

**MIYAR MURABAHA FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Miyar capital Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the six-month period ended 30 June 2024**

**Together with the**  
**Independent Auditor's Review Report to the Unitholders**

**MIYAR MURABAHA FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Miyar Capital Company)**  
**Interim condensed Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2024**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE UNITHOLDERS OF MIYAR MURABAHA FUND  
[MANAGED BY MIYAR FINANCIAL COMPANY]

(1 /2)

RIYADH, KINGDOM OF SAUDI ARABIA

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### INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Miyar Murabaha Fund (the "Fund") as at 30 June 2024 and the related interim condensed statements of comprehensive income, changes in net assets (Equity) attributable to the unitholders and cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation 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.

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### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 condensed financial statements 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.

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### 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.

#### RIYADH

Tel. +966 11 206 5333 | P.O Box 69658  
Fax +966 11 206 5444 | Riyadh 11557

#### JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651  
Fax +966 12 652 2894 | Jeddah 21454

#### AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636  
Fax +966 13 893 3349 | Al Khobar 31952

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**TO THE UNTHOLDERS OF MIYAR MURABAHA FUND  
[MANAGED BY MIYAR FINANCIAL COMPANY]**

(2 /2)

**RIYADH, KINGDOM OF SAUDI ARABIA**

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**OTHER MATTERS**

The financial statements of the Fund for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements at 22 April 2024 G.

**For PKF Al-Bassam  
Chartered Accountants**



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Ahmed A. Mohandis  
Certified Public Accountant  
License No. 477  
Riyadh: 04 SAFAR 1446 H  
Corresponding to: 08 August 2024



**RIYADH**

Tel: +966 11 206 5333 | P.O Box 86856  
Fax: +966 11 208 6444 | Riyadh 11567

**JEDDAH**

Tel: +966 12 662 6333 | P.O.Box 19351  
Fax: +966 12 662 2804 | Jeddah 21454

**AL KHOBAR**

Tel: +966 13 858 3373 | P.O.Box 4886  
Fax: +966 13 850 3319 | Al Khobar 31962

**MIYAR MURABAHA FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Miyar Capital Company)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

**As at 30 June 2024**

**(Amounts in SAR)**

	<u>Note</u>	<u>30 June 2024</u> <u>(Unaudited)</u>	<u>31 December 2023</u> <u>(Audited)</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	5	5,698,860	23,784,122
Investments carried at fair value through profit or loss (FVTPL)	6	8,019,904	-
Investments carried at amortized cost	7	21,843,018	14,800,000
Accrued special commission		211,392	486,579
<b>Total assets</b>		<b>35,773,174</b>	<b>39,070,701</b>
<b><u>LIABILITIES</u></b>			
Accrued management fees	9	12,222	16,304
Accrued expenses	8	47,755	60,414
<b>Total liabilities</b>		<b>59,977</b>	<b>76,718</b>
<b>Net assets (equity) attributable to the Unit Holders</b>		<b>35,713,197</b>	<b>38,993,983</b>
Units in issue (number)		<b>3,269,236</b>	<b>3,663,234</b>
<b>Net assets (equity) attributable to each unit</b>		<b>10.92</b>	<b>10.64</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**MIYAR MURABAHA FUND****Open-Ended Mutual Fund****(Managed by Miyar Capital Company)****INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****For the six-month period ended 30 June 2024****(Amounts in SAR)**

	<u>Note</u>	<b>30 June 2024</b> <b>(Unaudited)</b>	30 June 2023 (Unaudited)
<b><u>Revenue</u></b>			
Net profit of investments carried at FVPL	6	<b>19,904</b>	3,777
Special commission income	7	<b>1,114,305</b>	717,457
		<b>1,134,209</b>	721,234
<b><u>Expenses</u></b>			
Fund management fees	9	<b>86,996</b>	62,241
Other expenses		<b>66,473</b>	52,676
		<b>153,469</b>	114,917
<b>Net income for the period</b>		<b>980,740</b>	606,317
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>980,740</b>	606,317

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**MIYAR MURABAHA FUND****Open-Ended Mutual Fund****(Managed by Miyar Capital Company)****INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS (UNAUDITED)****For the six-month period ended 30 June 2024****(Amounts in SAR)**

	<b>30June 2024</b> <b>(Unaudited)</b>	<b>30June 2023</b> <b>(Unaudited)</b>
<b>Net assets (equity) attributable to the unit holders at the beginning of the period</b>	<b>38,993,983</b>	<b>28,067,835</b>
<b>Total comprehensive income for the period</b>	<b>980,740</b>	<b>606,317</b>
<b>Contributions and redemptions by the unit holders</b>		
Issuance of units	<b>13,172,063</b>	<b>39,498,972</b>
Redemption of units	<b>(17,433,589)</b>	<b>(17,185,475)</b>
<b>Net changes from unit transactions</b>	<b>(4,261,526)</b>	<b>22,313,497</b>
<b>Net assets (equity) attributable to the unit holders at the end of the period</b>	<b>35,713,197</b>	<b>50,987,649</b>
<b>Unit transactions (number)</b>	<b>30June 2024</b> <b>(Unaudited)</b>	<b>30June 2023</b> <b>(Unaudited)</b>
<b>As at the beginning of the period</b>	<b>3,663,234</b>	<b>2,766,816</b>
Issuance of units	<b>1,219,790</b>	<b>3,829,647</b>
Redemption of units	<b>(1,613,788)</b>	<b>(1,679,162)</b>
<b>Net changes in number of units</b>	<b>(393,998)</b>	<b>2,150,485</b>
<b>Net number of units (equity) attributable to the unit holders at the end of the period</b>	<b>3,269,236</b>	<b>4,917,301</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**MIYAR MURABAHA FUND**  
**Open-Ended Mutual Fund**  
**(Managed by Miyar Capital Company)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

**For the six-month period ended 30 June 2024**

**(Amounts in SAR)**

	<u>Note</u>	<b>30 June 2024</b> <b>(Unaudited)</b>	<b>30 June 2023</b> <b>(Unaudited)</b>
<b>Cash flows from operating activities</b>			
<b>Net income for the period</b>		<b>980,740</b>	606,317
		<b>980,740</b>	606,317
<b>Net changes in operating assets and liabilities:</b>			
Investments carried at fair value through profit or loss (FVTPL)		<b>(8,019,904)</b>	3,259,589
Investments carried at amortized cost		<b>(7,043,018)</b>	1,500,000
Accrued special commission		<b>275,187</b>	(298,155)
Accrued management fees		<b>(4,082)</b>	9,027
Accrued expenses		<b>(12,659)</b>	10,676
<b>Net cash used in operating activities</b>		<b>(13,823,736)</b>	5,087,454
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		<b>13,172,063</b>	39,498,972
Redemptions of units		<b>(17,433,589)</b>	(17,185,475)
<b>Net cash from financing activities</b>		<b>(4,261,526)</b>	22,313,497
<b>Net changes in cash and cash equivalents</b>		<b>(18,085,262)</b>	27,400,951
Cash and cash equivalents at beginning of the period		<b>23,784,122</b>	13,602,008
<b>Cash and cash equivalents at end of the period</b>	<b>5</b>	<b>5,698,860</b>	41,002,959

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.



**MIYAR MURABAHA FUND**  
**Open-Ended Mutual Fund**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the period ended 30 June 2024**

**(Amounts in SAR)**

**1. FUND AND ITS ACTIVITIES**

The MIYAR Murabaha Fund (the “Fund”) is a public, open-ended money fund established and managed by an agreement between Miyar capital Company (the “Fund Manager”) and the investors in the Fund (Unitholders).

The fund aims to achieve investment returns and preserve capital in low-risk investments for the fund's unit owners and provide liquidity by investing primarily in Murabaha deals and other deals in short and medium-term financial instruments that are compatible with the Sharia regulations of the Fund’s Sharia Committee. No profits are distributed to unit holders, but all profits and revenues are reinvested in the same fund.

**Subscription / Redemption**

Subscription / redemption requests are accepted on all days on which Tadawul is open. The value of the Fund’s portfolio is determined on a daily basis. The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net assets of the Fund by the total number of outstanding Fund units.

**2. REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 – “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Certified Public Accountants (SOCPA).

These interim condensed financial statements don’t include all the information required in the annual financial statements. And it should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 2023. The results for the six-months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

**3.2 Basis of measurement**

These interim condensed financial statements have been prepared based on the historical cost principle, the going concern concept, and the accrual basis of accounting, except for investments at fair value through profit or loss, which are measured at fair value.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in the order of liquidity

**3.3 Functional and Presentation Currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at date of the interim condensed statement of financial position. Foreign exchange gains and losses, arising from translation are included in the interim condensed statement of comprehensive income.

**MIYAR MURABAHA FUND**  
**Open-Ended Mutual Fund**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the period ended 30 June 2024**

**(Amounts in SAR)**

**3. BASIS OF PREPARATION (CONTINUED)**

**3.4 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Going concern**

The fund management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Accordingly, the interim financial statements have been prepared on the basis of the going concern principle.

**Fair Value Measurement of Financial Instruments**

When it is not possible to measure the fair value of financial assets and financial liabilities recorded in the statement of financial position based on quoted prices in active markets, their fair value is determined using valuation techniques, including the discounted cash flow method. Inputs to these methods are derived from observable markets whenever possible. When this is not feasible, a degree of judgment is required to determine fair value. Judgments include considerations for inputs such as liquidity risks, credit risks, and volatility. Changes in assumptions regarding these factors can affect the fair value of financial instruments.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**4.1 New Standards, Amendments, and Interpretations Effective from January 1, 2024, and Not Early Adopted**

The accounting policies used in preparing these interim financial statements are consistent with those used and disclosed in the fund's annual financial statements for the year ended December 31, 2023. There are new standards, amendments, and interpretations that apply for the first time in 2024, but they do not have an impact on the fund's interim condensed financial statements.

There are several other amendments and interpretations that have been issued but are not yet effective as of the date of issuance of the fund's interim financial statements. The fund's board of directors believes that these will not have a material impact on the fund's interim financial statements. The fund intends to adopt these amendments and interpretations, if applicable.

**5. CASH AND CASH EQUIVALENTS**

	<b>30 June 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(Audited)</b>
Cash with Custodian	<b>26,191</b>	45,654
Murabaha placements due within 3 months	<b>5,672,669</b>	23,738,468
	<b>5,698,860</b>	23,784,122

Cash at Bank is held in investment accounts with Al-Bilad Capital Company (the custodian of the fund). The Fund does not earn profit on these investment accounts.

**MIYAR MURABAHA FUND**  
**Open-Ended Mutual Fund**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the period ended 30 June 2024**

**(Amounts in SAR)**

**6. INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

	<b>30 June 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(Audited)</b>
The value of the investment at the beginning of the period / year	-	3,259,589
Purchase of investments during the period / year	<b>9,375,000</b>	1,000,000
Disposal of investments for the year / year	<b>(1,375,000)</b>	(4,263,366)
Realized gain from disposal of investments carried at fair value through profit or loss	-	3,777
Unrealized gain from investments carried at fair value through profit or loss	<b>19,904</b>	-
<b>The value of the investment at the end of the period / year</b>	<b>8,019,904</b>	-

**7. INVESTMENTS CARRIED AT AMORTIZED COST**

	<b>30 June 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(Audited)</b>
Murabaha placements with other banks	<b>27,515,687</b>	23,738,468
Accrued special commission	<b>211,392</b>	486,579
	<b>27,727,079</b>	24,225,047

  

	<b>30 June 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(Audited)</b>
Murabaha placements due within 3 months	<b>5,672,669</b>	23,738,468
Murabaha placements due more than 3 months	<b>21,843,018</b>	14,800,000
	<b>27,515,687</b>	38,538,468

**7-1** Murabaha deposits are placed with local banks with good credit ratings.

**7-2** Murabaha receivables due within less than 3 months are classified as cash and cash equivalents in the interim statement of financial position.

**7-3** The rate of profit on Murabaha placements ranges from 3% to 6.2% per annum and all the Murabaha placements will be matured within a period of less than 12 months from the interim condensed statement of financial position date.

**7-4** The following table represents the movement of investments in Murabaha placements measured at amortized cost during the period/ year:

**MIYAR MURABAHA FUND**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the period ended 30 June 2024**

**(Amounts in SAR)**

**7. INVESTMENTS CARRIED AT AMORTIZED COST(CONTINUED)**

	<b>30 June 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(Audited)</b>
<b>Book value as at the beginning of the period / year</b>	<b>38,538,468</b>	24,089,128
Additions during the period / year	<b>125,609,322</b>	556,377,420
Matured during the period / year	<b>(137,535,016)</b>	(543,503,893)
Murabaha profit received during the period / year	<b>902,913</b>	1,575,813
<b>Book value as at the end of the period / year</b>	<b>27,515,687</b>	38,538,468

**8. ACCRUED EXPENSES**

	<b>30 June 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(Audited)</b>
Accrued professional fees	<b>15,762</b>	13,303
Accrued custody fee	<b>10,237</b>	9,462
Accrued Tadawul fee	<b>2,859</b>	4,649
Accrued Board fees	<b>11,934</b>	18,000
Accrued Authority fees	<b>3,730</b>	-
Accrued Sharia fees	<b>3,233</b>	15,000
	<b>47,755</b>	60,414

**9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties of the Fund include are shareholder, the fund manager, and other funds managed by the fund manager. In the ordinary course of its activities, the Fund transacts business with related parties. The related parties' transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund's Board of Directors.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

	<b>Nature of transaction</b>	<b>Transaction value during the period</b>		<b>Balance as at (credit)</b>	
		<b>30 June 2024</b> <b>(Unaudited)</b>	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 June 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(Audited)</b>
<b>Related parties</b>					
<b>Miyar Capital Company</b>	Fund	<b>86,996</b>	62,241	<b>12,222</b>	16,304
(Fund Manager)	management fees				
<b>Board of Directors</b>	Attendance Fees	<b>11,951</b>	5,951	<b>11,934</b>	18,000

The outstanding balance of Miyar Capital Company has been classified as accrued management fees, and the outstanding balance for the Board of Directors has been classified under accrued expenses in the interim condensed financial position statement.

## **10. FINANCIAL RISK MANAGEMENT**

### **10-1 Financial risk factors**

The objective of the Fund is to safeguard its ability to continue as a going concern so that it can continue to provide optimum returns to its Unitholders and to ensure reasonable safety to the Unitholders.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### **(a) Market risk**

Market risk refers to the risk of changes in market prices, such as commission rates, foreign exchange rates, and equity prices, impacting the fund's revenue or the fair value of its holdings in financial instruments.

The fund's strategy for managing market risk is derived from its investment objectives as outlined in the fund's terms and conditions.

Market risk is regularly managed by the fund manager in accordance with specified policies and procedures.

The fund manager regularly monitors the fund's market positions.

##### **(i) Price risk**

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the interim condensed statement of financial position date, the Fund has investments in mutual funds and equity instruments.

#### **(b) Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Its Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund is exposed to credit risk for its cash and cash equivalents, Investments measured at amortized cost and other receivables. Cash is placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

## **10. FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **10-1 Financial risk factors (Continued)**

#### **(b) Credit risk (continued)**

##### **Expected credit loss measurement**

The Fund does not have a formal internal grading mechanism. Credit risks are generally managed on the basis of external credit ratings of counterparties.

Under the general approach of IFRS 9 ECL, the financial assets are classified into three stages. Each stage indicates the credit quality of the particular financial asset.

**Stage 1:** includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and profit is calculated on the gross Book value of the asset (that is, without deduction for credit allowance).

**Stage 2:** includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but profit is still calculated on the gross Book value of the asset.

**Stage 3:** includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted).

One of the key components of IFRS 9 ECL is to determine whether there have been significant increases in credit risk (SICR) of an entity's credit exposures since initial recognition. The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL.

##### **Definition of 'Default'**

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Fund. Overdrafts are considered as being past due once the counterparty has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Fund considers indicators that are:

- qualitative- e.g., breaches of covenant;
- quantitative- e.g., default and non-payment on another obligation of the same issuer to the Fund; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

**MIYAR MURABAHA FUND****Open-Ended Mutual Fund****(Managed by Miyar Capital Company)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the period ended 30 June 2024****(Amounts in SAR)****10. FINANCIAL RISK MANAGEMENT (CONTINUED)****10-1 Financial risk factors (Continued)****(b) Credit risk (continued)****Probability of Default (PD)**

Through the yearly review of investments in debt instruments, the Fund shall draw a yearly transition matrix to compute account-based PD over the one-year horizon for the past 5 years. These PDs will be grouped as per credit ratings. This rating migration shall capture the movement of obligors into default at yearly intervals. An average default rate of the 5 yearly transition matrices provides the through the cycle PDs. IFRS 9 requires the use of a PD that is a 'point-in-time' (PiT PD) estimate reflecting current forecasts of future economic conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

**Loss Given Default (LGD)**

Loss given default is defined as the forecasted economic loss in case of default. LGD computation will be based on the Fund's losses on defaulted accounts after the consideration of recovery percentages. IFRS 9 also requires that LGD be estimated in collaboration with the forward-looking valuation of collaterals based on macro-economic factors. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

For LGD estimation on its non-collateralized portfolio, the Fund shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 5 years prior to the assessment date.

**Exposure at Default (EAD)**

Exposure at default is an estimation of the extent that the Fund may be exposed to an obligor in the event of default. The estimation of EAD should consider any expected changes in the exposure after the assessment date. This is of importance in the case of Stage 2 assets where the point of default may be several years in the future.

**Discount rate**

The Fund will compute effective profit rate at a contractual level. If the computation of the effective profit rate (at reporting date) is not feasible, the Fund will use the contractual profit (at reporting date) for discounting purposes.

The Fund Manager has performed an ECL assessment for the financial assets carried at amortized cost. An allowance for impairment over these financial assets was not recognized in these financial statements as the amount was not material.

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**(Amounts in SAR)**

**10. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**10-1 Financial risk factors (Continued)**

**(b) Credit risk (continued)**

**Credit ratings**

The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is managed using the ratings from reputable credit ratings agencies. As at 30 June 2024 and 31 December 2023, the Fund has investments measured at amortized cost with the following credit quality:

<b>Rating of financial institution</b>	<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (Audited)</b>
<b>Cash with custodian</b>		
Unrated	<b>26,191</b>	45,654
<b>Murabaha placements</b>		
A (S&P)	-	6,227,808
A-(S&P)	<b>5,160,662</b>	15,510,660
A+(S&P)	<b>16,855,025</b>	2,000,000
B+(S&P)	<b>5,500,000</b>	-
BB(S&P)	-	11,500,000
BBB (S&P)	-	3,300,000
	<b>27,515,687</b>	38,538,468

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

All financial liabilities have original maturity of less one year.

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unitholders.



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**10. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**10-1 Financial risk factors (Continued)**

**(d) Operational risk (Continued)**

The capital of the Fund is represented by the equity attributable to holders of redeemable units. The amount of equity attributable to holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of unitholders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other unitholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund Manager monitor capital on the basis of the value of equity attributable to unitholders.

**10-2 Fair Value Estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision, if any, of financial instrument carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed debt instruments. The Fund does not adjust the quoted price for these instruments.

Fund classifies all of its financial assets, except for those carried at amortized cost at Level 1 fair value.

<b>As at 30 June 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments carried at FVTPL (Note7)	-	8,019,904	-	8,019,904
<b>Total</b>	-	8,019,904	-	8,019,904
<b>As at 31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments carried at FVTPL (Note7)	-	-	-	-
<b>Total</b>	-	-	-	-

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**10. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**10-2 Fair Value Estimation (Continued)**

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the funds which is based on observable market data.

The Investee Funds classified in Level 2 were fair valued using the net asset value of the Investee Fund, as reported by the respective Investee Fund's administrator. For these Investee Funds, management believes the Fund could have redeemed its investment at the net asset value per share at the interim condensed statement of financial position date.

During the period, there has been no transfer in fair value hierarchy for FVTPL investments.

Other financial instrument such as, cash at bank, are short-term financial asset whose Book value approximate its fair value, because of its short-term nature and the high credit quality of counterparty. For all other financial assets and liabilities, the carrying value is an approximation of fair value.

**Classification of Assets and Liabilities by Category**

The amounts listed in the interim condensed financial position pertain to the following categories of financial assets and liabilities:

<b>30 June 2024</b>	<b>Amortized cost</b>	<b>FVPL</b>
<b>Assets as per statement of assets and liabilities</b>		
Cash and cash equivalents	5,698,860	-
Investments carried at FVPL	8,000,000	8,019,904
Investments carried at amortized cost	21,843,018	-
Accrued special commission	211,392	-
<b>Total</b>	<b>35,753,270</b>	<b>8,019,904</b>

  

<b>31 December 2023</b>	<b>Amortized cost</b>	<b>FVPL</b>
<b>Assets as per statement of assets and liabilities</b>		
Cash and cash equivalents	23,784,122	-
Investments carried at amortized cost	14,800,000	-
Accrued special commission	486,579	-
<b>Total</b>	<b>39,070,701</b>	<b>-</b>

All liability balances are presented at amortized cost.

**11. COMPARATIVE FIGURES**

Some comparative figures have been reclassified to conform with the current period's classification.

**12. SUBSEQUENT EVENTS**

As of the date of approval of these interim condensed financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these interim condensed financial statements

**MIYAR MURABAHA FUND**

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**13. LAST VALUATION DAY**

The last valuation day for the period was 30 June 2024 (2023: 31 December 2023).

**14. APPROVAL OF THE FINANCIAL STATEMENTS**

These interim condensed financial statements were approved and authorized for issue by the Fund's Board on 05 August 2024 (corresponding to 01 Safar 1446 AH)