

NBAD Sukuk Income Fund

Condensed interim financial statements

30 June 2019

Principal Business address:

P.O. Box: 6316

Abu Dhabi

United Arab Emirates

NBAD Sukuk Income Fund

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KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Abu Dhabi Corniche, Abu Dhabi, UAE
Tel. +971 (2) 401 4800, Fax +971 (2) 632 7612

Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Unit holders of NBAD Sukuk Income Fund

Introduction

We have reviewed the accompanying 30 June 2019 condensed interim financial statements of NBAD Sukuk Income Fund (the "Fund") which comprises:

- the condensed interim statement of financial position as at 30 June 2019;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2019;
- the condensed interim statement of changes in net assets attributable to holders of redeemable units for the six-month period ended 30 June 2019;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2019; and
- notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim financial statements 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 condensed interim financial statements 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 2019 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: **31 JUL 2019**

NBAD Sukuk Income Fund

Condensed interim statement of financial position

as at

	<i>Note</i>	30 June 2019 USD (Unaudited)	31 December 2018 USD (Audited)
Assets			
Investments at fair value through profit or loss	6	30,766,072	33,803,608
Other receivables		379,308	360,580
Due from broker		365,094	-
Cash and cash equivalents		1,291,197	810,192
Total assets		32,801,671	34,974,380
Liabilities			
Dividend payable		583,692	671,680
Due to related parties		105,763	116,196
Due to broker		1,006,781	-
Other liabilities		12,022	72,769
Redemption payable		24,698	-
Subscription received in advance		400,000	-
Total liabilities		2,132,956	860,645
Net assets attributable to holders of redeemable units		30,668,715	34,113,735
Number of units outstanding		6,682,214	7,664,142
Net asset value per unit (USD)		4.59	4.45



Martin Costa
VP – Middle Office
Investment Management



Shiraz Habib
MD & Head of Products &
Investment Solutions

The accompanying notes set out on pages 6 to 16 form an integral part of these condensed interim financial statements.

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

NBAD Sukuk Income Fund

Condensed interim statement of comprehensive income for the six month period ended 30 June (Unaudited)

	<i>Note</i>	2019 USD	2018 USD
Net gain/(loss) on investments at fair value through profit or loss	8	1,164,905	(1,075,166)
Profit income		776,491	942,944
Net foreign exchange gain		44	-
Other income		10	-
Total net operating income/(loss)		<u>1,941,450</u>	<u>(132,222)</u>
Investment management fees		(157,110)	(206,385)
Other operating expenses		(30,338)	(43,243)
Total operating expenses		<u>(187,448)</u>	<u>(249,628)</u>
Operating profit/(loss) for the period		<u>1,754,002</u>	<u>(381,850)</u>
Other comprehensive income		-	-
Total comprehensive income/(loss)		<u>1,754,002</u>	<u>(381,850)</u>

The accompanying notes set out on pages 6 to 16 form an integral part of these condensed interim financial statements.

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

NBAD Sukuk Income Fund

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

for the six month period ended 30 June (Unaudited)

	Number of units	Net assets attributable to unit holders USD
At 1 January 2018	9,104,274	42,291,195
Issue of units during the period	481,968	2,172,692
Redemption of units during the period	(1,391,881)	(6,441,451)
Loss for the period	-	(381,850)
Dividend to holders of redeemable units	-	(1,027,565)
At 30 June 2018	8,194,361	36,613,021
At 1 January 2019	7,664,142	34,113,735
Issue of units during the period	1,550,280	7,160,453
Redemption of units during the period	(2,532,208)	(11,544,080)
Income for the period	-	1,754,002
Dividend to holders of redeemable units	-	(815,395)
At 30 June 2019	6,682,214	30,668,715

The accompanying notes set out on pages 6 to 16 form an integral part of these condensed interim financial statements.

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

NBAD Sukuk Income Fund

Condensed interim statement of cash flows
for the six month period ended 30 June (Unaudited)

	2019 USD	2018 USD
Cash flows from operating activities		
Operating profit/(loss) for the period	1,754,002	(381,850)
Adjustment for:		
Changes in working capital:		
Investments at fair value through profit or loss	3,037,536	6,909,258
Other receivables	(18,728)	3,495
Due from broker	(365,094)	-
Due to related parties	(10,433)	(43,656)
Due to broker	1,006,781	-
Other liabilities	(60,747)	16,938
Payable against purchase of investments	-	559,472
Cash generated from operating activities	<u>5,343,317</u>	<u>7,063,657</u>
Cash flows used in financing activities		
Proceeds from issue of redeemable units	7,160,453	2,172,692
Payments on redemption of redeemable units	(11,519,382)	(6,441,451)
Subscription received in advance	400,000	-
Cash dividend paid	(903,383)	(212,941)
Net cash used in financing activities	<u>(4,862,312)</u>	<u>(4,481,700)</u>
Net increase in cash and cash equivalents	481,005	2,581,957
Cash and cash equivalents at the beginning of the period	810,192	110,167
Cash and cash equivalents at the end of the period	<u>1,291,197</u>	<u>2,692,124</u>

The accompanying notes set out on pages 6 to 16 form an integral part of these condensed interim financial statements.

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

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

1 Legal status and principle activities

NBAD Sukuk Income Fund (the “Fund”) is an open ended investment fund established in the UAE by National Bank of Abu Dhabi PJSC (the “Fund Manager”) based on resolution number 164/8/94 issued by the Board of Directors of the UAE Central Bank and with the approval of the Securities and Commodities Authority of the UAE. The Fund is not a separately incorporated entity and its activities are managed by the Fund Manager and administered by Apex Fund Services Ltd - Abu Dhabi (the “Fund Administrator”).

The Fund aims to provide attractive levels of income with prospect of capital gains over the medium term through actively investing in a mix of fixed income and money market instruments, including but not limited to corporate and sovereign Sukuk and other Islamic money market instruments, including but not limited to certificates of deposits, collateralised Murabaha, convertible Sukuk, Murabaha deposits, Ijarah and investments in other Islamic collective investment schemes (investment funds) with objectives that the Investment Manager believes are appropriate in light of the Fund’s objectives.

The applicable prospectus was issued on 2 May 2012 (“date of inception”). It was approved by the Central Bank of the UAE and is available upon request from the Fund Manager’s registered office at P.O. Box 6316, Abu Dhabi, United Arab Emirates.

2 Basis of preparation

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 for the year ended 31 December 2018. 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 31 JUL 2019.

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 2018 except for the new amendments or interpretations that became applicable and were adopted during the period. These amendments do not have any material impact on these financial statements.

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. The condensed interim financial statements are presented in United States Dollar (USD), which is the Fund’s functional and presentational currency.

(a) Profit income

Profit income is recognised in the statement of comprehensive income using the effective profit method.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

3 Significant accounting policies (continued)

(b) Dividend to holders of redeemable units

Dividends to holders of redeemable units are recognised in the statement of comprehensive income when they are authorised.

(c) Subscription fees

Subscription fees are charged to holders of redeemable units at the time of subscription of units in the Fund and are recognised in the statement of comprehensive income in the period during which such subscriptions are made.

(d) Net gain/(loss) from financial instruments at fair value through profit or loss

Net gain/(loss) from financial instruments at fair value through profit or loss includes all realised gain/(loss) and unrealised fair value changes, but excludes profit income.

Net realised loss from financial instruments at fair value through profit or loss represents the difference between the weighted average cost and their sale/settlement price.

Unrealised gain/(loss) represents the difference between the carrying amount of a financial instrument at the beginning of the period, or transaction price when purchased in the current reporting period and its fair value at the end of the period or at the last revaluation date before its sale/settlement.

(e) Expenses

All expenses, including the management fees and performance fees are recognised in the statement of comprehensive income on an accrual basis.

(f) Foreign currency transactions

Transactions in foreign currencies are translated into USD at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into USD at the spot exchange rate at that date.

Foreign currency exchange differences arising on translation are recognised in the statement of comprehensive income.

(g) Financial assets and financial liabilities

(i) Fair value measurement

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.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

3 Significant accounting policies (continued)

(g) Financial assets and financial liabilities (continued)

(i) Fair value measurement (continued)

When applicable, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the statement of comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

When available, the Fund measures the fair value of an instrument using quoted bid prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Amortized cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the condensed interim statement of financial position when, and only when, the Fund has a legal right to set off the recognised amounts and it intends either to settle on a basis or to realise the asset and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

3 Significant accounting policies (continued)

(h) Redeemable units

Redeemable units are classified as financial liabilities and are measured at the present value of the redemption amounts. In accordance with the Fund's prospectus, the redemption amounts of the redeemable units are based on last published net asset value. The net assets value includes Fund's underlying investments, calculated using the closing prices.

(i) Net asset value per unit

The net asset value per unit disclosed in the condensed interim statement of financial position is calculated in accordance with the Fund's prospectus by dividing the net assets attributable to holders of redeemable units included in the financial position by the number of units outstanding at the reporting date.

(j) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow comprise deposits with banks with original maturities of less than three months and bank overdraft balance that is repayable on demand and forms an integral part of the Fund's cash management. Cash and cash equivalents are carried at amortised cost in the condensed interim statement of financial position.

(k) Changes in significant accounting policies

IFRS 16 Leases

The Fund has adopted IFRS 16 Leases from 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of use asset representing its right to use the underlying asset and lease liability representing its obligation to make lease payments. There are recognition exceptions for short-term leases and low-value items. Lessor accounting remains similar to the current standard – i.e. lessor continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a Lease*, *SIC 15 Operating Leases – incentives and SIC-27 Evaluating the Substance of Transactions involving the legal Form of Lease*.

The Fund has assessed the impact of above standard. Based on the assessment, the above standard has no material impact on the Funds financial statements as at the reporting date.

(l) Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements for the six month period ended 30 June 2019

4 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 2018.

5 Financial risk management

5.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), liquidity risk and credit risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Fund's annual financial statements as at 31 December 2018.

There have been no changes in the risk management department or in any risk management policies since the year end

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, investments in equity securities and certain other assets as well as credit exposures to customers, including outstanding receivables and committed transactions. The Fund's bank balances are with the Fund Manager.

The Fund's maximum credit risk exposure as at 30 June 2019 is represented by the respective carrying amounts of the relevant financial assets in the condensed interim statement of financial position.

(b) Liquidity risk

The Fund manages its liquidity risk by investing predominantly in listed investments which allows the Fund to maintain sufficient liquidity to meet redemptions.

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates, equity prices and credit spreads will affect the Fund's income or the fair value of its holdings of financial instruments.

The fund's strategy on the management of the market risk is driven by its investment objectives and guidelines. The fund's market risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

5 Financial risk management (continued)

(d) Currency risk

Currency risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Fund's functional currency.

Currency risk is limited as the Fund's transactions are principally in USD dollar. As the UAE dirham is pegged against the USD dollar, transactions in UAE dirham are not considered to present significant foreign currency risk.

(e) Price risk

The Fund is exposed to financial instruments price risk because of investments held by the Fund and classified on the condensed interim statement of financial position as investments at fair value through profit or loss. Price risk is managed by the Fund Manager by constructing a diversified portfolio of instruments, in different industry sectors and traded on different markets. Under normal circumstances the Fund invests in the trading instruments in accordance with the investment guidelines.

6 Investments at fair value through profit or loss

Investments at fair value through profit or loss comprise quoted financial instruments. The distribution of the investments on a country wise basis is as shown below:

	30 June 2019 USD (Unaudited)	31 December 2018 USD (Audited)
<i>Quoted financial instruments</i>		
GCC	29,145,866	31,490,761
Indonesia	-	803,187
Supranational	909,258	1,509,660
Malaysia	710,948	-
	30,766,072	33,803,608

7 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.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

7 Related parties (continued)

Terms and conditions

Key terms and conditions are shown below:

- Fees
- The Fund Manager is entitled the following fees as set out in the offering term sheet:
- Management fee of 1% per annum of the NAV, calculated and accruing on a daily basis and payable to the Fund Manager on a quarterly basis; and
 - Annual registrar and transfer agent fee of the higher of USD 10,000 or 0.05% of assets under management is charged by the Fund Manager. Additionally, a one-time fee of USD 25 per investor is charged as initial set-up cost and USD 5 is charged per transaction involving dividend processing and distribution.

Balances

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

	30 June 2019 USD (Unaudited)	31 December 2018 USD (Audited)
Due from related parties		
Cash balance with FAB	<u>409,500</u>	<u>-</u>
Due to related parties		
Management fees payable to the Fund Manager	77,552	96,519
Registrar and transfer fees payable to the custody department	28,211	19,677
Net asset value of units held by the Fund Manager	<u>2,277,493</u>	<u>4,612,237</u>

Transactions

Transactions with related parties during the year included in the statement of comprehensive income are shown below:

	Six month period ended 30 June 2019 USD (Unaudited)	Six month period ended 30 June 2018 USD (Unaudited)
Investment management fees	149,254	196,558
VAT Management fees	7,856	9,827
Registrar and transfer fees	7,856	10,319

The fund is managed by the Fund Manager and there are no key management personnel of the Fund. No performance fee was charged during the current period (30 June 2018: nil) as the performance threshold was not met. The Fund is managed by the Fund Manager who appoints the key management personnel.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

8 Net gain/(loss) on financial assets at fair value through profit or loss

	Six month period ended 30 June 2019 USD (Unaudited)	Six month period ended 30 June 2018 USD (Unaudited)
Realised loss	(105,538)	(182,837)
Unrealised gain/(loss)	1,270,443	(892,329)
	<u>1,164,905</u>	<u>(1,075,166)</u>

The realized gain/(loss) from financial instrument at FVTPL represents the difference between the weighted average carrying amount of a financial instrument at the date of settlement and its settlement price.

The unrealised gain/(loss) from FVTPL represents the difference between carrying amount of financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

9 Financial assets and liabilities

Accounting classifications and fair values

The table below provides reconciliation of the line items in the Fund's statement of financial position to the categories of financial instruments as at.

	At FVTPL USD	Financial assets at amortised cost USD	Other Liabilities USD	Total USD
As at 30 June 2019 (Unaudited)				
<i>Financial assets</i>				
Investments at fair value through profit or loss	30,766,072	-	-	30,766,072
Due from broker	-	365,094	-	365,094
Other receivables	-	379,308	-	379,308
Cash and cash equivalents	-	1,291,197	-	1,291,197
	<u>30,766,072</u>	<u>2,035,599</u>	<u>-</u>	<u>32,801,671</u>
<i>Financial liabilities</i>				
Dividend payable	-	-	583,692	583,692
Due to broker	-	-	1,006,781	1,006,781
Due to related parties	-	-	105,763	105,763
Other liabilities	-	-	12,022	12,022
Redemption payable	-	-	24,698	24,698
Subscription received in advance	-	-	400,000	400,000
Net assets attributable to holders of redeemable units	-	-	30,668,715	30,668,715
	<u>-</u>	<u>-</u>	<u>32,801,671</u>	<u>32,801,671</u>

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

9 Financial assets and liabilities (continued)

Accounting classifications and fair values (continued)

	At FVTPL USD	Financial assets at amortised cost USD	Other Liabilities USD	Total USD
As at 31 December 2018 (Audited)				
<i>Financial assets</i>				
Investments at fair value through profit or loss	33,803,608	-	-	33,803,608
Other receivables	-	360,580	-	360,580
Cash and cash equivalents	-	810,192	-	810,192
	<u>33,803,608</u>	<u>1,170,772</u>	<u>-</u>	<u>34,974,380</u>
<i>Financial liabilities</i>				
Dividend payable	-	-	671,680	671,680
Due to related parties	-	-	116,196	116,196
Other liabilities	-	-	72,769	72,769
Net assets attributable to holders of redeemable units	<u>-</u>	<u>-</u>	<u>34,113,735</u>	<u>34,113,735</u>
	<u>-</u>	<u>-</u>	<u>34,974,380</u>	<u>34,974,380</u>

The financial instruments not accounted for at fair value through profit or loss are short-term financial assets and liabilities whose carrying amounts approximates their fair value.

All financial assets and liabilities are measured at amortised cost except for trading investments which are measured at fair value by reference to published price quotations in an active market.

For investment in units that are inactive as at the reporting date the Fund determines fair values using valuation techniques.

The valuation techniques include comparison to similar instruments, if any, for which market observable prices exist or marking to that index which is considered to offer the closest price. The objective of using a valuation technique is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

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.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

9 Financial assets and liabilities (continued)

Accounting classifications and fair values (continued)

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.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 30 June 2019 (Unaudited)				
Investments at fair value through profit and loss	<u>30,766,072</u>	<u>-</u>	<u>-</u>	<u>30,766,072</u>
As at 31 December 2018 (Audited)				
Investments at fair value through profit and loss	<u>33,803,608</u>	<u>-</u>	<u>-</u>	<u>33,803,608</u>

The Fund's financial assets at amortised cost and other liabilities are short term, whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties. Net assets attributable to holders of redeemable units are categorised under Level 2 in the fair value hierarchy. The Fund routinely redeems and issues the redeemable units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption.

10 Dividend to holders of redeemable units

	30 June 2019 USD (Unaudited)	30 June 2018 USD (Unaudited)
Dividend declared to holders of redeemable units	815,395	1,027,565
No of units entitled to the dividend	6,634,982	7,823,224
Dividend per units	0.1229	0.1313

Dividends declared for the period from 13 December 2018 to 19 June 2019, the distribution is due to the unit holders existing as of 19 June 2019.

NBAD Sukuk Income Fund

Notes to the condensed interim financial statements
for the six month period ended 30 June 2019

11 Redeemable Units

The Fund's redeemable units are subject to a minimum subscription amount. The Fund has a cut-off date which is the last day the investment manager can accept duly completed subscription agreements or redemption notices. Redemption notices are subject to a minimum value. Under extraordinary circumstances, the Fund also has the ability to suspend redemptions or initiate compulsory redemption if this is deemed to be in the best interest of all unit holders. The relevant movements are shown on the statement of changes in net assets attributable to holders of redeemable units. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 5, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Fund's net asset value per unit is USD 4.59 as at 30 June 2019 and USD 4.45 as at 31 December 2018.