

MEFIC SAUDI RIYAL MURABAHA FUND
Open-Ended Mutual Fund
(Managed by Middle East Financial Investment Company)
Interim condensed financial statements (Un-audited)
For the six-months period ended 30 June 2022
Together with the
Independent Auditor's Report to the Unitholders

MEFIC SAUDI RIYAL MURABAHA FUND
Open-Ended Mutual Fund
(Managed by Middle East Financial Investment Company)
Interim Condensed Financial Statements (Un-audited)
For the six-months period ended 30 June 2022

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

TO THE/ UNITHOLDERS OF MEFIC SAUDI RIYAL MURABAHA FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of MEFIC Saudi Riyal Murabaha Fund (the "Fund") managed by middle east financial investment company (the "Fund Manager") as at 30 June 2022 and the related interim statement of comprehensive income / (comprehensive loss), interim statement of changes in net assets (Equity) attributable to the unitholders and interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management 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 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.

OTHER MATTER

The financial statements of the Fund for the year ended 31 December 2021 and for the six-months period ended 30 June 2021 were audited and reviewed by another auditor who have expressed an unmodified opinion and conclusions thereon vide their reports dated 24 February 2022 and 17 August 2021 respectively.

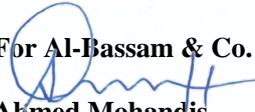
EMPHASIS OF MATTER

We would like to draw attention to Note No. (12) attached to the financial statements, which states that in the period ending on December 31, 2021, all the units of the fund were redeemed by the unit holders and as a result there are no units subscribed to them as on the date of the report. The fund management conducts an assessment of the possibility of increasing assets and studies the optimal opportunities for the fund. 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. Our opinion has not been modified in respect of this matter.

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 Al-Bassam & Co.


Ahmed Mohandis
Certified Public Accountant
License No. 477



10 Muharram 1444H
8 August 2022
Riyadh, Kingdom of Saudi Arabia

MEFIC SAUDI RIYAL MURABAHA FUND
OPEN-ENDED MUTUAL FUND
(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2022
(Amounts in Saudi Arabian Riyal)

	<u>Note</u>	30 June 2022 (Un-audited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents		-	-
Total assets		<u>-</u>	<u>-</u>
LIABILITIES			
Management fees payable		-	-
Total liabilities		<u>-</u>	<u>-</u>
Net assets (equity) attributable to the Unit Holders		<u>-</u>	<u>-</u>
Units in issue (number)		-	-
Net assets (equity) attributable to each unit		<u>-</u>	<u>-</u>

MEFIC SAUDI RIYAL MURABAHA FUND
OPEN-ENDED MUTUAL FUND
(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyal)

	<u>Note</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
Investment income			
Realized and unrealized gain from the sale of investments carried at FVPL		-	35,085
		<u>-</u>	<u>35,085</u>
Expenses			
Fund management fees	6	-	(19,949)
Total operating expenses		<u>-</u>	<u>(19,949)</u>
Net income for the period		-	15,136
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>-</u>	<u>15,136</u>

MEFIC SAUDI RIYAL MURABAHA FUND
OPEN-ENDED MUTUAL FUND
(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)
INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE
UNIT HOLDERS (UN-AUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyal)

	<u>30 June 2022</u>	<u>30 June 2021</u>
Net assets (equity) attributable to the unit holders at the beginning of the period	-	12,743,000
Total comprehensive income for the period	-	15,136
Contributions and redemptions by the unit holders		
Issuance of units	-	4,658,732
Redemption of units	-	(12,411,752)
Net changes from unit transactions	-	(7,753,020)
Net assets (equity) attributable to the unit holders at the end of the period	-	5,005,116
Unit transactions	<u>30 June 2022</u>	<u>30 June 2021</u>
	Units	
As at the beginning of the period	-	127,430
Issuance of units	-	46,566
Redemption of units	-	(123,996)
Net changes in number of units	-	(77,430)
Net number of units (equity) attributable to the unit holders at the end of the period	-	50,000

MEFIC SAUDI RIYAL MURABAHA FUND
OPEN-ENDED MUTUAL FUND
(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyal)

	<u>Note</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
Cash flows from operating activities:			
Net income for the period		-	15,136
Adjustments for:			
Realized and unrealized gain from the sale of investments carried at FVPL		-	(35,085)
		-	(19,949)
Net changes in operating assets and liabilities:			
Management fees payable		-	2,399
Net cash used in operating activities		-	(17,550)
Cash flows from investing activities:			
purchase of investments carried at FVPL		-	(6,360,000)
Proceeds from the sale of investments carried at FVPL		-	5,334,125
Net cash used in investing activities		-	(1,025,875)
Cash flows from financing activities:			
Proceeds from issuance of units		-	4,658,732
Redemptions of the units		-	(12,411,752)
Net cash used in financing activities		-	(7,753,020)
Net changes in cash and cash equivalents		-	(8,796,445)
Cash and cash equivalents at beginning of the period		-	12,743,000
Cash and cash equivalents at end of the period		-	3,946,555

MEFIC SAUDI RIYAL MURABAHA FUND
Open-Ended Mutual Fund
(Managed by Middle East Financial Investment Company)
Notes to the interim condensed financial statements (un-audited)
For the six-month period ended 30 June 2022
(Amounts in Saudi Arabian Riyal)

1- FUND AND ITS ACTIVITIES

The MEFIC Saudi Riyal Murabaha Fund (the “Fund”) is an Open-Ended Mutual Fund managed through an agreement between Middle East Financial Investment Company (the “Fund Manager”) and the Fund investors (the “Unitholders”).

The objective of the Fund is to achieve capital growth and provide liquidity through investment in low-risk financial instruments not contradict the principles of Islamic Sharia, as well as achieving a higher return than the standard return, which represents the three-month SAIBOR.

The Fund commenced its operations on 26 Rabi’ Al-Awwal, 1432 H (corresponding to 1 March, 2011). Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number 5/7481 dated 21 Ramadan 1431 H (corresponding to August 31, 2010).

In dealing with the Unitholders, the Fund Management considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

2- REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulation (the “Regulation”) 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 Regulation 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 of the Fund 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 Chartered and Professional Accountants (SOCPA).

These interim condensed financial statements do not include all the information required in the annual financial statements and should be read in conjunction with the Fund’s annual financial statement for the year ended 31 December 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost basis, as amended. using the accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

3.3 Functional and Presentation Currency

Items included in the interim condensed 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.

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3- BASIS OF PREPARATION (CONTINUED)

3.3 Functional and Presentation Currency (continued)

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.

As at the date of the interim statement of financial position foreign exchange gains and losses arising from translation are included in the interim statement of comprehensive income.

3.4 Critical accounting judgments, estimates and assumption

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Going concern

The Fund Manager 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 doubt on the Fund's ability to continue as a going concern. Therefore, these financial statements have been prepared on the going concern basis.

4- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2021. Certain new standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements. In the opinion of the Fund's Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

5- MANAGEMENT FEE, CUSTODY AND OTHER CHARGES

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 0.5% per annum of the Fund's net assets value. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fees, and other similar charges. In addition, on a daily basis the Fund Manager charges the Fund, custody fees of 0.03% per annum of the Fund's.

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6- 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:

Related party	Nature of transactions	Amount of transaction during the period		Balance as in	
		30 June 2022	30 June 2021	30 June 2022	31 December 2021
Middle East Financial Investment Company (fund manager)	Management fee	-	-	-	-
	VAT on Management fee	-	2,602	-	-
	Accrued Management fee	-	17,347	-	-

7- FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2022 (Un-audited)	Amortized cost	FVPL
Assets as per statement of assets and liabilities		
Cash and cash equivalents	-	-
Investments carried at FVPL	-	-
Total	-	-
31 December 2021 (Audited)		
Assets as per statement of assets and liabilities		
Cash and cash equivalents	-	-
Investments carried at FVPL	-	40,794
Total	-	40,794

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8- FINANCIAL RISK MANAGEMENT

8.1 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 Unit Holders and to ensure reasonable safety to the Unit Holders.

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

(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 Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, the Fund has equity investments.

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk on its cash and cash equivalents and receivables. Bank balances are deposited in local banks, which is considered a good financial rating bank.

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on cash and cash equivalent, investments carried at amortized cost and accrued special commission income is limited as:

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8- FINANCIAL RISK MANAGEMENT (CONTINUED)

8.1 Financial risk factors (continued)

(b) Credit risk (continued)

- All financial assets of the Fund are held with counterparties with sound credit ratings.
- The Fund applies the IFRS 9 simplified approach to measure expected credit losses which is used for lifetime expected losses for all financial assets.
- It is the 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.

(c) Liquidity risk

It is the risk that the fund is exposed to difficulties in obtaining the financing necessary to meet commitments related to financial liabilities. The fund manager monitors the liquidity requirements on an ongoing basis in order to ensure the adequacy of the available funding to meet any obligations when they occur.

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.

(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 unit holders.

8.2 Fair value estimation

The fair value for 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 of financial instruments 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;
- Level 3 inputs are unobservable inputs for the asset or liability.

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(Amounts in Saudi Arabian Riyal)

8- FINANCIAL RISK MANAGEMENT (CONTINUED)

8.2 Fair value estimation (continued)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity 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 fair value as level 1.

9- COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation for the current period.

10- SUBSEQUENT EVENTS

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

11- LAST VALUATION DAY

The last valuation day for the period was 30 June 2022

12- SIGNIFICANT EVENTS

During the period ended December 31, 2021, all of the Fund's units were redeemed, consequently there are no units subscribed as of the Fund's reporting date. The Fund's management has conducted an assessment for increasing assets by way of subscriptions, and, are confident securing the necessary subscriptions to continue the operations of the Fund for the seeable future.

13- APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 7 August 2022 (corresponding to 9 Muharram 1443 H).