

ALPHA MURABAHA FUND
(Managed by Alpha Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
30 June 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
To the Unitholders of Alpha Murabaha Fund
(Managed by Alpha Capital Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alpha Murabaha Fund ("the Fund") being managed by Alpha Capital Company (the "Fund Manager") as at 30 June 2022, and the related interim condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six-month period then ended, including a summary of significant accounting policies and other explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial statements 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 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" that is endorsed in the Kingdom of Saudi Arabia. A review of the 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 interim condensed financial statements is not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

for Alluhaid & Alyahya Chartered Accountants



Turki A. Alluhaid
Certified Public Accountant
License No. 438

Riyadh: 17 Muharram 1444H
(15 August 2022)



Alpha Murabaha Fund
(Managed by Alpha Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
	Note		
ASSETS			
Cash and cash equivalents		1,446,727	62,276,570
Financial assets at fair value through profit or loss ("FVTPL")	5	742,002,268	2,288,333,392
Financial assets at amortised cost	6	3,614,682,471	4,209,751,798
Other receivables		112,078	513,236
TOTAL ASSETS		4,358,243,544	6,560,874,996
LIABILITIES AND EQUITY			
LIABILITIES			
Redemption payable		31,196,136	-
Management fees payable	7	1,856,977	2,809,837
Accrued expenses and other current liabilities		1,795,868	2,576,982
TOTAL LIABILITIES		34,848,981	5,386,819
EQUITY			
Net assets attributable to unitholders of redeemable units		4,323,394,563	6,555,488,177
TOTAL LIABILITIES AND EQUITY		4,358,243,544	6,560,874,996
Redeemable units in issue (numbers)		401,849,942	614,034,456
Net asset value per unit attributable to unitholders (SR)		10.76	10.68

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alpha Murabaha Fund
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INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

	<i>Note</i>	<i>Unaudited</i>	
		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>
INCOME			
Special commission income		45,631,607	43,949,887
Gain on financial assets at FVTPL		10,901,108	15,116,433
Gain from sukuks held at FVTPL		-	437,439
TOTAL INCOME		56,532,715	59,503,759
OPERATING EXPENSES			
Management fees	7	(12,372,296)	(14,081,776)
Value-added tax expenses		(1,881,939)	(2,200,658)
Other operating expenses		(911,480)	(2,150,320)
TOTAL OPERATING EXPENSES		(15,165,715)	(18,432,754)
NET INCOME FOR THE PERIOD		41,367,000	41,071,005
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		41,367,000	41,071,005

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alpha Murabaha Fund
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INTERIM CONDENSED STATEMENT OF CASH FLOWS

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net income for the period	41,367,000	41,071,005
Adjustments for:		
Gain on financial assets at FVTPL	(9,566,182)	(15,116,433)
Special commission income	(45,631,607)	(43,949,887)
	(13,830,789)	(17,995,315)
Changes in operating assets and liabilities:		
Decrease in financial assets at FVTPL	1,555,897,306	27,084,274
Decrease (increase) in financial assets at amortised cost	595,861,554	(1,411,381,997)
Decrease (increase) in other receivables	401,158	(148,241)
(Decrease) increase in management fees payable	(952,860)	839,215
(Decrease) increase in accrued expenses and other current liabilities	(781,114)	115,219
Increase in redemption payable	31,196,136	6,000,000
	2,167,791,391	(1,395,486,845)
Special commission received	44,839,380	28,164,588
Net cash flows from (used in) operating activities	2,212,630,771	(1,367,322,257)
FINANCING ACTIVITIES		
Proceeds from issuance of units	1,872,188,435	3,888,685,948
Payments against redemption of units	(4,145,649,049)	(2,467,922,347)
Net cash flows (used in) from financing activities	(2,273,460,614)	1,420,763,601
Net (decrease) increase in cash and cash equivalents	(60,829,843)	53,441,344
Cash and cash equivalents at beginning of the period	62,276,570	57,249,919
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,446,727	110,691,263

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alpha Murabaha Fund
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	<i>Unaudited</i> <i>For the six-month period ended</i>	
	<i>30 June</i> <i>2022</i> <i>SR</i>	<i>30 June</i> <i>2021</i> <i>SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	6,555,488,177	5,340,377,738
Comprehensive income:		
Net income for the period	41,367,000	41,071,005
Other comprehensive income for the period	-	-
Total comprehensive income for the period	41,367,000	41,071,005
	6,596,855,177	5,381,448,743
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	1,872,188,435	3,888,685,948
Payments against redemption of units	(4,145,649,049)	(2,467,922,347)
Net change from unit transactions	(2,273,460,614)	1,420,763,601
EQUITY AT THE END OF THE PERIOD	4,323,394,563	6,802,212,344

REDEEMABLE UNITS TRANSACTIONS

Transactions in redeemable units for the period are summarised as follows:

	<i>Unaudited</i> <i>For the six-month period ended</i>	
	<i>30 June</i> <i>2022</i> <i>Units</i>	<i>30 June</i> <i>2021</i> <i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	614,034,456	506,680,290
Units issued during the period	174,958,210	367,679,582
Units redeemed during the period	(387,142,724)	(233,219,580)
Net (decrease) increase in the units	(212,184,514)	134,460,002
UNITS AT THE END OF THE PERIOD	401,849,942	641,140,292

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 June 2022

1 INCORPORATION AND ACTIVITIES

Alpha Murabaha Fund (the "Fund") is an open-ended fund created by agreement between Alpha Capital Company and investors ("the unitholders") in the Fund. The main activity of the Fund is to achieve low risk investment returns for the unitholders of the Fund while preserving capital and providing liquidity through investments primary in Murabaha and other deals in financial instruments that are compatible with Shariah guidelines and standards of the Fund and that are low in risks and short term. The Fund does not distribute any profits or dividends, but all profits and dividends and income earned are reinvested in the Fund.

The Fund was offered for subscription under the laws and regulations of Capital Market Authority ("CMA") on 6 Muharram 1440H (corresponding to 16 September 2018). The Fund commenced its operations on 4 Safar 1440H (corresponding to 15 October 2018).

The Fund is managed by Alpha Capital Company (the "Fund Manager"), a closed joint stock company with commercial registration number 1010936196, licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") under license number 33-18187.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

The Fund has appointed Albilad Investment Company (the "Custodian") to act as its custodian. The fees of the custodian are paid by the Fund.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA detailing requirements for all Investment Funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements for the six-month period ended 30 June 2022 of the Fund have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The Fund Manager has prepared the financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may cast doubt 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 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 2021.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under historical cost convention, except for the financial assets at FVTPL which are measured at fair value.

The interim condensed statement of financial position is stated broadly in order of liquidity.

3.3 Financial and presentation currency

These interim condensed financial statements are presented in Saudi Riyal (SR), which is also the functional currency of the Fund. All financial information has been rounded off to the nearest SR, unless otherwise stated.

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

3 BASIS OF PREPARATION (continued)

3.4 Use of judgements, estimates and assumptions

In preparing these interim condensed financial statements, Fund Manager has made the judgement, estimates, and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

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 2021 except for the adoption of new standards, interpretation and amendments effective as of 1 January 2022, but do not have an impact on the interim condensed financial statements of the Fund.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but not effective yet.

5 FINANCIAL ASSETS AT FVTPL

The geographical dispersion of investments in financial assets classified at fair value through profit or loss is within the Kingdom of Saudi Arabia.

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	<i>Cost</i> <i>(SR)</i>	<i>Market</i> <i>value</i> <i>(SR)</i>	<i>Cost</i> <i>(SR)</i>	<i>Market</i> <i>value</i> <i>(SR)</i>
Investment in public funds	730,874,437	742,002,268	2,265,134,626	2,288,333,392

6 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Murabaha placements (i)	3,093,625,322	3,378,428,370
Investments in sukuk (ii)	521,057,149	744,553,804
Investments in treasury bills (iii)	-	86,769,624
	3,614,682,471	4,209,751,798

(i) Murabaha placements

This represents Murabaha deposits placed with several banks operating in Saudi Arabia and Gulf countries. The average effective commission rate on these placements as at period end is 2.58% per annum (31 December 2021: 1.78%).

Alpha Murabaha Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

6 FINANCIAL ASSETS AT AMORTISED COST (continued)

(i) Murabaha placements (continued)

The remaining maturity of these murabaha placements are as follows:

	30 June 2022 (Unaudited) SR	% of value	31 December 2021 (Audited) SR	% of value
Up to one month	1,383,048,516	44.71%	1,050,751,589	31.10%
1 – 3 months	1,303,378,942	42.13%	953,004,783	28.21%
3 – 6 months	307,560,632	9.94%	598,327,641	17.71%
6 – 9 months	99,637,232	3.22%	585,626,106	17.33%
9 – 12 months	-	-	190,718,251	5.65%
	3,093,625,322	100.00%	3,378,428,370	100.00%

(ii) Sukuks

This represents Sukuks issued by listed entities operating in Saudi Arabia Government entity operating in Gulf country. Investments in sukuk are redeemable at par value at their maturity date. The average effective commission rate for these investments as at period end is 6.12% per annum (31 December 2021: 4.43%).

The remaining maturity of these sukuk are as follows:

	30 June 2022 (Unaudited) SR	% of value	31 December 2021 (Audited) SR	% of value
Not later than one year	191,019,000	36.66%	436,747,617	58.66%
Later than 1 year and no later than 5 years	330,038,149	63.34%	307,806,187	41.34%
	521,057,149	100.00%	744,553,804	100.00%

(iii) Treasury bills

The Fund had made investments in Treasury bills which were issued by Government of Bahrain which matured during the period ended 30 June 2022. The average effective commission rate on these treasury bills was 1.53% as at 31 December 2021.

The remaining maturity of these treasury bills are as follows:

	30 June 2022 (Unaudited) SR	% of value	31 December 2021 (Audited) SR	% of value
Up to one month	-	-	35,625,514	41.06%
1 – 3 months	-	-	51,144,110	58.94%
	-	-	86,769,624	100.00%

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

7 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Fund Manager and entities / persons related to Fund Manager and the Fund's Board of Directors are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties.

7.1 Related party transactions

The following are the details of the significant transactions with related parties during the period:

Name of related party	Nature of relationship	Nature of transaction	Unaudited For the six-month period ended	
			30 June 2022 SR	30 June 2021 SR
Alpha Capital Company	Fund Manager	Management fees	(12,372,296)	(14,081,776)
		Subscription of Fund units	32,150,000	46,783,090
		Redemption of Fund units	(28,500,000)	(71,970,000)
Board of Directors and executive management of the Fund	Members of Fund Board and executive management	Fund Board fee expense	(7,934)	(7,934)
		Subscription of Fund units	5,153,948	3,045,000
		Redemption of Fund units	(3,451,554)	(1,071,564)
Shareholders of Fund Manager	Affiliate	Subscription of Fund units	19,000,000	96,762,831
		Redemption of Fund units	(20,747,810)	(85,420,955)
Other funds managed by the Fund Manager	Affiliate	Subscription of Fund units	39,059,640	-
		Redemption of Fund units	(197,065,302)	-

7.2 Related party balances

The following are the details of the major balances with related parties as at period/year end:

Name of related party	Nature of relationship	Balances	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Alpha Capital Company	Fund Manager	Management fees payable	(1,856,977)	(2,809,837)
Fund Board	Members of Fund Board	Board of directors remuneration	(7,934)	(16,000)

- (i) As at 30 June 2022, Fund Manager held 1,514,514 units (31 December 2021: 1,170,168 units), the shareholders of the Fund Manager held 1,921,825 units (31 December 2021: 2,743,526 units), the Fund Board members and executive management held 153,817 units (31 December 2021: 42,589 units) and other funds managed by the Fund Manager held 4,987,206 (31 December 2021: 19,733,889 units).

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investments at fair value through profit or loss which is measured at fair value and are classified within level 2 of the fair value hierarchy. All other financial assets and liabilities are classified at amortized cost and at the reporting date the fair value approximate carrying values and owing to their short-term tenure and the fact that these are readily liquid. These are classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

9 LAST VALUATION DATE

The last valuation date of the period was 30 June 2022 (31 December 2021: 30 December 2021).

10 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 17 Muharram 1444H (corresponding to 15 August 2022).