

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024  
AND REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL  
INFORMATION**

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Condensed interim financial information for the six-month period ended 30 June 2024 (unaudited)**

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## REPORT ON REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION

### To the Unitholders Musharaka Murabahat and Sukuk Fund

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Musharaka Murabahat and Sukuk Fund (the "Fund"), managed by Musharaka Capital Company (the "Fund Manager") as of 30 June 2024 and the related condensed interim statements of profit or loss and other comprehensive income, changes in net assets attributable to unitholders and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information 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", that is endorsed in the Kingdom of Saudi Arabia. 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, that are endorsed in the Kingdom of Saudi Arabia, 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

### RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader  
License No. 435  
Khobar, Kingdom of Saudi Arabia  
31 July 2024 (corresponding 25 Muharram 1446H)



**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Condensed interim statement of profit or loss and other comprehensive income (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
<b>Revenue</b>			
Gain on investments carried at fair value through profit or loss	6	<b>610,320</b>	101,047
Finance income and short-term Murabaha deposits	7	<b>696,497</b>	162,106
<b>Total revenue</b>		<b>1,306,817</b>	263,153
<b>Expenses</b>			
Fund management fee	8	<b>(125,204)</b>	(31,684)
Other expenses	9	<b>(50,226)</b>	(47,342)
<b>Total expenses</b>		<b>(175,430)</b>	(79,026)
<b>Profit for the period</b>		<b>1,131,387</b>	184,127
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>1,131,387</b>	184,127

The accompanying notes form an integral part of this condensed interim financial information.

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Condensed interim statement of financial position (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Assets</b>			
Investments	6	24,519,456	3,395,616
Short-term Murabaha deposits	7	17,798,375	2,800,000
Accrued Murabaha income	7	141,778	23,799
Prepaid expenses		6,372	3,313
Cash at banks		5,773,833	933,117
<b>Total assets</b>		<b>48,239,814</b>	<b>7,155,845</b>
<b>Liabilities</b>			
Accrued management fee	11	28,191	9,463
Accrued expenses and other liabilities	10	33,329	32,078
<b>Total liabilities</b>		<b>61,520</b>	<b>41,541</b>
<b>Net assets attributable to unitholders</b>		<b>48,178,294</b>	<b>7,114,304</b>
Units in issue (Numbers)		4,322,117	651,535
Net asset value per unit (Saudi Riyals)		11.15	10.92

The accompanying notes form an integral part of this condensed interim financial information.

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Condensed interim statement of changes in net assets attributable to unit holders (unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)

	<b>For the six-month period ended 30</b>	
	<b>2024</b>	<b>June</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>At 1 January</b>	<b>7,114,304</b>	12,287,910
<b>Changes from operations</b>		
Total comprehensive income for the period	<b>1,131,387</b>	184,127
<b>Changes from unit transaction</b>		
Proceeds from units issued during the period	<b>102,048,410</b>	75,000
Payment against units redeemed during the period	<b>(62,115,807)</b>	(587,236)
<b>Net change from unit transactions</b>	<b>39,932,603</b>	(512,236)
<b>At 30 June</b>	<b>48,178,294</b>	11,959,801
<b><u>Movement in number of units</u></b>		
<b>At 1 January</b>	<b>651,535</b>	1,156,434
Units issued during the period	<b>9,279,797</b>	7,031
Units redeemed during the period	<b>(5,609,215)</b>	(54,564)
<b>Net change in units</b>	<b>3,670,582</b>	(47,533)
<b>At 30 June</b>	<b>4,322,117</b>	1,108,901

The accompanying notes form an integral part of this condensed interim financial information.

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Condensed interim statement of cash flows (unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30	
		2024	June
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>		<b>1,131,387</b>	184,127
<b>Adjustment for:</b>			
Fair value changes on investments carried at fair through profit or loss	6	(610,320)	(101,047)
Finance income	7	(696,497)	(162,106)
<b>Changes in operating assets and liabilities:</b>			
Increase in investments	6	(20,513,520)	(4,149)
(Increase) decrease in prepaid expenses		(3,059)	1,430
Increase in short-term Murabaha deposits	7	(14,998,375)	(260,980)
Increase (decrease) in accrued management fees	8	18,728	(8,791)
Increase (decrease) in accrued expenses and other liabilities	10	1,251	(1,995)
<b>Cash used in operations</b>		<b>(35,670,405)</b>	(353,511)
Finance income received	7	578,518	119,623
<b>Net cash outflow from operating activities</b>		<b>(35,091,887)</b>	(233,888)
<b>Cash flows from financing activities</b>			
Proceeds from subscription of units		102,048,410	75,000
Payment against redemption of units		(62,115,807)	(587,236)
<b>Net cash inflow (outflow) from financing activities</b>		<b>39,932,603</b>	(512,236)
<b>Net change in cash at banks</b>		<b>4,840,716</b>	(746,124)
Cash at banks at the beginning of period		933,117	1,150,518
<b>Cash at banks at the end of period</b>		<b>5,773,833</b>	404,394

The accompanying notes form an integral part of this condensed interim financial information.

## **MUSHARAKA MURABAHAT AND SUKUK FUND**

(Managed by Musharaka Capital Company)

### **Notes to the condensed interim financial information (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

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#### **1 GENERAL INFORMATION**

Musharaka Murabahat and Sukuk Fund (the “Fund”) is an open-ended investment fund, managed by Musharaka Capital Company (the “Fund Manager”), licensed by Capital Market Authority (“CMA”) under license no. 13169-27 dated 8 March 2020.

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by the CMA detailing requirements for all funds within the Kingdom of Saudi Arabia. The Regulations were amended by the CMA board on 12 Rajab 1442H (corresponding to 22 February 2021).

The terms and conditions of the Fund were approved by CMA on 29 Rabi II 1441H (corresponding to 26 December 2019). The Fund commenced its activities on 13 Rajab 1441H (corresponding to 8 March 2020) pursuant to such approval and after concluding the subscription procedures. The terms and conditions of the Fund were last updated during 2023.

The primary investment objective of the Fund is to generate returns for the investors in the short and medium term and to sustain the capital investment.

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unitholders are considered as owners of the assets of the Fund.

The registered address of the Fund Manager is P.O. Box 712, Al Khobar 31952, Kingdom of Saudi Arabia.

#### **2 BASIS OF PREPARATION**

##### **a) Statement of compliance**

This condensed interim financial information for the six-month period ended 30 June 2024 has been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The Fund has also complied with Investment Funds Regulations published by CMA and Fund’s terms and conditions, information memorandum and key information summary (collectively hereinafter referred to as “Terms and Conditions”).

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and these interim results may not be an indicator of the annual result of the Fund. Therefore, this condensed interim financial information should be read in conjunction with the Fund’s annual financial statements for the year ended 31 December 2023.

##### **b) Historical cost convention**

The condensed interim financial information has been prepared on a historical cost basis except for investments that are carried at fair value through profit or loss (“FVTPL”) that have been measured at fair value.

##### **c) Valuation day**

The Fund’s units are valued daily from Sunday to Thursday, and unit price is announced on the following business day. The last valuation day for the purpose of preparation of this financial information was 30 June 2024.

##### **d) Functional and presentation currency**

Items included in the condensed interim financial information of the Fund is measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The condensed interim financial information is presented in Saudi Arabian Riyals (“Saudi Riyals”).



**MUSHARAKA MURABAHAT AND SUKUK FUND**  
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**Notes to the condensed interim financial information (unaudited) (continued)**

(All amounts in Saudi Riyals unless otherwise stated)

**3 MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2023.

**4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of condensed consolidated interim financial information in conformity with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factor, including expectations of future events that are believed to be reasonable under the circumstances. The Fund makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the condensed interim financial information from those that were applied and disclosed in the annual financial statements for the year ended 31 December 2023.

**5 NEW STANDARDS AND AMENDMENTS TO THE STANDARDS ADOPTED BY THE FUND**

Amendments to the IFRS, effective from 1 January 2024 or later, do not have any material effect on the Fund's condensed interim financial information. Further, the Fund has not early adopted any new standards, interpretation or amendment that have been issued but that are not yet effective.

**6 INVESTMENTS**

	<u>As at 30 June</u>	<u>As at 31 December</u>
	<u>2024 (Unaudited)</u>	<u>2023 (Audited)</u>
<b>At fair value through profit or loss (FVTPL)</b>		
- Open ended mutual funds	23,748,629	2,624,851
<b>At amortized cost</b>		
- Debt instruments - Sukuks	770,827	770,765
<b>As at period / year end</b>	<u>24,519,456</u>	<u>3,395,616</u>

The investment portfolio is allocated among various economic sectors. The movement in these investments is as follows:

	<u>Fair value through</u>	<u>Amortised cost</u>
	<u>profit or loss</u>	<u>Amortised cost</u>
	<u>Units of open-ended</u>	<u>Sukuks (debt</u>
	<u>mutual funds</u>	<u>instruments)</u>
<b>For the six-month period ended 30 June 2024</b>		
At 1 January	2,624,851	770,765
Additions	50,300,000	-
Disposals / income received	(29,486,248)	(25,380)
Change in fair value	310,026	-
Finance income	-	25,442
At 30 June	<u>23,748,629</u>	<u>770,827</u>

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
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**Notes to the condensed interim financial information (unaudited) (continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

**6 INVESTMENTS (continued)**

	Fair value through profit or loss	Amortised cost
	Units of open- ended mutual funds	Sukuks (debt instruments)
<b>For the year ended 31 December 2023</b>		
At 1 January	5,478,934	766,552
Additions	1,800,000	760,180
Disposals	(4,700,297)	(804,137)
Change in fair value	46,214	-
Finance income	-	48,170
At 31 December 2023	<u>2,624,851</u>	<u>770,765</u>

Cost and fair value of the investment portfolio as at 30 June 2024 and 31 December 2023 is as follows:

	As at 30 June 2024		As at 31 December 2023	
	Cost	Market value	Cost	Market value
<b>(a) Units of open-ended mutual funds</b>				
Al-Badr Murabaha Fund – SAR	8,624	8,747	-	-
Alistithmar Capital SAR Murabaha Fund	11,740,637	11,842,483	-	-
Alpha Murabaha Fund	11,689,342	11,897,399	-	-
Itqan Fund for Murabahat and Sukuk	-	-	1,600,098	1,600,877
Alkhair Capital Murabaha Fund	-	-	967,695	1,023,974
<b>Total investment at FVTPL</b>	<u>23,438,603</u>	<u>23,748,629</u>	<u>2,567,793</u>	<u>2,624,851</u>

Gain from investments carried at FVTPL:

	For the six-month period ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Realized gain from investments carried at FVTPL	300,294	-
Unrealized gain from investments carried at FVTPL	310,026	101,047
	<u>610,320</u>	<u>101,047</u>

**7 FINANCE INCOME AND SHORT-TERM MURABAHA DEPOSITS**

	For the six-month period ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Finance income on short-term Murabaha deposits	671,055	139,951
Finance income on sukuk	25,442	22,155
	<u>696,497</u>	<u>162,106</u>

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Notes to the condensed interim financial information (unaudited) (continued)**

(All amounts in Saudi Riyals unless otherwise stated)

**7 FINANCE INCOME AND SHORT-TERM MURABAHA DEPOSITS (continued)**

Short-term murabaha deposits amounting to Saudi Riyals 17.7 million as at 30 June 2024 (31 December 2023: 2.8 million) represent amount invested by the Fund in murabaha deposits held with local banks and financial institutions and have an original maturity of more than three months and less than twelve months from the placement date with profit rates ranging from 5.24% to 6.15% (31 December 2023: 4.28% to 6%) per annum. As at period / year end, accrued finance income on such deposits is Saudi Riyals 141,778 (31 December 2023: Saudi Riyals 23,799).

**8 FUND MANAGEMENT FEE**

The Fund is managed and administered by the Fund Manager. For these services, the Fund calculates the management fee, as set out in the Fund's terms and conditions, at an annual rate of 0.45% of the Fund net assets. For the six-month period ended 30 June 2024 management fee amounted to Saudi Riyals 125,204 (six-month period ended 30 June 2023: Saudi Riyals 31,684).

**9 OTHER EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Custody fee	<b>14,297</b>	14,257
Professional fee	<b>10,294</b>	10,265
Shariah Committee fee	<b>8,954</b>	8,915
Board of Directors fee	<b>6,000</b>	5,951
Capital Market Authority ("CMA") fee	<b>3,730</b>	3,719
Tadawul fee	<b>2,859</b>	2,851
Other	<b>4,092</b>	1,384
	<b>50,226</b>	47,342

**10 ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Professional fee	<b>16,044</b>	16,100
Custody fee	<b>8,037</b>	8,135
CMA fee	<b>3,730</b>	7500
Tadawul fee	<b>2,859</b>	-
Other	<b>2,659</b>	343
	<b>33,329</b>	32,078

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Notes to the condensed interim financial information (unaudited) (continued)**

(All amounts in Saudi Riyals unless otherwise stated)

**11 RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties comprise the Fund Manager, directors, the associated funds, and key management personnel of the Fund. Related parties also include business entities in which certain Fund manager or senior management have an interest.

In the ordinary course of its activities, the Fund transacts with related parties. Related party transactions are in accordance with the Terms and Conditions of the Fund. All the related party transactions are approved by the Fund Board.

a) Transactions with related parties during the period were as follows:

Name and nature of related parties	Nature of transaction with the related parties	Transaction for the six-month period ended 30 June		Balances	
		2024 (Unaudited)	2023 (Unaudited)	As at 30 June 2024	As at 31 December 2023
Musharaka Capital Company - Fund Manager	Fund management fee	125,204	31,684	28,191	9,463
Board of Directors	Board of Directors fee	6,000	5,951	-	-
Itqan Financial Company	Custody fee	14,297	14,257	8,037	8,135

The Fund Manager's investment in the Fund at 31 December 2023 was 400,000 units. Which was redeemed during the six-month period ended 30 June 2024.

Type of fee	Rate	Payment term
Management fees	0.45% of the net assets calculated on a daily basis.	Monthly
Fund Board	Saudi Riyals 3,000 per meeting only payable to the independent members, maximum up to Saudi Riyals 6,000 per annum per member.	Paid semi-annually

**12 FAIR VALUES 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. 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.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting period during which the change has occurred.

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Notes to the condensed interim financial information (unaudited) (continued)**

(All amounts in Saudi Riyals unless otherwise stated)

**12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

The fair value hierarchy has the following levels:

Level 1 - quoted (unadjusted) market price 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; and

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 30 June 2024 (Unaudited)						
	Carrying amount			Fair value			
	Fair value	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Investments at fair value through profit or loss	23,748,629	-	23,748,629	23,748,629	-	-	23,748,629
Investment at amortised cost	-	770,827	770,827	-	-	-	-
Short-term murabaha deposits	-	17,798,375	17,798,375	-	-	-	-
Accrued finance income	-	141,778	141,778	-	-	-	-
Cash at banks	-	5,773,833	5,773,833	-	-	-	-
	<b>23,748,629</b>	<b>24,484,813</b>	<b>48,233,442</b>	<b>23,748,629</b>			<b>23,748,629</b>

	As at 31 December 2023 (Audited)						
	Carrying amount			Fair value			
	Fair value	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Investments at fair value through profit or loss	2,624,851	-	2,624,851	2,624,851			2,624,851
Investment at amortised cost	-	770,765	770,765	-	-	-	-
Short-term Murabaha deposits	-	2,800,000	2,800,000	-	-	-	-
Accrued finance income	-	23,799	23,799	-	-	-	-
Cash at banks	-	933,117	933,117	-	-	-	-
	<b>2,624,851</b>	<b>4,527,681</b>	<b>7,152,532</b>	<b>2,624,851</b>			<b>2,624,851</b>

**MUSHARAKA MURABAHAT AND SUKUK FUND**  
(Managed by Musharaka Capital Company)

**Notes to the condensed interim financial information (unaudited) (continued)**

(All amounts in Saudi Riyals unless otherwise stated)

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**13 LAST VALUATION DAY**

The Fund's units are valued daily from Sunday to Thursday, and unit price is announced on the following business day. The last valuation day for the purpose of preparation of this condensed interim financial information was 30 June 2024.

**14 APPROVAL OF THE FINANCIAL INFORMATION**

The condensed interim financial information was approved by the Fund's Manager on 31 July 2024 (corresponding to 25 Muharram 1446H).