

NBAD UAE Growth Fund

Condensed interim financial statements

30 June 2015

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 2015 condensed interim financial information of the NBAD UAE Growth Fund ("the Fund"), which comprises:

- the condensed interim statement of financial position as at 30 June 2015;
- the condensed interim statement of profit or loss and other comprehensive income for the six month period ended 30 June 2015;
- the condensed interim statements of changes in net assets attributable to holders of redeemable units for the six month period ended 30 June 2015;
- the condensed interim statement of cash flows for the six month period ended 30 June 2015; and
- notes to the condensed interim financial statements.

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 2015 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited
Munther Dajani
Registration No: 268

01 NOV 2015

NBAD UAE Growth Fund

Condensed interim statement of financial position

		(Unaudited) 30 Jun 15 AED'000	(Audited) 31 Dec 14 AED'000
Assets			
Investments at fair value through profit or loss		223,027	207,582
Due from related parties	5	4	5
Cash at bank	5	2,806	7,629
Total assets		<u>225,837</u>	<u>215,216</u>
Liabilities			
Due to related parties	5	2,326	358
Total liabilities		<u>2,326</u>	<u>358</u>
Net assets attributable to holders of redeemable units		<u>223,511</u>	<u>214,858</u>
Number of units outstanding (thousand units)		<u>20,951</u>	<u>21,781</u>
Net asset value per unit (AED)		<u>10.67</u>	<u>9.86</u>
Represented by:			
Net assets attributable to unit holders (valued in accordance with prospectus)		225,244	216,457
Adjustment from closing prices to bid prices		(1,733)	(1,599)
		<u>223,511</u>	<u>214,858</u>



Claude-Henri Chavanon
Managing Director and Head of Global
Asset Management



Saleem Khokhar
Executive Director and Head of
Fund Management

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) 2015 AED'000	(Unaudited) 2014 AED'000
Net gain on investments at fair value through profit or loss	4	11,232	10,086
Dividend income		7,675	4,439
Interest income	5	14	23
Net investment income		<u>18,921</u>	<u>14,548</u>
Management fees	5	(1,645)	(1,701)
Other operating expenses		(282)	(243)
Total operating expenses		<u>(1,927)</u>	<u>(1,944)</u>
Net gain from operations before interest		16,994	12,604
Interest expense	5	-	(1)
Increase in net assets attributable to holders of redeemable units		<u>16,994</u>	<u>12,603</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 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)	(54,407)
Increase in net assets attributable to holder of redeemable units	-	12,603
Balance at 30 June 2014	18,660,845	189,782
Balance at 1 January 2015	21,781,360	214,857
Issue of units during the period	808,349	8,020
Redemption of units during the period	(1,638,674)	(16,360)
Increase in net assets attributable to holder of redeemable units	-	16,994
Balance at 30 June 2015	20,951,035	223,511

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NBAD UAE Growth Fund

Condensed interim statement of cash flows

For the six months ended 30 June

	(Unaudited) 2015 AED'000	(Unaudited) 2014 AED'000
Cash flows from operating activities		
Profit for the period	16,994	12,603
<i>Changes in:</i>		
Investments at fair value through profit or loss	(15,445)	(41,987)
Due from related parties	5 1	(11)
Due to related parties	5 1,967	354
<i>Cash flows from operating activities</i>	<u>3,517</u>	<u>(29,041)</u>
Cash flows from financing activities		
Proceeds from issue of units	8,020	102,685
Payments on redemption of units	(16,360)	(54,406)
<i>Cash flows used in financing activities</i>	<u>(8,340)</u>	<u>48,279</u>
Net (decrease)/increase in cash and cash equivalents	(4,823)	19,238
Cash and cash equivalents at 1 January	7,629	1,019
Cash and cash equivalents at 30 June	5 <u>2,806</u>	<u>20,257</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 Recognized 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 was revised on 30 November 2014 and the term sheet was revised on 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 Financial Reporting Standard (IFRS) 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 and for the year ended 31 December 2014. They do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of fund as at and for the year ended 31 December 2014, which have been prepared in accordance with IFRS.

These condensed interim financial statements were approved on behalf of the Fund Manager on 01 NOV 2015.

(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 2014.

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 audited financial statements as at and for the year ended 31 December 2014, except for the adoption of new IFRSs which became effective as of 1 January 2015.

NBAD UAE Growth Fund

Notes to the condensed interim financial statements

3 Significant accounting policies *(continued)*

The adoption of the new and amended standards and interpretations have been reflected in these condensed interim financial statements as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Fund during the period.

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 2015, 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 2015 AED'000	(Unaudited) 30 Jun 2014 AED'000
Realised loss	(652)	(1,315)
Unrealised gain	11,884	11,401
	<u>11,232</u>	<u>10,086</u>

As at the reporting date all of the Fund's investments at fair value through profit or loss are in listed equity securities.

All of the Fund's unrated investments are from reputable issuers.

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 Growth Fund

Notes to the condensed interim financial statements

5 Related parties *(continued)*

Terms and conditions

Key terms and conditions are shown below:

Brokerage	NBAD Securities (“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.
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 1.50%; • The Performance fee will be 10% of relative outperformance of the Fund over the S&P UAE Large Mid Cap NTR Index (the “Benchmark”) and the latest NAV that prompted a performance fee payment during the relevant calendar year (the “High Watermark”).

Balances

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

	(Unaudited) 30 Jun 2015 AED’000	(Audited) 31 Dec 2014 AED’000
Fair value of investments at fair value through profit or loss in securities issued by the Fund Manager 1600 thousand shares (2014: 1,065 thousand shares)	17,039	14,538
Cash at bank	2,806	7,629
<i>Due from related parties</i>		
Interest receivable	4	-
<i>Due to related parties</i>		
Management fees payable to the Fund Manager	282	316
Interest payable to the Fund Manager	-	1
Administration fee and other payables to NBAD	41	41
Other payable	2,003	-
	<u>2,326</u>	<u>358</u>

NBAD UAE Growth Fund

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 2015 AED'000	(Unaudited) 30 Jun 2014 AED'000
Interest expense	-	(1)
Interest income	14	23
Dividend income	346	499
Brokerage charges paid to NBADS	(51)	(138)
Management fees	(1,645)	(1,701)
Administration fee	(259)	(215)
	<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 15.2 of the term sheet, a management fee of 1.50% 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 1,680 thousand during the period then ended 30 June 2015 *(30 June 2014: AED 1,354 thousand)*.

No performance fee was charged during the current period *(30 June 2014: 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 2014.

7 Fair value hierarchy of financial assets and liabilities

All financial assets and liabilities are measured at amortized 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.

All of the Fund's investments in quoted equity securities are held at fair value at the end of the reporting period and as at 31 December 2014, and are categorised under level 1 of the fair value hierarchy.

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.