

NBAD UAE Growth Fund

Condensed interim financial statements

30 June 2014

NBAD UAE Growth Fund

Condensed interim financial statements

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

The Unit holders
NBAD UAE Growth Fund
Abu Dhabi

Introduction

We have reviewed the accompanying 30 June 2014 condensed interim financial information of NBAD 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 2014 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

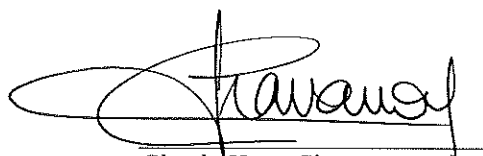
Munther Dajani
Registration No: 268

10 DEC 2014

NBAD UAE Growth Fund

Condensed interim statement of financial position

| | | (Unaudited) 30 Jun 14 AED'000 | (Audited) 31 Dec 13 AED'000 |
|---|-------------|-------------------------------------|-----------------------------------|
| | <i>Note</i> | | |
| Assets | | | |
| Cash at bank | | 20,257 | 1,019 |
| Investments at fair value through profit or loss | | 170,496 | 128,509 |
| Due from related parties | 5 | 11 | - |
| Total assets | | <u>190,764</u> | <u>129,528</u> |
| Liabilities | | | |
| Due to related parties | 5 | 981 | 627 |
| Total liabilities | | <u>981</u> | <u>627</u> |
| Net assets attributable to holders of redeemable units | | <u>189,783</u> | <u>128,901</u> |
| Number of units outstanding (thousand units) | | <u>18,661</u> | <u>14,365</u> |
| Net asset value per unit (AED) | | <u>10.17</u> | <u>8.97</u> |
| Represented by: | | | |
| Net assets attributable to unit holders (valued in accordance with prospectus) | | 190,664 | 129,201 |
| Adjustment from closing prices to bid prices | | (881) | (300) |
| | | <u>189,783</u> | <u>128,901</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 UAE 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 |
|---|---|--------------------------------|--------------------------------|
| Net gain on investments at fair value through profit or loss | 4 | 10,086 | 28,916 |
| Dividend income | | 4,439 | 4,651 |
| Interest income | | 23 | 3 |
| Net investment income | | <u>14,548</u> | <u>33,750</u> |
| Management fees | 5 | (1,701) | (1,110) |
| Other operating expenses | | (243) | (145) |
| Total operating expenses | | <u>(1,944)</u> | <u>(1,255)</u> |
| Net gain from operations before interest | | 12,604 | 32,315 |
| Interest expense | 5 | (1) | (134) |
| Increase in net assets attributable to holders of redeemable units | | <u>12,603</u> | <u>32,181</u> |

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NBAD UAE 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 |
|--|--------------------------|---|
| Balance at 1 January 2013 | 16,997,021 | 87,038 |
| Issue of units during the period | 1,362,488 | 9,585 |
| Redemption of units during the period | (4,559,071) | (31,447) |
| Increase in net assets attributable to holder of redeembale units | - | 32,181 |
| Balance at 30 June 2013 | <u>13,800,438</u> | <u>97,357</u> |
| Balance at 1 January 2014 | 14,364,579 | 128,901 |
| Issue of units during the period | 9,216,916 | 102,685 |
| Redemption of units during the period | (4,920,650) | (54,406) |
| Increase in net assets attributable to holder of redeembale units | - | 12,603 |
| Balance at 30 June 2014 | <u>18,660,845</u> | <u>189,783</u> |

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NBAD UAE Growth Fund

Condensed interim statement of cash flows

For the six months ended 30 June

| | (Unaudited) 2014 AED'000 | (Unaudited) 2013 AED'000 |
|---|--------------------------------|--------------------------------|
| Cash flows from operating activities | | |
| Profit for the period | 12,603 | 32,181 |
| <i>Changes in:</i> | | |
| Investments at fair value through profit or loss | (41,987) | 795 |
| Due from related parties | (11) | (7,655) |
| Other receivables | - | (1,163) |
| Due to related parties | 354 | 514 |
| <i>Cash flows (used in) / from operating activities</i> | <u>(29,041)</u> | <u>24,672</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of units | 102,685 | 9,585 |
| Payments on redemption of units | (54,406) | (31,447) |
| <i>Cash flows from / (used in) financing activities</i> | <u>48,279</u> | <u>(21,862)</u> |
| Net increase in cash and cash equivalents | 19,238 | 2,810 |
| Cash and cash equivalents at 1 January | 1,019 | (14,962) |
| Cash and cash equivalents at 30 June (note 5) | <u><u>20,257</u></u> | <u><u>(12,152)</u></u> |

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NBAD UAE Growth Fund

Notes to the condensed interim financial statements

1 Legal status and principal activities

NBAD UAE Growth Fund (the "Fund") is an open ended investment fund established in the United Arab Emirates (the "UAE") by the National Bank of Abu Dhabi PJSC (the "Fund Manager") and is licensed by the Central Bank of the UAE, approval reference number 13/2274/2000 dated 21 August 2000. 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 UAE equities and / or equity-related securities (such as convertible bonds, ADRs and GDRs), whether listed on the Abu Dhabi, Dubai Financial Markets or Nasdaq Dubai or traded on recognised exchanges worldwide or 'over the counter' arrangements, and other related securities including third party collective investment schemes, with a view to achieving capital growth.

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

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 these 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.

3 Significant accounting policies

The accounting policies applied by the Fund in the 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:

NBAD UAE Growth Fund

Notes to the condensed interim financial statements

3 Significant accounting policies *(continued)*

New standards and interpretations

During the period, 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 | (1,315) | (2,167) |
| Unrealised gain | 11,401 | 31,083 |
| | <u>10,086</u> | <u>28,916</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 UAE 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 |
|---|---------------------------------------|-------------------------------------|
| Fair value of investments at fair value through profit or loss in securities issued by the Fund Manager <i>897 thousand shares (2013: 1,572 thousand shares)</i> | <u>12,382</u> | <u>20,476</u> |
| Number of units held by related parties (in thousands) | <u>-</u> | <u>910</u> |
| Cash at bank | <u>20,257</u> | <u>1,019</u> |
| <i>Due from related parties</i> | | |
| Interest receivable | <u>11</u> | <u>-</u> |
| <i>Due to related parties</i> | | |
| Management fees payable to the Fund Manager | 955 | 607 |
| Interest payable to the Fund Manager | 1 | 1 |
| Administration fee and other payables to NBAD | 25 | 19 |
| | <u>981</u> | <u>627</u> |

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Notes to the condensed interim financial statements

5 Related parties (continued)

Transactions

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

| | (Unaudited) 30 Jun 2014 AED'000 | (Unaudited) 30 Jun 2013 AED'000 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Interest expense | (1) | (134) |
| Interest income | 23 | - |
| Dividend income | 499 | 641 |
| Brokerage charges paid to NBADS | (138) | (35) |
| Management fees | (1,701) | (1,110) |
| Administration fee | (215) | (136) |

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

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. The Fund has paid management fee amounting of AED 1,354 thousand during the period then ended 30 June 2014 (30 June 2013: AED 512 thousand).

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

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.

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Notes to the condensed interim financial statements

7 Fair value hierarchy of financial assets and liabilities (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 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>169,441</u> | <u>-</u> | <u>1,055</u> | <u>170,496</u> |
| | | | | |
| 31 December 2013 (audited) | | | | |
| Investments at fair value through profit or loss | <u>127,674</u> | <u>-</u> | <u>835</u> | <u>128,509</u> |

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