

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 2023

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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 HSBC Bank Middle East Limited, Head Office, Building 2505 Road 2832, Al Seef District 428 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 2023

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 2023.

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 2023 is set out in the accompanying financial statements.

Dividend

The Fund distributed USD 989,836 to the holders of redeemable units for the year ended 31 December 2023 (2022: USD 946,471).

Directors

The following were directors of the Company as at 31 December 2023 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 2024.

By order of the Board of Directors



Mr. Naser Nabulsi
Chairman



Mr. Narendra Gajria
Director

25 April 2024





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) (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- 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 comprising material accounting policy information 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 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 Company's 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))

Report on the audit of the financial statements (continued)

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

The Company's directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, Volume 7 of the Central Bank of Bahrain ("CBB") Rulebook relating to Collective Investment Undertakings (the "Rulebook") and for such internal control as the Company's 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 Company's 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 Company's directors either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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 Company's directors.
- Conclude on the appropriateness of the Company's 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.



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 (continued)

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

- 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.

Report on other legal and regulatory requirements

As required by Volume 7 of the Central Bank of Bahrain ("CBB") Rulebook relating to Collective Investment Undertakings (the "Rulebook"), we report that:

- (i) the Fund has maintained proper accounting records and the financial statements are in agreement therewith;
- (ii) the financial information contained in the Directors' report is consistent with the financial statements;
- (iii) We are not aware of any violations of the Rulebook or the terms of the Fund's Prospectus having occurred during the year ended 31 December 2023 that might have had a material adverse effect on the business of the Fund or on its financial position; and
- (iv) satisfactory explanations and information have been provided to us by the directors in response to all our requests.

John Molloy
Partner's registration number: 255
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
26 April 2024


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)

		As at 31 December	
	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	4	1,300,577	1,448,365
Financial assets at fair value through profit or loss	5	24,160,558	20,347,766
Dividend receivable	8	8,610	13,637
Other receivable		28,581	1,584
Total assets		25,498,326	21,811,352
Liabilities			
Current liabilities			
Due to brokers	7	1,214,507	-
Due to a related party	10	35,742	32,579
Accrued expenses and other liabilities	6	25,879	26,482
Total liabilities		1,276,128	59,061
Net assets attributable to the unitholders	11	24,222,198	21,752,291
Number of units outstanding	11	1,945,845	2,063,283
Net asset value ("NAV") per unit	11	12.45	10.54

The financial statements were approved and authorised for issue on 25 April 2024 and signed by:


Mr. Naser Nabulsi
Chairman


Mr. Narendra Gajria
Director

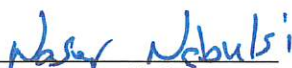
The notes from 1 to 12 are an integral part of these financial statements.

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	
		2023	2022
Income			
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	5	3,738,921	(698,450)
Net realised gain on sale of financial assets at fair value through profit or loss	5	925,193	960,954
Net foreign exchange loss		(47,378)	(94,789)
Dividend income	8	721,382	774,107
Total income		5,338,118	941,822
Expenses			
Management fee	9 (a)	(414,844)	(489,207)
Custodian fee	9 (b)	(41,479)	(79,739)
Administration fee	9 (c)	(38,600)	(29,976)
Other expenses	9 (d)	(85,378)	(267,630)
Total expenses		(580,301)	(866,552)
Increase in net assets attributable to the unitholders of the Fund		4,757,817	75,270
Other comprehensive income		-	-
Total comprehensive income for the year		4,757,817	75,270

The financial statements were approved and authorised for issue on 25 April 2024 and signed by:


Mr. Naser Nabulsi
Chairman


Mr. Narendra Gajria
Director

The notes from 1 to 12 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	
	2023	2022
Net assets attributable to the unitholders of the Fund at the beginning of the year	<u>21,752,291</u>	<u>27,893,720</u>
Issue of redeemable units	69,397	15,311,856
Redemption of redeemable units	<u>(1,367,471)</u>	<u>(20,582,084)</u>
Movement in net assets attributable to unitholders from units issuance/redemptions	20,454,217	22,623,492
Distribution to holders of redeemable units	(989,836)	(946,471)
Total comprehensive income for the year	<u>4,757,817</u>	<u>75,270</u>
Net assets attributable to the unitholders of the Fund at the end of the year	<u>24,222,198</u>	<u>21,752,291</u>

The notes from 1 to 12 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)

	Note	Year ended 31 December	
		2023	2022
Cash flows from operating activities			
Increase in net assets attributable to unitholders of the Fund		4,757,817	75,270
Adjustments for:			
Dividend income	8	(721,382)	(774,107)
		<u>4,036,435</u>	<u>(698,837)</u>
Net changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(3,812,792)	7,100,097
Due from brokers		-	228,676
Investment in advance		(25,000)	-
Prepayments		(1,997)	-
Due to brokers		1,214,507	(1,945,901)
Due to a related party		3,163	(20,539)
Accrued expenses and other liabilities		(603)	(14,004)
Cash generated from operating activities		<u>1,413,713</u>	<u>4,649,492</u>
Dividend income received		<u>726,409</u>	<u>760,470</u>
Net cash generated from operating activities		<u>2,140,122</u>	<u>5,409,962</u>
Cash flows from financing activities			
Proceeds from issue of redeemable shares		69,397	15,311,856
Payments on redemption of redeemable shares		(1,367,471)	(20,582,084)
Distribution to holders of redeemable units		(989,836)	(946,471)
Net cash used in financing activities		<u>(2,287,910)</u>	<u>(6,216,699)</u>
Net decrease in cash and cash equivalents		<u>(147,788)</u>	<u>(806,737)</u>
Cash and cash equivalents at the beginning of the year		<u>1,448,365</u>	<u>2,255,102</u>
Cash and cash equivalents at the end of the year		<u>1,300,577</u>	<u>1,448,365</u>

The notes from 1 to 12 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 2023
(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 significant capital appreciation primarily through investments in equity and equity-related securities in the Middle East and North African (MENA) equity markets; and/or, companies which have all or part of their business activities in the target Regions.

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 Material 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 Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”), interpretations issued by IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS Accounting Standards 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 Accounting Standards 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 and amended standards and interpretations effective for the financial year beginning on 1 January 2023

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

- Insurance Contracts – Amendments to IFRS 17
- Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current – Amendments to IAS 1
- Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9 – Amendments to IFRS 4
- Presentation of Financial Statements and IFRS Practice Statements 2 – Amendments to IAS 1
- Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to 12
- Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8

Notes to the financial statements for the year ended 31 December 2023
(Expressed in United States Dollars unless otherwise stated)

2 Summary of material 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 2023 and are expected to have a significant impact on the Fund's financial statements.

The Fund is currently assessing the impact of these standards.

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.

Notes to the financial statements for the year ended 31 December 2023
(Expressed in United States Dollars unless otherwise stated)

2 Summary of material 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 costs 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 of 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.

Notes to the financial statements for the year ended 31 December 2023
(Expressed in United States Dollars unless otherwise stated)

2 Summary of material accounting policies (continued)

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.

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 2023, the fair value of equities exposed to price risk was USD 24,160,558 (2022: USD 20,347,766).

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 2,416,056 (2022: USD 2,034,777).

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 2023
(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	
	2023	2022	2023	2022
AED	6,431,772	6,185,050	-	-
BHD	255,932	426,056	-	-
GBP	557	529	-	-
QAR	1,963,381	2,639,852	-	-
SAR	13,472,420	9,974,334	-	-
KWD	1,455,702	1,148,898	-	-
MAD	409,519	434,915	-	-
OMR	109,286	-	-	-
	24,098,568	20,809,634	-	-

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 (2022: decrease in profit) and a positive number indicates increase in profit (2022: 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	
	2023	2022
GBP	(28)	(26)
KWD	(72,785)	(57,445)
MAD	(20,476)	(21,746)
OMR	(5,464)	-
	(98,753)	(79,217)

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.

Notes to the financial statements for the year ended 31 December 2023
(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 and cash equivalents 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	2023	2022
Cash and cash equivalents	1,300,577	1,448,365
Dividend receivable	8,610	13,637
	<u>1,309,187</u>	<u>1,462,002</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. 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.

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.

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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 2023 and 2022, 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 and cash equivalents

	Credit rating	2023	2022
Balances with a bank	A+	1,300,577	1,448,365

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:

	2023	%	2022	%
Investments in listed equity securities				
- Saudi Arabia	13,963,675	58%	9,519,005	47%
- United Arab Emirates	6,092,536	25%	6,185,050	30%
- Qatar	1,963,381	8%	2,639,852	13%
- Kuwait	1,358,879	6%	1,143,414	6%
- Morocco	409,519	2%	428,547	2%
- Oman	109,286	0%	-	-
- Bahrain	263,282	1%	431,898	2%
Total financial assets at fair value through profit or loss	24,160,558	100%	20,347,766	100%

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

5.1 The Fund holds investments in 37 securities (2022: 38 securities). The fair value of the top ten securities based on their quoted prices as at the reporting date is as follows:

Description	2023	
	Fair Value	Fair Value as % of total NAV
ELM Co.	1,299,219	5.36%
The Saudi National Bank	1,247,323	5.15%
Saudi Telecom Co,	1,225,941	5.06%
Aldrees Petroleum and Transport Services Co.	1,127,838	4.66%
Adnoc Drilling Co PJSC	978,243	4.04%
Al Rajhi Bank	911,179	3.76%
Abu Dhabi Ports Co, PJSC	898,802	3.71%
Alkhorayef Water and Power Tec.	774,400	3.20%
SAL Saudi Logistics Services Co.	758,160	3.13%
Arabian Internet & Communication	735,886	3.04%

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%

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

	2023	2022
Balance at 1 January	20,347,766	27,447,863
Purchases during the year	59,953,169	54,107,898
Disposals during the year	(60,804,491)	(61,470,499)
Net fair value movement during the year	4,664,114	262,504
Balance at 31 December	24,160,558	20,347,766

Notes to the financial statements for the year ended 31 December 2023
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6 Accrued expenses and other liabilities

	2023	2022
Redemptions payable	-	101
Administration fee payable	-	1,000
Custodian fees payable	3,949	3,041
Accrued professional fees	14,830	6,949
License fee payable	7,000	7,000
Listing fees payable	-	8,076
Other payables	100	315
	<u>25,879</u>	<u>26,482</u>

7 Due to brokers

The Fund had an amount of USD 1,214,507 due to brokers as at 31 December 2023 (2022: nil). The amount represents securities purchases that have been contracted for but not yet paid at the reporting date. The balance was subsequently paid.

8 Dividend income

	2023	2022
Dividend income	<u>721,382</u>	<u>774,107</u>

During 2023, the Fund has recognized dividend income of USD 721,382 out of which USD 8,610 is outstanding as dividend receivable (2022: dividend income of USD 774,107 out of which USD 13,637 is outstanding as dividend receivable).

9 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% (2022: 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%. (2022: from 0.10% to 0.20%.) The Fund also pays the custodian a transaction fee which is based on the market.

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9 Management, administration, custodian and other fees (continued)

(c) *Administration fee*

Under the administration agreement, the Administrator is entitled to an administration fee amounting to a fixed yearly fee of USD 28,000, which will be paid on monthly basis of USD 2,333 (2022: monthly fee of USD 2,250) for assets under management up to USD 35 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% (2022: 5%) of the monthly administration fee.

(d) *Other expenses*

	2023	2022
Professional fees	23,842	18,512
Registrar fees	5,400	4,374
Commission fees*	47,986	218,132
License fee reversal	-	(2,441)
Others	8,150	29,053
	<u>85,378</u>	<u>267,630</u>

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

10 Transactions and balances with 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 of transaction	2023	2022
Al Mal Capital PSC	Management fees	<u>414,844</u>	<u>489,207</u>

At the reporting date, Al Mal Capital PSC held 1,063,939 (2022: 1,180,370) units in fiduciary capacity, which represent approximately 54.68% (2022: 57.21%) of the total units subscribed and outstanding as at the reporting date.

(b) Balances due to a related party

Related Party	Nature of balance	2023	2022
Al Mal Capital PSC	Management fees	<u>35,742</u>	<u>32,579</u>

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10 Related parties (continued)

(c) Subscriptions & Redemptions of Fund units

Related Party	31 December			
	2023 USD	2023 Units	2022 USD	2022 Units
Al Mal Capital PSC				
Subscriptions	69,398	5,971	15,310,599	1,271,792
Redemptions	(1,367,471)	(123,409)	(20,582,084)	(1,724,926)

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.

11 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	
	2023	2022
Balance at 1 January	2,063,283	2,516,304
Issue of redeemable units	5,971	1,271,905
Redemptions of redeemable units	(123,409)	(1,724,926)
Balance at 31 December	1,945,845	2,063,283

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11 Redeemable units (continued)

11.1 Performance table

For the year ended	Net Asset Value	NAV per unit	Highest subscription price	Lowest redemption price	Highest redemption price
2023	24,222,198	12.45	11.62	11.07	12.42
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	8.8	11.20	9.49	9.91
2013	5,223,923	9.11	8.78	7.25	8.79
2012	4,223,128	6.90	-*	6.75	6.75

* No transactions during the year.

11.2 Net asset value per unit

	Net Asset Value	Number of Units in issue	Net Asset Value Per Unit
As at 31 December 2023	24,222,198	1,945,845	12.45
As at 31 December 2022	21,752,291	2,063,283	10.54

12 Subsequent events

For the year ended 31 December 2023, there were no material subsequent events which necessitated the revision of the figures or disclosures included in the financial statements.