

DAMAN UAE IPO FUND

FINANCIAL STATEMENTS

31 DECEMBER 2023

DAMAN UAE IPO FUND

Financial statements

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DAMAN UAE IPO FUND

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Daman UAE IPO Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of cash flows and statement of changes in net assets attributable to unitholders for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Fund in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Fund's Private Placement Memorandum, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DAMAN UAE IPO FUND (continued)

Report on the Audit of the Financial Statements (continued)

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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
DAMAN UAE IPO FUND (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.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner
Registration No: 687

28 March 2024

Dubai, United Arab Emirates

DAMAN UAE IPO FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year/period ended 31 December 2023

			15 August 2022 to 31 December 2022
	Notes	2023 AED'000	AED'000
INCOME			
Net unrealised (loss)/gain on investments at fair value through profit or loss	3	(729)	26
Net realised gain on investments at fair value through profit or loss	3	1,989	879
Dividend income		567	79
Total income		1,827	984
EXPENSES			
Management fees	10	(230)	(81)
Other expenses	4	(572)	(630)
Total expenses		(802)	(711)
NET PROFIT FOR THE YEAR/PERIOD		1,025	273
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		1,025	273

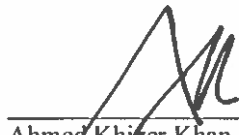
The attached notes 1 to 15 form part of these financial statements.

DAMAN UAE IPO FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 AED'000	2022 AED'000
ASSETS			
Bank balances	5	4,893	7,591
Investments at fair value through profit or loss	6	16,552	13,962
		21,445	21,553
LIABILITIES			
Management fees payable	10	23	22
Other liabilities	7	156	232
		179	254
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		21,266	21,299
Net Asset Value (NAV) per unit, based on 20,000 (2022: 21,026) units outstanding (AED)	8	1,063	1,013


Ahmed Khizer Khan
Chief Executive Officer

DAMAN UAE IPO FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year/period ended 31 December 2023

	<i>Number of units</i>	<i>Net assets attributable to unit holders AED'000</i>
At 31 December 2022	21,026	21,299
Redemption of units during the year (Note 8)	(1,026)	(1,042)
Dividend paid during the year (Note 9)	-	(16)
Profit for the year	-	1,025
At 31 December 2023 (note 8)	<u>20,000</u>	<u>21,266</u>

	<i>Number of units</i>	<i>Net assets attributable to unit holders AED'000</i>
Issue of units at 15 August 2022	21,026	21,026
Profit for the period	-	273
At 31 December 2022 (note 8)	<u>21,026</u>	<u>21,299</u>

The attached notes 1 to 15 form part of these financial statements.

DAMAN UAE IPO FUND

STATEMENT OF CASH FLOWS

For the year/period ended 31 December 2023

			15 August 2022 to 31 December 2022 AED'000
	Notes	2023 AED'000	
OPERATING ACTIVITIES			
Net profit for the year/period		1,025	273
Adjustments for:			
Net unrealised loss/(gain) from investments at fair value through profit or loss	3	729	(26)
Net realised gain from investments at fair value through profit or loss	3	(1,989)	(879)
		(235)	(632)
Working capital changes:			
Management fees payable		1	22
Other liabilities		(76)	232
Cash generated from operations		(310)	(378)
Purchase of investments at fair value through profit or loss	6	(29,192)	(26,144)
Proceeds from sale of investments at fair value through profit or loss	6	27,862	13,087
Net cashflows used in operating activities		(1,640)	(13,435)
FINANCING ACTIVITIES			
Redemption of redeemable units	8	(1,042)	-
Dividend paid	9	(16)	-
Net cash (used in)/generated from financing activities		(1,058)	21,026
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,698)	7,591
Cash and cash equivalents at beginning of the year/period		7,591	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	5	4,893	7,591

The attached notes 1 to 15 form part of these financial statements.

DAMAN UAE IPO FUND

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

DAMAN UAE IPO Fund (“the Fund”) is an open-ended private fund established in the United Arab Emirates (“UAE”) by Daman Investments PSC (“Fund Manager”) and is registered with the UAE Securities and Commodities Authority (the “Authority”) under the license number 301043.

The Fund commenced its operations on 15 August 2022. The registered office of the Fund is 6th Floor, Sheikh Rashid Tower, Dubai World Trade Center, Dubai, United Arab Emirates.

The Fund’s investment objective is to generate medium term capital growth by investing in securities issued by companies that (i) are undertaking an initial public offering on a UAE exchange (“IPO”) or (ii) have listed on a UAE exchange in the previous 24 months. The investment strategy of the Fund will be bottom-up fundamentally driven. The focus will be on the companies whose securities can provide strong price appreciation based on a number of factors, such as but not limited to solid earnings growth potential, cheap valuation, high dividend yield and unique product/services offering. The Fund may also on a temporary basis invest up to 75% of its assets in cash or cash equivalent instruments (such as cash deposits, money market instruments, up to A- rated short-term bonds, etc.), if there are limited attractive IPO investment opportunities in the near-term.

The Fund’s Investment Manager is Daman Investments P.S.C (“Fund Manager”), a private joint stock company incorporated in the UAE and licensed by the Authority to carry on the following financial services as defined in the Authority rules. The Fund’s administrator is Apex Fund Services Ltd- Abu Dhabi. (“the Administrator”).

The financial statements of the Fund for the year ended 31 December 2023 were approved and authorised for issue on 28 March 2024.

2.1 BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (IASB).

Functional and presentation currency

The financial statements have been presented in United Arab Emirates Dirhams (AED) which is the functional currency of the Fund. All values are rounded to the nearest thousand (AED ‘000) except as otherwise indicated.

Accounting convention

These financial statements are prepared under the historical cost convention except for investment at fair value through profit or loss which are carried at fair value.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those used in the previous year, except as follows:

New and amended standards and interpretations

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments do not have any material impact on the financial statements of the Fund.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments are not expected to have any material impact on the Fund in the period of initial application.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Net gain/(loss) from investments at fair value through profit or loss

Net gain/(loss) from investments at fair value through profit or loss includes all realised gain/(loss) and unrealised fair value changes and foreign exchange differences but excludes dividend income.

Net realised gain/(loss) from investments at fair value through profit or loss represents the difference between the closing price applicable on the last revaluation date and their sale/settlement price.

The unrealised gain (loss) represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or transaction price when purchased in the current reporting period and its fair value at the end of the reporting period.

Dividend income

Dividend income is recognised in the statement of comprehensive income when the right to receive income is established net of applicable tax on dividends. For quoted equity securities this is usually the ex-dividend date.

Expenses

All expenses, including the management fees, administration fees, custodian fee, organisational costs and other operational expenses are recognised in the statement of comprehensive income on an accrual basis.

Subscription fees

Subscription fees are charged to unitholders by the Fund Manager at the time of issuance of units from the Fund.

- Class A Units: No subscription fee.
- Class B Units: Subscription fee of up to 5% of an investor's aggregate subscription amount, unless waived or reduced by the Fund Manager at its sole discretion.

Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) *Financial assets*

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments - initial recognition and subsequent measurement (continued)

i) *Financial assets(continued)*

Initial recognition and measurement(continued)

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Fund had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments - initial recognition and subsequent measurement (continued)

i) *Financial assets (continued)*

Derecognition

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

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

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

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

ii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's financial liabilities include management fee payables, custodian fee payable, administration fee payable and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Fund. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments - initial recognition and subsequent measurement (continued)

iii) Offsetting of financial instruments

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

Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise balances with banks with original maturities of less than three months.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Net asset value per unit

The net asset value per unit is calculated by dividing the net assets included in the statement of financial position by the closing number of units outstanding at period end.

Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Redeemable units

Unitholders must send a Redemption Notice at least two (2) Business Days prior to the relevant Redemption Day. Units shall generally be redeemed at a price equal to the Unit NAV of the relevant Class as at the relevant Redemption Day after adjustment for applicable fees. The Fund Manager may suspend, limit or restrict redemption requests under certain circumstances as set out in this Memorandum. The Fund Manager may also compulsorily redeem all or some Units held by a Unitholder in its sole discretion. Redemption proceeds (less any Redemption Fee) will generally be paid within ten (10) Business Days after the relevant Redemption Day. Redemption payments will be made in AED or, in the absolute discretion of the Investment Manager, in kind, or partly in cash and partly in kind.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Fund.

When available, the Fund measures the fair value of an instrument using quoted bid prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received.

Assets are measured at a bid price and liabilities are measured at an asking price.

All changes in fair value, other than dividend income, are recognised in the statement of comprehensive income as net gain or loss from financial instruments at fair value through profit or loss.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statement required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

a) Judgements

In the process of applying the Fund's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in 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 and the Shareholder are not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

DAMAN UAE IPO FUND

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

3 NET GAIN/(LOSS) FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 AED'000	15 August 2022 to 31 December 2022 AED'000
Net unrealised (loss)/gain from investments at fair value through profit or loss (Note 6)	(729)	26
Net realised gain from investments at fair value through profit or loss (Note 6)	1,989	879
	<u>1,260</u>	<u>905</u>

4 OTHER EXPENSES

	2023 AED'000	15 August 2022 to 31 December 2022 AED'000
Legal and professional fees	406	555
Custodian fees	113	45
Performance fees	22	45
Others	31	30
	<u>572</u>	<u>630</u>

5 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	2023 AED'000	2022 AED'000
Bank balances	<u>4,893</u>	<u>7,591</u>

6 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund's investments at fair value through profit or loss comprise listed equity securities that are held for trading.

Movement in the balance of financial assets at investments at fair value through profit or loss during the period is as follows:

	2023 AED'000	2022 AED'000
Balance at the beginning of the year/period	13,962	-
Addition made during the year/period	29,192	26,144
Disposal made during the year/period	(27,862)	(13,087)
Net unrealised (loss)/gain on investments at fair value through profit or loss (Note 3)	(729)	26
Net realised gain on investments at fair value through profit or loss (Note 3)	1,989	879
	<u>16,552</u>	<u>13,962</u>

DAMAN UAE IPO FUND

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

7 OTHER LIABILITIES

	2023 AED'000	2022 AED'000
Administration fees payable	15	14
Custodian fees payable	12	45
Other payables	129	173
	<u>156</u>	<u>232</u>

8 NET ASSET VALUE

The minimum size of the Fund is AED 10,000,000. The minimum initial subscription amount is (i) AED 20,000,000 per investor in respect of Class A Units and (ii) AED 180,000 per investor in respect of Class B Units. The minimum subsequent subscription amount from each investor is AED 20,000, subject to the discretion of the Fund Manager to accept a lower amount. The Fund may issue an unlimited number of Units. The minimum size of the Fund is AED 1,000,000,000.

	2023	2022
Net asset attributable to unit holders (AED'000)	<u>21,266</u>	<u>21,299</u>
Class A units	20,000	20,000
Class B units	-	1,026
	<u>20,000</u>	<u>21,026</u>
Number of units redeemed during the year*	<u>1,026</u>	<u>-</u>
Net asset value per unit (AED)	<u>1,063</u>	<u>1,013</u>

The initial offering of units was at a price of AED 1,000 per unit (par value). Subsequent to the initial offering, the subscription and redemption price for units is based on the Net Assets Value (NAV) per unit on every Friday of each week.

*During the year, 1,026 of Class B Units were redeemed by the subscriber for an amount of AED 1,042 thousand.

9 DIVIDENDS

The Fund shall pay dividends to unitholders on a class-by-class basis in such amounts and at such times as determined by the Fund Manager at its sole discretion notwithstanding this the Fund shall generally pay a dividend (i) on an annual basis in respect of Class A Units and (ii) on a quarterly basis in respect of Class B Units.

Any dividends declared by the Fund shall be paid to the unitholder, within forty-five (45) days following the end of the relevant period, on a pro rata basis in accordance with the unit's net asset value as at the date of the dividend or if such day is not a valuation day, then as at the immediately preceding valuation day.

On 14 April 2023, the Fund Manager of the Fund approved the distribution of cash dividend of AED 15 per share for Class B Units, amounting to AED 16 thousand (2022: Nil).

10 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties mean companies and entities under common ownership and/or common management and control, their shareholders, key management personnel. The Fund Manager decides on the terms and conditions of the transactions and services received from/rendered to related parties as well as on other charges.

Transactions with the related parties included in the statement of comprehensive income are as follows:

	2023 AED'000	15 August 2022 to 31 December 2022 AED'000
Management fees	230	81
Performance fees	22	-

Balances with related parties at the reporting dates are shown below:

	2023	2022
Number of units held by related parties	20,000	21,026
Total value of redeemable units held by related parties	20,000	21,026

Due to related parties

Management fees payable to the Fund Manager (AED'000)	23	22
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Compensation of key management personnel

The Fund is managed by the Investment Manager and there are no key management personnel of the Fund.

11 FEES

a) Management Fee

The Fund pays the Fund Manager a monthly management fee (the "Management Fee"), calculated on a Class by Class basis, in an amount equal to:

- (a) 1.00% per annum of the Net Asset Value per Class A Unit (before any reserves or accruals for the Management Fee for the current month or Performance Fee for the current year); and
- (b) 1.50% per annum of the Net Asset Value per Class B Unit (before any reserves or accruals for the Management Fee for the current month or Performance Fee for the current year).

The Management Fee is calculated weekly (based on the Unit NAV on each Valuation Day) and payable monthly in arrears on the last day of each calendar month. Any new or existing Unitholder that subscribes for Units at any time other than the first Business Day of a calendar month will be assessed a pro-rated portion of the Management Fee with respect to such subscription.

b) Performance Fee

The Fund pays the Fund Manager a performance fee (the "Performance Fee"), payable annually (or upon a redemption of Units, if applicable), calculated on Class by Class basis, in an amount equal to:

- (a) 10% of the increase, if any, in the Net Asset Value per Class A Unit, during each Fiscal Year (or part thereof), above an amount equal to the High Water Mark subject to the Hurdle being achieved for the relevant Fiscal Year; and
- (b) 15% of the increase, if any, in the Net Asset Value per Class B Unit, during each Fiscal Year (or part thereof), above an amount equal to the High Water Mark subject to the Hurdle being achieved for the relevant Fiscal Year.

12 FINANCIAL INSTRUMENTS**(a) Financial risk management objectives**

The Fund Manager provides services to the Fund, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Fund through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market price risk, credit risk, settlement risk, operational risk and liquidity risk.

(b) Market price risk

Market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. All trading financial instruments are recognised at fair value, all changes in market conditions directly affect profit and loss. Market price risk is managed and monitored using risk management strategies and analytical monitoring and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in income instruments.

The price of financial instruments can go down as well as up and investors may not realise their initial investment on the redemption of their shares.

Fair value of financial instruments

The fair value of financial assets with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The Fund is mainly exposed to the fair value risk on its investments in exchange traded funds at fair value through profit or loss (FVTPL).

The following table details the Fund's sensitivity to a 10% increase and decrease in the fair value of Exchange Traded Funds. 10% is the sensitivity rate used when reporting fair value risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A number below indicates an increase in profit and distributable earnings where the investment in Exchange Traded Funds value strengthens by 10%. For a 10% weakening of Exchange Traded Fund's investment, there would be an equal and opposite impact on the profit and distributable earnings, and the balances below will be negative.

	2023	2022
	AED'000	AED'000
Financial assets at fair value through profit or loss	1,655	1,396

(c) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It arises principally from cash at bank and financial assets at fair value through profit or loss. The Fund Manager attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The maximum credit risk is limited to amounts appearing on the statement of financial position.

Where the credit risk is not in accordance with the investment policy or guidelines of the Fund, the Investment Manager is obliged to rebalance the portfolio as soon as it is reasonably practicable after each determination that the portfolio is not in compliance with the stated investment parameters.

(d) Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

12 FINANCIAL INSTRUMENTS (continued)

(e) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Fund cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Fund is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation whilst achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Investment Manager. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Contingency plans
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with policies and procedures is supported by periodic reviews undertaken by the Investment Manager's Audit and Compliance Division.

The Investment Manager's assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risks is carried out via regular discussions with the service providers.

Substantially all of the securities of the Fund are held with reputable custodians. Bankruptcy or insolvency of the custodians may cause the Fund's rights with respect to the securities held by the custodian to be delayed or limited. The Investment Manager monitors the credit ratings, internal control and financial position of its custodians on a periodic basis.

(f) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Fund Manager, which has built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund Manager monitors liquidity requirement by ensuring the sufficient funds are available to meet any commitment as they arises, either through new subscription or disposal of investment portfolio.

The Fund manages liquidity risk by maintaining adequate liquidity and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

DAMAN UAE IPO FUND

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

12 FINANCIAL INSTRUMENTS (continued)

(f) Liquidity risk (continued)

The following tables detail the Fund's remaining contractual maturity for its total assets and liabilities (excluding the net assets attributable to shareholders):

	<i>Up to three months AED'000</i>	<i>From three months to one year AED'000</i>	<i>From one year to five years AED'000</i>	<i>Unspecified maturity AED'000</i>	<i>Total AED'000</i>
Assets					
Bank balances	4,893	-	-	-	4,893
Financial assets at fair value through profit or loss	-	-	-	16,552	16,552
Total	4,893	-	-	16,552	21,445
Liabilities					
Management fee payable	23	-	-	-	23
Other liabilities	156	-	-	-	156
Total	179	-	-	-	179

	<i>Up to three months AED'000</i>	<i>From three months to one year AED'000</i>	<i>From one year to five years AED'000</i>	<i>Unspecified maturity AED'000</i>	<i>Total AED'000</i>
Assets					
Bank balances	7,591	-	-	-	7,591
Financial assets at fair value through profit or loss	-	-	-	13,962	13,962
Total	7,591	-	-	13,962	21,553
Liabilities					
Management fee payable	22	-	-	-	22
Other liabilities	232	-	-	-	232
Total	254	-	-	-	254

(g) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of the financial instruments. The Fund is not exposed to interest rate risk and in respect of financial assets, the Fund returns are based on market conditions.

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of the Fund's financial assets that are measured at fair value on recurring basis

Some of the Fund's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
31 December 2023				
Financial assets				
- Investments at fair value through profit or loss	<u>16,552</u>	<u>-</u>	<u>-</u>	<u>16,552</u>
	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
31 December 2022				
Financial assets				
- Investments at fair value through profit or loss	<u>13,962</u>	<u>-</u>	<u>-</u>	<u>13,962</u>

There were no transfers between Level 1 and 2 during the year.

14 CONTINGENCIES AND COMMITMENTS

The Fund has no significant contingent liabilities at the reporting date.

15 CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate.

15 CORPORATE TAX (continued)

With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes. Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company.

The Fund should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the financial statements for the financial year beginning 1 January 2024.

The Fund is currently in the process of assessing the possible impact both from current and deferred tax perspective and will apply the requirements as they come into effect. The Fund doesn't anticipate the material impact of this legislation on the financial reporting as at 31 December 2023.