

DAMAN UAE IPO FUND

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2023

DAMAN UAE IPO FUND

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Contents	Page
Independent auditor's report	1
Interim condensed statement of comprehensive income	2
Interim condensed statement of financial position	3
Interim condensed statement of changes in net assets attributable to unitholders	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6 - 10

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF DAMAN UAE IPO FUND

Introduction

We have reviewed the accompanying interim condensed financial statements of Daman UAE IPO Fund (the “Fund”), which comprising of the interim condensed statement of financial position as at 30 June 2023, and the related interim condensed statement of comprehensive income for the six-month period then ended and, statement of changes in net assets attributable to unitholders and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 IAS 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



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

16 August 2023

Dubai, United Arab Emirates

DAMAN UAE IPO FUND

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2023 (Unaudited)

	<i>Notes</i>	30 June 2023 (Unaudited) AED'000	30 June 2022 (Unaudited) AED'000
INCOME			
Net unrealised loss on investment at fair value through profit or loss	3	(654)	-
Net realised gain on investment at fair value through profit or loss	3	2,178	-
Dividend income		168	-
Total income		1,692	-
EXPENSES			
Management fees	10	(115)	-
Performance fees	10	(22)	-
Other expenses	4	(282)	-
Total expenses		(419)	-
NET PROFIT FOR THE PERIOD		1,273	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,273	-

The attached notes 1 to 13 form part of these interim condensed financial statements.

DAMAN UAE IPO FUND**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2023 (Unaudited)

	<i>Notes</i>	30 June 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
ASSETS			
Bank balances	5	5,924	7,591
Investment at fair value through profit or loss	6	16,328	13,962
		<u>22,252</u>	<u>21,553</u>
LIABILITIES			
Management fee payable		98	22
Due to broker		526	-
Other liabilities	7	114	232
		<u>738</u>	<u>254</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>21,514</u>	<u>21,299</u>
Net Asset Value (NAV) per unit, based on 20,000 (2022: 21,206 units) outstanding (AED)	8	<u>1,076</u>	<u>1,013</u>


Ahmed Khizer Khan
Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed financial statements.

DAMAN UAE IPO FUND

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period ended 30 June 2023 (Unaudited)

	<i>Number of units</i>	<i>Net assets attributable to unit holders AED'000</i>
1 January 2023 (Audited)	21,026	21,299
Redemption of units during the period (Note 8)	(1,026)	(1,042)
Dividend paid during the period (Note 9)	-	(16)
Profit for the period	-	1,273
At 30 June 2023 (Unaudited)	20,000	21,514

	<i>Number of units</i>	<i>Net assets attributable to unit holders AED'000</i>
1 January 2022 (Unaudited)	-	-
At 30 June 2022 (Unaudited)	-	-

The attached notes 1 to 13 form part of these interim condensed financial statements.

DAMAN UAE IPO FUND

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023 (Unaudited)

	Notes	30 June 2023 (Unaudited) AED'000	30 June 2022 (Unaudited) AED'000
OPERATING ACTIVITIES			
Net profit for the period		1,273	-
Adjustments for:			
Net unrealised loss from investment at fair value through profit or loss	3	654	-
Net realised gains from investment at fair value through profit or loss	3	(2,178)	-
		(251)	-
Working capital changes:			
Due to broker		526	-
Management fee payable		76	-
Other liabilities		(118)	-
Cash generated from operations		233	-
Purchase of investment at fair value through profit or loss	6	(12,495)	-
Proceeds from sale of investment at fair value through profit or loss	6	11,653	-
Net cash flows used in operating activities		(609)	-
FINANCING ACTIVITIES			
Redemption of redeemable units	8	(1,042)	-
Dividend paid	9	(16)	-
Net cash used in financing activities		(1,058)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,667)	-
Cash and cash equivalents at beginning of the period		7,591	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	5,924	-

The attached notes 1 to 13 form part of these interim condensed financial statements.

DAMAN UAE IPO FUND

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

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 Fund was incorporated on 15 August 2022 and the trade license were obtained from UAE Securities and Commodities Authority.

The fund was incorporated on 15 August 2022 and no comparatives are presented.

The interim condensed financial statements of the Fund for the period ended 30 June 2023 were approved and authorised for issue on 16 August 2023.

2.1 BASIS OF PREPARATION

Statement of compliance

The interim condensed financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Fund has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund’s annual financial statements as at 31 December 2022.

Functional and presentation currency

The interim condensed 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 interim condensed 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.

DAMAN UAE IPO FUND

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE FUND

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Fund.

- 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

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

	30 June 2023 (Unaudited) AED'000	30 June 2022 (Unaudited) AED'000
Net unrealised (loss) from investment at fair value through profit or loss (Note 6)	(654)	-
Net realised gain from investment at fair value through profit or loss (Note 6)	2,178	-
	1,524	-

4 OTHER EXPENSES

	30 June 2023 (Unaudited) AED'000	30 June 2022 (Unaudited) AED'000
Legal and professional fees	112	-
Custodian fees	61	-
Administration, statutory reporting and other service fees	88	-
Others	21	-
	282	-

5 CASH AND CASH EQUIVALENTS

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

	30 June 2023 (Unaudited) AED'000	30 June 2022 (Audited) AED'000
Bank balances	5,924	7,591

DAMAN UAE IPO FUND

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

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 as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period	13,962	-
Addition during the period	12,495	26,144
Disposal during the period	(11,653)	(13,087)
Net unrealised (loss)/gain on investments at fair value through profit or loss (Note 3)	(654)	26
Net realised gain on investments at fair value through profit or loss (Note 3)	2,178	879
	16,328	13,962

7 OTHER LIABILITIES

	30 June 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Performance fee	22	-
Custodian fees	20	45
Administration fees	14	14
Other payables	58	173
	114	232

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.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Net asset attributable to unit holders (AED'000)	21,514	21,299
Number of units outstanding:		
Class A units	20,000	20,000
Class B units	-	1,026
	20,000	21,026
Number of units redeemed during the period*	1,026	-
Net asset value per unit (AED)	1,076	1,013

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

DAMAN UAE IPO FUND

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

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

The Fund enters into transactions with other companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. 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 interim condensed statement of comprehensive income are as follows:

	30 June 2023 (Unaudited) AED'000	31 December 2022 (Unaudited) AED'000
Management fees	115	-
Performance fees	22	-

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

	30 June 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Number of units held by related parties	20,000	21,026
Total value of redeemable units held by related parties	20,000	21,026

	30 June 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
<i>Due to a related party</i>		
Management fee payable to the Fund Manager	98	22
Performance fee payable to the Fund Manager	22	-

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 CONTINGENCIES AND COMMITMENTS

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

13 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 has become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. In addition, there were several other decisions that were yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 30 June 2023, the Fund has considered that the Law was not substantively enacted from IAS 12 – Income Taxes perspective as at 30 June 2023. The Fund shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Fund is currently in the process of assessing the possible impact on financial statements, both from current and deferred tax perspective once the critical cabinet decisions have been issued.