

Al-Mubarak 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 SAUDI EQUITY FUND (MANAGED BY ARAB NATIONAL INVESTMENT COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Mubarak Saudi Equity Fund (the "Fund") managed by Arab National Investment Company (the "Fund Manager ") as at 30 June 2022, and the related interim condensed statements of comprehensive income, interim condensed statements of changes in equity attributable to the unitholders and interim condensed statements 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 Saudi Equity Fund
(Managed by Arab National Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		<i>30 June 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
	<i>Note</i>		
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	5	171,637,545	159,215,290
Dividend receivable		-	220,500
Cash and cash equivalents		7,906,464	4,217,631
TOTAL ASSETS		179,544,009	163,653,421
LIABILITIES			
Management fees payable		1,012,513	718,718
Accrued expenses		42,008	154,763
TOTAL LIABILITIES		1,054,521	873,481
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)			
		178,489,488	162,779,940
TOTAL LIABILITIES AND EQUITY			
		179,544,009	163,653,421
Redeemable units in issue		971,982	965,818
Net assets value attributable to each unit		183.63	168.54

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

Al-Mubarak 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 <i>SR</i>	<i>2021</i> <i>SR</i>
INCOME			
Net realized gain on disposal of financial assets at FVTPL	5	34,651,446	8,418,021
Net unrealized (loss) gain on financial assets at FVTPL	5	(19,935,020)	20,910,672
Dividend income		1,756,586	2,117,316
TOTAL INCOME		16,473,012	31,446,009
EXPENSES			
Management fees	6	(1,682,617)	(1,178,726)
Other fees	6	(379,874)	(279,429)
TOTAL EXPENSES		(2,062,491)	(1,458,155)
NET INCOME FOR THE PERIOD		14,410,521	29,987,854
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		14,410,521	29,987,854

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

Al-Mubarak 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

	<i>2022</i> <i>SR</i>	<i>2021</i> <i>SR</i>
Equity attributable to the unitholders at the beginning of the period	162,779,940	120,623,687
Total comprehensive income for the period	14,410,521	29,987,854
<i>Issuance and redemptions by unitholders</i>		
Issuance of units during the period	9,661,139	6,281,760
Redemptions of units during the period	(8,362,112)	(3,726,953)
Net changes in units	1,299,027	2,554,807
Equity attributable to the unitholders at the end of the period	178,489,488	153,166,348

REDEEMABLE UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarised as follows:

	<i>2022</i> <i>Units</i>	<i>2021</i> <i>Units</i>
Units at beginning of the period	965,818	951,897
Issuance of units during the period	48,956	41,007
Redemptions of units during the period	(42,792)	(25,428)
Net changes in units	6,164	15,579
Units at end of the period	971,982	967,475

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Al-Mubarak Saudi Equity Fund
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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	14,410,521	29,987,854
Adjustments:		
Movement in unrealized loss(gain) on financial assets at FVTPL (note 5)	19,935,020	(20,910,672)
Dividend income	(1,756,586)	(2,117,316)
	32,588,955	6,959,866
Working capital adjustments:		
Financial assets at FVTPL	(32,357,275)	(7,433,319)
Management fees payable and Accrued expenses	181,040	140,984
Net cash generated from operations	412,720	(332,469)
Dividends received	1,977,086	1,922,866
Net cash flows from operating activities	2,389,806	1,590,397
FINANCING ACTIVITIES		
Proceeds from issuances of units	9,661,139	6,281,760
Payment on redemption of units	(8,362,112)	(3,726,953)
Net cash flows from financing activities	1,299,027	2,554,807
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,688,833	4,145,204
Cash and cash equivalents at beginning of the period	4,217,631	7,711,567
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7,906,464	11,856,771

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

1. GENERAL

Al-Mubarak Saudi Equity Fund (the "Fund") is an open-ended fund. The investment objective of the fund is long term growth through investments in a diversified portfolio of Saudi Arabian equities that are Shariah compliant, and to invest in Murabaha and other money market instruments. The Fund was established on 18 Shawwal 1412 (corresponding to 1 May 1993) by the 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 transferred its asset management operations to the 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 to 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 CHANGES TO ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These interim condensed financial statements 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 at fair value through profit or loss which are stated at their fair value using the accrual basis of accounting and going concern concept. These financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Fund.

**Al Mubarak 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

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.

- 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 Mubarak Saudi Equity Fund
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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)

Financial assets comprise the following sector as at the interim condensed statement of financial position date:

<i>Equity shares - Sectors</i>	<i>30 June 2022 (Unaudited)</i>			
	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/ (loss) SR</i>
Banks	36.26%	40,089,267	62,237,971	22,148,704
Materials	17.65%	30,175,693	30,287,116	111,423
Energy	7.75%	12,356,078	13,303,899	947,821
Food and staples retailing	6.38%	10,101,502	10,946,629	845,127
Telecommunication services	5.34%	8,167,405	9,166,240	998,835
Insurance	5.03%	7,174,943	8,639,480	1,464,537
Information technology	4.75%	4,336,244	8,147,250	3,811,006
Media and entertainment	4.13%	8,232,079	7,082,820	(1,149,259)
Health care equipment and services	2.57%	4,432,986	4,413,360	(19,626)
Diversified financials	2.45%	4,255,872	4,205,061	(50,811)
Utilities	2.13%	3,087,067	3,660,300	573,233
Consumer services	1.98%	3,746,365	3,401,000	(345,365)
Real estate management and development	1.90%	3,859,424	3,256,704	(602,720)
Capital goods	1.68%	3,515,785	2,889,715	(626,070)
	100%	143,530,710	171,637,545	28,106,835

<i>Equity shares - Sectors</i>	<i>31 December 2021 (Audited)</i>			
	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain SR</i>
Banks	36.21%	29,973,359	57,648,716	27,675,357
Materials	28.75%	37,359,166	45,776,853	8,417,687
Telecommunication services	6.81%	7,664,893	10,841,280	3,176,387
Retailing	5.60%	6,515,562	8,915,040	2,399,478
Energy	5.44%	8,008,684	8,657,919	649,235
Insurance	4.53%	7,005,149	7,205,000	199,851
Health care equipment and services	3.99%	2,601,760	6,354,320	3,752,560
Software and services	3.96%	5,115,427	6,301,122	1,185,695
Diversified financials	2.57%	3,492,615	4,091,349	598,734
Media and entertainment	1.92%	3,061,700	3,061,700	-
Food and staples retailing	0.22%	375,120	361,991	(13,129)
	100%	111,173,435	159,215,290	48,041,855

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	159,215,290	113,451,672
Net sales of financial assets at FVTPL	(2,294,171)	(984,702)
Net realized gain on disposal of financial assets at FVTPL	34,651,446	8,418,021
Net unrealized (loss) gain on financial assets at FVTPL	(19,935,020)	20,910,672
Fair value as at end of period	171,637,545	141,795,663

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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 at each valuation date. In addition, the Fund Manager also charges other fees 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 1,682,617 (30 June 2021: SR 1,178,726) and other fees amounting to SR 379,874 (30 June 2021: SR 279,429) reflected in the interim condensed statement of comprehensive income, represent the fees charged by the Fund Manager as described above.

The accrued management 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) Units</i>	<i>31 December 2021 (Audited) Units</i>
Funds managed by the Fund Manager	45,571	25,929
Employees of the Bank	-	381
	<u>45,571</u>	<u>26,310</u>

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. 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) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
<i>As at 30 June 2021 (Unaudited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	171,637,545	171,637,545	-	-
<i>As at 31 December 2021 (Audited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	159,215,290	159,215,290	-	-

8. MATURITY ANALYSIS OF ASSETS AND LIABILITY

The table below summarises the maturity profile of the Fund's financial assets and liabilities based on contractual undiscounted receipts and payments:

	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<i>As at 30 June 2022 (Unaudited)</i>			
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	171,637,545	-	171,637,545
Cash and cash equivalents	7,906,464	-	7,906,464
TOTAL ASSETS	179,544,009	-	179,544,009
LIABILITIES			
Management fees payable	1,012,513	-	1,012,513
Accrued Expenses	42,008	-	42,008
TOTAL LIABILITIES	1,054,521	-	1,054,521
<i>As at 31 December 2021 (Audited)</i>			
ASSETS			
Financial assets at FVTPL	159,215,290	-	159,215,290
Dividend receivable	4,217,631	-	4,217,631
Cash and cash equivalents	220,500	-	220,500
TOTAL ASSETS	163,653,421	-	163,653,421
LIABILITIES			
Management fees payable	718,718	-	718,718
Accrued Expenses	154,763	-	154,763
TOTAL LIABILITIES	873,481	-	873,481

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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).