

Al-Mubarak Pure Saudi Equity 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-MUBARAK PURE SAUDI EQUITY FUND (MANAGED BY ARAB NATIONAL INVESTMENT COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Mubarak Pure Saudi Equity 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 condensed Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. 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 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 Pure Saudi Equity Fund
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	30 June 2022 (Unaudited) SR	<i>31 December 2021 (Audited) SR</i>
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	5	271,250,083	243,559,414
Dividends receivables		-	90,600
Cash and cash equivalents		7,029,936	14,811,140
TOTAL ASSETS		278,280,019	258,461,154
LIABILITIES			
Management fees payable	6	1,454,933	1,140,867
Accrued expenses		279,303	238,185
TOTAL LIABILITIES		1,734,236	1,379,052
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		276,545,783	257,082,102
TOTAL LIABILITIES AND EQUITY		278,280,019	258,461,154
Redeemable units in issue		17,812,036	18,559,003
Net asset value attributable to each unit		15.53	13.85

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

Al Mubarak Pure Saudi Equity Fund
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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	47,042,511	11,203,347
Net unrealized (loss) gain on financial assets at FVTPL	5	(15,090,829)	39,154,059
Dividend income		2,818,316	3,032,335
TOTAL INCOME		34,769,998	53,389,741
EXPENSES			
Management fees	6	(2,745,211)	(1,864,273)
Other fees	6	(588,271)	(426,559)
TOTAL EXPENSES		(3,333,482)	(2,290,832)
NET INCOME FOR THE PERIOD		31,436,516	51,098,909
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		31,436,516	51,098,909

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

Al Mubarak Pure Saudi Equity 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

	2022 SR	2021 SR
Equity attributable to the unitholders at beginning of the period	257,082,102	190,639,513
Total comprehensive income for the period	31,436,516	51,098,909
<i>Issuance and redemption of units</i>		
Issuance of units during the period	51,330,290	25,448,540
Redemptions of units during the period	(63,303,125)	(20,411,135)
Net changes in units	(11,972,835)	5,037,405
Equity attributable to the unitholders at end of the period	276,545,783	246,775,827

REDEEMABLE UNIT TRANSACTIONS

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

	2022 Units	2021 Units
Units at beginning of the period	18,559,003	18,724,982
Issuance of units during the period	3,113,640	2,106,889
Redemptions of units during the period	(3,860,608)	(1,777,516)
Net changes in units	(746,968)	329,373
Units at end of the period	17,812,035	19,054,355

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2022

	<i>2022</i> <i>SR</i>	<i>2021</i> <i>SR</i>
OPERATING ACTIVITIES		
Net income for the period	31,436,516	51,098,909
Adjustments:		
Net movement in unrealized loss (gain) on financial assets at FVTPL	15,090,829	(39,154,059)
Dividend income	(2,818,316)	(3,032,335)
	43,709,029	8,912,515
Working capital adjustments:		
Financial assets at FVTPL	(42,781,498)	(12,099,543)
Management fees payable and accrued expenses	355,184	216,247
Net cash generated (used in) in operations	1,282,715	(2,970,781)
Dividend received	2,908,916	2,845,334
Net cash flows from (used in) operating activities	4,191,631	(125,447)
FINANCING ACTIVITIES		
Proceed from issuance of units	51,330,290	25,448,540
Payment on redemption of units	(63,303,125)	(20,411,135)
Net cash flows (used in) from financing activities	(11,972,835)	5,037,405
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,781,204)	4,911,958
Cash and cash equivalents at beginning of the period	14,811,140	13,825,902
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7,029,936	18,737,860

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

Al-Mubarak Pure Saudi Equity Fund (Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

1. GENERAL

Al-Mubarak Pure Saudi Equity Fund (the “Fund”) is open-ended fund. The investment object of the Fund is to achieve long-term growth of capital through investments in a broadly diversified portfolio of pure Shariah compliant Saudi Arabian equity securities including Murabaha transactions. The Fund was established on 21 Sha’aban 1426H (corresponding to 25 October 2005) by Arab National Bank (the “Bank”) which is now managed by Arab National Investment Company (the “Fund Manager”). The address of the registered office of the Fund Manager is Arab National Investment Company Building, King Faisal Road, Murabba district, Riyadh, 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 fees of the custodian and registrar’s services are paid by the Fund.

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 CHANGES TO 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.

These interim condensed financial statements have been prepared on a historical cost basis, except for financial assets held at fair value through profit or loss which are stated at their fair value.

These interim condensed financial statements are presented in Saudi Riyals (“SR”), which is the functional currency of the Fund.

3.2. New standards, interpretations and amendments

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Various amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

Al Mubarak Pure Saudi Equity Fund (Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2022

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

3.2 New standards, interpretations and amendments (continued)

- 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'.

3.3. 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 Company's interim condensed financial statements are disclosed below. The Company 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.

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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 financial assets at fair value through profit or loss is summarised below:

<i>30 June 2022 (Unaudited)</i>				
<i>Equity shares - Sectors</i>	<i>% of market value</i>	<i>Cost SR</i>	<i>Market Value SR</i>	<i>Unrealized gain/(loss) SR</i>
Banks	40.48%	66,744,571	109,812,733	43,068,162
Materials	14.51%	34,055,880	39,366,145	5,310,265
Telecommunication Services	9.59%	24,175,281	26,002,825	1,827,544
Health care equipment and services	8.81%	8,606,387	23,904,900	15,298,513
Food and staples retailing	7.02%	16,430,013	19,053,745	2,623,732
Insurance	5.30%	11,962,437	14,379,793	2,417,356
Information technology	5.03%	7,205,110	13,634,085	6,428,975
Consumer services	2.90%	10,094,315	7,876,000	(2,218,315)
Real estate management and development	2.23%	7,142,561	6,053,530	(1,089,031)
Retailing	2.05%	3,485,080	5,550,649	2,065,569
Energy	1.57%	4,094,180	4,255,278	161,098
Commercial and professional services	0.50%	1,366,400	1,360,400	(6,000)
	100%	195,362,215	271,250,083	75,887,868

<i>31 December 2021 (Audited)</i>				
<i>Equity shares - Sectors</i>	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/(loss) SR</i>
Banks	41.72%	52,280,742	101,602,990	49,322,248
Materials	17.88%	33,658,287	43,559,823	9,901,536
Telecommunication services	13.17%	23,802,827	32,081,484	8,278,657
Health care equipment and services	9.79%	10,268,273	23,821,497	13,553,224
Insurance	6.71%	14,660,054	16,338,772	1,678,718
Retailing	4.20%	4,828,705	10,241,280	5,412,575
Energy	3.08%	6,300,480	7,502,008	1,201,528
Food and staples retailing	2.92%	5,432,075	7,115,560	1,683,485
Consumer services	0.53%	1,349,274	1,296,000	(53,274)
	100%	152,580,717	243,559,414	90,978,697

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

	<i>30 June 2022 SR</i>	<i>30 June 2021 SR</i>
Fair value as at beginning of the period	243,559,414	177,803,057
Net (sales) purchase of financial assets at FVTPL	(4,261,013)	896,196
Net realized gain on disposal of financial assets at FVTPL	47,042,511	11,203,347
Net unrealized (loss) gain on financial assets at FVTPL	(15,090,829)	39,154,059
Fair value as at end of period	271,250,083	229,056,659

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2022

6. TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee at the rate of 1.75% per annum calculated based on the total 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 total 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 2,745,211 (30 June 2021: SR 1,864,273) and other fees amounting to SR 588,271 (30 June 2021: SR 426,559) which have been reflected in the interim condensed statement of comprehensive income and represent the fees charged by the Fund Manager as described above.

The management fees payable and other fees payable to the Fund Manager at the period-end are disclosed in the interim condensed statement of financial position.

The unitholders' account included units held by:

	<i>30 June 2022 (Unaudited)</i>	<i>31 December 2021 (Audited)</i>
Funds under the Fund Managers	334,732	363,118
Employees of the Bank	-	-
	<u>334,732</u>	<u>363,118</u>

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial 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 has only investments at fair value through profit or loss which is measured at fair values. All other financial assets and liabilities are classified as amortised 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. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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)</i> <i>SR</i>	<i>Significant observable inputs (Level 2)</i> <i>SR</i>	<i>Significant unobservable inputs (Level 3)</i> <i>SR</i>
<i>As at 30 June 2022</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	271,250,083	271,250,083	-	-
<i>As at 31 December 2021</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	243,559,414	243,559,414	-	-

8. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities 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	271,250,083	-	271,250,083
Cash and cash equivalents	7,029,936	-	7,029,936
TOTAL ASSETS	278,280,019	-	278,280,019
LIABILITIES			
Management fees payable	1,454,933	-	1,454,933
Accrued expenses	279,303	-	279,303
TOTAL LIABILITIES	1,734,236	-	1,734,236

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

8. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

<i>As at 31 December 2021 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	243,559,414	-	243,559,414
Dividend receivable	90,600	-	90,600
Cash and cash equivalents	14,811,140	-	14,811,140
TOTAL ASSETS	258,461,154	-	258,461,154
LIABILITIES			
Management fees payable	1,140,867	-	1,140,867
Accrued expenses	238,185	-	238,185
TOTAL LIABILITIES	1,379,052	-	1,379,052

9. LAST VALUATION DAY

The last valuation day of the period/ year 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).