

AL MAL MENA EQUITY FUND
(A sub-fund of Al Mal Fund Company B.S.C. (c))

Financial statements
For the year ended 31 December 2022

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Contents	Page
Information about the Fund	1
Directors' report	2
Independent auditor's report	3-5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in net assets attributable to the unitholders of the Fund	8
Statement of cash flows	9
Notes to the financial statements	10-21

AL MAL MENA EQUITY FUND

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Information about the Fund

Investment Manager and Operator	Al Mal Capital PSC Office 901, 48 Burj Gate, Downtown Dubai, Sheikh Zayed Road, P. O. Box 119930, Dubai, United Arab Emirates
Chairman	Mr. Naser Nabulsi
Directors	Mr. Narendra Gajria Mr. Sanjay Vig
Registered Office	C/o Apex Fund Services Bahrain WLL, Wind Tower, Office 82 Building 403, Road 1705, Manama 317, Kingdom of Bahrain.
Banker and Custodian	Standard Chartered Bank, Government Avenue, Building No. 180, P.O. Box 29, Manama, Kingdom of Bahrain.
Fund Company	Al Mal Fund Company B.S.C. (c), C/o Apex Fund Services Bahrain WLL, Wind Tower, Office 82 Building 403, Road 1705, Manama 317, Kingdom of Bahrain.
Administrator and Registrar	Apex Fund Services Bahrain WLL, Wind Tower, Office 82 Building 403, Road 1705, Manama 317, Kingdom of Bahrain.
Auditor	PricewaterhouseCoopers ME Limited P.O. Box 60771, 47th Floor, Bahrain Financial Harbour, West Tower, Manama, Kingdom of Bahrain.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Directors' report for the year ended 31 December 2022

The directors of Al Mal Fund Company B.S.C. (c) (the "Company") have pleasure in submitting their report together with the audited financial statements of Al Mal MENA Equity Fund (the "Fund") a sub-fund of the Company for the year ended 31 December 2022.

Principal activity

The Fund is an open-ended investment fund and its primary objective is to achieve significant capital appreciation primarily through investments in equity and equity-related securities. The Fund invests primarily in the MENA markets.

Financial position

The financial position of the Fund as at 31 December 2022 is set out in the accompanying financial statements.

Dividend

The Fund distributed USD 946,471 to the holders of redeemable units for the year ended 31 December 2022 (2021: USD 1,310,004).

Directors

The following were directors of the Company as at 31 December 2022 and to the date of this report:

Mr. Naser Nabulsi - Chairman
Mr. Narendra Gajria - Director
Mr. Sanjay Vig- Director

Auditors

The auditors, PricewaterhouseCoopers M.E Limited, have expressed their willingness to continue for the year ending 31 December 2023.

By order of the Board of Directors



Mr. Naser Nabulsi
Chairman



Mr. Narendra Gajria
Director

19 April 2023



Independent auditor's report to the unitholders of Al Mal MENA Equity Fund (a sub fund of Al Mal Fund Company B. S.C. (c))

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Al Mal Mena Equity Fund (the "Fund"), a sub fund of Al Mal Fund Company B.S.C. (c) 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.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to the unitholders of the Fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our audit report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent auditor's report to the unitholders of Al Mal MENA Equity Fund (a sub fund of Al Mal Fund Company B. S.C. (c)) (continued)

Report on the audit of the financial statements (continued)

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and the Central Bank of Bahrain ("CBB") Rulebook (Volume 7) and for such internal control as directors determine 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, the directors are 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 the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 the directors.
- Conclude on the appropriateness of the directors' 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.



Independent auditor's report to the unitholders of Al Mal MENA Equity Fund (a sub fund of Al Mal Fund Company B. S.C (c)) (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the directors 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.

Report on other legal and regulatory requirements

As required by CBB Rulebook (Volume 7), we report that:

- (i) the Fund has maintained proper accounting records and the financial statements are in agreement therewith;
- (ii) the financial information included in the Director's report of the Fund is consistent with the financial statements;
- (iii) nothing has come to our attention which causes us to believe that the Fund has, during the year, breached any of the applicable provisions of the CBB Rulebook (Volume 7), the Central Bank of Bahrain and Financial Institutions Law and CBB directives, or the terms of the Fund's Prospectus that would have a material adverse effect on its activities for the year ended 31 December 2022 or its financial position as at that date; and
- (iv) satisfactory explanations and information have been provided to us by the directors in response to all our requests.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

John Molloy
Partner's registration number: 255
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
20 April 2023

Al Mal MENA Equity Fund
(A sub-fund of Al Mal Fund Company B.S.C. (c))

Statement of financial position
(Expressed in United States Dollars unless otherwise stated)

	Note	As at 31 December	
		2022	2021
Assets			
Current assets			
Cash at bank	4	1,448,365	2,255,102
Financial assets at fair value through profit or loss	5	20,347,766	27,447,863
Due from brokers	6	-	228,676
Dividend receivable	9	13,637	-
Other receivable		1,584	1,584
Total assets		21,811,352	29,933,225
Liabilities			
Current liabilities			
Due to brokers	8	-	1,945,901
Due to a related party	11	32,579	53,118
Accrued expenses and other liabilities	7	26,482	40,486
Total liabilities		59,061	2,039,505
Net assets attributable to the unitholders	12	21,752,291	27,893,720
Number of units outstanding	12	2,063,283	2,516,304
Net asset value ("NAV") per unit	12	10.54	11.09

The financial statements were approved and authorised for issue on 19 April 2023 and signed by:



Mr. Naser Nabulsi
Chairman



Mr. Narendera Gajria
Director

The notes from 1 to 13 are an integral part of these financial statements.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Statement of comprehensive income

(Expressed in United States Dollars unless otherwise stated)

	Note	Year ended 31 December	
		2022	2021
Income			
Net unrealised (loss)/gain on financial assets at fair value through profit or loss	5	(698,450)	3,579,392
Net realised gain on sale of financial assets at fair value through profit or loss	5	960,954	4,318,967
Net foreign exchange loss		(94,789)	(97,062)
Dividend income	9	774,107	801,295
Total income		941,822	8,602,592
Expenses			
Management fee	10 (a)	(489,207)	(531,732)
Custodian fee	10 (b)	(79,739)	(65,862)
Administration fee	10 (c)	(26,976)	(22,680)
Interest expense		-	(990)
Other expenses	10 (d)	(270,630)	(196,935)
Total expenses		(866,552)	(818,199)
Increase in net assets attributable to the unitholders of the Fund			
Other comprehensive income		75,270	7,784,393
Total comprehensive income for the year		75,270	7,784,393

The financial statements were approved and authorised for issue on 19 April 2023 and signed by:



Mr. Naser Nabulsi
Chairman



Mr. Narendra Gajria
Director

The notes from 1 to 13 are an integral part of these financial statements.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Statement of changes in net assets attributable to the unitholders of the Fund

(Expressed in United States Dollars unless otherwise stated)

	Year ended 31 December	
	2022	2021
Net assets attributable to the unitholders of the Fund at the beginning of the year	<u>27,893,720</u>	<u>26,336,495</u>
Issue of redeemable units	15,311,856	930,034
Redemption of redeemable units	<u>(20,582,084)</u>	<u>(5,847,198)</u>
Movement in net assets attributable to unitholders from units' issuance/redemptions	22,623,492	21,419,331
Distribution to holders of redeemable units	(946,471)	(1,310,004)
Total comprehensive income for the year	<u>75,270</u>	<u>7,784,393</u>
Net assets attributable to the unitholders of the Fund at the end of the year	<u>21,752,291</u>	<u>27,893,720</u>

The notes from 1 to 13 are an integral part of these financial statements.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Statement of cash flows

(Expressed in United States Dollars unless otherwise stated)

		Year ended 31 December	
	Note	2022	2021
Cash flows from operating activities			
Increase in net assets attributable to unitholders of the Fund		75,270	7,784,393
Adjustments for:			
Dividend income	8	(774,107)	(801,295)
		<u>(698,837)</u>	<u>6,983,098</u>
Net changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		7,100,097	(1,488,331)
Due from brokers		228,676	876,605
Prepaid rent		-	(1,584)
Due to brokers		(1,945,901)	1,614,993
Due to a related party		(20,539)	17,298
Accrued expenses and other liabilities		(14,004)	(112,607)
Cash generated from operating activities		<u>4,649,492</u>	<u>7,889,472</u>
Dividend income received		760,470	824,943
Net cash generated from operating activities		<u>5,409,962</u>	<u>8,714,415</u>
Cash flows from financing activities			
Proceeds from overdraft		-	(332,671)
Proceeds from issue of redeemable shares		15,311,856	930,034
Payments on redemption of redeemable shares		(20,582,084)	(5,847,198)
Distribution to holders of redeemable units		(946,471)	(1,344,800)
Net cash used in financing activities		<u>(6,216,699)</u>	<u>(6,594,635)</u>
Net (decrease)/increase in cash and cash equivalents			
		(806,737)	2,119,780
Cash and cash equivalents at the beginning of the year		<u>2,255,102</u>	<u>135,322</u>
Cash and cash equivalents at the end of the year		<u>1,448,365</u>	<u>2,255,102</u>

The notes from 1 to 13 are an integral part of these financial statements.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

1 Incorporation and background information

Al Mal MENA Equity Fund (“the Fund”) is an open-ended investment fund established by Al Mal Fund Company B.S.C. (“the Company”), a closed joint stock company registered under Commercial Registration No. 68823 in the Kingdom of Bahrain. Registration of the Fund in Bahrain was completed on 11 May 2008, the date of approval by the CBB to market the Fund. The Fund has been licensed by the CBB as an “Exempt Fund” as per the guidelines in Volume 7 of the CBB’s Rulebook.

The objective of the Fund is to achieve capital appreciation primarily through diversified investments in equity and equity-related securities in the Middle East and North African (MENA) equity markets.

The financial information represents the assets, liabilities, and operations of the Fund only. The investment activities of the Fund are managed by Al Mal Capital PSC (the “Investment Manager” and “Operator”) and administered by Apex Fund Services Bahrain WLL (the “Administrator”).

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and are in conformity with the Central Bank of Bahrain and Financial Institutions. The financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through profit and loss which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund’s accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

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.

(a) New standards and amendments and interpretations effective for the financial year beginning on 1 January 2022

The following new and revised IFRS, 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, except where stated, have not had any material impact on the amounts reported for the current and prior years.

- (i) Reference to the Conceptual Framework – Amendments to IFRS 3
- (ii) Annual improvements to IFRS Standards 2018-2020

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations not yet adopted

There are no other applicable new standards and amendments to published standards or International Financial Reporting Interpretations Committee (IFRIC) interpretations that have been issued but are not effective for the Fund's financial year beginning on 1 January 2022 and are expected to have a significant impact on the Fund's financial statements.

2.2 Foreign currency translation

(a) Functional and presentation currency

The Fund's units are denominated in United States Dollar ("USD"). The primary activity of the Fund is to invest in listed equity securities of the MENA region. The performance of the Fund is measured and reported to the investors in USD. The fund considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions. The financial statements are presented in USD, which is the Fund's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation of monetary items are included in the statement of comprehensive income.

2.3 Financial assets

2.3.1 Classification

The Fund classified its financial assets in the following measurement categories:

- a. those to be measured subsequently at fair value through profit or loss; and
- b. those measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in the statement of comprehensive income. For investments in quoted equity instruments that are held for trading, the Fund has made an irrevocable election at the time of initial recognition to account for the quoted equity investments at fair value through profit or loss ("FVPL").

2.3.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

2.3.3 Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.3 Financial assets (continued)

2.3.4 Subsequent measurement

The Fund subsequently measures all quoted equity investments at fair value.

Subsequent to the initial recognition, financial assets other than those carried at fair value through profit or loss are carried at amortised cost using the effective interest method.

Dividends from such investments continue to be recognised in the statement of comprehensive income when the Fund's right to receive payments is established.

2.3.5 Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

All the financial assets at amortised cost are considered to have low credit risk, and the loss allowance was therefore limited to 12 months' expected losses. The loss allowance on the financial assets at amortised cost was immaterial.

2.4 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Fund. All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition the financial liabilities are subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The Fund's financial liabilities comprise of 'due to brokers', 'due to a related party' and 'accrued expenses and other liabilities'.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and deposits held at call with financial institutions with original maturities of three months.

2.6 Due from and due to brokers

Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered at the reporting date.

Amounts due to brokers represent payables for securities purchased that have been contracted for but not yet settled or delivered at the reporting date.

2.7 Redeemable units

Units are redeemable at the unitholders' option and are classified as financial liabilities.

The units can be put back to the Fund at any time for cash equal to a proportionate unit of the Fund's net asset value. The units are carried at the redemption amount that is payable at the reporting date if the unitholder exercises the right to put the unit back to the Fund.

The units are issued and redeemed at the unitholders' option at the prices based on the Fund's net assets value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holder of redeemable units by the total number of outstanding redeemable units.

2.8 Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Fund's right to receive payments is established.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.9 Provisions

Provisions are recognised 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 the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, and interest rate risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

3.1 Market risk

The Fund is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

3.1.1 Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where equity securities are denominated in currencies other than USD, the price is initially expressed in foreign currency and then converted into USD and therefore, which will also fluctuate because of changes in foreign exchange rates.

To manage its price risk from investment securities, the Fund attempts to diversify its investment portfolio. There are well defined investment policies and procedures approved by the Company's Directors which govern the trading securities.

Formal valuation policies that specify appropriate and sound portfolio valuation methodologies have been established for investments in listed companies. Marking the equity portfolio to market on each valuation day ensures that the unrealised gains and losses are accounted for on a weekly basis.

As 31 December 2022, the fair value of equities exposed to price risk was USD 20,347,766 (2021: USD 27,447,863).

The effect on the statement of comprehensive income and statement of changes in net assets attributable to the unitholders of the Fund (as a result of a change in the fair value of financial assets at fair value through profit or loss at the year ends) presented due to 10% reasonably possible change in market indices with all other variables held constant will be an increase by USD 2,034,777 (2021: USD 2,744,786).

There would be an equal and opposite impact, had there been a decrease in market indices by 10%.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

3 Financial risk management (continued)

3.1 Market risk (continued)

3.1.2 Foreign exchange risk

Foreign exchange risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Fund is not exposed to significant currency risk with respect to its financial assets and financial liabilities as a significant portion of the foreign currency trading securities are in currencies pegged to the US Dollar. The Fund is not exposed to significant currency risk on QAR, AED and SAR since those currencies are effectively pegged to the USD. However, the Fund is exposed to currency risk on GBP, KWD, MAD, OMR and EGP as those currencies are not pegged to the USD.

The carrying amounts of the Fund's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
AED	6,185,050	3,273,221	-	-
BHD	426,056	-	-	(27,596)
GBP	529	590	-	-
QAR	2,639,852	2,955,551	-	-
SAR	9,974,334	14,700,894	-	-
KWD	1,148,898	1,357,553	-	-
MAD	434,915	1,078,256	-	-
OMR	-	182,026	-	-
EGP	-	3,011,562	-	-
	<u>20,809,634</u>	<u>26,559,653</u>	<u>-</u>	<u>(27,596)</u>

The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items in AED, BHD, QAR and SAR and adjusts their translation at the year end for a 5% change in foreign currency rates with all other variables held constant. 5% represents management's assessment of the reasonably possible change in foreign currency rates. A negative number below indicates a decrease in profit (2021: decrease in profit) and a positive number indicates increase in profit (2021: increase in profit), where USD strengthens 5% against the relevant currency. For a 5% weakening of USD against the relevant currency, there would be an equal and opposite impact on the income.

Currency	Effect on income	
	2022	2021
GBP	(26)	(30)
KWD	(57,445)	(67,878)
MAD	(21,746)	(53,913)
OMR	-	(9,101)
EGP	-	(150,578)
	<u>(79,217)</u>	<u>(281,500)</u>

3.1.3 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's financial assets and liabilities have a maturity of maximum one month and its other assets and liabilities are not sensitive to interest rate risk. Therefore, the Fund is not significantly exposed to interest rate risk.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

3 Financial risk management (continued)

3.2 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from bank balances and due from brokers. For bank balances, only independently rated parties with a minimum rating of 'A' are accepted (refer Note 4). Additionally, reputed approved entities are appointed as the custodian of the Fund. Thus, the impact of expected credit losses is insignificant.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is made by the custodian only on receipt of payment from the broker. Payment is made by the custodian for the purchase of securities only on receipt of security from the broker. The trade will fail if either party fails to meet its obligations.

To measure the expected credit losses, the financial assets have been based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the financial assets. The Fund did not have any historical losses. The cash at bank is repayable on demand and due from brokers have been collected subsequent to the year end.

The maximum exposure to credit risk before any credit enhancements at 31 December (by class of assets) is the carrying amount of the financial assets as set out below:

Amortised cost	2022	2021
Cash at bank	1,448,365	2,255,102
Dividend receivable	13,637	-
Due from brokers	-	228,676
	<u>1,462,002</u>	<u>2,483,778</u>

3.3 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 is exposed to the weekly cash redemptions of redeemable units. Its policy is therefore to invest its assets in investments that are traded in an active market and can be readily disposed of. As per the prospectus of the Fund, the Investment Manager has the right to scale down redemptions to 10% of the net asset value of the Fund if the redemption request on any valuation day exceeds more than 10% of the net asset value of the Fund.

Compared to the year ended 31 December 2021, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The impact of discounting is not considered to be significant as all balances are due within 12 months.

3.4 Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to unitholders of the Fund can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

3 Financial risk management (continued)

3.5 Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the input used in making the measurement. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

As at 31 December 2022 and 2021, all the financial assets at fair value through profit or loss of the Fund were listed equity investments whose values are based on quoted market prices in active markets, and therefore, classified within Level 1. There were no transfers between levels during the year.

Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Fund is the closing price.

These instruments are included in Level 1. All other current assets and current liabilities are carried at values that reflect a reasonable approximation of their fair value.

4 Cash at bank

	Credit rating	2022	2021
Balances with a bank	A+	<u>1,448,365</u>	<u>2,255,102</u>

5 Financial assets at fair value through profit or loss

Investments in listed shares are classified as financial assets at fair value through profit or loss. These securities provide the Fund with the opportunity to enhance the return on investment through trading gains. The fair value of these securities is based on quoted market prices.

The geographical analysis of investments is as follows:

	2022	%	2021	%
Investments in listed equity securities				
- Saudi Arabia	9,519,005	47%	14,612,037	53%
- United Arab Emirates	6,185,050	30%	3,671,101	13%
- Qatar	2,639,852	13%	3,305,696	12%
- Egypt	-	-	2,971,388	11%
- Kuwait	1,143,414	6%	1,627,360	6%
- Morocco	428,547	2%	1,078,255	4%
- Oman	-	-	182,026	1%
- Bahrain	431,898	2%	-	-
Total financial assets at fair value through profit or loss	<u>20,347,766</u>	<u>100%</u>	<u>27,447,863</u>	<u>100%</u>

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

5 Financial assets at fair value through profit or loss (continued)

5.1 The Fund holds investments in 38 securities (2021: 45 securities). The fair value of the top ten securities based on their quoted prices as at the reporting date is as follows:

Description	2022	
	Fair Value	Fair Value as % of total NAV
The Saudi National Bank	1,529,473	7.03%
Saudi Aramco Base Oil Co	1,262,677	5.80%
Tanmiah Food Company	1,007,810	4.63%
Adnoc Drilling Co PJSC	906,210	4.17%
Qatar National Bank	884,512	4.07%
Qatar Gas Transport (Nakilat)	879,340	4.04%
Saudi Telecom Co	750,475	3.45%
Americana Restaurants Intern	740,924	3.41%
Abu Dhabi Ports Co PJSC	687,761	3.16%
Dubai Islamic Bank	665,652	3.06%

Description	2021	
	Fair Value	Fair Value as % of total NAV
Al Rajhi Bank	2,638,241	9.44%
The Saudi National Bank	1,879,151	6.72%
Qatar National Bank	1,414,994	5.06%
Al Mouwasat Medical Services	1,407,010	5.03%
United Electronics Company	1,216,883	4.35%
Commercial International Bank	1,002,317	3.59%
Saudi Basic Industries Corp	990,808	3.55%
National Bank of Kuwait	852,694	3.06%
First Abu Dhabi Bank PJSC	816,823	2.92%
Emirates NBD PJSC	786,694	2.81%

The movement in the financial assets at fair value through profit or loss is summarised as follows:

	2022	2021
Balance at 1 January	27,447,863	25,959,532
Purchases during the year	54,107,898	35,424,915
Disposals during the year	(61,470,499)	(41,834,943)
Net fair value movement	262,504	7,898,359
Balance at 31 December	20,347,766	27,447,863

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

6 Due from brokers

The Fund had Nil due from brokers as at 31 December 2022 (2021: USD 228,676). The amount represents securities sold by the brokers, however not yet settled at the reporting date. These are short-term by nature and settled within 5 working days.

7 Accrued expenses and other liabilities

	2022	2021
Redemptions payable	101	101
Administration fee payable	1,000	2,250
Custodian fees payable	3,041	8,452
Accrued professional fees	6,949	9,019
License fee payable	7,000	11,498
Listing fees payable	8,076	4,600
Other payables	315	4,566
	<u>26,482</u>	<u>40,486</u>

8 Due to brokers

The Fund had Nil due to brokers as at 31 December 2022 (2021: USD 1,945,901). The amount represents securities purchases that have been contracted for but not yet paid at the reporting date.

9 Dividend Income

	2022	2021
Dividend income	<u>774,107</u>	<u>801,295</u>

During 2022, the Fund has recognized dividend income of USD 774,107 out of which USD 13,637 is outstanding as dividend receivable (2021: dividend income of USD 801,295 out of which USD nil is outstanding as dividend receivable).

10 Management, administration, custodian and other fees*(a) Management fee*

Under the investment management agreement, the Investment Manager is entitled to an annual management fee of 1.75% (2021: 1.75%) of the Net Asset Value ("NAV") of the Fund for its services as Investment Manager. The management fee is accrued on each valuation day and is payable quarterly in arrears.

(b) Custodian fee

Under the custody agreement, the custodian is entitled to a custody fee which is an agreed percentage of the value of investments in their custody. The custody fee is accrued on a weekly basis and is payable monthly in arrears. The applicable rate depends on agreed thresholds and varies from 0.10% to 0.20%. (2021: from 0.10% to 0.20%.) The Fund also pays the custodian a transaction fee which is based on the market.

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

10 Management, administration, custodian and other fees(continued)*(c) Administration fee*

Under the administration agreement, the Administrator is entitled to an administration fee which is a fixed monthly fee of USD 2,250 (2021: USD 2,500) for assets under management up to USD 25 million. The administration fee is accrued on a weekly basis and is payable monthly in arrears with out-of-pocket expenses recovered by way of a charge of 5% (2021: 5%) of the monthly administration fee.

(d) Other expenses

	2022	2021
Professional fees	12,862	11,713
Registrar fees	4,374	4,320
Commission fees*	218,132	143,730
License fee (reversal)/expense	(2,441)	5,305
Others	37,703	31,867
	<u>270,630</u>	<u>196,935</u>

* Commission fees are related to agent fees charged on a transaction basis.

11 Related parties

Related party transactions represent transactions with related parties as defined in International Accounting Standard 24: "Related Party Disclosures" (these include Unitholders, Directors and Investment Manager of the Fund). Related party transactions are carried out at arm's length and at rates approved by the Fund Manager. Amounts due from/to related parties are unsecured, bear no interest and have no fixed repayment terms. These are classified as current assets and current liabilities as appropriate.

(a) Transactions with a related party

During the year, the Fund had the following transactions with the related party:

Related Party	Nature	2022	2021
Al Mal Capital PSC	Management fees	<u>489,207</u>	<u>531,732</u>

At the reporting date, Al Mal Capital PSC held 1,180,370 (2021: 1,633,504) units in fiduciary capacity, which represent approximately 57.21% (2021: 64.92%) of the total units subscribed and outstanding as at the reporting date.

(b) Balances due to a related party

Related Party	Nature	2022	2021
Al Mal Capital PSC	Management fees	<u>32,579</u>	<u>53,118</u>

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

11 Related parties (continued)

(c) Subscriptions & Redemptions of Fund units

	31 December			
	2022 USD	2022 Units	2021 USD	2021 Units
Al Mal Capital PSC				
Subscriptions	15,310,599	1,271,792	88,375	408,450
Redemptions	(20,582,084)	(1,724,926)	(497,942)	(5,454,399)

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors of the Fund.

The Fund does not have key management personnel as all the decisions are taken by the Investment Manager. The authority and responsibility for planning, directing and controlling the activities of the Fund lies with the Investment Manager.

12 Redeemable units

The capital of the Fund consists of redeemable units with a par value of USD 10 per unit, which do not carry voting rights. They are entitled to dividends and to a proportionate share of the Fund's net assets attributable to holders of redeemable units.

The Fund's capital is represented by these redeemable units. Quantitative information about the Fund's capital is provided in the statement of changes in net assets attributable to the unitholders of the Fund.

Each unit issued confers upon the unitholder an equal interest in the Fund and is of equal value. A unit does not confer any interests in any particular asset or investment of the Fund.

Changes in the number of redeemable units outstanding can be reconciled as follows:

	No. of units	
	2022	2021
Opening balance	2,516,304	2,961,090
Issue of redeemable units	1,271,905	88,681
Redemptions of redeemable units	(1,724,926)	(533,467)
Ending balance	<u>2,063,283</u>	<u>2,516,304</u>

Al Mal MENA Equity Fund

(A sub-fund of Al Mal Fund Company B.S.C. (c))

Notes to the financial statements for the year ended 31 December 2022

(Expressed in United States Dollars unless otherwise stated)

12 Redeemable units (continued)**12.1 Performance table**

For the year ended	Net Asset Value	NAV per unit	Highest subscription price	Lowest redemption price	Highest redemption price
2022	21,752,291	10.54	12.61	11.23	12.87
2021	27,893,720	11.09	10.92	10.32	11.08
2020	26,336,495	8.89	8.83	8.67	8.95
2019	25,173,513	8.90	8.77	9.00	9.39
2018	27,412,940	8.52	9.96	-*	-*
2017	7,083,937	8.68	8.46	7.79	8.36
2016	3,131,312	7.61	7.83	6.70	6.70
2015	4,242,607	7.85	9.54	8.98	9.55
2014	5,278,284	8.80	11.20	9.49	9.91
2013	5,223,923	9.11	8.78	7.25	8.69
2012	4,223,128	6.90	-*	6.75	6.75

* No transactions during the year.

12.2 Net asset value per unit

	Net Asset Value	Number of Units in issue	Net Asset Value Per Unit
As at 31 December 2022	21,752,291	2,063,283	10.54
As at 31 December 2021	27,893,720	2,516,304	11.09

13 Subsequent events

For the year ended 31 December 2022, there were no material subsequent events which necessitated the revision of the figures or disclosures included in the financial statements.