

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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**INDEPENDENT AUDITOR'S REPORT****TO THE UNIT HOLDERS OF BMK IPO FUND**

(Managed by Bait Al Mal Khaleeji Company)

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of BMK IPO Fund (the "Fund"), managed by Bait Al Mal Khaleeji Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and statement of 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 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia ("ISAs"). 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 the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and endorsed in the Kingdom of Saudi Arabia ("IESBA Code"), 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 Fund Manager and Those Charged with Governance for the Financial Statements***

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA and the Fund's terms and conditions, and for such internal control as the Fund Manager 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, Fund Manager 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 Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Fund's financial reporting process.

***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 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.

**INDEPENDENT AUDITOR'S REPORT (Continued)****TO THE UNIT HOLDERS OF BMK IPO FUND**

(Managed by Bait Al Mal Khaleeji Company)

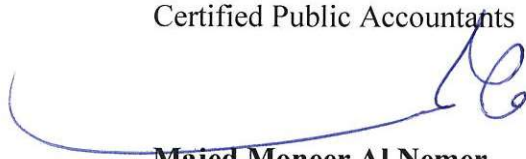
**Report on the Audit of the Financial Statements (Continued)*****Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

As part of an audit in accordance with ISAs, 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 Fund Manager.
- Conclude on the appropriateness of Fund Manager'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 auditor's 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 auditor's 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.

**Baker Tilly MKM & Co.**  
Certified Public Accountants

  
**Majed Moneer Al Nemer**  
(Certified Public Accountant - License No. 381)  
Al-Khobar 21 Ramadan 1444H  
12 April 2023



**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<b>SR</b>	<b>SR</b>
<b>ASSETS</b>			
Prepayments and other assets	5	<b>194,417</b>	2,061
Investments at fair value through profit or loss	4	<b>1,934,861</b>	2,053,767
Cash and cash equivalents		<b>1,989,694</b>	3,336,039
<b>TOTAL ASSETS</b>		<b>4,118,972</b>	5,391,867
<b>LIABILITIES</b>			
Accrued expenses	6	<b>57,511</b>	26,053
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>4,061,461</b>	5,365,814
<b>Units in issue (number of units)</b>		<b>300,045</b>	390,793
<b>Net assets attributable to each unit (SR)</b>		<b>13.54</b>	13.73

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The accompanying notes from 1 to 11 form an integral part of these financial statements

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**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<i>SR</i>	<i>SR</i>
<b>Income</b>			
Gain on investments at fair value through profit or loss	4	<b>84,289</b>	257,311
Dividend income		<b>82,944</b>	107,512
		<b>167,233</b>	364,823
<b>Expenses</b>			
Fund management fees	3,8	<b>(98,246)</b>	(114,802)
Custody fees		<b>(11,000)</b>	(12,000)
Board of Directors' fees	8	<b>(12,000)</b>	(12,000)
Brokerage commission		<b>(3,303)</b>	(2,061)
Others		<b>(97,037)</b>	(79,261)
		<b>(221,586)</b>	(220,124)
<b>(Loss) / profit for the year</b>		<b>(54,353)</b>	144,699
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>		<b>(54,353)</b>	144,699

The accompanying notes from 1 to 11 form an integral part of these financial statements

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
Net assets attributable to unit holders at 1 January	5,365,814	6,304,442
Total comprehensive income (loss) for the year	(54,353)	144,699
Payments for units redeemed	<u>(1,250,000)</u>	<u>(1,083,327)</u>
<b>Net assets attributable to unit holders at 31 December</b>	<b><u>4,061,461</u></b>	<b><u>5,365,814</u></b>

**Units Transaction**

	<u>2022</u>	<u>2021</u>
Units at the beginning of the year	390,793	467,239
Units redeemed during the year	<u>(90,748)</u>	<u>(76,446)</u>
Units at the end of the year	<b><u>300,045</u></b>	<b><u>390,793</u></b>

The accompanying notes from 1 to 11 form an integral part of these financial statements

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
<b>Operating activities</b>		
(Loss) / profit for the year	(54,353)	144,699
<i>Adjustments for changes in operating assets and liabilities:</i>		
Net change in investments at fair value through profit or loss	118,906	681,615
Prepayments and other assets	(192,356)	(765)
Accrued expenses	31,458	(5,890)
<b>Net cash (utilized in) / generated from operating activities</b>	<u>(96,345)</u>	<u>819,659</u>
<b>Financing activities</b>		
Value of units redeemed	(1,250,000)	(1,083,327)
<b>Net cash utilized in financing activities</b>	<u>(1,250,000)</u>	<u>(1,083,327)</u>
<b>Net change in cash and cash equivalents</b>	(1,346,345)	(263,668)
Cash and cash equivalents at the beginning of the year	3,336,039	3,599,707
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>1,989,694</u></u>	<u><u>3,336,039</u></u>

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The accompanying notes from 1 to 11 form an integral part of these financial statements



## **BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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## **1 - THE FUND AND ITS ACTIVITIES**

BMK IPO Fund (the "Fund") is an open-ended investment Fund, established and managed by the Bait Al Mal Al Khaleeji Company (the "Fund Manager"). The terms and conditions of the Fund were approved by the Capital Market Authority ("CMA") on 6 Thul-Qi'dah 1435H (corresponding to 01 September 2014) and the Fund commenced its activities on 17 Muharram 1436H (corresponding to 10 November 2014) pursuant to such approval and after concluding the subscription procedures.

The Fund's objective is to achieve long-term capital growth through investment in initial public offerings and newly listed companies not exceeding 5 years from its listing on the Saudi Stock Market.

The Fund Manager is licensed and regulated by the CMA, through license no. 08123-37, to engage in dealing as a principle, managing mutual funds and providing consultation and safekeeping services for securities business.

The Fund is governed by Investment Fund Regulations ("the Regulations") published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006), thereafter amended on 16 Sha'ban 1437H (corresponding to 23 May 2016), detailing requirements of all funds within the Kingdom of Saudi Arabia.

In dealing with the unit holders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unit holders are considered as owners of the assets of the Fund and distributions are made in relation to their respective ownership in the total number of outstanding units.

## **2 - BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 BASIS OF PREPARATION**

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and the Fund's terms and conditions.

The financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss that have been measured at fair value. The Fund's financial statements are presented in Saudi Riyals (SR), which is also the Fund's functional currency.

### **2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and cash equivalents**

Cash and cash equivalents comprises cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. As at 31 December 2022, cash and cash equivalent consist of bank balances only.

Cash and cash equivalents are subject to the impairment requirements of IFRS 9.

#### **Provisions**

Provisions are recognized when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### **Revenue recognition**

##### *Dividends*

Dividend revenue from financial assets at fair value through profit or loss is recognized on the date when the Fund's right to receive the payment is established. Refer to the accounting policy of the financial assets through profit or loss.

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2 - BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Fair value measurement**

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is 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;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Net assets value per unit**

The net assets value (NAV) per unit as disclosed on 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.

**Foreign currency transaction**

Transactions during the year in currencies other than the functional currency are translated into the functional currency at the rates of exchange at the dates of the transaction. Monetary assets and liabilities that are denominated in a foreign currency are retranslated at the rate of exchange ruling at the statement of financial position date. Exchange gains or losses are reflected in the statement of profit and loss and other comprehensive income.

**Taxation / Zakat**

Zakat and income tax are the unit holders obligations and are not provided for in these financial statements.

**Expenses**

All expenses are recognized on an accrual basis, and all expenses are classified as general and administrative expenses.

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2 - BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial assets*****Initial recognition and measurement***

Financial assets are classified, at initial recognition at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as described below:

**Financial assets at fair value through profit or loss**

Financial assets are classified as investments at fair value through profit or loss if they are acquired for the purpose of selling or repurchasing them in the near term. The Fund designated its holding in a local quoted securities portfolio as financial assets at fair value through profit or loss. Such investments are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss. Equity investments designated at fair value through profit or loss are not subject to impairment assessment.

**Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

***Derecognition***

A financial asset is primarily derecognised 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 its 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.

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.

**Financial liabilities*****Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2 - BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial liabilities (Continued)*****Subsequent measurement*****Loans, borrowings and payables**

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Transaction costs are amortised using the EIR method from the date at which the loan is recognised over the repayment terms.

***Derecognition***

A financial liability is derecognised when the obligation is discharged, cancelled or expires.

**Offsetting of financial instruments**

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

**Redeemable units**

The Fund is open for subscriptions/ redemptions of units on every Monday and Wednesday. The net assets value of the Fund is determined every Monday and Wednesday (each a "Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the value of net assets (fair value of Fund assets minus Fund liabilities) by the total number of outstanding units on the relevant Valuation Day.

**2.3 USE OF JUDGMENTS AND ESTIMATES**

The preparation of the financial statements requires Fund manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

**Going concern**

The Fund Manager 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 on the Fund's ability to continue as a going concern.

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2022****2 - BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)****New and revised IFRSs applied with no material effect on the financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Impact of the initial application of Reference to the Conceptual Framework — Amendments to IFRS 3
- Impact of the initial application of Property, Plant and Equipment — Proceeds before Intended Use — Amendments to IAS 16
- Impact of the initial application of Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37
- Annual Improvements to IFRS 2018 – 2020 Cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41.

**New and revised IFRSs in issue but not yet effective and not early adopted**

The Fund has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

<u><b>New and revised IFRSs</b></u>	<u><b>Effective for annual periods beginning on or after</b></u>
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.	1-January-2024
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1-January-2023
IFRS 17 <i>Insurance Contracts</i> establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	1-January-2023
Amendments IFRS 3 <i>Business Combination</i> updating a reference to the Conceptual Framework.	1-January-2022
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates.	1-January-2023
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	1-January-2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Fund's financial statements as when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Fund in the period of initial application.

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2022****3 - MANAGEMENT FEE AND OTHER EXPENSES**

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues a management fee, as set out in the Fund's terms and conditions, at an annual rate of 1.9% of the Funds net assets calculated on a daily basis.

The Fund is responsible for all expenses, fees, other costs and liabilities incurred in managing and operating the Fund. Such expenses include, but are not limited to Sharia advisory, audit, remuneration of the Fund's Board, administration, dealing costs, custody, government and other professional fees.

**4 - INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents investment in equity securities listed on the Saudi Stock Exchange ("Tadawul").

The investment portfolio is allocated among the various economic sectors, the fair values of these investments are as follows:

<b>Sector</b>	<b>2022</b>		<b>2021</b>	
	<b>Fair value</b>	<b>%</b>	<b>Fair value</b>	<b>%</b>
	<b>SR</b>		<b>SR</b>	
Materials	<b>926,199</b>	<b>47.87</b>	-	-
Financials	<b>616,014</b>	<b>31.84</b>	564,778	27.50
Energy	<b>224,636</b>	<b>11.61</b>	1,094,441	53.29
Consumer discretionary	<b>116,112</b>	<b>6</b>	-	-
Consumer Staples	<b>51,900</b>	<b>2.68</b>	71,289	3.47
Information Technology	-	-	251,059	12.22
Real estate	-	-	72,200	3.52
<b>Total</b>	<b>1,934,861</b>	<b>100</b>	<b>2,053,767</b>	<b>100</b>

The movement of investments at fair value through profit or loss is as follows:

	<b>2022</b>	<b>2021</b>
	<b>SR</b>	<b>SR</b>
1 January	<b>2,053,767</b>	2,735,382
Addition	<b>4,570,837</b>	1,558,897
Disposal	<b>(4,774,032)</b>	(2,497,823)
Change in fair value	<b>84,289</b>	257,311
31 December	<b>1,934,861</b>	<b>2,053,767</b>

**5 - PREPAYMENTS AND OTHER ASSETS**

	<b>2022</b>	<b>2021</b>
	<b>SR</b>	<b>SR</b>
IPO subscription*	<b>192,440</b>	-
Other assets	<b>1,977</b>	2,061
	<b>194,417</b>	<b>2,061</b>

\*As at 31 December 2022, the Fund has subscribed initial public offerings (IPO) for Nofoth Food Products Company and Leen AlKhair Trading Company. Subsequent to the year end, the IPO has been settled and transferred to investments at fair value through profit or loss.

**6 - ACCRUED EXPENSES**

	<b>2022</b>	<b>2021</b>
	<b>SR</b>	<b>SR</b>
Accured Management fees (note 8)	<b>15,437</b>	9,943
Others	<b>42,074</b>	16,110
	<b>57,511</b>	<b>26,053</b>

**BMK IPO FUND**  
(Managed by Bait Al Mal Al Khaleeji Company)  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**7 - FAIR VALUES**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2022						
	Carrying amount			Fair value			
	Fair value	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR	SR	SR	SR
Financial assets							
Investments at FVTPL	1,934,861	-	1,934,861	1,934,861	-	-	1,934,861
Cash and cash equivalents	-	1,989,694	1,989,694	-	-	-	-
	<u>1,934,861</u>	<u>1,989,694</u>	<u>3,924,555</u>	<u>1,934,861</u>	<u>-</u>	<u>-</u>	<u>1,934,861</u>
Financial liabilities							
Accrued expenses	-	57,511	57,511	-	-	-	-
	<u>-</u>	<u>57,511</u>	<u>57,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2021						
	Fair value	Carrying amount	Total	Level 1	Level 2	Level 3	Total
	SR	Amortised cost	SR	SR	SR	SR	SR
Financial assets							
Investments at FVTPL	2,053,767	-	2,053,767	2,053,767	-	-	2,053,767
Cash and cash equivalents	-	3,336,039	3,336,039	-	-	-	-
	<u>2,053,767</u>	<u>3,336,039</u>	<u>5,389,806</u>	<u>2,053,767</u>	<u>-</u>	<u>-</u>	<u>2,053,767</u>
Financial liabilities							
Accrued expenses	-	26,053	26,053	-	-	-	-
	<u>-</u>	<u>26,053</u>	<u>26,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022****8 - RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties of the Fund include “Bayt Al Mal Al Khaleeji Company” being the Fund Manager and other funds managed by the same Fund Manager.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund’s Board of Directors.

The following table provides the significant transactions and the related approximate amounts that have been entered into with related parties during the year and their related accruals as at:

Related party	Nature of transaction	Transactions for the year		Balances	
		2022	2021	2022	2021
		SR	SR	SR	SR
Fund Manager	Management fee	98,246	114,802	15,437	9,943
Fund Board	Board of directors remuneration	12,000	12,000	-	-
Elite House GCC Equity Fund	Units redeemed	1,250,000	1,070,000	-	-
				15,437	9,943

As at 31 December 2022 the Elite House GCC Equity Fund (managed by same Fund Manager) holds 298,045 units in BMK Saudi Equity Fund (31 December 2021: 388,793 units).

Basis and term of payment for fee payable to related parties as per terms and conditions of the Fund approved by CMA are as follows:

Type of fee	Basis and rate	Basis for calculation
Management fees	1.9 % of net asset value.	Annually, calculated on a daily basis.
Board of Directors remunerations	SR 3,000 per meeting only payable to the independent members, maximum up to SR 12,000 per annum.	Per member per meeting.

**9 - VALUATION DAY**

The Fund's units are valued at every Monday and Wednesday and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these financial statements was 31 December 2022.

**10 - RISK MANAGEMENT**

The Fund’s activities expose it to a variety of financial risks: commission rate risk, credit risk, liquidity risk, market risk and equity price risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:



**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2022****10 - RISK MANAGEMENT (continued)****Commission rate risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to the changes in the market commission rates. The Fund is not subject to commission rate risk.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Fund seeks to manage its credit risk with respect to the banks by only dealing with reputable banks having sound credit ratings.

	<u>2022</u>	<u>2021</u>
	<u>SR</u>	<u>SR</u>
Cash and cash equivalents	<u><u>1,989,694</u></u>	<u><u>3,336,039</u></u>

The carrying amount of financial assets represents the maximum credit exposure.

**Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on Monday and Wednesday, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions or liquidation of the investment portfolio.

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

The table below summarises the maturity profile of the Fund's financial liabilities based on the contractual undiscounted amounts at the reporting period:

<b>31 December 2022</b>				
	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
<b>Financial Liabilities</b>				
Accrued expenses	<u>57,511</u>	<u>57,511</u>	<u>-</u>	<u>-</u>
	<u><u>57,511</u></u>	<u><u>57,511</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>31 December 2021</b>				
	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
<b>Financial Liabilities</b>				
Accrued expenses	<u>26,053</u>	<u>26,053</u>	<u>-</u>	<u>-</u>
	<u><u>26,053</u></u>	<u><u>26,053</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**BMK IPO FUND**

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022****10 - RISK MANAGEMENT (continued)****Market risk**

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Fund's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Equity price risk**

The Fund listed equity securities are susceptible to market price risk arising from uncertainties about its future values of the investment securities. The Fund manages the equity price risk through diversification and by placing limits on individual and total equity instruments sectors (refer note 4). The exposure to equity securities and its impact on equity is detailed in the table below with a % change in equity prices:

	<i>31 December</i>	<i>Sensitivity</i>	
<i>Markets</i>	<i>2022</i>	<i>Gain/Loss</i>	
<i>Investments at fair value through profit or loss</i>	<i>SR</i>	<i>SR</i>	<i>%</i>
Saudi Arabia	<b>1,934,861</b>	<b>+ -19,349</b>	<b>+ -1%</b>

	<i>31 December</i>	<i>Sensitivity</i>	
<i>Markets</i>	<i>2021</i>	<i>Gain/Loss</i>	
<i>Investments at fair value through profit or loss</i>	<i>SR</i>	<i>SR</i>	<i>%</i>
Saudi Arabia	<b>2,053,767</b>	<b>+ -20,538</b>	<b>+ -1%</b>

**11 - APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Fund Manager on 12 April 2023.