

Al-Khair Capital IPOs Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners

CPA's & Consultants - Member Crowe Global

Al-Khair Capital IPOs Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

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INDEPENDENT AUDITOR'S REPORT

**TO: THE UNITHOLDERS OF
AL-KHAIR CAPITAL IPOs FUND
(Managed by Al-Khair Capital Saudi Arabia Company)**

Opinion:

We have audited the financial statements of **AL-KHAIR CAPITAL IPOs FUND** ("the fund") managed by Al-Khair Capital Saudi Arabia Company (the "Fund Manager"), which comprises the statement of financial position as at December 31, 2021, and the statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed in the kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants – "SOCPA", ("IFRSs as endorsed in KSA").

Basis of Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) as endorsed in Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Fund in accordance with Professional code of conduct and ethical requirements that are relevant to our audit of the financial statements in Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed in the kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants – "SOCPA", and the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, the Fund's terms and conditions and Information Memorandum, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (Continued)
AL-KHAIR CAPITAL IPOs FUND
(Managed by Al-Khair Capital Saudi Arabia Company)

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as endorsed in Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants



Salman B. Al Sudairy
License No. 283

17 Shaban 1443H (March 20, 2022)
Riyadh, Saudi Arabia

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	31 December 2021 SR	31 December 2020 SR
<u>ASSETS</u>			
Cash and cash equivalents	7	4,825,897	9,694,616
Financial assets at fair value through profit or loss	8	6,799,121	2,557,222
Prepayments and other receivables		551,463	20,108
TOTAL ASSETS		12,176,481	12,271,946
<u>LIABILITIES</u>			
Management fee payable	12	39,036	11,797
Accrued expenses and other liabilities	9	51,504	33,439
TOTAL LIABILITIES		90,540	45,236
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		12,085,941	12,226,710
Units in issue		1,292,576	1,499,460
Net assets value attributable to each unit		9.3503	8.1541

The accompanying notes 1 to 18 form an integral part of these financial statements.

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 SR	2020 SR
<u>INVESTMENT INCOME</u>			
Net gain on financial assets at fair value through profit or loss	10	1,745,073	837,224
Dividend income		125,044	79,969
Special commission income		24,630	758
		<u>1,894,747</u>	<u>917,951</u>
<u>EXPENSES</u>			
Management fees	12	(147,253)	(50,912)
Other expenses	11	(147,112)	(120,966)
		<u>(294,365)</u>	<u>(171,878)</u>
NET INCOME FOR THE YEAR		1,600,382	746,073
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,600,382</u>	<u>746,073</u>

The accompanying notes 1 to 18 form an integral part of these financial statements.

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS

For the year ended 31 December 2021

	2021 SR	2020 SR
NET ASSETS AT THE BEGINNING OF THE YEAR	12,226,710	5,107,782
CHANGES FROM OPERATIONS		
Total comprehensive income for the year	1,600,382	746,073
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units subscribed	399,980	9,300,000
Value of units redeemed	(2,141,131)	(2,927,145)
Net change from unit transactions	(1,741,151)	6,372,855
NET ASSETS AT THE END OF THE YEAR	12,085,941	12,226,710

UNIT TRANSACTIONS

Transactions in units for the year ended 31 December are summarised as follows:

	2021 Units	2020 Units
UNITS AT BEGINNING OF THE YEAR	1,499,460	758,933
Units subscribed	44,983	1,156,866
Units redeemed	(251,867)	(416,339)
Net (decrease)/increase in units	(206,884)	740,527
UNITS AT END OF THE YEAR	1,292,576	1,499,460

The accompanying notes 1 to 18 form an integral part of these financial statements.

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 SR	2020 SR
<u>OPERATING ACTIVITIES</u>		
Net income for the year	1,600,382	746,073
<i>Adjustments to reconcile net income to net cash from operating activities:</i>		
Unrealised losses on financial assets at fair value through profit or loss	80,249	16,517
	<u>1,680,631</u>	<u>762,590</u>
<i>Changes in operating assets and liabilities:</i>		
Financial assets at fair value through profit or loss	(4,322,148)	2,017,739
Prepayment & Other receivables	(531,355)	64,917
Management fees payable	27,239	(3,913)
Accrued expenses and other liabilities	18,065	(223,439)
	<u>(3,127,568)</u>	<u>2,617,894</u>
Net cashflow (used in)/generated from operating activities		
<u>FINANCING ACTIVITY</u>		
Proceeds from unit subscribed	399,980	9,300,000
Value of units redeemed	(2,141,131)	(2,927,145)
	<u>(1,741,151)</u>	<u>6,372,855</u>
Net cash (used in)/generated from financing activity		
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,868,719)	8,990,749
Cash and cash equivalents at the beginning of the year	9,694,616	703,867
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>4,825,897</u>	<u>9,694,616</u>

The accompanying notes 1 to 18 form an integral part of these financial statements.

Al-Khair Capital IPOs Fund
(Managed by Al-Khair Capital Saudi Arabia Company)
NOTES TO THE FINANCIAL STATEMENTS-
For the year ended 31 December 2021

1 GENERAL

Al-Khair Capital IPOs Fund (the "Fund") is an open-ended investment fund established and managed by Al-Khair Capital Saudi Arabia Company (the "Fund Manager") for the benefit of the Fund's Unit Holders (the "Unit Holders"). The Fund commenced its operations on 14 Sha'aban 1436H (corresponding to 1 June 2015). The address of the Fund Manager is as follows:

Al Khair Capital
P.O. Box. 69410
Riyadh 11547
Kingdom of Saudi Arabia

The objective of the Fund is to provide long-term capital appreciation by investing principally in Shari'ah compliant securities listed on both local and foreign markets as well as in those shares offered during the course of Initial Public Offerings in the Kingdom of Saudi Arabia. The Fund may also invest in Shari'ah compliant cash equivalents and other mutual funds

The Fund Manager is Alkhair Capital Saudi Arabia Company and the Custodian of the Fund is Alinma investment. The terms and conditions of the Fund have been approved by the Capital Market Authority ("CMA") on 3 Rajab 1436H (corresponding to 22 April 2015) subsequently revised and approved 27 Sha'ban 1440H (corresponding to 2 May 2019) and on 10 Ramadan 1442H (corresponding to 22 April 2021).

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), in addition to the new amendment no.2-22-2021 issued on 30 Jumada Al-Akhirah, 1442H (Corresponding to February 24, 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia..

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA"),

Assets and liabilities in the statement of financial position are presented in the order of liquidity.

An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 14.

3.2 BASIS OF MEASUREMENT

These financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss that are measured at fair value.

3.3 FUNCTIONAL CURRENCY

The financial statements are presented in Saudi Riyals (SR) which is the fund's functional and operational currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting used in the preparation of these financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2020 which are explained below:

Financial instruments

Initial recognition

The Fund records a financial asset or a financial liability in the statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

Classification

The Fund classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortised cost.

These classifications are on the basis of the business model of the Fund for managing the financial assets, and contractual cash flow characteristics.

The Fund measures a financial asset at amortised cost when it is within the business model to hold in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in either profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Fund classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method except for financial liabilities that are measured at fair value through profit or loss.

The Fund designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition of financial instruments (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Fund assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its financial assets, carried at amortised cost, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the Unit Holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the Unit Holder's rights to a pro rata share of the Fund's net assets
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in net assets attributable to the Unit Holders. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise of balances in bank accounts, and murabaha placements matured within less than 90 days.

For the purpose of statement of cash flows, cash and cash equivalent include cash at banks, and murabaha placements matured within less than 90 days.

Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive the payment for dividend is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVPL is recognised in the statement of comprehensive income in a separate line item.

Special commission income

Special commission income is recognised on an effective yield basis.

Net gain or loss on financial assets and liabilities at Fair Value through Profit or Loss ("FVTPL")

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude commission and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments)

Provisions

Provisions are recognised when the Fund has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured.

Accrued expenses

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not. These are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

Management fees

Fund management fees are recognised on an accruals basis and charged to the statement of comprehensive income.

Fund management fees are charged at agreed rates with the Fund Manager and as stated in the Terms and Conditions of the Fund.

Expenses

Expenses are measured and recognized as expenses on an accruals basis in the accounting period in which they are incurred.

Zakat

Zakat at the Fund level is the obligation of the Unit Holders and is not provided for in these financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyal at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date, resulting exchange gains and losses are taken to the statement of comprehensive income.

Net assets value

The Net assets value per unit as disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS as endorsed in the KSA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value Measurement

The Fund measures its investments in financial instruments, such as equity instruments, debentures, other commission bearing investments and derivatives, 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 to 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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The Fund measures financial instruments at fair value at each reporting date. Fair values of those financial instruments are disclosed in note 13.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are several standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. In the opinion of the Board, these standards will have no significant impact on the financial statements of the Fund. The Fund intends to adopt these standards, if applicable.

Al-Khair Capital IPOs Fund
(Managed by Al-Khair Capital Saudi Arabia Company)
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
For the year ended 31 December 2021

7 CASH AND CASH EQUIVALENTS

	Notes	31 December 2021 SR	31 December 2020 SR
Cash at bank		-	7,000,000
Cash with the broker		9,709	7,165
Cash with the custodian		990,264	2,687,451
Murabaha placements with less than 90 days maturity	7.1	3,825,924	-
		<u>4,825,897</u>	<u>9,694,616</u>

7.1 These comprise of murabaha placements which are carried at commission rate on average 1.45% per annum as at 31 December 2021 (31 December 2020: Nil) having original maturity of less than 90 days.

7.2 The management has conducted a review as required under IFRS 9 and based on such an assessment, the management believes that there is no need for any significant impairment loss against the carrying value of bank balances.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represents investments in equity securities which are measured at fair value. The fair value is determined by reference to the stock exchange, i.e.; Tadawul quoted closing prices or net asset valuation as at the end of the reporting period, in case of investment in units of mutual funds.

The investment portfolio is allocated among the various economic sectors as follows:

	Cost SR	31 December 2021 Market Value SR	% of Market Value
Equities investments (by sectors)			
Financials	129,972	116,380	2%
Commercial and Professional services	171,732	169,100	2%
Utilities	1,118,341	1,029,200	15%
Energy	355,547	449,035	7%
Food	757,136	574,700	8%
Materials	307,283	307,320	5%
Consumer	1,275,003	1,006,245	15%
Healthcare	666,872	645,600	9%
Communication Services	638,486	642,620	9%
Industrials	838,325	769,281	11%
Real Estate	244,514	198,840	3%
Information technology	410,060	890,800	13%
Total investment portfolio	<u>6,913,270</u>	<u>6,799,121</u>	<u>100%</u>

Al-Khair Capital IPOs Fund
(Managed by Al-Khair Capital Saudi Arabia Company)
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
For the year ended 31 December 2021

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-(CONTINUED)

	Cost SR	31 December 2020 Market Value SR	% of Market Value
Equities investments (by sectors)			
Real Estate Mgmt & Dev't	674,445	634,620	25%
Consumer Services	623,718	594,250	23%
Energy	382,663	448,452	18%
Industrials	301,183	285,350	11%
Information Technology	210,149	213,750	8%
Health Care Equipment & Svc	150,306	140,200	5%
Financials	147,104	131,400	5%
Materials	105,775	109,200	5%
Total investment portfolio	<u>2,595,343</u>	<u>2,557,222</u>	<u>100%</u>

9 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2021 SR	31 December 2020 SR
Audit fee	16,000	16,800
Board members fees (note 12)	10,000	5,000
Custodian fees	15,000	7,516
VAT Payable	10,504	4,123
	<u>51,504</u>	<u>33,439</u>

10 NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 SR	2020 SR
Unrealised loss	(80,249)	(16,518)
Realised gain	1,825,322	853,742
	<u>1,745,073</u>	<u>837,224</u>

Al-Khair Capital IPOs Fund
(Managed by Al-Khair Capital Saudi Arabia Company)
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
For the year ended 31 December 2021

11 OTHER EXPENSES

	2021 SR	2020 SR
Audit fees	32,000	35,200
Ideal rating fees	41,270	38,278
Board member fees (note 12)	10,000	10,000
Custodian fees	14,984	15,000
Regulator fees	7,500	7,500
Tadawul fees	5,750	5,250
Others	35,609	9,738
	<u>147,112</u>	<u>120,966</u>

12 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include the Unit Holders, the Fund Manager, the Shareholder of the Fund Manager (Al-Khair Capital), the Fund's Board members and other funds managed by the Fund Manager.

The Fund Manager charges the Fund on every dealing day a management fee at an annual rate of 1.25% of the Fund's net assets value. This is accrued on each dealing date and deducted on a quarterly basis.

As per the terms and conditions, the Fund Manager recovers from the Fund any other expenses incurred on behalf of the Fund by a maximum of 0.5% annually of net assets value, such as audit fee, regulatory, legal, brokerage, consultation services and other similar charges. Fund has imposed an early redemption commission of 0.25% for redemption within first 30 days of subscription.

In the ordinary course of its activities, the Fund transacts business with its related parties. All the related party transactions are carried out based on mutually agreed prices under formal agreement, which is approved by the Fund Board.

The transactions and year end balances with the related parties are as follows:

Name of related party	Nature of transactions	Amount of Transactions		Balance Debit (Credit)	
		31 December 2021 SR	31 December 2020 SR	31 December 2021 SR	31 December 2020 SR
The Fund Manager	Management fee	(147,253)	(50,912)	(39,036)	(11,797)
	Redemption of Units Value of units held	(1,500,000)	-	141,625	1,597,215
The Fund's Board members	Board members' fee	(10,000)	(10,000)	(10,000)	(5,000)

The units in issue as at 31 December 2021 include 15,147 units (31 December 2020: 195,879 units) held by Al-Khair Capital Saudi Arabia Company the (the "Fund Manager") which represents a 1.17% (31 December 2020: 13.06%) holding in the Fund.

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13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair values of financial instruments are not significantly different from the carrying values included in the financial statements due to the short duration of such financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value as the carrying amount is a reasonable approximation of fair value. During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

	<i>Carrying value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
SR					
31 December 2021					
<i>Financial assets measured at fair value</i>					
Financial assets at fair value through profit or loss	6,799,121	6,799,121	-	-	6,799,121
Total	<u>6,799,121</u>	<u>6,799,121</u>	<u>-</u>	<u>-</u>	<u>6,799,121</u>
	<i>Carrying value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
SR					
31 December 2020					
<i>Financial assets measured at fair value</i>					
Financial assets at fair value through profit or loss	2,557,222	2,557,222	-	-	2,557,222
Total	<u>2,557,222</u>	<u>2,557,222</u>	<u>-</u>	<u>-</u>	<u>2,557,222</u>

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14 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:

As at 31 December 2021	Within 12 months SR	After 12 months SR	Total SR
ASSETS			
Cash and cash equivalents	4,825,897	-	4,825,897
Financial assets at fair value through profit or loss	6,799,121	-	6,799,121
Prepayments and other receivables	551,463	-	4,825,897
TOTAL ASSETS	12,176,481	-	12,176,481
LIABILITIES			
Management fees payable	39,036	-	39,036
Accrued expenses and other liabilities	51,504	-	51,504
TOTAL LIABILITIES	90,540	-	90,540
As at 31 December 2020	Within 12 months SR	After 12 months SR	Total SR
ASSETS			
Cash and cash equivalents	9,694,616	-	9,694,616
Financial assets at fair value through profit or loss	2,557,222	-	2,557,222
Prepayments and other receivables	20,108	-	20,108
TOTAL ASSETS	12,271,946	-	12,271,946
LIABILITIES			
Management fees payable	11,797	-	11,797
Accrued expenses and other liabilities	33,439	-	33,439
TOTAL LIABILITIES	45,236	-	45,236

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15 FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund Manager seeks to limit its credit risk by monitoring credit exposure and by dealing with reputed counterparties.

The following table shows the Fund's maximum exposure to credit risk for components of the statement of financial position.

	31 December 2021 SR	31 December 2020 SR
Cash and cash equivalents	4,825,897	9,694,616
Financial assets at fair value through profit or loss	6,799,121	2,557,222
	11,625,018	12,251,838

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities that are settled by delivering cash or another financial asset.

The Fund's terms and conditions provide for the terms of subscriptions and redemptions of units and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions. However, the Fund is allowed to borrow in order to satisfy redemptions. The Fund's securities are considered to be readily realizable as they are all listed on the stock market in the Kingdom of Saudi Arabia. The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

The undiscounted value of all financial liabilities of the Fund at the reporting date approximate to their carrying values and all are to be settled within one year from the reporting date.

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, equity prices and interest rates, will affect the Company's income or cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The financial instruments of the Fund i.e. cash, financial assets at fair value through profit or loss and payables are denominated in Saudi Arabian Riyals. Accordingly, the Fund is not exposed to any currency risk.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments or its future cash flows will fluctuate due to changes in the market interest rates. The time deposit placed by the Fund is a short term fixed interest rate deposit. Apart from that the Fund is not subject to any interest rate risk as all other financial assets and liabilities are non-commission bearing.

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Fund's investments are susceptible to market price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of industry concentration.

Sensitivity analysis

The table below sets out the effect on profit or loss of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	31 December 2021 SR	31 December 2020 SR
Strengthening of 5%	339,956	127,861
Weakening of 5%	(339,956)	(127,861)

16 SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which require adjustment to, or disclosure, in these financial statements.

17 LAST VALUATION DAY

The last valuation day of the year was 30 December 2021 (2020: 31 December 2020)

18 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Board on March 20, 2022 corresponding to 17 Shaban 1443H..