

Al Hilal Global Sukuk Fund

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

Al Hilal Global Sukuk Fund

Interim condensed financial statements

For the period ended 30 June 2022

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Independent Auditors' Report on Review of condensed interim financial statements

To the Unitholders of Al Hilal Global Sukuk Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of Al Hilal Global Sukuk Fund, which comprise:

- the interim condensed statement of financial position as at 30 June 2022;
- the interim condensed statement of comprehensive income for the six-month periods ended 30 June 2022;
- the interim condensed statement of changes in net assets attributable to unitholders for the six-month period ended 30 June 2022;
- the interim condensed statement of cash flows for the six-month period ended 30 June 2022; and
- notes to the interim condensed financial statement.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim financial statements 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 statement 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 2022 condensed interim financial statement is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The financial statements of the Al Hilal Global Sukuk Fund as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 15 March 2022. Furthermore, the condensed interim financial statement of the company as at and for the six-month periods ended 30 June 2021 was reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 10 August 2021.

KPMG Lower Gulf Limited

Richard Ackland
Registration No: 1015
Abu Dhabi, United Arab Emirates

Date: 11 August 2022

Al Hilal Global Sukuk Fund

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2022 (Unaudited)

	<i>Note</i>	<i>Six months ended 30 June 2022 USD</i>	<i>Six months ended 30 June 2021 USD</i>
Income			
Net unrealised loss on financial assets at fair value through profit or loss		(4,439,487)	(291,346)
Net realised loss on financial assets at fair value through profit or loss		(1,697,698)	(77,156)
Sukuk profit distribution		<u>1,402,260</u>	<u>2,066,910</u>
Total (loss)/ income		<u>(4,734,925)</u>	<u>1,698,408</u>
Operating expenses			
Investment management fees	6	(312,796)	(489,071)
Other expenses		<u>(61,980)</u>	<u>(78,425)</u>
Total operating expenses		<u>(374,776)</u>	<u>(567,496)</u>
(DECREASE)/ INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>(5,109,701)</u></u>	<u><u>1,130,912</u></u>

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.

Al Hilal Global Sukuk Fund

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	30 June 2022 USD (Unaudited)	31 December 2021 USD (Audited)
ASSETS			
Bank balances	5	3,397,731	2,604,499
Financial assets at fair value through profit or loss	7	50,871,872	89,835,817
Other assets		100	-
Profit receivable from Sukuk		467,831	777,295
		<u>54,737,534</u>	<u>93,217,611</u>
LIABILITIES			
Amounts due to a related party	6	312,795	442,522
Other liabilities	8	17,580	23,884
		<u>330,375</u>	<u>466,406</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>54,407,159</u>	<u>92,751,205</u>
Net Asset Value (NAV) per unit, based on 5,775,472 outstanding units (31 December 2021: 8,796,300 units)	9	<u>9.42</u>	<u>10.54</u>



AHMED M. KAMEL
Fund Advisory Board Member



Zaombor Brommer
Fund Advisory Board Member

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.

Al Hilal Global Sukuk Fund

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six month period ended 30 June 2022 (Unaudited)

	<i>Number of units (Unaudited)</i>	<i>Net assets attributable to unit holders USD (Unaudited)</i>
Balances as at 1 January 2021 (audited)	10,243,454	108,948,123
Issue of units during the period	2,379,204	25,021,980
Redemption of units during the period	(2,507,092)	(26,120,559)
Dividend paid during the period	-	(2,681,035)
Increase in net assets attributable to unitholders	<u>-</u>	<u>1,130,912</u>
Balance as at 30 June 2021 (unaudited)	<u>10,115,566</u>	<u>106,299,421</u>
Balance as at 1 January 2022 (audited)	8,796,300	92,751,205
Issue of units during the period	247,799	2,451,757
Redemption of units during the period	(3,268,627)	(32,175,162)
Dividend paid during the period	-	(3,510,940)
Decrease in net assets attributable to unitholders	<u>-</u>	<u>(5,109,701)</u>
Balance as at 30 June 2022 (unaudited)	<u>5,775,472</u>	<u>54,407,159</u>

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.

Al Hilal Global Sukuk Fund

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2022 (Unaudited)

	<i>Six months ended 30 June 2022 USD (Unaudited)</i>	<i>Six months ended 30 June 2021 USD (Unaudited)</i>
OPERATING ACTIVITIES		
(Decrease)/ increase in net assets attributable to unitholders	(5,109,701)	1,130,912
Adjustments for:		
Net unrealised loss on financial assets at fair value through profit or loss	4,439,487	291,346
Net realised loss on financial assets at fair value through profit or loss	1,697,698	77,156
Sukuk profit distribution	(1,402,260)	(2,066,910)
	(374,776)	(567,496)
Working capital changes:		
Change in other assets	(100)	-
Change in amounts due to a related party	(129,727)	21,761
Change in other liabilities	(6,304)	(2,802)
Cash used in operations	(510,907)	(548,537)
Purchase of investment securities	(17,820,398)	(110,197,143)
Proceeds from sale of investment securities	50,647,158	111,094,668
Sukuk profit received	1,711,724	2,197,596
Net cash generated from operating activities	34,027,577	2,546,584
FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	2,451,757	25,021,980
Payments on redemption of redeemable units	(32,175,162)	(26,120,559)
Dividend paid	(3,510,940)	(2,681,035)
Net cash used in financing activities	(33,234,345)	(3,779,614)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	793,232	(1,233,030)
Cash and cash equivalents at the beginning of the period	2,604,499	3,342,885
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5 3,397,731	2,109,855

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.

Al Hilal Global Sukuk Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2022

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Hilal Global Sukuk Fund (“the Fund”) is an open-ended fund established by Al Hilal Bank – Investment Banking Group (“the Fund Manager”) under the authority of the Central Bank Board of Directors’ Resolutions No. 164/94/8 and approval of the Securities and Commodities Authority (“SCA”) of the United Arab Emirates (“UAE”) dated 5 February 2012. The Fund is not a separately incorporated entity, and its activities are managed by the Fund Manager and supervised by the Fund Advisory Board. Since January 2019, the custody of the Fund has been delegated to Standard Chartered Bank (the “Custodian”). The custody had previously been handled by HSBC Bank Middle East Limited and the administration services is delegated to Apex Fund Services Ltd (“the Fund Administrator”). The registered address of the Fund is P O Box 63111, Abu Dhabi, UAE.

The Fund aims to generate appropriate periodic returns on its investments giving the investors a chance to receive periodic coupons in addition to achieving long-term capital growth by investing in a diversified portfolio of Sharia-compliant global fixed-income securities (Sukuk) and in accordance with the controls stipulated in the investment guidelines.

The interim condensed financial statements were approved and authorised for issue by the Fund Advisory Board of the Fund on 09 August 2022.

2 BASIS OF PREPARATION

The interim condensed financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting.

The interim condensed financial statements have prepared on the historical cost basis except for financial assets at fair value through profit or loss, which have been measured at fair value.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Fund’s annual financial statements as at 31 December 2021. In addition, results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

These interim condensed financial statements have been presented in United States Dollar (USD) which is the functional and presentation currency of the Fund.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective from 1 January 2022. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

Annual Improvements to IFRS Standards 2018 – 2020: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

These amendments had no impact on the interim condensed financial statements of the Fund.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2022

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial and other assets and liabilities and the disclosure of commitments. These judgments, estimates and assumptions also affect the income, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty are the same as those applied to the financial statements as at and for the year ended 31 December 2021.

Key sources of estimation uncertainty

At the time of signing these financial statements, there is an increased level of global uncertainty associated with the conflict in Ukraine. The impacts of the Ukraine conflict are not yet known but are likely to result in increased market and economic volatility, which may in turn have an impact on the Fund.

5 BANK BALANCES

For the purpose of cash flow, cash and cash equivalent comprise of the following:

	<i>30 June 2022 USD (Unaudited)</i>	<i>31 December 2021 USD (Audited)</i>
Bank balances (note 6)	<u>3,397,731</u>	<u>2,604,499</u>

6 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise members of the Fund Advisory Board, the Sharia Supervisory Board and the Fund Manager and those entities over which the Fund, members of the Fund Advisory Board, the Sharia Supervisory Board and the Fund Manager can exercise control or significant influence or be controlled or significantly influenced by such entities, including the funds that are managed by the Investment Manager. 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.

Al Hilal Global Sukuk Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2022

6 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Terms and conditions

Key terms and conditions are shown below:

Banking:

The Fund Manager provides banking services at rates agreed with the Fund.

Others:

The Fund Manager is entitled to investment management fees of 0.85% of net assets value (2021: 0.85%) attributable to unit holders as set out in the Funds' term sheet.

Transactions with the related parties included in the interim condensed statement of comprehensive income are as follows:

	<i>Six months ended 30 June 2022 USD (Unaudited)</i>	<i>Six months ended 30 June 2021 USD (Unaudited)</i>
Management fees	<u>312,796</u>	<u>489,071</u>

Balances with related parties included in the financial position are as follows:

	<i>30 June 2022 USD (Unaudited)</i>	<i>31 December 2021 USD (Audited)</i>
Number of units held by related parties	<u>1,040,061</u>	<u>7,249,918</u>
Total value of redeemable units held by related parties (in USD)	<u>9,797,375</u>	<u>76,414,136</u>
Bank balances (note 5)	<u>3,397,731</u>	<u>2,604,499</u>
<i>Due to related parties</i>		
Investment management fees payable to the Fund Manager	<u>312,795</u>	<u>442,522</u>

Compensation of key management personnel

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

Al Hilal Global Sukuk Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2022

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund's financial assets at FVTPL comprise investments in Sukuk that are held for trading. Movement in the balance of financial assets at FVTPL during the period/ year is as follows:

	<i>30 June 2022 USD (Unaudited)</i>	<i>31 December 2021 USD (Audited)</i>
Balance at the beginning of the period / year	89,835,817	104,783,031
Purchases during the period / year	17,820,398	138,369,118
Sales during the period / year	(50,647,158)	(151,964,185)
Net unrealised losses on financial assets at FVTPL	(4,439,487)	(1,564,482)
Net realised (loss)/ gain on financial assets at FVTPL	(1,697,698)	212,335
Balance at period / year end	<u>50,871,872</u>	<u>89,835,817</u>

Investments by geography are as follows:

	<i>30 June 2022 USD (Unaudited)</i>	<i>31 December 2021 USD (Audited)</i>
UAE	23,181,057	40,814,571
Saudi Arabia	6,344,190	9,048,653
Kuwait	5,789,662	10,708,990
Oman	4,927,863	9,553,370
Indonesia	3,406,875	8,453,937
Cayman Islands	2,996,565	-
Bahrain	2,458,160	5,607,249
Bermuda	1,767,500	-
Malaysia	-	767,813
Qatar	-	1,006,530
Turkey	-	3,874,704
	<u>50,871,872</u>	<u>89,835,817</u>

8 OTHER LIABILITIES

	<i>30 June 2022 USD (Unaudited)</i>	<i>31 December 2021 USD (Audited)</i>
Professional fees	7,093	11,454
Custodian fees	2,995	3,150
Other payables	7,492	9,280
	<u>17,580</u>	<u>23,884</u>

Al Hilal Global Sukuk Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2022

9 NET ASSET VALUE

Net Asset Value per share is calculated by dividing the net assets by the number of shares outstanding as of period/year end.

	<i>30 June 2022 (Unaudited)</i>	<i>31 December 2021 (Audited)</i>
Net asset attributable to unit holders (USD)	<u>54,407,159</u>	<u>92,751,205</u>
Number of units outstanding	<u>5,775,472</u>	<u>8,796,300</u>
Net asset value per unit (USD)	<u>9.42</u>	<u>10.54</u>

The initial offering of units was at a price of USD 10 per unit (par value). Subsequent to the initial offering, the subscription and redemption price for units is based on the Net Assets Value (NAV) per unit calculated on every Wednesday of each week. Redemption is made at the price per unit as determined at the relevant applicable dealing day without any deductions.

10 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values

Carrying amounts of all the financial assets and liabilities approximated their fair values at the statement of financial position date.

Fair value hierarchy

As at 30 June 2022 and 31 December 2021, the Fund held the following financial instruments measured at fair value:

	<i>Total USD</i>	<i>Level 1 USD</i>	<i>Level 2 USD</i>	<i>Level 3 USD</i>
<i>30 June 2022 (unaudited)</i>				
Financial assets at fair value through profit or loss	<u>50,871,872</u>	<u>50,871,872</u>	<u>-</u>	<u>-</u>
	<i>Total USD</i>	<i>Level 1 USD</i>	<i>Level 2 USD</i>	<i>Level 3 USD</i>
<i>31 December 2021 (audited)</i>				
Financial assets at fair value through profit or loss	<u>89,835,817</u>	<u>89,835,817</u>	<u>-</u>	<u>-</u>

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the period ended 30 June 2022, there were no transfers between or into Level 1, Level 2 and Level 3 fair value measurements (31 December 2021: USD Nil).

11 CONTINGENCIES AND COMMITMENTS

The Fund has no significant contingent liabilities and commitments at the reporting date (31 December 2021: USD Nil).