

MUSHARAKA SAUDI EQUITY 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 SAUDI EQUITY 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 THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Unitholders Musharaka Saudi Equity Fund

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Musharaka Saudi Equity 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 Farhan Bin Nader
License No. 435

Khobar, Kingdom of Saudi Arabia

31 July 2024 (Corresponding 25 Muharram 1446H)



MUSHARAKA SAUDI EQUITY FUND
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Condensed interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30	
		2024	June
		(Unaudited)	(Unaudited)
Revenue			
Gains on investments carried at fair value through profit or loss	8	529,907	1,615,598
Dividends income		19,839	86,018
Total revenue		549,746	1,701,616
Expenses			
Fund management fee	6	(29,814)	(75,642)
Other expenses	7	(68,134)	(61,040)
Total expenses		(97,948)	(136,682)
Profit for the period		451,798	1,564,934
Other comprehensive income		-	-
Total comprehensive income for the period		451,798	1,564,934

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

MUSHARAKA SAUDI EQUITY FUND
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Condensed interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Assets			
Prepayments and other current assets		7,557	-
Investments carried at fair value through profit or loss	8	1,968,024	4,298,542
Cash at banks		404,118	293,527
Total assets		2,379,699	4,592,069
Liabilities			
Accrued management fee	10	6,324	20,512
Accrued expenses and other liabilities	9	47,731	35,473
Total liabilities		54,055	55,985
Net assets attributable to unitholders		2,325,644	4,536,084
Units in issue (Numbers)		120,195	268,246
Net asset value per unit (Saudi Riyals)		19.35	16.91

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

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of changes in net assets attributable to unitholders
(All amounts in Saudi Riyals unless otherwise stated)

	For the six-month period ended 30	
	2024	2023
	(Unaudited)	(Unaudited)
At 1 January	4,536,084	7,005,154
Changes from operations		
Total comprehensive income for the period	451,798	1,564,934
Changes from unit transactions		
Proceeds from units issued during the period	305,000	-
Payment against units redeemed during the period	(2,967,238)	(157,886)
Net change from unit transactions	(2,662,238)	(157,886)
At 30 June	2,325,644	8,412,202
 <u>Movement in the number of units</u>		
At 1 January	268,246	571,640
Units issued during the period	16,775	-
Units redeemed during the period	(164,826)	(10,932)
Net change in units	(148,051)	(10,932)
At 30 June	120,195	560,708

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

MUSHARAKA SAUDI EQUITY FUND
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Condensed interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30	
		2024	June
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Profit for the period		451,798	1,564,934
Adjustments for:			
Gain on investments carried at fair value through profit or loss	8	(214,249)	(1,469,367)
Dividends income		(19,839)	(86,018)
Changes in operating assets and liabilities:			
Decrease (increase) investments carried at fair value through profit or loss	8	2,544,767	(1,182,298)
Increase in prepayments and other current assets		(2,557)	(503,125)
Decrease in accrued management fee	10	(14,188)	-
Increase (decrease) in accrued expenses and other liabilities	9	12,258	(22,928)
Cash generated from (used in) operations		2,757,990	(1,698,802)
Dividends income received		14,839	76,418
Net cash inflow (outflows) from operating activities		2,772,829	(1,622,384)
Cash flows from financing activities			
Proceeds from subscription of units issued		305,000	-
Payment for redemption of units		(2,967,238)	(157,886)
Net cash outflow from financing activities		(2,662,238)	(157,886)
Net change in cash at banks		110,591	(1,780,270)
Cash at banks at beginning of period		293,527	2,522,622
Cash at banks at end of period		404,118	742,352

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

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Notes to the condensed interim financial information (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

1 GENERAL INFORMATION

Musharaka Saudi Equity Fund (the “Fund”) is an open-ended public investment fund, managed by Musharaka Capital Company (the “Fund Manager”) licensed by Capital Market Authority (“CMA”) under license no. 13169-27. 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 20 Dhul Qa'dah 1435H (corresponding to 15 September 2014). The Fund commenced its activities on 9 Muharram 1436H (corresponding to 2 November 2014) pursuant to such approval and after concluding the subscription procedures. The terms and conditions of the Fund were last updated during 2023.

The Fund’s objective is to invest in the initial public offering (IPO), Real Estate Investment Trust, the ordinary shares and premium shares of the companies which are listed on Saudi primary and secondary stock exchange markets.

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

2.1 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.

2.2 Basis of measurement

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.

2.3 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”).

2.4 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.

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

5 NEW STANDARDS AND AMENDMENTS TO 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 yet not effective.

6 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 1.75% of the Fund’s net assets. For the six-month period ended, management fee amounted to Saudi Riyals 29,814 (2023: Saudi Riyals 75,642).

7 OTHER EXPENSES

	For six-month period ended 30	
	2024	June
	(Unaudited)	(Unaudited)
Custody fee	17,156	17,109
Sharia Committee fee	12,000	12,000
Fund Board fee	11,956	11,901
Audit fee	10,294	10,265
Securities transactions cost	6,086	3,090
CMA fee	3,730	3,719
Saudi exchange (Tadawul) fee	2,859	2,851
Other	4,053	105
	68,134	61,040

MUSHARAKA SAUDI EQUITY FUND
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Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

7 OTHER EXPENSES (continued)

Basis and terms of payment for fee as per terms and conditions of the Fund approved by CMA are as follows:

<u>Type of fee</u>	<u>Rate</u>	<u>Payment term</u>
Sharia Committee remunerations	Saudi Riyals 24,000	Annually
Custody fee (Alinma Investment Company)	Saudi Riyals 30,000 or 0.02% of daily net assets value	Annually

8 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The investment portfolio is allocated among the various economic sectors, the fair values of these investments are as follows:

Sector wise investments	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Fair value	Weighted average cost	Fair value	Weighted average cost
Health care	308,755	284,640	484,906	407,145
Industrials	285,323	237,392	151,462	173,834
Energy	272,233	309,543	460,200	380,354
Commercial / Professional Services	222,759	215,670	-	-
Consumer services / discretionary	212,326	194,364	625,250	340,541
Real estate	168,420	139,720	266,127	175,240
Transportation	157,300	97,200	634,400	415,152
Banks	119,600	129,318	285,450	366,464
Utilities	113,800	72,680	-	-
Insurance	107,508	73,248	-	-
Software and services / Information technology	-	-	408,875	200,672
Consumer staples distribution and retail	-	-	354,800	236,394
Materials	-	-	224,250	213,796
Telecommunication and other communication services	-	-	202,000	181,534
Food and beverages	-	-	105,602	106,581
Food and staples retailing	-	-	95,220	96,227
Total	1,968,024	1,753,775	4,298,542	3,293,934

The above investments are listed on the Saudi stock exchange ("Tadawul"). The Fund Manager seeks to limit risks by monitoring exposures in each investment sector and individual securities.

8.1 Movement in investments carried at fair value through profit or loss is as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
As at 1 January	4,298,542	4,559,566
Additions during the period / year	831,293	5,871,760
Disposals during the period / year	(3,376,060)	(7,137,392)
Unrealized fair value gain	214,249	1,004,608
As at 31 December	1,968,024	4,298,542

MUSHARAKA SAUDI EQUITY FUND
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Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

8 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (continued)

8.2 Gain on investment carried at fair value through profit or loss:

	For six-month period ended 30	
	2024	June
	(unaudited)	2023
		(unaudited)
Realized gain from investments carried at FVTPL	315,658	146,231
Unrealized gain from investments carried at FVTPL	214,249	1,469,367
	529,907	1,615,598

9 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	As at 30	As at 31
		June 2024	December 2023
		(Unaudited)	(Audited)
Custody fee		17,156	8,625
Audit fee		10,294	10,350
Fund board fee	10	5,956	-
CMA fee		-	7,500
Other		14,325	8,998
		47,731	35,473

10 RELATED PARTIES BALANCES AND TRANSACTIONS

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 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.

Name and nature of related parties	Nature of transaction with the related parties	Transactions for the period		Balances	
		For six-month period ended 30 June 2024	For six-month period ended 30 June 2023	As at 30 June 2024	As at 31 December 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Musharaka Capital Company - Fund Manager	Fund management fee	29,814	75,642	6,324	20,512
Board of Directors - Fund Board	Board meeting expense	11,956	11,901	5,956	-
Nomu Financial Consulting Company- Custodian	Custody fee	17,156	17,109	17,156	8,625
				29,436	29,137

The Fund Manager's investment in the Fund as at 31 December 2023 was Saudi Riyals 2.7 million representing 60% of the Fund's issued units. Which were redeemed during the six-month period ended 30 June 2024.

MUSHARAKA SAUDI EQUITY FUND
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Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

10 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

The remuneration of the Fund's Board of Directors is Saudi Riyals 3,000 per meeting only, payable to the independent members, maximum up to Saudi Riyals 24,000 per annum. The remuneration is payable after every meeting of the Board of Directors.

11 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider 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.

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.

	30 June 2024 (unaudited)						
	Carrying amount			Fair value			
	Fair value	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investments at fair value through profit or loss	1,968,024	-	1,968,024	1,968,024	-	-	1,968,024
Cash at banks	-	404,118	404,118	-	-	-	-
	1,968,024	404,118	2,372,142	1,968,024	-	-	1,968,024

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Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	31 December 2023 (Audited)						
	Carrying amount			Fair value			
	Amortized			Level 1	Level 2	Level 3	Total
Fair value	cost	Total					
Financial assets							
Investments at fair value through profit or loss	4,298,542	-	4,298,542	4,298,542	-	-	4,298,542
Cash at banks	-	293,527	293,527				
	<u>4,298,542</u>	<u>293,527</u>	<u>4,592,069</u>	<u>4,298,542</u>	<u>-</u>	<u>-</u>	<u>4,298,542</u>

12 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.

13 APPROVAL OF FINANCIAL INFORMATION

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