

NBAD UAE Growth Fund

Condensed interim financial statements

30 June 2013

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 2013 condensed interim financial information of NBAD Growth Fund ("the Fund"), which comprises:

- the condensed interim statement of financial position as at 30 June 2013;
- the condensed interim statement of comprehensive income for the six month period ended 30 June 2013;
- the condensed interim statement of changes in net assets attributable to holders of redeemable units for the six month period ended 30 June 2013;
- the condensed interim statement of cash flows for the six month period ended 30 June 2013; 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

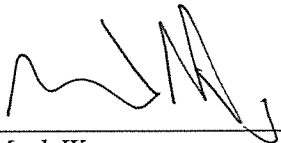
04 NOV 2013

NBAD UAE Growth Fund

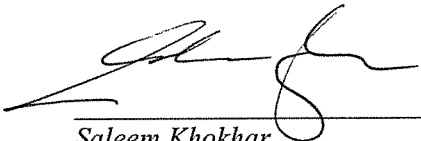
Condensed interim statement of financial position

As at

		(Unaudited) 30 Jun 13 AED'000	(Audited) 31 Dec 12 AED'000
Assets			
Investments at fair value through profit or loss		101,310	102,105
Due from related parties	5	7,655	-
Other receivables		1,163	-
Total assets		<u>110,128</u>	<u>102,105</u>
Liabilities			
Bank overdraft	5	12,152	14,962
Due to related parties	5	619	105
Total liabilities		<u>12,771</u>	<u>15,067</u>
Net assets attributable to holders of redeemable units		<u>97,357</u>	<u>87,038</u>
Number of units outstanding (thousand units)		<u>13,800</u>	<u>16,997</u>
Net asset value per unit (AED)		<u>7.05</u>	<u>5.12</u>
Represented by:			
Net assets attributable to unit holders (valued in accordance with prospectus)		97,537	87,250
Adjustment from closing prices to bid prices		(180)	(212)
		<u>97,357</u>	<u>87,038</u>



 Mark Watts
 Head & CIO of AMG



 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.

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Condensed interim statement of comprehensive income

For the six months ended 30 June

		(Unaudited) 2013 AED'000	(Unaudited) 2012 AED'000
Net gain/ (loss) on investments at fair value through profit or loss	Note 4	28,916	(2,623)
Dividend income		4,651	4,572
Other income		3	-
Net investment income		<u>33,570</u>	<u>1,949</u>
Management fees	Note 5	(1,110)	(997)
Other operating expenses		(145)	(176)
Total operating expenses		<u>(1,255)</u>	<u>(1,173)</u>
Net gain from operations before interest		32,315	776
Interest expense	Note 5	(134)	(277)
Increase in net assets attributable to holders of redeemable units		<u>32,181</u>	<u>499</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 2012	20,892,037	93,405
Issue of units during the period	18,861	95
Redemption of units during the period	(244,766)	(1,131)
Increase in net assets attributable to holder of redeembale units	-	499
Balance at 30 June 2012	<u><u>20,666,132</u></u>	<u><u>92,868</u></u>
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><u>13,800,438</u></u>	<u><u>97,357</u></u>

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Condensed interim statement of cash flows

For the six months ended 30 June

	(Unaudited) 2013 AED'000	(Unaudited) 2012 AED'000
Cash flows from operating activities		
Profit for the period	32,181	499
<i>Changes in:</i>		
Investments at fair value through profit or loss	795	8,232
Due from related parties	(7,655)	50
Due to related parties	514	9
Other receivables	(1,163)	1
<i>Cash flows from operating activities</i>	<u>24,672</u>	<u>8,791</u>
Cash flows from financing activities		
Proceeds from issue of units	9,585	95
Payments on redemption of units	(31,447)	(1,131)
<i>Cash flows used in financing activities</i>	<u>(21,862)</u>	<u>(1,036)</u>
Net increase in cash and cash equivalents	2,810	7,755
Cash and cash equivalents at 1 January	<u>(14,962)</u>	<u>(13,048)</u>
Cash and cash equivalents at 30 June (note 5)	<u><u>(12,152)</u></u>	<u><u>(5,293)</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 / main objective is to invest in a balanced portfolio of UAE equities, whether listed on the Abu Dhabi Securities Exchange or the Dubai Financial Market or where appropriate, purchased through ‘over-the-counter’ arrangements and other related securities including third party collective investment schemes, with a view to achieve capital growth.

The applicable prospectus was revised on 1 November 2007 and the term sheet was revised on 26 July 2012. 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 2012. 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 04 NOV 2013.

(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 2012.

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 2012.

NBAD UAE Growth Fund

Notes to the condensed interim financial statements

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

	(Unaudited) 30 Jun 2013 AED'000	(Unaudited) 30 Jun 2012 AED'000
Realised loss	(2,167)	(330)
Unrealised gain/ (loss)	31,083	(2,293)
	<u>28,916</u>	<u>(2,623)</u>

As at the reporting date all of the Funds 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	ADFS, 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.
Others	The Fund Manager is entitled to the following fees as set out in the offering terms sheet: <ul style="list-style-type: none">• Management fee of 2%;• Performance fees of 10% are charged by the Fund Manager on increase in the Fund's NAV above the hurdle rate. The hurdle rate is calculated as an increase of 3% per quarter over the last highest NAV of the Fund on which performance fees have been charged.

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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 2013 AED'000	(Audited) 31 Dec 2012 AED'000
Fair value of investments at fair value through profit or loss in securities issued by the Fund Manager <i>2,013 thousand shares (2012: 2,135 thousand shares)</i>	22,851	19,359
Bank Overdraft	12,152	14,962
Due from related parties		
Balance due from ADFS	7,653	-
Interest receivable	2	-
	7,655	-
Due to related parties		
Management fees payable to the Fund Manager	598	-
Interest payable to the Fund Manager	1	36
Administration fee payable to Custody department	20	17
Other receivables	-	52
	619	105

In accordance with term sheet, the Fund may borrow up to 50% of its net asset value in order to take advantage of investment opportunities or to meet redemptions. The bank overdraft balance as at 30 June 2013 amounting to AED 12,152 thousand (31 December 2012: AED 14,962 thousand) represents 12% (31 December 2012: 17%) of the Fund's total net asset value. The overdraft carries effective interest rate of 3.2% per annum (31 December 2012: 3.3% per annum).

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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 comprehensive income are shown below:

	(Unaudited) 30 Jun 2013 AED'000	(Unaudited) 30 Jun 2012 AED'000
Interest expense	(134)	(277)
Dividend income	641	451
Brokerage charges paid to ADFS	(35)	(29)
Management fees	(1,110)	(997)
Administration fee	(136)	(139)
	<u><u> </u></u>	<u><u> </u></u>

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

In accordance with Article 13.2 of the term sheet, a management fee of 2% per annum of the Fund's NAV is payable quarterly to the Fund manager, calculated and accrued on a daily basis. The Fund has paid management fee amounting of AED 512 thousand during the period then ended 30 June 2013 *(30 June 2012: AED 965 thousand)*.

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 2012.

7 Fair value hierarchy of financial assets and liabilities

All financial assets and liabilities are measured at amortised cost except for held for trading investments 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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

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 categorized.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 June 2013 (unaudited)				
Investments at fair value through profit or loss				
Equities	<u>100,753</u>	<u>-</u>	<u>557</u>	<u>101,310</u>
31 December 2012 (audited)				
Investments at fair value through profit or loss				
Equities	<u>90,993</u>	<u>10,726</u>	<u>386</u>	<u>102,105</u>

8 Comparative figures

Certain comparative figures have been reclassified, where appropriate, to conform with the presentation and accounting policies adopted in these condensed interim financial statements.