

NBAD MENA Growth Fund
(formerly known as NBAD GCC Opportunities Fund)

Condensed interim financial statements

30 June 2014

NBAD MENA Growth Fund

Condensed interim financial statements

<i>Contents</i>	<i>Page</i>
Independent auditor's 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 MENA Growth Fund
Abu Dhabi

Introduction

We have reviewed the accompanying 30 June 2014 condensed interim financial information of NBAD 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 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


1

NBAD MENA Growth Fund

Condensed interim statement of financial position

	<i>Note</i>	(Unaudited) 30 Jun 2014 AED'000	(Audited) 31 Dec 2013 AED'000
Assets			
Cash at bank	5	8,115	693
Investments at fair value through profit or loss		78,702	71,822
Other assets		83	-
Total assets		86,900	72,515
Liabilities			
Due to related parties	5	393	445
Total liabilities		393	445
Net assets attributable to holders of redeemable units		86,507	72,070
Number of units outstanding (thousand units)		17,536	15,932
Net asset value per unit (AED)		4.93	4.52
Represented by:			
Net assets attributable to unit holders (valued in accordance with prospectus)		86,795	72,259
Adjustment from closing prices to bid prices		(288)	(189)
		86,507	72,070


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 auditor's report on review of condensed interim financial information is set out on page 1.

NBAD 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
Interest income	5	5	5
Net gain on investments at fair value through profit or loss	4	4,457	8,840
Dividend income		2,062	2,580
Other income		2	3
Net investment income		6,526	11,428
Management fees	5	(744)	(803)
Other operating expenses		(154)	(119)
Total operating expenses		(898)	(922)
Net profit for the period		5,628	10,506
Increase in net assets attributable to holders of redeemable units		5,628	10,506

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

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

NBAD 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
Balance at 1 January 2013	21,461,257	74,987
Issue of units during the period	247,062	909
Redemption of units during the period	(2,721,269)	(10,460)
Increase in net assets attributable to holders of redeemable units	-	10,506
Balance at 30 June 2013	18,987,050	75,852
Balance at 1 January 2014	15,932,197	72,070
Issue of units during the period	2,111,839	11,403
Redemption of units during the period	(508,299)	(2,594)
Increase in net assets attributable to holders of redeemable units	-	5,628
Balance at 30 June 2014	17,535,737	86,507

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NBAD MENA Growth Fund

Condensed interim statement of cash flows

For the six month period ended 30 June

	(Unaudited) 2014 AED'000	(Unaudited) 2013 AED'000
Cash flows from operating activities		
Profit for the period	5,628	10,506
<i>Changes in:</i>		
Investments at fair value through profit or loss	(6,880)	1,152
Other assets	(83)	(288)
Due to related parties	5 (52)	407
Net cash flows (used in) / from operating activities	(1,387)	11,777
Cash flows from financing activities		
Proceeds from issue of units	11,403	909
Payments on redemption of units	(2,594)	(10,460)
Net cash flows from / (used in) financing activities	8,809	(9,551)
Net increase in cash and cash equivalents	7,422	2,226
Cash and cash equivalents at 1 January	693	586
Cash and cash equivalents at 30 June	5 8,115	2,812

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NBAD MENA Growth Fund

Notes to the condensed interim financial statements

1 Legal status and principal activities

NBAD 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 PJSC (the "Fund Manager") and is licensed by the Central Bank of the UAE approval reference number 13/281/2008 dated 3 January 2008. 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 Middle East and North Africa ("MENA") equities and/or equity-related securities (such as convertible bonds, ADRs and GDRs), listed 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 prospectus and term sheet were revised on 24 February 2014. These revisions are 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.

The Fund was formerly known as NBAD GCC Opportunities 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 condensed 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 expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the 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 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:

NBAD MENA Growth Fund

Notes to the condensed interim financial statements

3 Significant accounting policies *(continued)*

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	(999)	(78)
Unrealised gain	5,456	8,918
	<u>4,457</u>	<u>8,840</u>

As at the reporting date all of the Fund's investments at fair value through profit or loss comprise bonds and 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 the Fund Manager, provides brokerage services to the Fund at prevailing market rates.
Banking	The Fund Manager provides these services at rates agreed with the Fund.
Others	The Fund Manager is entitled to the following fees as set out in the term sheet: Management fee, accrued daily and charged monthly, of 1.5% p.a.; and 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.

NBAD MENA Growth Fund

Notes to the condensed interim financial statements

5 Related parties (continued)

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>nil</i> (2013: 162 thousand)	-	2,078
Number of units of the Fund held by related parties (in thousands)	5,000	5,000
Cash at bank – current account	8,115	693

Due to related parties

Management fees payable to the Fund Manager Administration fee and other payables to NBAD	377	428
	16	17
	393	445

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
Dividend income	-	57
Brokerage charges paid to NBADS	(25)	2
Management fees	(744)	(803)
Administration fee	(108)	(91)
Interest income	5	5

In accordance with article 14.2 of the term sheet, a management fee of 1.5% per annum of Fund's NAV is payable monthly to the Fund Manager, calculated and accrued on a daily basis. Management fees of AED 795 thousand were paid during the period (30 June 2013: AED 395 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.

NBAD MENA Growth Fund

Notes to the condensed interim financial statements

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.

	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	78,702	-	-	78,702

NBAD 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
31 December 2013 (audited)				
Investments at fair value through profit or loss	71,822	-	-	71,822

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