

ALPHA MURABAHA 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 Murabaha 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 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 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 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: 21 Muharram 1445H
(8 August 2023)



Alpha Murabaha Fund
(Managed by Alpha Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	Note		
ASSETS			
Cash at bank	5	10,000,409	100,000,773
Financial assets at fair value through profit or loss ("FVTPL")	6	-	81,429,257
Financial assets at amortised cost	7	1,980,519,100	2,282,580,770
Other receivables		-	45,760
TOTAL ASSETS		1,990,519,509	2,464,056,560
LIABILITIES AND EQUITY			
LIABILITIES			
Management fees payable	8	845,099	1,157,776
Accrued expenses and other current liabilities		421,165	1,669,276
TOTAL LIABILITIES		1,266,264	2,827,052
EQUITY			
Net assets attributable to unitholders of redeemable units		1,989,253,245	2,461,229,508
TOTAL LIABILITIES AND EQUITY		1,990,519,509	2,464,056,560
Redeemable units in issue (numbers)		178,055,256	225,178,021
Net asset value per unit attributable to unitholders (SR)		11.17	10.93

The accompanying notes from 1 to 11 form an integral part of these interim condensed financial statements.

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

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>2023</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>
INCOME			
Income from financial assets measured at amortised cost:			
Commodity Murabaha		41,466,578	32,389,693
Sukuks		9,275,876	13,169,420
Treasury bills		-	72,494
Income from financial assets at FVTPL		1,351,402	10,901,108
TOTAL INCOME		52,093,856	56,532,715
OPERATING EXPENSES			
Management fees	8	(4,732,244)	(12,372,296)
Value-added tax expenses		(756,541)	(1,881,939)
Other operating expenses		(328,599)	(911,480)
TOTAL OPERATING EXPENSES		(5,817,384)	(15,165,715)
NET INCOME FOR THE PERIOD		46,276,472	41,367,000
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		46,276,472	41,367,000

The accompanying notes from 1 to 11 form an integral part of these interim condensed financial statements.

Alpha Murabaha Fund
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INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	<i>Unaudited</i>	
		<i>For the six-month period ended</i>	<i>30 June</i>
		2023	2022
		SR	SR
OPERATING ACTIVITIES			
Net income for the period		46,276,472	41,367,000
Adjustments for:			
Income from financial assets at FVTPL		(1,351,402)	(10,901,108)
Special commission income		(50,742,454)	(45,631,607)
		(5,817,384)	(15,165,715)
Changes in operating assets and liabilities:			
Decrease in financial assets at FVTPL		82,780,659	1,557,232,232
Decrease in financial assets at amortised cost		256,691,563	385,029,596
Decrease in other receivables		45,760	401,158
Decrease in management fees payable		(312,677)	(952,860)
Decrease in accrued expenses and other current liabilities		(1,248,111)	(781,114)
Increase in redemption payable		-	31,196,136
		332,139,810	1,956,959,433
Special commission received		38,039,539	44,839,380
Net cash flows from operating activities		370,179,349	2,001,798,813
FINANCING ACTIVITIES			
Proceeds from issuance of units		691,828,276	1,872,188,435
Payments against redemption of units		(1,210,081,011)	(4,145,649,049)
Net cash flows used in financing activities		(518,252,735)	(2,273,460,614)
Net decrease in cash and cash equivalents		(148,073,386)	(271,661,801)
Cash and cash equivalents at beginning of the period	5	520,660,643	453,136,862
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	372,587,257	181,475,060

The accompanying notes from 1 to 11 form an integral part of these interim condensed financial statements.

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

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	2,461,229,508	6,555,488,177
Comprehensive income:		
Net income for the period	46,276,472	41,367,000
Other comprehensive income for the period	-	-
Total comprehensive income for the period	46,276,472	41,367,000
CHANGE FROM UNIT TRANSACTIONS	2,507,505,980	6,596,855,177
Proceeds from issuance of units	691,828,276	1,872,188,435
Payments against redemption of units	(1,210,081,011)	(4,145,649,049)
Net change from unit transactions	(518,252,735)	(2,273,460,614)
EQUITY AT THE END OF THE PERIOD	1,989,253,245	4,323,394,563

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	225,178,021	614,034,456
Units issued during the period	62,668,594	174,958,210
Units redeemed during the period	(109,791,359)	(387,142,724)
Net decrease in the units	(47,122,765)	(212,184,514)
UNITS AT THE END OF THE PERIOD	178,055,256	401,849,942

The accompanying notes from 1 to 11 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 2023

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's registered office is P.O. Box 54854, Riyadh 12731, 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-month 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 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 2022.

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 2023

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.

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

5 CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Cash at bank	10,000,409	100,000,773
Murabaha placements with original maturity of 3 months or less (note 7)	362,586,848	420,659,870
	<u>372,587,257</u>	<u>520,660,643</u>

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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 2023 (Unaudited)		31 December 2022 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Investment in public funds	-	-	79,464,692	81,429,257

7 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Murabaha placements (i)	1,676,038,388	1,756,605,696
Investment in sukuks (ii)	304,480,712	525,975,074
	<u>1,980,519,100</u>	<u>2,282,580,770</u>

(i) *Murabaha placements*

Counterparties with whom the Fund has made placements have sound credit ratings as issued by rating agencies. The average effective commission rate on these placements as at period end is 5.82% per annum (31 December 2022: 4.75% per annum).

The remaining maturity of these murabaha placements are as follows:

	30 June 2023 (Unaudited) SR	% of value	31 December 2022 (Audited) SR	% of value
Up to one month	729,225,406	43.51%	732,091,780	41.68%
1 – 3 months	879,289,237	52.46%	1,024,513,916	58.32%
3 – 6 months	67,523,746	4.03%	-	-
	<u>1,676,038,388</u>	<u>100.00%</u>	<u>1,756,605,696</u>	<u>100.00%</u>

This also includes murabaha placements with original maturity of 3 months or less amounting to SR 362,586,848 (31 December 2022: SR 420,659,870) (note 5).

Alpha Murabaha Fund
(Managed by Alpha Capital Company)

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

7 FINANCIAL ASSETS AT AMORTISED COST (continued)

(ii) *Sukuks*

Counterparties with whom the Fund has made sukuk investments have sound credit ratings as issued by rating agencies. 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 6.82% per annum (31 December 2022: 5.98% per annum).

The remaining maturity of these sukuk are as follows:

	30 June 2023 (Unaudited) SR	% of value	31 December 2022 (Audited) SR	% of value
Not later than one year	-	-	195,592,643	37.18%
Later than 1 year and no later than 5 years	304,480,712	100.00%	330,382,431	62.82%
	304,480,712	100.00%	525,975,074	100.00%

8 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.

8.1 *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 2023 SR	30 June 2022 SR
Alpha Capital Company	Fund Manager	Management fees	(4,732,244)	(12,372,296)
		Subscription of Fund units	14,200,000	32,150,000
		Redemption of Fund units	(20,500,000)	(28,500,000)
Board of Directors, affiliates to the Board of Directors and executive management of the Fund	Members of Fund Board, affiliates to the members of the Fund Board and executive management	Fund Board fee expense	(8,000)	(7,934)
		Subscription of Fund units	44,108,986	5,153,948
		Redemption of Fund units	(59,107,379)	(3,451,554)
Shareholders of Fund Manager	Affiliate	Subscription of Fund units	6,471,476	19,000,000
		Redemption of Fund units	(24,856,296)	(20,747,810)
Other funds managed by the Fund Manager	Affiliate	Subscription of Fund units	47,524,981	39,059,640
		Redemption of Fund units	(44,820,527)	(197,065,302)

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

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

8.2 Related party balances

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

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Balances</i>	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Alpha Capital Company	Fund Manager	Management fees payable	(845,099)	(1,157,776)
Fund Board	Members of Fund Board	Board of Directors remuneration	(8,000)	(8,000)

As at 30 June 2023, Fund Manager held 1,042,042 units (31 December 2022: 1,614,113 units), the shareholders of the Fund Manager held 247,596 units (31 December 2022: 6,390,120 units), the Fund Board members, affiliates to the members of Fund board and executive management held 3,709,402 units (31 December 2022: 5,090,370 units) and other funds managed by the Fund Manager held 4,528,447 (31 December 2022: 4,248,350 units).

9 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 as amortized cost and at the reporting date the fair value approximate their carrying values. 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.

10 LAST VALUATION DATE

The last valuation date of the period was 22 June 2023 (31 December 2022: 29 December 2022).

11 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).