

NBAD Islamic MENA Growth Fund
(formerly known as NBAD UAE Islamic Fund)

Condensed interim financial statements

30 June 2014

NBAD Islamic MENA Growth Fund

Condensed interim financial statements

<i>Contents</i>	<i>Page</i>
Independent report on review of condensed interim financial information	1
Condensed interim statement of financial position	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of changes in net assets attributable to holders of redeemable units	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial statements	6 - 10



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Independent Auditor's Report on Review of Condensed Interim Financial Information

The Unit holders
NBAD Islamic MENA Growth Fund
Abu Dhabi

Introduction

We have reviewed the accompanying 30 June 2014 condensed interim financial information of NBAD Islamic MENA Growth Fund ("the Fund"), which comprises:

- the condensed interim statement of financial position as at 30 June 2014;
- the condensed interim statement of profit or loss and other comprehensive income for the six month period ended 30 June 2014;
- the condensed interim statement of changes in net assets attributable to holders of redeemable units for the six month period ended 30 June 2014;
- the condensed interim statement of cash flows for the six month period ended 30 June 2014; and
- notes to the condensed interim financial information.

The Fund's management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 30 June 2013 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.


Munther Dajani
Registration No: 268

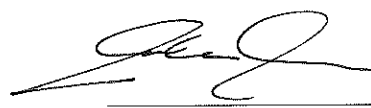
10 DEC 2014

NBAD Islamic MENA Growth Fund

Condensed interim statement of financial position

		(Unaudited) 30 June 14 AED'000	(Audited) 31 Dec 13 AED'000
	<i>Note</i>		
Assets			
Cash at bank	5	9,098	3,098
Investments at fair value through profit or loss		164,783	161,097
Other assets		4	13
Total assets		<u>173,885</u>	<u>164,208</u>
Liabilities			
Due to related parties	5	893	802
Other liabilities		105	63
Total liabilities		<u>998</u>	<u>865</u>
Net assets attributable to holders of redeemable units		<u>172,887</u>	<u>163,343</u>
Number of units outstanding (thousand units)		<u>11,158</u>	<u>12,047</u>
Net asset value per unit (AED)		<u>15.49</u>	<u>13.56</u>
Represented by:			
Net assets attributable to unit holders (valued in accordance with prospectus)		173,217	163,885
Adjustment from closing prices to bid prices		(330)	(542)
		<u>172,887</u>	<u>163,343</u>


 Claude-Henri Chavanon
 Managing Director – Investment Group


 Saleem Khokhar
 Head of Equities

The notes on pages 6 to 10 are an integral part of these condensed interim financial statements.

The independent auditors' report on review of condensed interim financial information is set out on page 1.

NBAD Islamic MENA Growth Fund

Condensed interim statement of profit or loss and other comprehensive income

For the six months ended 30 June

		(Unaudited) 2014 AED'000	(Unaudited) 2013 AED'000
	<i>Note</i>		
Net gain on investments at fair value through profit or loss	4	21,561	28,094
Dividend income		5,490	4,637
Net investment gain		<u>27,051</u>	<u>32,731</u>
Management fees	5	(1,748)	(1,177)
Other operating expenses		(342)	(304)
Total operating expenses		<u>(2,090)</u>	<u>(1,481)</u>
Net profit from operations		<u>24,961</u>	<u>31,250</u>
Increase / (decrease) in net assets attributable to holders of redeemable units		<u>24,961</u>	<u>31,250</u>

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NBAD Islamic MENA Growth Fund

Condensed interim statement of changes in net assets attributable to holders of redeemable units

For the six months ended 30 June (unaudited)

	Number of units	Net assets attributable to unit holders AED'000
As at 1 January 2013	12,354,726	95,081
Issue of units during the period	705,546	7,368
Redemption of units during the period	(1,042,484)	(9,782)
Decrease in net assets attributable to holders of redeemable units	-	31,250
As at 30 June 2013	<u>12,017,788</u>	<u>123,917</u>
As at 1 January 2014	12,046,565	163,343
Issue of units during the period	1,550,136	24,557
Redemption of units during the period	(2,438,962)	(39,974)
Increase in net assets attributable to holders of redeemable units	-	24,961
As at 30 June 2014	<u>11,157,739</u>	<u>172,887</u>

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NBAD Islamic MENA Growth Fund

Condensed interim statement of cash flows

For the six months ended 30 June

		(Unaudited) 2014 AED'000	(Unaudited) 2013 AED'000
	<i>Note</i>		
Cash flows from operating activities			
Net profit from operations		24,961	31,250
<i>Changes in:</i>			
Investments at fair value through profit or loss		(3,686)	(31,720)
Other assets		9	(144)
Due from a related party	5	-	19,454
Due to related parties	5	91	(12,495)
Other liabilities		42	(1,869)
		<hr/>	<hr/>
Cash flows from operating activities		21,417	4,476
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issue of units		24,557	7,368
Payments on redemption of units		(39,974)	(9,782)
		<hr/>	<hr/>
Cash flows used in financing activities		(15,417)	(2,414)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		6,000	2,062
Cash and cash equivalents at 1 January		3,098	745
		<hr/>	<hr/>
Cash and cash equivalents at 30 June	5	9,098	2,807
		<hr/> <hr/>	<hr/> <hr/>

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NBAD Islamic MENA Growth Fund

Notes to the condensed interim financial statements

1 Legal status and principal activities

NBAD Islamic MENA Growth Fund (the "Fund") is an open ended investment fund established in the United Arab Emirates (the "UAE") by National Bank of Abu Dhabi (NBAD) (the "Fund Manager") and is licensed by the Central Bank of the UAE approval reference number I3/2197/2004 dated 26 December 2004. The Fund is not a separately incorporated entity and its activities are managed by the Fund Manager.

The Fund's primary objective is to invest in a portfolio of MENA equities and/or equity related securities (such as convertible bonds, ADRs and GDRs) based on Islamic Shariah principles listed or traded on recognised exchanges worldwide or 'over the counter' arrangement, and other related securities including third party collective investment schemes, with a view to achieving capital growth.

The applicable prospectus and term sheet were revised on 24 February 2014. The revisions are approved by the Central Bank of the UAE. The revised prospectus and term sheet and the financial statements of the Fund as at and for the year ended 31 December 2013 are available upon request from the Fund Manager's registered office at P.O. Box 4, Abu Dhabi, United Arab Emirates.

The Fund was formerly known as NBAD UAE Islamic Fund. The name change was effective from 15 May 2014.

2 Basis of preparation

(a) *Statement of compliance*

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Fund since the last annual financial statements as at for the year ended 31 December 2013. They do not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

These condensed interim financial statements were approved on behalf of the Fund Manager on 10 DEC 2014.

(b) *Estimates*

The preparation of interim financial statements requires the Fund Manager to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing condensed interim financial statements, the significant judgments made by Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those applied to financial statements as at and for the year ended 31 December 2013.

NBAD Islamic MENA Growth Fund

Notes to the condensed interim financial statements

3 Significant accounting policies

The accounting policies applied by the Fund in these condensed interim financial statements are the same as those applied by the Fund in its financial statements as at and for the year ended 31 December 2013, except as stated below:

New standards and interpretations

During the period, new amendments to standards and interpretations have become effective and been applied in preparing these condensed interim financial statements. These are amendments to IAS 32 (Financial instruments: Presentation), IAS 36 (Impairment of Assets) and IAS 39 (Financial Instruments: Recognition and Measurement). Application of these amendments does not have a material impact on the Fund's condensed interim financial statements.

A number of new standards, amendments to standards and interpretations have been issued but are not effective for the current accounting period commencing 1 January 2014, and have therefore not been early adopted by the Fund in the preparation of these condensed interim financial statements. The Fund does not plan to early adopt these standards and the extent of the impact has not been determined.

4 Net gain on investments at fair value through profit or loss

	(Unaudited) 30 Jun 2014 AED '000	(Unaudited) 30 Jun 2013 AED '000
Realised loss	(8,238)	(238)
Unrealised gain	29,799	28,332
	<u>21,561</u>	<u>28094</u>

As at the reporting date, all of the Fund's investments at fair value through profit or loss are in equity securities.

5 Related parties

Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise members of the Advisory Board and Investment Committee and the Fund Manager and the entities controlled by them. In the ordinary course of business, the Fund renders and receives services from such related parties at agreed rates, terms and conditions set out by the Fund Manager.

Terms and conditions

Key terms and conditions are shown below:

Brokerage	NBAD Securities LLC ("NBADS"), a wholly owned subsidiary of NBAD, provides brokerage services to the Fund at prevailing market rates.
Banking services	NBAD provides banking services at rates agreed with the Fund.

NBAD Islamic MENA Growth Fund

Notes to the condensed interim financial statements

5 Related parties (continued)

Terms and conditions (continued)

Others The Fund Manager is entitled to the following fees as set out in the offering terms sheet:

- Management fee, accrued daily and charged monthly, of 1.5% p.a.;
- Performance fee, accrued weekly and charged quarterly, of 10% of relative outperformance of the Fund over the benchmark and the latest NAV that prompted a performance fee payment during the relevant calendar year.

Balances

Balances with related parties at the reporting dates are shown below:

	(Unaudited) 30 Jun 2014 AED'000	(Audited) 31 Dec 2013 AED'000
Amount on account of units held by related parties	-	-
Cash at bank	9,098	3,098
<i>Due to related parties</i>		
Management fee payable to the Fund Manager	867	777
Administration fee payable to NBAD	26	25
	893	802

Investments at fair value through profit or loss include equity investments amounting to AED 9,244 thousand (31 December 2013: AED 31,660 thousand) are held by a related party on behalf of the Fund.

Transactions

Transactions with related parties during the period included in these condensed interim statement of profit or loss and other comprehensive income are shown below:

	(Unaudited) 30 June 2014 AED'000	(Unaudited) 30 June 2013 AED'000
Brokerage expense (NBADS)	(155)	(20)
Management fees	(1,748)	(1,177)
Administration fees	(216)	(133)

NBAD Islamic MENA Growth Fund

Notes to the condensed interim financial statements

5 Related parties *(continued)*

Transactions (continued)

In accordance with article 15.2 of the term sheet, a management fee of 1.5% per annum of the Fund's NAV is payable monthly to the Fund Manager, calculated and accrued on a daily basis. Management fee of 1,658 thousand was paid during the current reporting period (30 June 2013: AED 531 thousand).

No performance fee was charged during the current period (30 June 2013: nil) as the performance threshold was not met.

The Fund is managed by the Fund Manager and there are no key management personnel of the Fund.

6 Financial risk management

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2013.

7 Fair value hierarchy of financial assets and liabilities

All financial assets and liabilities are measured at amortized cost except for investments at fair value through profit or loss which are measured at fair value either by reference to published price quotations in an active market or by using some valuation technique

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in fair value hierarchy into which the fair value measurement is categorised.

NBAD Islamic MENA Growth Fund

Notes to the condensed interim financial statements

7 Fair value hierarchy of financial assets and liabilities *(continued)*

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 June 2014 (unaudited)				
Investments at fair value through profit or loss	<u>163,325</u>	<u>-</u>	<u>1,458</u>	<u>164,783</u>
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2013 (audited)				
Investments at fair value through profit or loss	<u>159,943</u>	<u>-</u>	<u>1,154</u>	<u>161,097</u>

The fair value of financial assets and liabilities carried at amortized cost approximates their carrying amount.