

ALPHA SAUDI EQUITY FUND
(Managed by Alpha Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

AND INDEPENDENT AUDITOR'S REVIEW REPORT

Alpha Saudi Equity Fund
(Managed by Alpha Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2023

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alpha Saudi Equity Fund ("the Fund") being managed by Alpha Capital Company (the "Fund Manager") as at 30 June 2023, 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 are 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: 21 Muharram 1445H
(8 August 2023)



Alpha Saudi Equity Fund
(Managed by Alpha Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS			
Cash and cash equivalents		1,952,764	1,275,149
Financial assets at fair value through profit or loss ("FVTPL")	5	309,052,587	259,485,090
Receivable against disposal of financial asset at FVTPL		6,771,962	20,427,096
Other receivables		13,088	189,349
TOTAL ASSETS		317,790,401	281,376,684
LIABILITIES AND EQUITY			
LIABILITIES			
Redemption payable		-	24,066,793
Management and administration fees payable	6	1,396,143	975,560
Director's fees payable	6	3,967	6,000
Accrued expenses and other current liabilities		55,151	114,353
TOTAL LIABILITIES		1,455,261	25,162,706
EQUITY			
Net assets attributable to unitholders of redeemable units		316,335,140	256,213,978
TOTAL LIABILITIES AND EQUITY		317,790,401	281,376,684
Redeemable units in issue (numbers)		12,545,896	12,294,867
Net asset value per unit attributable to unitholders (SR)		25.21	20.84

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

Alpha Saudi Equity Fund
(Managed by Alpha Capital Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

		<i>Unaudited</i>	
		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2023</i>	<i>2022</i>
<i>Note</i>		<i>SR</i>	<i>SR</i>
INCOME/ (LOSS)			
	Income/ (loss) from financial assets at FVTPL	53,594,907	(2,097,827)
	Dividend income	3,661,826	573,138
	TOTAL INCOME/ (LOSS)	57,256,733	(1,524,689)
OPERATING EXPENSES			
	Management fees	6 (2,033,642)	(754,381)
	Transaction costs	(271,138)	(144,358)
	Value-added tax expenses	(326,708)	(154,699)
	Administration fees	6 (63,765)	(55,788)
	Other operating expenses	(98,680)	(112,459)
	TOTAL OPERATING EXPENSES	(2,793,933)	(1,221,685)
	NET INCOME/ (LOSS) FOR THE PERIOD	54,462,800	(2,746,374)
	Other comprehensive income	-	-
	TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	54,462,800	(2,746,374)

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

Alpha Saudi Equity Fund
(Managed by Alpha Capital Company)

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>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net income/ (loss) for the period	54,462,800	(2,746,374)
Adjustments for:		
(Income)/ loss from financial assets at FVTPL	(53,594,907)	2,097,827
Dividend income	(3,661,826)	(573,138)
	(2,793,933)	(1,221,685)
Changes in operating assets and liabilities:		
Decrease/ (increase) in financial assets at FVTPL	4,027,410	(113,005,592)
Decrease in receivable against disposal of financial asset at FVTPL	13,655,134	-
Decrease in other receivables	176,261	6,994,596
Decrease in redemption payable	(24,066,793)	(6,624,412)
Increase in payable against acquisition of financial assets at FVTPL	-	8,516,707
Increase in management and administration fees payable	420,583	632,880
Decrease in director's fees	(2,033)	(11,210)
Decrease in accrued expenses and other current liabilities	(59,202)	(76,043)
	(8,642,573)	(104,794,759)
Dividend received	3,661,826	573,138
Net cash flows used in operating activities	(4,980,747)	(104,221,621)
FINANCING ACTIVITIES		
Proceeds from issuance of units	27,716,745	129,806,133
Payments against redemption of units	(22,058,383)	(15,606,272)
Net cash flows from financing activities	5,658,362	114,199,861
NET INCREASE IN CASH AND CASH EQUIVALENTS	677,615	9,978,240
Cash and cash equivalents at beginning of the period	1,275,149	299,014
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,952,764	10,277,254

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

Alpha Saudi Equity 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>2023</i> <i>SR</i>	<i>30 June</i> <i>2022</i> <i>SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	256,213,978	43,731,246
Comprehensive income/ (loss):		
Net income/ (loss) for the period	54,462,800	(2,746,374)
Other comprehensive income for the period	-	-
Total comprehensive income/ (loss) for the period	54,462,800	(2,746,374)
	54,462,800	40,984,872
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	27,716,745	129,806,133
Payments against redemption of units	(22,058,383)	(15,606,272)
Net change from unit transactions	60,121,362	114,199,861
EQUITY AT THE END OF THE PERIOD	316,335,140	155,184,733

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>2023</i> <i>Units</i>	<i>30 June</i> <i>2022</i> <i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	12,294,867	2,221,121
Units issued during the period	1,252,062	5,692,567
Units redeemed during the period	(1,001,033)	(645,509)
Net increase in the units	251,029	5,047,058
UNITS AT THE END OF THE PERIOD	12,545,896	7,268,179

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

Alpha Saudi Equity Fund
(Managed by Alpha Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2023

1 INCORPORATION AND ACTIVITIES

Alpha Saudi Equity 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 medium to long-term capital growth for unitholders through investing in the shares of the companies listed on the Saudi Stock Exchange.

The Fund was offered for subscription under the laws and regulations of CMA on 14 Shawal 1439H (corresponding to 28 June 2018). The Fund commenced its operations on 12 Dhul-Qa'dah 1439H (corresponding to 25 July 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's Manager registered office is P.O. Box 54854, Riyadh 12371, Kingdom of Saudi Arabia.

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-months period ended 30 June 2023 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 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 2022.

3.2 Basis of measurement

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

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

3.3 Functional 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.

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 2022 except for the adoption of new standards, interpretation and amendments effective as of 1 January 2023. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not effective yet.

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

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no impact on the interim condensed financial statements of the Fund.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the interim condensed financial statements of the Fund.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the interim condensed financial statements of the Fund but are expected to affect the accounting policy disclosures in the Fund's annual financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the interim condensed financial statements of the Fund.

Alpha Saudi Equity Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets classified at FVTPL comprised of investment in equity instruments of entities listed and registered in the Kingdom of Saudi Arabia.

Industry concentration of the investment portfolio of the Fund is disclosed in the table below:

Industry group	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Cost SR	Fair value SR	% of market value	Cost SR	Fair value SR	% of market value
Banks	80,766,017	73,210,026	23.69	93,109,495	84,856,678	32.70%
Insurance	31,792,528	41,045,029	13.28	17,916,113	15,975,378	6.16%
Health care equipment & svc	26,966,904	38,161,150	12.35	42,895,698	43,298,664	16.69%
Materials	34,869,507	33,034,598	10.69	25,154,425	22,886,825	8.82%
Food & staples retailing	16,570,994	18,597,258	6.02	-	-	-
Software & services	13,557,713	18,350,536	5.94	6,344,838	7,294,418	2.81%
Retailing	8,673,888	14,727,370	4.77	23,249,574	20,762,044	8.00%
Consumer services	10,335,417	13,828,141	4.47	12,220,166	11,480,861	4.42%
Energy	11,586,756	13,274,673	4.30	6,522,070	7,009,012	2.70%
Capital goods	9,195,235	10,533,659	3.41	8,639,037	7,419,680	2.86%
Utilities	6,812,932	9,216,117	2.98	10,353,751	12,057,420	4.65%
Transportation	8,882,502	8,793,297	2.85	-	-	-
Food & beverages	7,879,270	8,330,000	2.70	6,411,643	7,296,832	2.81%
Pharma, biotech & life science	5,330,100	7,950,733	2.57	-	-	-
Telecommunication services	-	-	-	11,828,655	11,497,378	4.43%
Real Estate mgmt & dev't	-	-	-	4,188,866	4,293,617	1.65%
Diversified financials	-	-	-	3,541,713	3,356,283	1.29%
	273,219,763	309,052,587	100.00	272,376,044	259,485,090	100.00

6 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.

6.1 Related party transactions

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

			Unaudited For the six-month period ended	
			30 June 2023 SR	30 June 2022 SR
Name of related party	Nature of relationship	Nature of transaction		
Alpha Capital Company	Fund Manager	Management fees	(2,033,642)	(754,381)
		Administration fees	(63,765)	(55,788)
		Subscription of Fund units	-	1,000,000
Board of Directors	Members	Board fee	(6,000)	(4,790)
Affiliate	Affiliate to the Members of Board of Directors of the Fund	Subscription of Fund units	20,000	-
		Redemption of Fund units	40,000	-

Alpha Saudi Equity Fund
(Managed by Alpha Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

6.2 Related party balances

The following are the details of the major balances with related parties during the period/year:

Name of related party	Nature of relationship	Balances	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Alpha Capital Company	Fund Manager	Management fees payable	(1,265,545)	(918,292)
		Administration fees payable	(130,598)	(57,268)
			<u>1,396,143</u>	<u>975,560</u>
Board of Director of the Fund	Members of Board of Directors of the Fund	Remuneration payable	(3,967)	(6,000)

7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund held financial assets at FVTPL which is measured at fair values and are classified within level 1 of the fair value hierarchy. The fair value of all other financial assets and liabilities classified as amortized cost approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all 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.

8 COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies as at the reporting date.

9 LAST VALUATION DATE

The last valuation date of the period was 22 June 2022 (31 December 2022: 29 December 2022) for the Fund. However, the interim condensed financial statements of the Fund has been prepared based on the valuation as of 30 June 2023 (31 December 2022: 31 December 2022).

10 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors on 21 Muharram 1445H (corresponding to 8 August 2023).