

Al-Arabi Balanced Fund
(Managed by Arab National Investment Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022



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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF AL-ARABI BALANCED FUND (MANAGED BY ARAB NATIONAL INVESTMENT COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Arabi Balanced Fund (the "Fund") managed by Arab National Investment Company (the "Fund Manager") as at 30 June 2022, and the related interim condensed statement of comprehensive income, interim condensed statement of changes in equity attributable to the unitholders and interim condensed statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed 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 that are endorsed in the Kingdom of Saudi Arabia 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. 366

Riyadh: 17 Muharram 1444H
(15 August 2022)



Al-Arabi Balanced Fund
(Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	<i>30 June 2022 (Unaudited) USD</i>	<i>31 December 2021 (Audited) USD</i>
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	5	13,137,375	7,035,124
Cash and cash equivalents		370,543	138,822
TOTAL ASSETS		13,507,918	7,173,946
LIABILITIES			
Accrued expenses		6,539	6,420
TOTAL LIABILITIES		6,539	6,420
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		13,501,379	7,167,526
TOTAL LIABILITIES AND EQUITY		13,507,918	7,173,946
Redeemable units in issue		600,222	326,428
Net asset value attributable to each unit		22.49	21.96

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Al-Arabi Balanced Fund
 (Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2022

	<i>Note</i>	2022 <i>USD</i>	2021 <i>USD</i>
INCOME			
Net realized gain on disposal of financial assets at FVPTL	5	176,675	578
Net unrealized (loss) gain on financial assets at FVPTL	5	(403,424)	257,107
Other income		1,049	-
		<hr/>	<hr/>
TOTAL INCOME		(225,700)	257,685
		<hr/>	<hr/>
EXPENSE			
Other expenses	6	(23,020)	(17,419)
		<hr/>	<hr/>
TOTAL EXPENSE		(23,020)	(17,419)
		<hr/>	<hr/>
NET (LOSS) INCOME FOR THE PERIOD		(248,720)	240,266
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(248,720)	240,266
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The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Al-Arabi Balanced Fund
(Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2022

	<i>2022</i> <i>USD</i>	<i>2021</i> <i>USD</i>
Equity attributable to the unitholders at beginning of the period	7,167,526	1,773,272
Total comprehensive (loss) income for the period	(248,720)	240,266
<i>Issuance and redemption of units</i>		
Issuance of units during the period	11,107,100	4,058,923
Redemptions of units during the period	(4,524,527)	(14,559)
Net changes in units	6,582,574	4,044,364
Equity attributable to the unitholders at end of the period	13,501,379	6,057,902

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units during the period ended are summarised, as follows:

	<i>2022</i> Units	<i>2021</i> Units
Units at beginning of the period	326,428	90,398
Issuance of units during the period	471,371	191,933
Redemptions of units during the period	(197,577)	(713)
Net changes in units	273,794	191,220
Units at end of the period	600,222	281,618

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Al-Arabi Balanced Fund
(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2022

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2022

	<i>2022</i> <i>USD</i>	<i>2021</i> <i>USD</i>
OPERATING ACTIVITIES		
Net (loss) income for the period	(248,720)	240,266
<i>Adjustment:</i>		
Net unrealized loss (gain) on financial assets at FVTPL (note 5)	403,424	(257,107)
	154,704	(16,841)
Working capital adjustments:		
Financial assets at FVTPL	(6,505,675)	(3,701,547)
Accrued expenses	119	247
Net cash flows used in operating activities	(6,350,852)	(3,718,141)
FINANCING ACTIVITIES		
Proceeds from units sold	11,107,100	4,058,923
Payment on redemption of units	(4,524,527)	(14,559)
Net cash flows from financing activities	6,582,574	4,044,364
NET INCREASE IN CASH AND CASH EQUIVALENTS	231,721	326,223
Cash and cash equivalents at beginning of the period	138,822	4,421
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	370,543	330,644

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Al-Arabi Balanced Fund
(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2022

1. GENERAL

Al-Arabi Balanced Fund (the “Fund”) is an open-ended fund. The objective of the Fund is to achieve mid-term positive returns and to balance risk by investing in a range of mutual funds. Given the distribution of the fund’ assets, the fund is considered a moderate risk investment, designed for investors seeking to invest in mid-term investments. The Fund was established on 3 Rabi Awal 1422H (corresponding to 26 May 2001) by Arab National Bank (the “Bank”) which is now managed by Arab National Investment Company (the “Fund Manager”). The address of the Fund Manager is P.O. Box 220009, Riyadh 11311, Kingdom of Saudi Arabia.

In accordance with the Capital Market Authority’s (CMA) decision No. 1-83-2005 dated 21 Jumada Awal 1426H (corresponding to 28 June 2005) issued by the CMA Board in connection with the regulations relating to Authorised Persons, the Bank has transferred its asset management operations to Arab National Investment Company (“the Fund Manager”), a wholly owned subsidiary of the Bank, effective 1 January 2008.

The Fund has appointed AlBilad Investment Company (the “Custodian”) to act as its custodian and registrar. The Fund Manager is responsible for the overall management of the Fund’s activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006), and effective from 6 Safar 1438H (corresponding 6 November 2016) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 16 Sha’aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The regulations were further amended by Resolution of the Board of CMA number 2-22-2021 dated 1 Rajab 1442H (corresponding to 24 February 2021). The amended regulations were effective form 19 Ramadan 1442H (corresponding to 1 May 2021).

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTNG POLICIES

3.1 Basis of preparation

These interim condensed financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the annual financial statements for the year ended 31 December 2021. In addition, result 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.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at fair value through profit or loss that are measured at fair value. These interim condensed financial statements are presented in the United States Dollars (“USD”), which is the Fund’s functional currency.

3.2 Significant accounting policies

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2021, except for the new standards and amendments effective from 1 January 2022.

Al-Arabi Balanced Fund
(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

New standards, interpretations and amendments

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021).
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022):
- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial
- Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, 'Property, plant and equipment' prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in statement of income.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs an entity includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities (deferred until accounting periods starting not earlier than 1 January 2024).
- Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8 (annual periods beginning on or after 1 January 2023).
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction (annual periods beginning on or after 1 January 2023).
- IFRS 17, 'Insurance Contracts', as amended in June 2020 (annual periods beginning on or after 1 January 2023).
- A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts (annual periods beginning on or after 1 January 2023).

4. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATE AND ASSUMPTIONS

The significant accounting judgements, estimates and assumptions used in preparation of interim condensed financial statements are consistent with those used in preparation of the Fund's annual financial statements for the year ended 31 December 2021.

Al-Arabi Balanced Fund
(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2022

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the investments at fair value through profit and loss is summarised below:

<i>Funds</i>	<i>30 June 2022 (Unaudited)</i>			
	<i>% of market value</i>	<i>Cost USD</i>	<i>Market value USD</i>	<i>Unrealised gain USD</i>
Al-Mubarak SAR Trade Fund	39.30%	5,115,838	5,163,404	47,566
Al Mubarak Saudi Equity Fund	16.99%	1,995,732	2,231,482	235,750
Al-Arabi Saudi Equity Fund	10.59%	1,441,872	1,391,375	(50,497)
Al-Mubarak Pure Saudi Equity Fund	10.55%	1,196,033	1,385,859	189,826
Al Mubarak IPO Fund	9.45%	1,204,793	1,241,032	36,239
Riyadh Capital Global Equity Fund	8.64%	1,377,319	1,135,418	(241,901)
Al-Mubarak USD Trade Fund	4.48%	582,568	588,805	6,237
	100%	12,914,155	13,137,375	223,220

<i>Funds</i>	<i>31 December 2021 (Audited)</i>			
	<i>% of market Value</i>	<i>Cost USD</i>	<i>Market value USD</i>	<i>Unrealised gain USD</i>
Al-Mubarak SAR Trade Fund	38.65%	2,683,947	2,719,082	35,135
Al-Mubarak Pure Saudi Equity Fund	19.07%	1,094,914	1,341,324	246,410
Al Mubarak Saudi Equity Fund	18.77%	1,100,732	1,320,762	220,030
Riyadh Capital Global Equity Fund	8.82%	477,319	620,513	143,194
Al-Mubarak USD Trade Fund	7.37%	513,568	518,803	5,235
Al Mubarak IPO Fund	6.14%	458,000	432,223	(25,777)
Al-Arabi Saudi Equity Fund	1.18%	80,000	82,417	2,417
	100%	6,408,480	7,035,124	626,644

The movements in the fair value of investments at FVTP during the period, are as follows:

	<i>30 June 2022 (Unaudited) USD</i>	<i>30 June 2021 (Unaudited) USD</i>
Balance at beginning of the period	7,035,124	1,774,835
Net purchased during the period	6,329,000	3,700,969
Net realized gain during the period	176,675	578
Net unrealized (loss) gain during the period	(403,424)	257,107
Balance at end of the period	13,137,375	5,733,489

6. TRANSACTIONS WITH RELATED PARTIES

A subscription fee of 2% may be charged to the subscribers by the Fund Manager upon subscription. As per the revised terms and conditions, dated 23 February 2016, the Fund Manager will not charge management fees to the Fund with effect from 1 January 2016. Accordingly, no management fee has been charged in the statement of comprehensive income for the period ended 30 June 2022 (2021: nil).

The Fund Manager charges other fees at a maximum rate of 1.5% per annum calculated based on the total net asset value at each valuation date to meet other expenses of the Fund.

Other expenses amounting to USD 23,020 (2021: USD 17,419) reflected in the statement of comprehensive income, represent the expenses charged by the Fund Manager during the period as prescribed above.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund measures financial instruments at fair value at each reporting date.

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 2 of the fair value hierarchy. All other financial assets and liabilities are classified as amortized cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Fund's financial assets as at 30 June 2022 and 31 December 2021. There are no financial liabilities measured at fair value.

		<i>Fair value measurement using</i>		
		<i>Quoted prices in</i>	<i>Significant</i>	<i>Significant</i>
		<i>active markets</i>	<i>observable</i>	<i>unobservable</i>
		<i>(Level 1)</i>	<i>inputs</i>	<i>inputs</i>
		<i>USD</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
	<i>Total</i>		<i>USD</i>	<i>USD</i>
	<i>USD</i>			
<i>As at 30 June 2022</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL	13,137,375	-	13,137,375	-
<i>As at 31 December 2021</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL	7,035,124	-	7,035,124	-

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

8. MATURITY ANALYSIS OF ASSETS AND LIABILITY

The table below shows an analysis of assets and liability according to when they are expected to be recovered or settled respectively:

<i>As at 30 June 2022 (Unaudited)</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
ASSETS			
Financial assets at FVTPL	13,137,375	-	13,137,375
Cash and cash equivalents	370,543	-	370,543
TOTAL ASSETS	13,507,918	-	13,507,918
LIABILITIES			
Accrued expenses	6,539	-	6,539
TOTAL LIABILITIES	6,539	-	6,539
<i>As at 31 December 2021 (Audited)</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
ASSETS			
Financial assets at FVTPL	7,035,124	-	7,035,124
Cash and cash equivalents	138,822	-	138,822
TOTAL ASSETS	7,173,946	-	7,173,946
LIABILITIES			
Accrued expenses	6,420	-	6,420
TOTAL LIABILITIES	6,420	-	6,420

9. LAST VALUATION DAY

The last valuation day of the period was 30 June 2022 [31December 2021 (Audited): 30 December 2021].

10. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the management on 17 Muharram 1444H (corresponding to 15 August 2022).