

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

BMK IPO FUND

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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 2023, 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 2023, 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
Al-Khobar, Kingdom of Saudi Arabia

Bader Hatim Al Tamimi
License No. 489
8 Ramadan 1445H
18 March 2024



BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2023**

	<i>Note</i>	2023	2022
		SR	SR
ASSETS			
Cash and cash equivalents		1,539,045	1,989,694
Investments at fair value through profit or loss	4	2,892,249	1,934,861
Prepayments and other assets	5	-	194,417
TOTAL ASSETS		4,431,294	4,118,972
LIABILITIES			
Accrued expenses	6	96,385	57,511
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		4,334,909	4,061,461
Units in issue (number of units)		300,045	300,045
Net assets attributable to each unit (SR)		14.45	13.54

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	2023 <i>SR</i>	<i>2022</i> <i>SR</i>
Income			
Gain on investments at fair value through profit or loss	4	416,764	84,289
Dividend income		48,942	82,944
		465,706	167,233
Expenses			
Fund management fees	3,8	(78,579)	(98,246)
Custody fees		(11,219)	(11,000)
Board of Directors' fees	8	(12,000)	(12,000)
Brokerage commission		(194)	(3,303)
Others		(90,266)	(97,037)
		(192,258)	(221,586)
Profit / (loss) for the year		273,448	(54,353)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		273,448	(54,353)

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 2023**

	<u>2023</u>	<u>2022</u>
	<i>SR</i>	<i>SR</i>
Net assets attributable to unit holders at 1 January	4,061,461	5,365,814
Total comprehensive income/ (loss) for the year	273,448	(54,353)
Payments for units redeemed	-	(1,250,000)
Net assets attributable to unit holders at 31 December	<u>4,334,909</u>	<u>4,061,461</u>

Movement in number of units

	<u>2023</u>	<u>2022</u>
Units at the beginning of the year	300,045	390,793
Units redeemed during the year	-	(90,748)
Units at the end of the year	<u>300,045</u>	<u>300,045</u>

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 2023**

	<u>2023</u>	<u>2022</u>
	<u>SR</u>	<u>SR</u>
Operating activities		
Profit / (loss) for the year	273,448	(54,353)
<i>Adjustments for changes in operating assets and liabilities:</i>		
Net change in investments at fair value through profit or loss	(957,388)	118,906
Prepayments and other assets	194,417	(192,356)
Accrued expenses	38,874	31,458
Net cash utilized in operating activities	(450,649)	(96,345)
Financing activities		
Payments on redemption of units	-	(1,250,000)
Net cash utilized in financing activities	-	(1,250,000)
Net change in cash and cash equivalents	(450,649)	(1,346,345)
Cash and cash equivalents at the beginning of the year	1,989,694	3,336,039
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,539,045	1,989,694

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 2023**

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 1 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 MATERIAL ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

The financial statements of the Fund for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (IFRS) and the Fund's terms and conditions. Details of the Fund's material accounting policies are disclosed in note 2.2

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.

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.

2.2 SUMMARY OF MATERIAL 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 2023, 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.

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

2 - BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****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.

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.

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 2023

2 - BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.2 SUMMARY OF MATERIAL 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***Recognition and measurement***

Financial liabilities measured at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund shall recognise a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. Other financial liabilities are recognized on the date on which they are originated.

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

2 - BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****Financial liabilities (Continued)*****Recognition and measurement (Continued)***

A financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL.

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.

There are no 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. 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.

2.4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**New and amended IFRSs applied with no material effect on the financial statements**

The following new and amended IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements. The application of these revised IFRSs has not any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 17 *Insurance Contracts* establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.
- Extension of the Temporary Exemption from Applying IFRS 9 *Financial Instruments* - Amendments to changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*.

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023****2 - BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****2.4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)**

- Disclosure of Accounting Policies - Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2 Making Materiality Judgements. These amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments did not result in any changes to the accounting policies disclosed in the financial statements.
- Definition of Accounting Estimates - Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 *Income Taxes*.
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 *Income Taxes*

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>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</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
Applicability of IFRS S1 <i>General requirements for disclosure of sustainability-related</i> financial information and IFRS S2 <i>Climate-related disclosures</i>	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i> regarding classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.	1 January 2024
Amendments to IFRS 16 <i>Leases</i> regarding the treatment for sale and leaseback transactions.	1 January 2024
Amendments to IAS 7 <i>Statement of Cash flows</i> and IFRS 7 <i>Financial Instrument: Disclosure</i> regarding supplier finance arrangements	1 January 2024
Amendments to IAS 21 <i>The Effect of Changes in Foreign Exchange Rates</i> regarding the lack of exchangeability	1 January 2024

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.

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.

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023**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:

Sector	2023		2022	
	Fair value	%	Fair value	%
	SR		SR	
Materials	1,041,867	36.02	926,199	47.87
Financials	635,445	21.97	616,014	31.84
Information Technology	367,920	12.72	-	-
Energy	346,752	11.99	224,636	11.61
Consumer Staples	221,523	7.66	51,900	2.68
Consumer Discretionary	113,032	3.91	116,112	6
Foods and Staples Retailing	158,470	5.48	-	-
Real Estate	7,240	0.25	-	-
Total	2,892,249	100	1,934,861	100

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

	2023	2022
	SR	SR
1 January	1,934,861	2,053,767
Addition	830,853	4,570,837
Disposal	(290,229)	(4,774,032)
Change in fair value	416,764	84,289
31 December	2,892,249	1,934,861

5 - PREPAYMENTS AND OTHER ASSETS

	2023	2022
	SR	SR
IPO subscription*	-	192,440
Other assets	-	1,977
	-	194,417

*During 2022, the Fund subscribed initial public offerings (IPO) for Nofoth Food Products Company and Leen AlKhair Trading Company. During the year ended 31 December 2023, the IPO has been settled and transferred to investments at fair value through profit or loss.

6 - ACCRUED EXPENSES

	2023	2022
	SR	SR
Accrued Management fees (note 8)	23,642	15,437
Others	72,743	42,074
	96,385	57,511

(Managed by Bait Al Mal Al Khaleeji Company)

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.

[illegible]

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2023****8 - RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties of the Fund include "Bait 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	Transactions for the year		Balances	
		2023	2022	2023	2022
		SR	SR	SR	SR
Fund Manager	Management fee	78,579	98,246	23,642	15,437
Fund Board	Board of directors remuneration	12,000	12,000	18,000	6,000
Elite House GCC Equity Fund	Units redeemed	-	1,250,000	-	-
				41,642	21,437

As at 31 December 2023 the Elite House GCC Equity Fund (managed by same Fund Manager) holds 298,045 units in BMK Saudi Equity Fund (31 December 2022: 298,045 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 2023.

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.

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2023****10 - RISK MANAGEMENT (continued)**

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

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>2023</u>	<u>2022</u>
	<u>SR</u>	<u>SR</u>
Cash and cash equivalents	<u><u>1,539,045</u></u>	<u><u>1,989,694</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:

31 December 2023				
Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years	
SR	SR	SR	SR	
Financial Liabilities				
Accrued expenses	96,385	96,385	-	-
	<u>96,385</u>	<u>96,385</u>	<u>-</u>	<u>-</u>
31 December 2022				
Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years	
SR	SR	SR	SR	
Financial Liabilities				
Accrued expenses	57,511	57,511	-	-
	<u>57,511</u>	<u>57,511</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 2023****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:

	31	Sensitivity	
Markets	December	Gain/Loss	
	2023		
Investments at fair value through profit or loss	SR	SR	%
Saudi Arabia	2,892,249	+ -28,925	+ -1%
	31 December	Sensitivity	
Markets	2022	Gain/Loss	
	SR	SR	%
Investments at fair value through profit or loss			
Saudi Arabia	1,934,861	+ -19,349	+ -1%

11 - APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Fund Manager on 15 February 2024.