 2024	September 30, 2023
	USD	USD
Custody and administration fees	12,432	13,150
Professional fee	9,049	14,949
Shari'ah board fee	5,100	10,200
Other payables	7,827	9,286
	34,408	47,585

10. **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.

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.

The Fund's redemption policy allows for units to be redeemed monthly on the valuation day. Unitholders are allowed to redeem for cash on the redemption date at the redemption price equal to the NAV per unit on the same day.

11. **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.

Islamic International Arab Bank is a related party as it is the minor 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. Ubhar Capital S.A.O.G. is an affiliates of Arab Bank Plc.

The following related party owns units in the Fund as at March 31, 2024 and September 30, 2023:

Related Party	Nature of Relationship	Number of units held as at March 31, 2024	September 30, 2023
- Islamic International Arab Bank	Subsidiary of Arab Bank Plc	500,000	500,000

The following is the transaction between the Fund and its related party:

Related Party	Nature of Transaction	Nature of Relationship	March 31, 2024	September 30, 2023
			USD (Unaudited)	USD (Audited)
Al Arabi Investment Group Co.	Management fee	Investment Manager of Fund	49,697	98,822

IIAB ISLAMIC MENA FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED MARCH 31, 2024

The Fund has the following bank balances and management fees payable balances with related parties:

Related Party	Nature of Transaction	Nature of Relationship	March 31,	September 30,
			2024	2023
			USD	USD
			(Unaudited)	(Audited)
Arab Bank Plc, Jordan	Current account	Ultimate Parent of the Fund Company	315,043	337,074
Arab Bank Plc, Bahrain	Current accounts	Branch of Arab Bank Plc, Jordan	402,538	473,759
Arab Bank Plc, UAE	Current account	Affiliate of Arab Bank Plc, Jordan	736,283	685,403
Ubhar Capital S.A.O.G	Due from broker	Affiliate of Arab Bank Plc, Jordan	380,376	1,232,432
Al Arabi Investment Group Co.	Due from broker	Investment Manager of Fund	-	112,791
Al Arabi Investment Group Co.	Management fee payable	Investment Manager of Fund	24,934	26,043

12. 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, 2024	September 30, 2023	
	USD	USD	
	(Unaudited)	(Audited)	
Investment in securities			
- Financial Institutions	725,840	840,581	Level 1
- Telecommunication	1,180,093	913,542	Level 1
- Others	1,986,465	1,304,730	Level 1
	<u>3,892,398</u>	<u>3,058,853</u>	