

NBAD UAE Islamic Fund

Condensed interim financial statements

30 June 2013

NBAD UAE Islamic 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 Islamic Fund
Abu Dhabi

Introduction

We have reviewed the accompanying 30 June 2013 condensed interim financial information of NBAD UAE Islamic 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

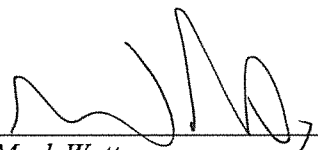
04 NOV 2013

NBAD UAE Islamic Fund


Condensed interim statement of financial position

As at

	<i>Note</i>	(Unaudited) 30 June 13 AED'000	(Audited) 31 Dec 12 AED'000
Assets			
Cash at bank	5	2,807	745
Investments at fair value through profit or loss		120,025	88,305
Due from a related party	5	1,702	21,156
Other assets		160	16
Total assets		<u>124,694</u>	<u>110,222</u>
Liabilities			
Due to related parties	5	669	13,164
Other liabilities		108	1,977
Total liabilities		<u>777</u>	<u>15,141</u>
Net assets attributable to holders of redeemable units		<u>123,917</u>	<u>95,081</u>
Number of units outstanding (thousand units)		<u>12,018</u>	<u>12,355</u>
Net asset value per unit (AED)		<u>10.31</u>	<u>7.70</u>
Represented by:			
Net assets attributable to unit holders (valued in accordance with prospectus)		125,122	95,350
Adjustment from closing prices to bid prices		(1,205)	(269)
		<u>123,917</u>	<u>95,081</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.

NBAD UAE Islamic Fund

Condensed interim statement of comprehensive income

For the six months ended 30 June

		(Unaudited) 2013 AED'000	(Unaudited) 2012 AED'000
	<i>Note</i>		
Net gain / (loss) on investments			
at fair value through profit or loss	4	28,094	(3,150)
Dividend income		4,637	4,432
Other Income		-	18
Net investment gain / (loss)		32,731	1,300
Management fees	5	(1,177)	(979)
Other operating expenses		(304)	(429)
Total operating expenses		(1,481)	(1,408)
Net profit / (loss) from operations		31,250	(108)
Increase / (decrease) in net assets attributable to holders of redeemable units		31,250	(108)

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NBAD UAE Islamic 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 2012	13,856,731	96,435
Issue of units during the period	10,899	81
Redemption of units during the period	(1,010,897)	(7,401)
Decrease in net assets attributable to holders of redeemable units	-	(108)
As at 30 June 2012	<u>12,856,733</u>	<u>89,007</u>
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)
Increase 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>

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NBAD UAE Islamic Fund

Condensed interim statement of cash flows

For the six months ended 30 June

		(Unaudited) 2013 AED'000	(Unaudited) 2012 AED'000
	<i>Note</i>		
Cash flows from operating activities			
Net profit / (loss) from operations		31,250	(108)
<i>Changes in:</i>			
Investments at fair value through profit or loss		(31,720)	8,387
Other assets		(144)	(2)
Due from a related party	5	19,454	-
Due to related parties	5	(12,495)	(23)
Other liabilities		(1,869)	216
Cash flows from operating activities		<u>4,476</u>	<u>8,470</u>
Cash flows from financing activities			
Proceeds from issue of units		7,368	81
Payments on redemption of units		(9,782)	(7,401)
Cash flows used in financing activities		<u>(2,414)</u>	<u>(7,320)</u>
Net increase in cash and cash equivalents		2,062	1,150
Cash and cash equivalents at 1 January		745	1,289
Cash and cash equivalents at 30 June	5	<u><u>2,807</u></u>	<u><u>2,439</u></u>

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NBAD UAE Islamic Fund

Notes to the condensed interim financial statements

1 Legal status and principal activities

NBAD UAE Islamic 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 13/2197/2004 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 / main objective is to invest in a balanced portfolio of equities based on Islamic Shariah law, listed on the financial markets of Dubai, Abu Dhabi and other Arab equities markets selected by the Fund Manager, or where appropriate, purchased through 'over the counter' arrangements and related securities with a view to achieving capital growth. However the Fund will not concentrate its investment in any country other than the UAE and will follow the guidelines of the Islamic Shariah Law.

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

NBAD UAE Islamic 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 2012.

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	(238)	(56)
Unrealised gain / (loss)	28,332	(3,094)
	<u>28,094</u>	<u>(3,150)</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.

NBAD UAE Islamic Fund

Notes to the condensed interim financial statements

5 Related parties (continued)

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 fees of 2%;• Performance fees at 10% per annum charged by the Fund Manager on the increase in the Fund's NAV above the "Hurdle Rate". The Hurdle Rate is calculated as an increase of 2% per quarter over the last highest NAV of the Fund on which performance fees have been charged.

Balances

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

	(Unaudited) 30 Jun 2013 AED'000	(Audited) 31 Dec 2012 AED'000
Number of units held by related parties (in thousands)	-	34
Cash at bank	2,807	745
Due from brokers	1,702	7,428

Due to related parties

Management fee payable to the Fund Manager	647	-
Administration fee payable to custody department	22	16
Due to broker	-	13,148
	669	13,164

Investments at fair value through profit or loss include equity investments amounting to AED 28,776 thousand (31 December 2012: AED 21,717 thousand) are held by a related party on behalf of the Fund.

NBAD UAE Islamic Fund

Notes to the condensed interim financial statements

5 Related parties *(continued)*

Transactions

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

	(Unaudited) 30 June 2013 AED'000	(Unaudited) 30 June 2012 AED'000
Brokerage expense with ADFS	(20)	(52)
Management fees	(1,177)	(979)
Administration fees	(133)	(114)

In accordance with article 16.2 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 weekly basis. Management fees of AED 531 thousand were paid during the period (30 June 2012: AED 1,022 thousand).

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 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.

NBAD UAE Islamic Fund

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	119,254	-	771	120,025
Total	<u>119,254</u>	<u>-</u>	<u>771</u>	<u>120,025</u>

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2012 (audited)				
Investments at fair value through profit or loss				
Equities	87,772	-	533	88,305
Total	<u>87,772</u>	<u>-</u>	<u>533</u>	<u>88,305</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.