

Al Azem, Al Sudairy, Al Shaikh & Partners

For Professional Consulting – Member Crowe Global

Al-Khair Capital Sukuk Plus Fund (Managed by Al-Khair Capital Saudi Arabia Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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INDEPENDENT AUDITORS' REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION

TO: The Unitholders of
Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **Al-Khair Capital Sukuk Plus Fund** – (“the fund”) managed by Al-Khair Capital Saudi Arabia Company (the “Fund Manager”), as at 30 June 2023 and the related condensed interim statements of comprehensive income, changes in net assets and cash flows for the six months’ period then ended and notes to the condensed interim financial information, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information 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 issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). Our responsibility is to express a conclusion on this condensed interim financial information 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”, as endorsed in the Kingdom of Saudi Arabia. A review of condensed 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 condensed interim financial information does not present fairly, in all material respects the financial position of the fund as of 30 June 2023 and its condensed interim statement of comprehensive income and its cash flows for the six month’s period then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).



Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting



Abdullah M. AlAzem
License No. (335)

23 Muharram 1445H (Corresponding 10 August 2023)
Riyadh, Saudi Arabia

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2023

	<i>Note</i>	<i>30 June 2023 (Unaudited) USD</i>	<i>31 December 2021 (Audited) USD</i>
<u>ASSETS</u>			
Cash and cash equivalents		54,676	38,184
Prepayment and other receivables		40,910	30,760
Financial assets at fair value through other comprehensive income	7	2,430,395	2,414,603
TOTAL ASSETS		2,525,981	2,483,547
<u>LIABILITIES</u>			
Management fees payable		4,350	4,754
Accrued expenses and other liabilities	8	8,172	15,864
TOTAL LIABILITIES		12,522	20,618
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		2,513,459	2,462,929
Units in issue			
		21,271	21,271
Net assets value attributable to each unit			
		118.1637	115.7881

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

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the six month period ended 30 June 2023

		For the six-month period ended 30 June	
	Note	2023 USD	2022 USD
INVESTMENT INCOME			
Profit on sukuk		55,624	55,540
Other income		203	203
TOTAL INCOME		55,827	55,743
EXPENSES			
Management fees	9	(9,033)	(9,377)
Other expenses	10	(13,290)	(13,407)
TOTAL EXPENSES		(22,323)	(22,784)
NET INCOME FOR THE PERIOD		33,504	32,959
OTHER COMPREHENSIVE INCOME			
Unrealised gain / (loss) on financial assets at fair value through other comprehensive income		17,026	(211,524)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		50,530	(178,565)

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

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six month period ended 30 June 2023

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>USD</i>	<i>USD</i>
NET ASSETS AT THE BEGINNING OF THE PERIOD	<u>2,462,929</u>	<u>2,625,998</u>
CHANGES FROM OPERATIONS		
Total comprehensive income / (loss) for the period	50,530	(178,565)
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	-	-
Value of units redeemed	-	-
Net change from unit transactions	-	-
NET ASSET AT THE END OF THE PERIOD	<u>2,513,459</u>	<u>2,447,433</u>

UNIT TRANSACTIONS

Transactions in units for the six-month period ended 30 June are summarised as follows:

	<i>2023</i>	<i>2022</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	<u>21,271</u>	<u>21,271</u>
Units sold	-	-
Units redeemed	-	-
Net changes in units	-	-
UNITS AT THE END OF THE PERIOD	<u>21,271</u>	<u>21,271</u>

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

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the six month period ended 30 June 2023

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>USD</i>	<i>USD</i>
OPERATING ACTIVITIES		
Net income for the period	<u>33,504</u>	<u>32,959</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through other comprehensive income, net	1,234	694
Prepayment and other receivable	(10,150)	311
Management fee payable	(404)	(776)
Accrued expenses and other liabilities	(7,692)	(553)
Net cash flow proceeds from operating activities	<u>16,492</u>	<u>32,635</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 16,492	 32,635
Cash and cash equivalents at the beginning of the period	<u>38,184</u>	<u>19,327</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>54,676</u>	<u>51,962</u>

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

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

1 GENERAL

Al-Khair Capital Sukuk Plus Fund (the "Fund") is an open ended investment fund established and managed by Al-Khair Capital Saudi Arabia Company (the "Fund Manager") for the benefit of the Fund's Unitholders (the "Unitholders"). The Fund commenced its operations on 3 Sha'ban 1435H (corresponding to 1 June 2014). The address of the Fund Manager is as follows:

Al Khair Capital
P.O. Box. 69410
Riyadh 11547
Kingdom of Saudi Arabia

The objective of the Fund is to generate capital growth and income distribution returns over the medium to long term, by investing in a portfolio of Shariah compliant income producing investments and securities. The Fund will invest mainly in Sukuk issued by sovereign, quasi sovereign corporate issuers and in convertible Sukuk. The Fund will also invest in other credit instruments such as Islamic syndication facilities Murabaha, Shariah compliant deposits and Shariah compliant cash equivalents allowing a more balanced portfolio risk and return profile.

The Fund Manager is Al-Khair Capital Saudi Arabia Company. In 2017, the Custodian of the Fund was Al-Khair Capital Saudi Arabia Company and on 16 Sha'ban 1439 (corresponding to 2 May 2018) the Fund Manager appointed Alinma Investment Company as the Custodian of the Fund. The terms and conditions of the Fund has been approved by the Capital Market Authority ("CMA") on 29 Jamad Al Thani 1435H (corresponding to 29 April 2014) subsequently revised and approved on 08 Rajab 1439H (corresponding to 25 March 2018) and on 27 Ramadan 1440H (corresponding to 02 May 2019) and on 28 Shaban 1443H (corresponding to 30 Mar 2022).

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) Which is effective from 6 Safar 1438H (corresponding to 6 November 2016). and amended by resolution of the board of the Capital Market Authority on 12 Rajab 1442H (corresponding to 24 February 2021) Under the new Investment Fund Regulations (the "Amendment Regulations") which stipulate the matters that all investment funds operating in the Kingdom are required to follow.

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Fund's annual audited financial statements as at and for the year ended 31 December 2022.

Assets and liabilities in the statement of interim condensed financial position are presented in the order of liquidity.

An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 12.

3 BASIS OF PREPARATION (CONTINUED)

3.2 BASIS OF MEASUREMENT

The interim condensed financial statements are prepared under the historical cost convention except for financial assets at fair value through OCI that are measured at fair value at the reporting date.

3.3 FUNCTIONAL CURRENCY

The condensed interim financial statements are presented in United States Dollar (USD) which is the fund's functional currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2022.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed financial statements in conformity with IFRS as endorsed in the KSA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Actual results may differ from those estimates. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Going concern

The Fund's 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 upon the Fund's ability to continue as a going concern. Therefore, the interim condensed financial statements continue to be prepared on the going concern basis.

Fair value Measurement

The Fund measures its investments in financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund measures financial instruments at fair value at each reporting date. Fair values of those financial instruments are disclosed in note 11.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are several standards 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 Board, these standards will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt these standards, if applicable.

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income comprise of sukuk and are measured at fair value. The fair value is determined by reference to the closing price from the Bloomberg.

The composition of financial assets at fair value through other comprehensive income on last valuation day of the period is summarised below:

<i>30 June 2023 (Unaudited)</i>	<i>Cost USD</i>	<i>Market value USD</i>	<i>Unrealised gains (losses) USD</i>
Sukuk Investment	2,197,606	2,213,874	16,268
Mutual Fund Investments	215,763	216,521	758
Financial assets at fair value through other comprehensive income	<u>2,413,369</u>	<u>2,430,395</u>	<u>17,026</u>
 <i>31 December 2022 (Audited)</i>	 <i>Cost USD</i>	 <i>Market value USD</i>	 <i>Unrealised gains (losses) USD</i>
Sukuk investment	2,372,191	2,198,840	(173,351)
Mutual fund investments	208,670	215,763	7,093
Financial assets at fair value through other comprehensive income	<u>2,580,861</u>	<u>2,414,603</u>	<u>(166,258)</u>
		<i>30 June 2023</i>	<i>30 June 2022</i>
Unrealized gain / (loss) for the period		<u>17,026</u>	<u>(166,258)</u>

The sukuk carry a fixed profit rate between 2.250% to 9.875% per annum (31 December 2022: 2.250% to 9.875% per annum) and have maturity periods of year to twenty-five years.

8 ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>30 June 2023 (Unaudited) USD</i>	<i>31 December 2022 (Audited) USD</i>
Audit fees	4,232	8,533
VAT	1,333	2,342
Bord of management fees	1,316	2,667
Custodian fees	978	994
Other	313	1,328
Total	<u>8,172</u>	<u>15,864</u>

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

9 TRANSACTION WITH RELATED PARTIES

Related parties of the Fund include the Unitholders, the Fund Manager, the Shareholders of the Fund Manager (Al-Khair Capital), the Fund's Board members and other funds managed by the Fund Manager.

The fund manager calculates management fees at an annual rate of 0.75% of the fund's net asset value. This is accrued on each trade date and paid on a monthly basis.

According to the terms and conditions, the Fund Manager shall recover from the Fund any other expenses incurred on behalf of the Fund such as audit fees, regulatory and legal services, brokerage services, consulting and other similar fees. The fund charged an early redemption commission of 1% on redemption during the first year of subscription, 0.75% for the second year, and 0.5% for the third year to prevent early redemption.

In the ordinary course of its activities, the Fund transacts business with its related parties. All the related party transactions are carried out based on mutually agreed prices under formal agreement, which is approved by the Fund Board.

Related party transactions for the period are as follows:

Name of Related party	Nature of transaction	Amount of transactions		Balance Receivable / (Payable)	
		For the six months period ended 30 June 2023	For the six months period ended 30 June 2022	30 June 2023	31 December 2022
		(Unaudited) USD	(Unaudited) USD	(Unaudited) USD	(Audited) USD
The Fund Manager	Fund management fee	(9,033)	(9,377)	(4,350)	(4,754)
The Fund's Board members	Board members' fee	(1322)	(1322)	(1,316)	(2,667)
Alkhair Capital Murabah Fund SAR	Value of the units held	-	-	(893,954)	(875,679)

The units in issue at 30 June 2023 were Zero units (31 December 2022: Zero units) were held by the Fund Manager.

10 OTHER EXPENSES

	For the six-month period ended 30 June	
	2023 (Unaudited) USD	2022 (Unaudited) USD
Professional fee	4,232	4,232
Custodian fees	1,984	1,984
Board member fees	1,322	1,322
Regulator fees	992	992
Tadawul fees	661	661
Bank charges	239	502
Others	3,860	3,714
	13,290	13,407

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair values of financial instruments are not significantly different from the carrying values included in the interim condensed financial statements due to the short duration of such financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value. During the period ended 30 June 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

USD	Carrying value	Level 1	Level 2	Level 3	Total
30 June 2023 (Unaudited)					
<u>Financial assets measured at fair value</u>					
Financial assets at fair value through other comprehensive income	2,430,395	2,430,395	-	-	2,430,395
Total	2,430,395	2,430,395	-	-	2,430,395
USD					
31 December 2022 (Audited)					
<u>Financial assets measured at fair value</u>					
Financial assets at fair value through other comprehensive income	2,414,603	2,414,603	-	-	2,414,603
Total	2,414,603	2,414,603	-	-	2,414,603

Al-Khair Capital Sukuk Plus Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

12 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

<i>As at 30 June 2023 (Unaudited)</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
ASSETS			
Cash and cash equivalents	54,676	-	54,676
Prepayment and other receivables	40,910	-	40,910
Financial assets at fair value through other comprehensive income	216,521	2,213,874	2,430,395
TOTAL ASSETS	312,107	2,213,874	2,525,981
LIABILITIES			
Management fees payable	4,350	-	4,350
Accrued expenses and other liabilities	8,172	-	8,172
TOTAL LIABILITIES	12,522	-	12,522
 <i>As at 31 December 2022 (Audited)</i>	 <i>Within 12 months USD</i>	 <i>After 12 months USD</i>	 <i>Total USD</i>
ASSETS			
Cash and cash equivalents	38,184	-	38,184
Prepayment and other receivables	30,760	-	30,760
Financial assets at fair value through other comprehensive income	215,763	2,198,840	2,414,603
TOTAL ASSETS	284,707	2,198,840	2,483,547
LIABILITIES			
Management fees payable	4,754	-	4,754
Accrued expenses and other liabilities	15,864	-	15,864
TOTAL LIABILITIES	20,618	-	20,618

13 LAST VALUATION DAY

The last valuation day of the period was 30 June 2023 (2022: 31 December 2022)

14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 23 Muharram 1445H (Corresponding 10 August 2023).

