

Al Hilal Global Sukuk Fund
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

Al Hilal Bank, PO Box 63111 Abu Dhabi, UAE

600 522 229 | www.alhilal.abudhabi

إن مصرف الهلال مرخص ومنظم من قبل المصرف المركزي لدولة الإمارات العربية المتحدة ومن قبل هيئة الأوراق المالية والسلع بالترخيص رقم 601035 للعمل في النشاط الترويجي.

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Al Hilal Global Sukuk Fund

Interim condensed financial statements

For the period ended 30 June 2023

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Independent Auditors' Report on Review of Interim Condensed Financial Statements

To the Unitholders of Al Hilal Global Sukuk Fund

Introduction

We have reviewed the accompanying 30 June 2023 interim condensed financial statements of Al Hilal Global Sukuk Fund, which comprises:

- the interim condensed statement of financial position as at 30 June 2023;
- the interim condensed statement of comprehensive income for the six-month period ended 30 June 2023;
- the interim condensed statement of changes in net assets attributable to unitholders for the six-month period ended 30 June 2023;
- the interim condensed statement of cash flows for the six-month period ended 30 June 2023; and
- notes to the interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim condensed 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 statements 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 2023 interim condensed financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

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

Date: 27 SEP 2023

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2023 (Unaudited)

	<i>Six months ended 30 June 2023 USD</i>	<i>Six months ended 30 June 2022 USD</i>
Income		
Net unrealised loss on financial assets at fair value through profit or loss	(58,351)	(4,439,487)
Net realised gain/(loss) on financial assets at fair value through profit or loss	90,555	(1,697,698)
Sukuk profit distribution	<u>956,723</u>	<u>1,402,260</u>
Total income/(loss)	<u>988,927</u>	<u>(4,734,925)</u>
Operating expenses		
Investment management fees	6 (195,406)	(312,796)
Other expenses	<u>(48,333)</u>	<u>(61,980)</u>
Total operating expenses	<u>(243,739)</u>	<u>(374,776)</u>
Profit/(loss) for the period	<u>745,188</u>	<u>(5,109,701)</u>

The attached notes 1 to 12 form an integral part of these interim condensed financial statements.

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2023 (Unaudited)

	Note	30 June 2023 USD (Unaudited)	31 December 2022 USD (Audited)
ASSETS			
Cash and cash equivalents	5	2,168,525	2,522,429
Financial assets at fair value through profit or loss	7	37,542,445	46,342,418
Profit receivable from Sukuk		372,915	420,807
		<u>40,083,885</u>	<u>49,285,654</u>
LIABILITIES			
Amounts due to a related party	6	96,121	230,886
Other liabilities	8	16,385	23,192
		<u>112,506</u>	<u>254,078</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>39,971,379</u>	<u>49,031,576</u>
Net Asset Value (NAV) per unit, based on 4,311,704 outstanding units (31 December 2022: 5,369,382 units)	9	<u>9.27</u>	<u>9.13</u>

Fund Advisory Board Member

Fund Advisory Board Member

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2023 (Unaudited)

	<i>Number of units (Unaudited)</i>	<i>Net assets attributable to unit holders USD (Unaudited)</i>
Balances 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)
Distribution to Unitholders	-	(3,510,940)
Loss for the period	-	(5,109,701)
Balance as at 30 June 2022 (unaudited)	5,775,472	54,407,159
Balance as at 1 January 2023 (audited)	5,369,382	49,031,576
Issue of units during the period	861	7,961
Redemption of units during the period	(1,058,539)	(9,813,346)
Profit for the period	-	745,188
Balance as at 30 June 2023 (unaudited)	4,311,704	39,971,379

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

	Six months ended 30 June 2023 USD (Unaudited)	Six months ended 30 June 2022 USD (Unaudited)
OPERATING ACTIVITIES		
Profit/(loss) for the period	745,188	(5,109,701)
Adjustments for:		
Net unrealised loss on financial assets at fair value through profit or loss	58,351	4,439,487
Net realised (gain)/loss on financial assets at fair value through profit or loss	(90,555)	1,697,698
Sukuk profit distribution	(956,723)	(1,402,260)
	<u>(243,739)</u>	<u>(374,776)</u>
Working capital changes:		
Change in other assets	-	(100)
Change in amounts due to a related party	(134,765)	(129,727)
Change in other liabilities	(6,807)	(6,304)
	<u>(385,311)</u>	<u>(510,907)</u>
Purchase of investment securities	(17,287,674)	(17,820,398)
Proceeds from sale of investment securities	26,119,851	50,647,158
Sukuk profit received	1,004,615	1,711,724
Net cash generated from operating activities	<u>9,451,481</u>	<u>34,027,577</u>
FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	7,961	2,451,757
Payments on redemption of redeemable units	(9,813,346)	(32,175,162)
Distribution to unitholders	-	(3,510,940)
Net cash used in financing activities	<u>(9,805,385)</u>	<u>(33,234,345)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(353,904)</u>	<u>793,232</u>
Cash and cash equivalents at the beginning of the period	<u>2,522,429</u>	<u>2,604,499</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5 <u>2,168,525</u>	<u>3,397,731</u>

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

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 applicable prospectus was issued on 5th February 2012 ("date of inception"). It was approved by the Central Bank of UAE and the Securities and Commodities Authority of the UAE and is available upon request from the Fund Manager's registered office at P.O. Box 63111, Abu Dhabi, United Arab Emirates.

The interim condensed financial statements were approved and authorised for issue by the Fund Advisory Board of the Fund on 27 9 2023.

2 BASIS OF PREPARATION

The interim condensed financial statements for the six-month period ended 30 June 2023 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 2022. In addition, results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

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 2022, except for the adoption of new standards effective from 1 January 2023.

3.1 New and revised IFRSs effective for accounting periods beginning on or after January 1, 2023

In the current period, the Fund has applied the amendments to IAS 1, IFRS 17, IFRS 9, IAS 12 and IAS 8. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Fund's future transactions or arrangements. Other than the above, there are no other significant IFRSs, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2023.

3.2 Standards and Interpretations in issue but not yet effective

The Fund has not early adopted any new and revised IFRSs that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group: Effective for annual periods beginning on or after.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) - The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. January 1, 2024.

Non-current Liabilities with Covenants (Amendments to IAS 1) - The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. January 1, 2024.

Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'). Effective date deferred indefinitely, available for early adoption.

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by management.

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.

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

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 2022.

5 CASH AND CASH EQUIVALENTS

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

	<i>30 June</i> 2023 <i>USD</i> <i>(Unaudited)</i>	<i>31 December</i> 2022 <i>USD</i> <i>(Audited)</i>
Bank and other balances with original maturity of less than 3 months	<u>2,168,525</u>	<u>2,522,429</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.

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 (2022: 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</i> <i>ended</i> <i>30 June</i> 2023 <i>USD</i> <i>(Unaudited)</i>	<i>Six months</i> <i>ended</i> <i>30 June</i> 2022 <i>USD</i> <i>(Unaudited)</i>
Management fees	<u>195,406</u>	<u>312,796</u>

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2023 (Unaudited)

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

	<i>30 June 2023 USD (Unaudited)</i>	<i>31 December 2022 USD (Audited)</i>
Number of units held by related parties	<u>1,040,061</u>	<u>5,369,382</u>
Total value of redeemable units held by related parties (in USD)	<u>9,641,365</u>	<u>49,031,576</u>
Cash and cash equivalents (note 5)	<u>2,168,525</u>	<u>2,522,429</u>
<i>Due to related parties</i>		
Investment management fees payable to the Fund Manager	<u>96,121</u>	<u>230,886</u>

Compensation of key management personnel

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

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 2023 USD (Unaudited)</i>	<i>31 December 2022 USD (Audited)</i>
Balance at the beginning of the period / year	46,342,418	89,835,817
Purchases during the period / year	17,287,674	75,612,417
Sales during the period / year	(26,119,851)	(110,615,810)
Net unrealised losses on financial assets at FVTPL	(58,351)	(233,884)
Net realised gain/ (loss) on financial assets at FVTPL	<u>90,555</u>	<u>(8,256,122)</u>
Balance at period / year end	<u>37,542,445</u>	<u>46,342,418</u>

Investments by geography are as follows:

	<i>30 June 2023 USD (Unaudited)</i>	<i>31 December 2022 USD (Audited)</i>
UAE	4,866,900	20,207,059
Saudi Arabia	5,256,520	7,258,135

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

Oman	2,503,700	2,428,125
Indonesia	6,184,390	6,939,688
Cayman Islands	9,487,562	-
Bahrain	2,920,400	1,955,000
Malaysia	4,264,593	3,097,813
Qatar	-	4,456,598
Luxembourg	2,058,380	-
	<u>37,542,445</u>	<u>46,342,418</u>

8 OTHER LIABILITIES

	30 June 2023 USD (Unaudited)	31 December 2022 USD (Audited)
Professional fees	7,771	13,676
Custodian fees	2,995	3,150
Other payables	5,619	6,366
	<u>16,385</u>	<u>23,192</u>

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.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Net asset attributable to unit holders (USD)	<u>39,971,379</u>	<u>49,031,576</u>
Number of units outstanding	<u>4,311,704</u>	<u>5,369,382</u>
Net asset value per unit (USD)	<u>9.27</u>	<u>9.13</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.

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

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 2023 and 31 December 2022, 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 2023 (unaudited)</i>				
Financial assets at fair value through profit or loss	<u>37,542,445</u>	<u>37,542,445</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 2022 (audited)</i>				
Financial assets at fair value through profit or loss	<u>46,342,418</u>	<u>46,342,418</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 2023, there were no transfers between or into Level 1, Level 2 and Level 3 fair value measurements (31 December 2022: USD Nil).

11 CONTINGENCIES AND COMMITMENTS

The Fund has no significant contingent liabilities and commitments at the reporting date (31 December 2022: USD Nil).

12 Corporate Income Tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

The Fund is currently in the process of assessing the impact on the condensed interim financial information, both from current and deferred tax perspective.

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