

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

**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 2021, and the related interim condensed statements of comprehensive income, changes in equity attributable to the unitholders and 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 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



Saad M. Al-Khathlan
Certified Public Accountant
License No. 509

Riyadh: 4 Muharram 1443H
(12 August 2021)



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	30 June 2021 (Unaudited) SR	31 December 2020 (Audited) SR
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	4	48,358,658	42,563,291
Dividend receivables		63,990	17,340
Cash and cash equivalents		3,777,877	3,552,235
TOTAL ASSETS		52,200,525	46,132,866
LIABILITIES			
Management fees payable	5	216,212	221,011
Accrued expenses	5	65,535	33,108
TOTAL LIABILITIES		281,747	254,119
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		51,918,778	45,878,747
TOTAL LIABILITIES AND EQUITY		52,200,525	46,132,866
Redeemable units in issue		4,641,032	4,735,755
Net asset value attributable to each unit		11.19	9.69

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 2021

	<i>Note</i>	2021 SR	2020 SR
INCOME			
Net realized gain (loss) on disposal of financial assets at FVTPL	4	721,573	(1,373,490)
Net unrealized gain on financial assets at FVTPL	4	5,719,081	295,635
Dividend income		1,110,722	642,115
TOTAL INCOME (LOSS)		7,551,376	(435,740)
EXPENSES			
Management fees	5	(416,318)	(334,679)
Other expenses	5	(135,185)	(82,742)
TOTAL EXPENSES		(551,503)	(417,421)
NET INCOME (LOSS) FOR THE PERIOD		6,999,873	(853,161)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		6,999,873	(853,161)

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 CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2021

	2021 SR	2020 SR
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	45,878,747	41,653,286
TOTAL COMPREHENSIVE INCOME (LOSS) INCOME	6,999,873	(853,161)
Redemptions of units during the period	(1,559,842)	(1,280,796)
Issue of units during the period	600,000	-
Net changes in units	(959,842)	(1,280,796)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	51,918,778	39,519,329

REDEEMABLE UNIT TRANSACTIONS

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

	2021 Units	2020 Units
UNITS AT THE BEGINNING OF THE PERIOD	4,735,755	5,238,797
Redemptions of units during the period	(152,498)	(163,467)
Issue of units during the period	57,775	-
Net changes in units	(94,723)	(163,467)
UNITS AS AT END OF THE PERIOD	4,641,032	5,075,330

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 CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2021

	2021 SR	2020 SR
OPERATING ACTIVITIES		
Net income (loss) for the period	6,999,873	(853,161)
<i>Adjustment to reconcile net income (loss) to net cash flows:</i>		
Movement in unrealized gain on financial assets at FVTPL	(5,719,081)	(295,635)
	1,280,792	1,148,796
<i>Working capital adjustments:</i>		
Increase in financial assets at FVTPL	(76,286)	(70,157)
(Increase) decrease in dividend receivables	(46,650)	107,369
Increase (decrease) in accrued management and other fees	27,628	(9,816)
Net cash flows from (used in) operating activities	1,185,484	(1,121,400)
FINANCING ACTIVITIES		
Payment on redemption of units	(1,559,842)	(1,280,796)
Proceeds from units sold	600,000	-
Net cash flows used in financing activities	(959,842)	(1,280,796)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	225,642	(2,402,196)
Cash and cash equivalents at the beginning of the period	3,552,235	5,102,127
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,777,877	2,699,931

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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

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”) detailing requirements for all investment funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further Amended by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12/7/1442H. Corresponding to 24/2/2021G (the “Amended Regulations”).

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 2020.

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 and also using the accruals basis of accounting and the going concern concept.

These interim condensed financial statements are presented in Saudi Riyals (“SR”), which is the functional currency of the Fund, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

Results for the interim reporting period are not necessarily indicative of future periods

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted 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 2020, except for the adoption of new standards effective as of 1 January 2021. 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 2021, but do not have an impact on the interim condensed financial statements of the Fund.

Al-Mubarak IPO Fund

(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

At 30 June 2021

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the interim condensed financial statements of the Fund. The Fund intends to use the practical expedients in future periods if they become applicable.

4. 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 2021			
	% of market Value	Cost SR	Market value SR	Unrealized gain/(loss) SR
Sectors				
Energy	18.76%	8,863,450	9,071,659	208,209
Health Care Equipment & Services	18.00%	3,037,435	8,705,462	5,668,027
REITs	14.88%	5,125,616	7,194,410	2,068,794
Real Estate Management and Development	9.27%	4,395,390	4,482,438	87,049
Consumer Services	8.71%	2,677,831	4,210,014	1,532,183
Materials	5.90%	2,081,218	2,851,700	770,482
Food & Staples Retailing	5.84%	2,826,431	2,821,854	(4,576)
Commercial & Professional Services	4.71%	2,423,023	2,277,557	(145,467)
Information Technology	4.02%	919,852	1,944,624	1,024,772
Consumer Durables & Apparel	3.72%	1,001,887	1,797,600	795,713
Insurance	2.83%	1,367,174	1,366,200	(974)
Transportation	2.04%	547,200	984,960	437,760
Banks	1.32%	651,580	650,180	(1,400)
	100.00%	35,918,087	48,358,658	12,440,572

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
At 30 June 2021

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

	31 December 2020			
	% of market Value	Cost SR	Market value SR	Unrealised gain/(loss) SR
<i>Sectors</i>				
Health Care Equipment & Services	19.58%	6,399,639	8,334,180	1,934,541
Energy	16.39%	7,042,357	6,977,824	(64,533)
REITs	13.79%	4,828,348	5,870,740	1,042,392
Real Estate Management and Development	10.62%	4,705,766	4,518,696	(187,070)
Consumer Services	10.12%	3,102,049	4,307,576	1,205,527
Commercial & Professional Services	7.72%	3,596,685	3,286,370	(310,315)
Information Technology	5.99%	1,013,144	2,548,875	1,535,731
Consumer Durables & Apparel	4.89%	1,200,264	2,080,000	879,736
Food & Staples Retailing	3.73%	1,449,807	1,586,530	136,724
Retailing	2.84%	1,124,221	1,210,000	85,779
Materials	2.83%	727,940	1,204,500	476,560
Banks	1.50%	651,580	638,000	(13,580)
	100.00%	35,841,800	42,563,291	6,721,491

The movement of financial assets at fair value through profit and loss is as follow:

	30 June 2021 SR	30 June 2021 SR
Fair value as at the beginning of the period	42,563,291	36,655,394
Net sales of financial assets at FVTPL	(645,287)	1,443,647
Net realized gain (loss) on disposal of financial assets at FVTPL	721,573	(1,373,490)
Net unrealized gain on financial assets at FVTPL	5,719,081	295,635
Fair value as at the end of period	48,358,658	37,021,186

5. TRANSACTIONS WITH RELATED PARTIES

A subscription fee of 2% may be charged to the subscribers by the Fund Manager upon subscription.

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.

The management fees amounting to SR 416,318 (30 June 2020: SR 334,679) and other fees amounting to SR 135,185 (30 June 2020: SR 82,742) 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 Bank (parent of the Fund Manager) acts as the Fund's banker. The Units held by the employees of the bank are 11,000 (2020: 38,503)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
At 30 June 2021

6. 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.

FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Fund's financial assets as at 30 June 2021 and 31 December 2020. There are no financial liabilities measured at fair value.

		<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Total SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<i>As at 30 June 2021</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	48,358,658	48,358,658	-	-
<i>As at 31 December 2020</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	42,563,291	42,563,291	-	-

Al-Mubarak IPO Fund

(Managed by Arab National Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

At 30 June 2021

7. 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 2021 (Unaudited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	48,358,658	-	48,358,658
Dividend receivables	63,990	-	63,990
Cash and cash equivalents	3,777,877	-	3,777,877
TOTAL ASSETS	52,200,525	-	52,200,525
LIABILITIES			
Management fees payable	216,212	-	216,212
Accrued expenses	65,535	-	65,535
TOTAL LIABILITIES	281,747	-	281,747

<i>As at 31 December 2020 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	42,563,291	-	42,563,291
Dividend receivables	17,340	-	17,340
Cash and cash equivalents	3,552,235	-	3,552,235
TOTAL ASSETS	46,132,866	-	46,132,866
LIABILITIES			
Management fees payable	221,011	-	221,011
Accrued expenses	33,108	-	33,108
TOTAL LIABILITIES	254,119	-	254,119

8. LAST VALUATION DAY

The last valuation day of the period / year was 30 June 2021 (2020: 30 December 2020).

9. IMPACT OF COVID-19 ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Fund Manager has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of unaudited interim condensed financial statements for the six months period ended 30 June 2021, the Fund’s operations and financial results have witnessed impact due to the COVID-19 outbreak mainly as result of decline in the Fund’s investments’ fair values in line with share prices declining trend. The impact of the pandemic on the Fund’s operations and financial results till the date of the interim financial statements has been reflected in the net assets value and investments value. These developments could further impact our future financial results, cash flows and financial condition and the Fund Manager will continue to assess the nature and extent of the impact on its business and financial results.

10. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund’s Board of Directors on 4 Muharram 1443H (corresponding to 12 August 2021)