

Al Hilal GCC Equity Fund

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

Al Hilal GCC Equity 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 GCC Equity Fund

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of Al Hilal GCC Equity 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 AI Hilal GCC Equity 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: 10 August 2022

Al Hilal GCC Equity 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 AED'000</i>	<i>Six months ended 30 June 2021 AED'000</i>
Income			
Dividend income		464	454
Net unrealised (loss)/ gains on financial assets at fair value through profit or loss		(615)	3,136
Net realised gains on financial assets at fair value through profit or loss		612	39
Net foreign exchange loss		(6)	-
Total income		455	3,629
Operating expenses			
Management fees	6	(232)	(198)
Performance fees	6	(2)	(88)
Other expenses		(271)	(268)
Total operating expenses		(505)	(554)
(DECREASE)/ INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		(50)	3,075

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

Al Hilal GCC Equity Fund

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Note	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
ASSETS			
Bank balances	5	929	1,203
Financial assets at fair value through profit or loss	7	19,490	19,766
Other assets		48	-
		<u>20,467</u>	<u>20,969</u>
LIABILITIES			
Amounts due to a related party	6	401	486
Other liabilities	8	382	299
		<u>783</u>	<u>785</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>19,684</u>	<u>20,184</u>
		<i>AED</i>	<i>AED</i>
Net Asset Value (NAV) per unit, based on 119,918 outstanding units (31 December 2021: 122,254 units)	9	<u>164.14</u>	<u>165.10</u>



AHMED M. KAMEEL
Fund Advisory Board Member



Zsombor Brommer
Fund Advisory Board Member

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

Al Hilal GCC Equity 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 AED'000 (Unaudited)</i>
Balances as at 1 January 2021 (audited)	132,270	17,514
Redemption of units during the period	(4,275)	(604)
Profit for the period	-	3,075
	<u>127,995</u>	<u>19,985</u>
Balance as at 30 June 2021 (unaudited)		
	<u>127,995</u>	<u>19,985</u>
Balance as at 1 January 2022 (audited)	122,254	20,184
Redemption of units during the period	(2,336)	(450)
Loss for the period	-	(50)
	<u>-</u>	<u>(50)</u>
Balance as at 30 June 2022 (unaudited)	<u>119,918</u>	<u>19,684</u>

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

Al Hilal GCC Equity Fund

INTERIM CONDENSED STATEMENT OF CASH FLOWS

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

	<i>Six months ended 30 June 2022 AED'000 (Unaudited)</i>	<i>Six months ended 30 June 2021 AED'000 (Unaudited)</i>
OPERATING ACTIVITIES		
(Decrease)/ increase in net assets for operations	(50)	3,075
Adjustments for:		
Net unrealised loss/ (gain) on financial assets at fair value through profit or loss	615	(3,136)
Net realised gains on financial assets at fair value through profit or loss	<u>(612)</u>	<u>(39)</u>
	(47)	(100)
Working capital changes:		
Change in other assets	(48)	(40)
Change in amounts due to a related party	(85)	(50)
Change in other liabilities	<u>83</u>	<u>63</u>
Cash used in operations	(97)	(127)
Purchase of investment securities	(3,352)	(90)
Proceeds from sale of investment securities	<u>3,625</u>	<u>660</u>
Net cash generated from operating activities	<u>176</u>	<u>443</u>
FINANCING ACTIVITY		
Payments on redemption of redeemable units	<u>(450)</u>	<u>(604)</u>
Net cash used in financing activity	<u>(450)</u>	<u>(604)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(274)	(161)
Cash and cash equivalents at the beginning of the period	<u>1,203</u>	<u>907</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5 <u>929</u>	<u>746</u>

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

Al Hilal GCC Equity Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2022

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Hilal GCC Equity Fund ("the Fund") is an open-ended investment fund established in the United Arab Emirates ("UAE") by Al Hilal Bank – Investment Banking Group ("the Fund Manager") pursuant to resolution no.164/8/94 of the Board of Directors of the Central Bank of the UAE and approval of the Securities and Commodities Authority ("SCA") of the UAE dated 10 January 2011. The Fund is not a separately incorporated entity and its activities are managed by the Investment Manager and supervised by the Fund Advisory Board. The custody of the Fund was delegated to HSBC Bank Middle East Limited and the administration of the Fund is delegated to Apex Fund Services Ltd. (the "Fund Administrator"). The registered office of the Fund is PO Box 63111, Abu Dhabi, United Arab Emirates. The date of commencement of the Fund was 6 April 2011.

The Fund aims at achieving capital growth through investment, in compliance with Sharia rules and principles, in shares of companies traded in the markets of GCC countries. In an effort to meet its long-term objective, under normal operating conditions, the Fund will invest at least seventy-five (75%) of the Assets in Shariah-compliant GCC region equity securities. The remaining twenty-five percent (25%) at any time are to be held in the form of cash and/or other short-term investments deemed appropriate by the Fund Manager in its sole discretion.

The interim condensed financial statements were approved and authorized 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 are prepared on the historical cost basis except for financial assets at fair value through profit or loss ("FVTPL"), 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 Arab Emirates Dirhams (AED), being the functional and presentation currency of the Fund.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

The accounting policies used 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 the statement of cash flows, cash and cash equivalents comprise of the following:

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Bank balances (note 6)	<u>929</u>	<u>1,203</u>

6 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise members of the Fund Advisory Board, the Sharia Supervisory Board, 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 Fund 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 GCC Equity 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 fund management fees of 2% of net assets value attributable to unit holders (2021: 2%) 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 AED'000 (Unaudited)</i>	<i>Six months ended 30 June 2021 AED'000 (Unaudited)</i>
Shariah fees	-	3
Management fees	232	198
Performance fees	2	88

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

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Number of units held by related parties	100	100
Total value of redeemable units held by related parties	16,414	16,510
Bank balances (note 5)	929	1,203
<i>Due to related parties</i>		
Fee payable to the Fund Manager	401	486

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 GCC Equity 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 listed equity securities 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 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Balance at the beginning of the period/year	19,766	17,001
Purchases during the period / year	3,352	89
Sales during the period/year	(3,625)	(2,001)
Net unrealised (loss)/ gain on financial assets at FVTPL	(615)	4,180
Net realised gain on financial assets at FVTPL	612	497
	<u>19,490</u>	<u>19,766</u>
Balance at period/year end	<u>19,490</u>	<u>19,766</u>

Investments by geography are as follows:

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Saudi Arabia	9,910	11,711
Qatar	4,255	2,894
UAE	3,292	3,549
Kuwait	1,784	1,322
Oman	249	290
	<u>19,490</u>	<u>19,766</u>

8 OTHER LIABILITIES

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Custodian fees	300	247
Professional fees	23	39
Other payables	59	13
	<u>382</u>	<u>299</u>

Al Hilal GCC Equity Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2022

9 NET ASSET VALUE

Net Asset Value 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 (AED'000)	<u>19,684</u>	<u>20,184</u>
Number of units outstanding	<u>119,918</u>	<u>122,254</u>
Net asset value per unit (AED)	<u>164.14</u>	<u>165.10</u>

The initial offering of units was at a price of AED 100 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.

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 AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
<i>30 June 2022 (unaudited)</i>				
Financial assets at fair value through profit or loss	<u>19,490</u>	<u>19,490</u>	<u>-</u>	<u>-</u>
<i>31 December 2021 (audited)</i>				
Financial assets at fair value through profit or loss	<u>19,766</u>	<u>19,766</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: Nil).

11 CONTINGENCIES AND COMMITMENTS

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