

Al-Mubarak IPO Fund
(Managed by Arab National Investment Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898

+966 11 273 4740

Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Mubarak IPO 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-Mubarak IPO Fund
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	5	103,570,485	76,708,930
Dividend receivables		12,860	-
Cash and cash equivalents		5,571,590	8,494,804
TOTAL ASSETS		109,154,935	85,203,734
LIABILITIES			
Management fees payable	6	418,678	376,344
Accrued expenses		97,780	92,137
TOTAL LIABILITIES		516,458	468,481
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)			
		108,638,477	84,735,253
TOTAL LIABILITIES AND EQUITY		109,154,935	85,203,734
Redeemable units in issue		8,511,532	7,568,399
Net asset value attributable to each unit		12.76	11.20

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

Al-Mubarak IPO 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 SR	2021 SR
INCOME			
Net realized gain on disposal of financial assets at FVTPL	5	6,826,941	721,573
Net unrealized gain on financial assets at FVTPL	5	4,205,060	5,719,081
Dividend income		1,220,151	1,110,722
TOTAL INCOME		12,252,152	7,551,376
EXPENSES			
Management fees	6	(824,742)	(416,318)
Other expenses	6	(218,085)	(135,185)
TOTAL EXPENSES		(1,042,827)	(551,503)
NET INCOME FOR THE PERIOD		11,209,325	6,999,873
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,209,325	6,999,873

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

Al-Mubarak IPO Fund
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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>SR</i>	<i>2021</i> <i>SR</i>
Equity attributable to the unitholders at beginning of the period	84,735,253	45,878,747
Total comprehensive income for the period	11,209,325	6,999,873
<i>Issuance and redemption of units</i>		
Issue of units during the period	30,572,785	600,000
Redemptions of units during the period	(17,878,886)	(1,559,842)
Net changes in units	12,693,899	(959,842)
Equity attributable to the unitholders at end of the period	108,638,477	51,918,778

REDEEMABLE UNIT TRANSACTIONS

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

	<i>2022</i> <i>Units</i>	<i>2021</i> <i>Units</i>
Units at beginning of the period	7,568,399	4,735,755
Issue of units during the period	2,375,162	57,775
Redemptions of units during the period	(1,432,029)	(152,498)
Net changes in units	943,133	(94,723)
Units at end of the period	8,511,532	4,641,032

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

Al-Mubarak IPO Fund
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2022

	<i>Note</i>	2022 SR	2021 SR
OPERATING ACTIVITIES			
Net income for the period		11,209,325	6,999,873
<i>Adjustments:</i>			
Movement in unrealized gain on financial assets at FVTPL	5	(4,205,060)	(5,719,081)
Dividend income		(1,220,151)	(1,110,722)
		5,784,114	170,070
Working capital adjustments:			
Financial assets at FVTPL		(22,656,495)	(76,286)
Management fee payable and accrued expenses		47,977	27,628
Net cash generated (used in) in operations		(16,824,404)	121,412
Dividends received		1,207,291	1,064,072
Net cash flows from (used in) operating activities		(15,617,113)	1,185,484
FINANCING ACTIVITIES			
Payment on redemption of units		(17,878,886)	(1,559,842)
Proceeds from units sold		30,572,785	600,000
Net cash flows from (used in) in financing activities		12,693,899	(959,842)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,923,214)	225,642
Cash and cash equivalents at beginning of the period		8,494,804	3,552,235
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		5,571,590	3,777,877

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

At 30 June 2022

1. GENERAL

Al-Mubarak IPO Fund (the “Fund”) is an open-ended investment fund created by an agreement between the Arab National Investment Company (the “Fund Manager”) and investors (“unitholders”). The investment objective of the Fund is long-term growth of capital through participation and investment primarily in initial public offerings in the Saudi stock market as well as initial rights and the remaining subscriptions of newly listed companies up to a maximum of five years from the listing date provided they comply with the Fund’s Sharia’a standards. The terms and conditions were issued on 21 February 2016. The Fund commencement date as per terms and conditions was 8 May 2016. The Fund’s first financial period was from the period 8 May 2016 to 31 December 2017.

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.

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 from 19 Ramadan 1442H (corresponding to 1 May 2021).

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING 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 Saudi Riyals (“SR”), 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-Mubarak IPO 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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:

	30 June 2022 (Unaudited)			
	% of market value	Cost SR	Market value SR	Unrealized gain/(loss) SR
<i>Equity shares - Sectors</i>				
Energy	19.34%	17,657,789	20,027,318	2,369,529
Utilities	13.72%	9,219,468	14,214,215	4,994,747
Health care equipment and services	9.59%	6,182,198	9,937,483	3,755,285
Food and staples retailing	8.37%	8,922,962	8,663,901	(259,061)
Consumer services	7.26%	6,385,458	7,517,114	1,131,656
Diversified financials	6.77%	6,002,710	7,010,058	1,007,348
Information technology	6.53%	4,484,324	6,759,582	2,275,258
REITs	5.59%	5,440,594	5,787,867	347,273
Insurance	4.18%	3,675,437	4,324,841	649,404
Media	4.14%	4,677,775	4,286,970	(390,805)
Telecommunication services	4.02%	3,861,392	4,159,141	297,749
Banks	3.15%	3,933,906	3,265,580	(668,326)
Real estate management and development	2.17%	2,564,793	2,245,735	(319,058)
Commercial and professional services	2.10%	2,971,602	2,173,744	(797,858)
Transportation	1.55%	1,371,371	1,603,508	232,137
Food and beverages	1.54%	1,865,005	1,593,428	(271,577)
	100%	89,216,784	103,570,485	14,353,701

	31 December 2021 (Audited)			
	% of market value	Cost SR	Market value SR	Unrealised gain/(loss) SR
<i>Equity shares - Sectors</i>				
Energy	19.37%	15,033,649	14,857,286	(176,363)
Health care equipment and services	14.03%	5,686,440	10,764,320	5,077,880
Consumer services	11.28%	6,541,534	8,652,880	2,111,346
REITs	11.23%	7,182,330	8,616,530	1,434,200
Information technology	9.07%	5,768,646	6,959,583	1,190,937
Financials	7.87%	5,829,756	6,036,220	206,464
Utilities	6.75%	4,586,880	5,176,185	589,305
Food and staples retailing	4.42%	3,939,156	3,390,741	(548,415)
Commercial and professional services	3.95%	3,391,285	3,026,185	(365,100)
Consumer staples	2.78%	2,098,980	2,132,154	33,174
Consumer durables and apparel	2.25%	1,539,872	1,724,400	184,528
Communication services	2.07%	1,587,600	1,587,600	-
Banks	2.03%	1,696,201	1,553,790	(142,411)
Materials	1.54%	865,598	1,184,400	318,802
Industrials	1.36%	812,362	1,046,656	234,294
	100.00%	66,560,289	76,708,930	10,148,641

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

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

The movements of financial assets at fair value through profit and loss during the period, are as follow:

	<i>30 June</i> 2022 SR	<i>30 June</i> 2021 SR
Fair value as at beginning of the period	76,708,930	42,563,291
Net purchase (sales) of financial assets at FVTPL	15,829,554	(645,287)
Net realized gain on disposal of financial assets at FVTPL	6,826,941	721,573
Net unrealized gain on financial assets at FVTPL	4,205,060	5,719,081
	<hr/> 103,570,485 <hr/>	<hr/> 48,358,658 <hr/>

6. TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee at the rate of 1.75% per annum calculated based on the net asset value at each valuation date. In addition, the Fund Manager also charges a fee at a maximum rate of 1% per annum calculated based on the net asset value at each valuation date to meet other expenses of the Fund. A subscription fee of 2% may be charged to the subscribers by the Fund Manager upon subscription.

The management fees amounting to SR 824,742 (30 June 2021: SR 416,318) and other fees amounting to SR 218,085 (30 June 2021: SR 135,185) reflected in the interim condensed statement of comprehensive income, represent the fees charged by the Fund Manager.

The management fee payable and other fees payable to the Fund Manager at the period-end are to SR 516,458 (2021: SR 468,481). The Bank (parent of the Fund Manager) acts as the Fund's banker. No units held by the related party as of 30 June 2022 [31 December 2021 (Audited): 24,689 units held by the employees of the Bank]

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 interim condensed statement of financial position date.

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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>Total</i> <i>SR</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
<i>As at 30 June 2022 (Unaudited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	103,570,485	103,570,485	-	-
<i>As at 31 December 2021 (Audited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	76,708,930	76,708,930	-	-

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 SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
	ASSETS		
Financial assets at FVTPL	103,570,485	-	103,570,485
Dividend receivables	12,860	-	12,860
Cash and cash equivalents	5,571,590	-	5,571,590
TOTAL ASSETS	109,154,935	-	109,154,935
LIABILITIES			
Management fees payable	418,678	-	418,678
Accrued expenses	97,780	-	97,780
TOTAL LIABILITIES	516,458	-	516,458
<i>As at 31 December 2021 (Audited)</i>			
ASSETS			
Financial assets at FVTPL	76,708,930	-	76,708,930
Cash and cash equivalents	8,494,804	-	8,494,804
TOTAL ASSETS	85,203,734	-	85,203,734
LIABILITIES			
Management fees payable	376,344	-	376,344
Accrued expenses	92,137	-	92,137
TOTAL LIABILITIES	468,481	-	468,481

Al-Mubarak IPO Fund
(Managed by Arab National Investment Company)

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

9. LAST VALUATION DAY

The last valuation day of the period was 30 June 2022 [31 December 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).