

SICO CAPITAL MONEY MARKET FUND
(Previously known as Muscat Capital Money
Market Fund)
(Open-Ended Fund)
MANAGED BY SICO CAPITAL (Previously known as
Muscat Capital)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT

SICO CAPITAL MONEY MARKET FUND (Previously known as Muscat Capital Money Market Fund)

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INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 AND INDEPENDENT AUDITOR'S REVIEW REPORT

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

TO THE UNITHOLDERS

(1 / 1)

SICO CAPITAL MONEY MARKET FUND (Previously known as Muscat Capital Money Market Fund)

MANAGED BY SICO CAPITAL (Previously known as Muscat Capital)

Riyadh, Kingdom of Saudi Arabia

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of SICO Capital Money Market Fund (Previously known as Muscat Capital Money Market Fund) as at 30 June 2022 and the related interim statement of comprehensive income for the six-month periods then ended, and the interim statements of changes in equity and 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.

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 A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 26 Muharram 1444H
Corresponding to: 24 August 2022

(2)

SICO CAPITAL MONEY MARKET FUND (Previously known as Muscat Capital Money Market Fund)
(Open-ended fund)
MANAGED BY SICO CAPITAL (Previously known as Muscat Capital)
INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Riyals)

		30 June 2022	31 December 2021
	Notes	(Unaudited)	(Audited)
ASSETS			
Cash at bank	6, 11	16,316,021	7,206,660
Investments carried at fair value through profit or loss (FVTPL)	7	71,384,390	77,136,876
Investments carried at amortized cost	8	138,119,943	146,605,972
Investments carried at amortized cost – Sukuk	10	8,052,889	-
Total assets		233,873,243	230,949,508
LIABILITIES			
Accrued management fee	11	173,948	167,315
Other accrued expenses		382,488	358,161
Total liabilities		556,436	525,476
Net assets (Equity) attributable to the unitholders		233,316,807	230,424,032
Units in issue (in numbers)	9	20,098,254	20,104,516
Net asset value per unit		11.61	11.46

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Riyals)

	Note	For the six months period ended 30 June 2022 (Unaudited)	For the six months period ended 30 June 2021 (Unaudited)
Income			
Murabaha income	8	1,472,409	973,187
Sukuk income	10	122,889	197,690
Realized and unrealized gain on FVTPL investments			
- Realized gain on disposal of FVTPL investments		1,072,499	82,834
- Unrealized gain on FVTPL investments	7	595,230	1,679,716
		<u>3,263,027</u>	<u>2,933,427</u>
Expenses			
Management fees	11	361,312	385,475
Other expenses		169,556	191,033
		<u>530,868</u>	<u>576,508</u>
Net income for the period		<u>2,732,159</u>	<u>2,356,919</u>
Other comprehensive income			
Total comprehensive income for the period		<u>2,732,159</u>	<u>2,356,919</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

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INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) (UNAUDITED)
For the six-month period ended 30 June 2022
(Amounts in Saudi Riyals)

	For the six-months period ended 30 June 2022 (Unaudited)	For the six-months period ended 30 June 2021 (Unaudited)
Balance at the beginning of the period	230,424,032	208,877,577
Total comprehensive income for the period	2,732,159	2,356,919
Changes from unit transactions		
Proceeds from issuance of units	177,497,492	83,619,978
Payment towards units redeemed	(177,336,876)	(82,633,217)
Net change from unit transactions	160,616	(986,761)
Net assets (Equity) attributable to the unitholders at the end of the period	233,316,807	212,221,257

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SICO CAPITAL MONEY MARKET FUND (Previously known as Muscat Capital Money Market Fund)
(Open-ended fund)

MANAGED BY SICO CAPITAL (Previously known as Muscat Capital)

STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

(Amounts in Saudi Riyals)

	Note	For the six-month period ended 30 June 2022 (Unaudited)	For the six-month period ended 30 June 2021 (Unaudited)
Cash flows from operating activities:			
Net income for the period		2,732,159	2,356,919
Adjustments for:			
- Unrealized gain on FVTPL investments	7	(595,230)	(1,679,716)
		2,136,929	677,203
Net changes in operating assets and liabilities:			
Investments carried at FVTPL		6,347,716	(14,458,044)
Investments carried at amortized cost-Murabaha		28,899,572	103,503,948
Investments carried at amortized cost – Sukuk		(8,052,889)	1,581
Accrued management fee		6,633	(30,986)
Accrued expenses		24,327	47,772
Net cash generated from operating activities		29,362,288	89,741,474
Cash flows from financing activities:			
Proceeds from issuance of units		177,497,492	83,619,978
Redemptions of the units *		(177,336,876)	(84,633,217)
Net cash generated from / (used in) financing activities		160,616	(1,013,239)
		29,522,904	88,728,235
Net change in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period	6	34,288,402	12,937,136
Cash and cash equivalents at end of the period	6	63,811,306	101,665,371

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022
(Amounts in Saudi Riyals)

1. THE FUND AND ITS ACTIVITIES

The SICO Capital Money Market Fund (Formerly known as Muscat Capital Money Market Fund) (the "Fund") is an open-ended mutual fund established and managed through an agreement between SICO Capital Company (Previously known as Muscat Capital) - a Saudi Closed Joint Stock Company (the "Fund Manager"), a subsidiary owned 72.71% by SICO BSC (c) (a bank registered in Bahrain) and 27.29% by Bank Muscat (SAOG) incorporated in the Sultanate of Oman, and the Fund Investors (the "Unit holders"). On 14 March 2021, SICO BSC (c) (a bank registered in Bahrain) ("SICO") acquired 72.71% of Muscat Capital Company equity from the Bank Muscat SOAG after obtaining the necessary regulatory approvals. Following the issuance of revised commercial registration dated 15 July 2021, the Company's name has been changed from Muscat Capital Company to SICO Capital Company. Furthermore, the new Board of Directors appointed by the shareholders of the Company in the extra-ordinary general meeting held on 14 March 2021 are also approved by CMA on 30 June 2021. On 14 November 2021, the Fund Manager has decided to change the name of the Fund from Muscat Capital GCC Dividend Growth Fund to SICO Capital GCC Dividend Growth Fund. The new terms and conditions of the Fund has been issued on 02 December 2021 mentioning the updated name. The announcement is made on Tadawul on 06 December 2021.

The Fund commenced its operations on 25 Sha'ban 1437H (corresponding to June 01, 2016).

In dealing with the unit holders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, unit holders are considered to be owners of the assets of the Fund.

The principal investment objective of the Fund is to invest in Sharia-compliant money market funds, placements and other money market instruments in order to maximize medium-term capital growth while preserving the invested capital by investing in Saudi Riyal, US dollar and GCC currencies.

Units were offered at a price of SAR 10 per unit, with a minimum initial subscription amount to SAR 10,000.

The following are the basis of fees, charges and other expenses:

Management fees

Payable to the SICO Capital "Fund Manager" equal to 0.3% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis. Management fee is payable on quarterly basis.

Custodian fees

Payable by the Fund to the Riyadh Capital Company 'the Custodian', a CMA-licensed Company under license No. 37-07070 equal to 0.05% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis and payable on a quarterly basis.

Administrative fees

Payable by the Fund to SICO Capital equal to 0.05% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis and payable on a quarterly basis.

Dealing charges

The Fund shall bear all dealing fees, charges and brokerage commissions incurred for buying and selling of securities.

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1. THE FUND AND ITS ACTIVITIES (CONTINUED)

Other expenses

The Fund shall be responsible for its other administrative, professional, regulatory and operating expenses which include, but not limited to, Auditors, Sharia Committee, Board Members and annual report fees, subject to a cap of SAR 200,000 per annum. This cap does not include the management, custodian, dealing charges, administrative and any other leverage related fees.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by Capital Market Authority (CMA) 3 Dhul Hijja 1427H (corresponding to 24 December 2006) which was amended on 16 Shaban 1437 (corresponding to 23 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia. The amended regulation came into effect from 6 Safar 1438 H (corresponding to 6 November 2016).

3. SUBSCRIPTION / REDEMPTION

The Fund is open for dealing before 12:00 pm on Sunday to Thursday (each day a “Dealing Day”). The net asset value (equity) of the Fund’s portfolio is determined on each working day's closing prices (each “Valuation Day”). The unit price is calculated by subtracting the liabilities from the total assets value, then dividing the result (NAV) by the number of units outstanding on a valuation day.

4. BASIS OF PREPARATION

4.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standards 34: “Interim Financial Reporting” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). And to comply with implementing regulations issued by CMA and the Fund terms and conditions.

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

The interim condensed financial statements do not include all the 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 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

4.2 Basis of measurement

These Interim condensed financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit and loss (FVTPL).

4.3 Critical Accounting Judgements, 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.

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4. BASIS OF PREPARATION (CONTINUED)

4.3 Critical Accounting Judgements, estimates and assumption (Continued)

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. SICO based its assumptions and estimates on parameters available when the 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 SICO. Such changes are reflected in the assumptions when they occur.

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

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

In the preparation of the interim condensed financial statements, management has made certain additional assumptions in the measurement of Expected Credit Loss (ECL). However, in view of the current uncertainty due to COVID-19, any future change in the assumptions and key estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

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4. BASIS OF PREPARATION (CONTINUED)

4.4 Basis of measurement and functional and presentation currency

These interim condensed financial statements have been prepared under the historical cost convention except for investments carried at FVTPL, and the amounts are expressed in Saudi Arabian Riyals (SAR), which is Sico's functional and operational currency.

4.4.1 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 the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New standards, interpretations and amendments

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements of the Fund for the year 31 December 2021.

6. CASH AND CASH EQUIVALENT

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balances with financial institutions	6.1, 11	16,316,021	7,206,660
Murabaha placements with original maturity of three months or less	8	47,495,284	27,081,742
Total		63,811,306	34,288,402

6.1 Cash balances are held in current accounts and investment account with Bank Saudi Fransi and with Riyadh Capital respectively. The Fund does not earn profit on these accounts.

7. INVESTMENTS CARRIED AT FVTPL

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Cost	Market value	Cost	Market value
Mutual Funds	70,789,160	71,384,390	74,288,372	77,136,876

30 June 2022	Cost	Market value	% of market value
Mutual funds			
Murabaha Funds	70,789,160	71,384,390	100%
Total	70,789,160	71,384,390	100%
31 December 2021	Cost	Market value	% of market value
Mutual funds			
Murabaha Funds	74,288,372	77,136,876	100%
Total	74,288,372	77,136,876	100%

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8. INVESTMENTS CARRIED AT AMORTIZED COST

The following table provides the details of the Islamic financing portfolio at the end of reporting dates in the banks of the following countries:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Sultanate of Oman	-	8,034,000
Kingdom of Saudi Arabia	47,055,823	-
Kingdom of Bahrain	91,064,120	138,571,972
Total	138,119,943	146,605,972

8.1 The following table represents the movement of investments in Murabaha contracts measured at amortized cost during the period / year:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Carrying amount as at the beginning of period / year	146,605,972	121,646,745
Additions during the period / year	261,738,593	410,971,339
Matured during the period / year	(269,752,795)	(385,760,954)
Murabaha income recognized in the statement of comprehensive income	1,472,409	2,361,347
Murabaha income received during the period / year	(1,944,236)	(2,612,505)
Carrying amount as at the end of period / year	138,119,943	146,605,972

8.2 Includes Murabaha placements with original maturity of 3 months or less amounting to SR 47.49 million (31 December 2021: SR 27.08 million) (See Note 6).

8.3 The Commodity Murabaha placements are based on commodities such as aluminum, platinum, palladium and crude palm oil and all the Murabaha placements will be matured within a period of less than 12 months.

8.4 The rate of profit on Murabaha placements ranges from 0.85% to 4.25% per annum.

8.5 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 the financial statement as the amount was not material.

9. UNIT TRANSACTIONS

Transactions in units for the period / year are summarized as follows:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Units as at beginning of the period / year	20,104,516	18,637,867
Units issued	15,318,344	14,029,150
Units redeemed	(15,324,606)	(12,562,501)
Net changes in units	6,262	1,466,649
Units as at end of the period / year	20,098,254	20,104,516

9.1 This includes 1,684,237 as on 30 June 2022 (31 December 2021: 2,884,544) number of units held by the funds managed by the Fund manager.

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10. INVESTMENTS CARRIED AT AMORTIZED COST - SUKUK

The following table represents the movement of investments in Sukuk measured at amortized cost during the period / year:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Carrying amount at the beginning of the period / year	-	14,035,233
Additions during the period / year	8,000,000	-
Matured during the period / year	-	(14,000,000)
Sukuk profit recognized in the statement of comprehensive income	122,889	271,378
Sukuk profit received during the period / year	(70,000)	(306,611)
Carrying amount at the end of the period / year	8,052,889	-

10.1 The investment in Sukuk represents the Sukuk issued by a prominent Saudi Bank rated BBB+. The Sukuk bears commission, payable on a quarterly basis priced at 3.5%.

11. 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. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

11.1 Transactions with related parties

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are in accordance with the terms and conditions of the Fund. All the related party transactions are approved by the Fund Board.

Related party	Nature of relationship	Nature of transaction	30 June 2022	30 June 2021
			(Unaudited)	(Unaudited)
SICO Capital Company	Fund manager	- Management fee (See Note 1)	361,312	385,475
		- Administration fee (See Note 1)	60,219	55,866
		- Redemption In Units	26,078,035	1,000,000
		- Subscription In Units	26,000,000	-
Riyad Capital	Affiliate	- Custodian fee (See Note 1)	72,263	67,039
Mutual Fund managed by SICO Capital	Affiliate	- Subscription in the units	17,000,000	10,000,000
		- Redemption in units	30,780,877	900,000
Board members		- Board meeting fee	9,918	9,918

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11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

11.2 Balances with related parties

Related Party	Nature of relationship	Nature of transaction	Note	30 June 2022	31 December 2021
				(Unaudited)	(Audited)
Bank Muscat - Saudi Arabian Branch (Branch of Bank Muscat – SAOG)	Shareholder of Fund Manager	- Balance with bank	6	16,228,033	7,165,940
Mutual Funds managed by SICO capital	Affiliate	- Units held by other funds– market value		19,551,971	33,060,627
SICO Capital	Fund manager	- Accrued management fee		173,948	167,315
Riyad Capital	Affiliate	- Administration Fee *		28,989	27,886
		- Balance with financial institutions	6	87,988	40,720
		- Custodian fee *		192,189	125,361

* These balances have been recorded under other accrued expenses.

12. FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2022 (Unaudited)

Assets as per statement of financial position

	FVTPL	Amortized cost
Cash at bank	-	16,316,021
Investments carried at FVTPL	71,384,390	-
Investments carried at amortized cost - Murabaha	-	138,119,943
Investments carried at amortized cost -Sukuk	-	8,052,889
Total	71,384,390	162,488,853

31 December 2021 (Audited)

Assets as per statement of financial position

	FVTPL	Amortized cost
Cash at bank	-	7,206,660
Investments carried at FVTPL	77,136,876	-
Investments carried at amortized cost - Murabaha		146,605,972
Total	77,136,876	153,812,632

All financial liabilities as at 30 June 2022 and 31 December 2021 were classified as financial liabilities measured at amortized cost category.

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13. FINANCIAL RISK MANAGEMENT

13.1 FINANCIAL RISK FACTORS

The objective of the Funds is to continue to provide optimum returns to its 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 risk 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) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The financial instruments of the Fund are denominated in Saudi Riyals and hence, the Fund is not exposed to foreign exchange risk.

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Fund is exposed to commission rate risk as the financial instrument is priced at variable rate.

		30 June 2022	31 December 2021
		(Unaudited)	(Audited)
Sukuk	±5%	402,644	-

(iii) 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 Fund has exposure to equity instruments' price risk as the Fund holds such investments.

The table below summarizes the impact on the Fund's net assets (equity), of reasonable possible changes in the returns of each of the strategies to which the Fund is exposed through its investment in funds at period / year end. A reasonably possible change is management's assessment, based on historical data sourced from the underlying Investee Funds, of what a reasonably possible percentage movement is in the value of a fund following each respective strategy over a 6-month period, in SAR. The impact on net assets (equity) attributable to holders of redeemable shares is calculated by applying the reasonably possible movement determined for each strategy to the value of each Investee Fund held by the Fund.

SICO CAPITAL MONEY MARKET FUND (Previously known as Muscat Capital Money Market Fund)
(Open-ended fund)
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(Amounts in Saudi Riyals)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (Continued)

(iii) Price risk (continued)

	30 June 2022		31 December 2021	
	(Unaudited)		(Audited)	
	Reasonable possible change %	Impact on net assets (equity)	Reasonable possible change %	Impact on net assets (equity)
Murabaha Funds	+/- 1%	+/- 713,844	+/- 1%	+/- 771,369

(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. The Fund is exposed to credit risk for its investment portfolio and bank balances.

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 carried at amortized cost, other assets. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

Credit ratings

The credit quality of the Fund's bank balance is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. The bank balances along with credit ratings are tabulated below:

Rating of Financial Institution	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Cash at bank		
BBB	16,228,033	
BB-	-	7,165,940
Cash with custodian		
Unrated	87,988	40,720
Murabaha placements		
BBB+	50,043,987	-
Unrated	30,630,549	124,850,119
BBB+	30,022,391	-
BB-	17,033,433	-
B-	10,389,583	-
B	-	21,755,853
	138,119,943	146,605,972

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13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

Credit ratings (continued)

SUKUK

BBB+	8,052,889	-
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The following table shows maximum exposure to credit risk for the components of the statement of financial position.

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash at bank	6	16,316,021	7,206,660
Murabaha placements	8	138,119,943	146,605,972
Sukuk	10	8,052,889	-

The management has conducted a review as required under IFRS 9 and based on an assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash at bank and murabaha placements.

(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 as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Valuation Day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. The Fund's securities are considered to be readily realizable, and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund.

The remaining contractual maturities at the reporting date of the Fund's financial liabilities consisting of accrued management fee, other accrued expenses and redemption payable will be matured within next 12 months:

	30 June 2022 (Unaudited)		
	Less than 1 year	More than 1 year	Total
Accrued management fee	151,473	-	151,473
Other accrued expenses	404,963	-	404,963
Redemption payable	-	-	-
TOTAL LIABILITIES	556,436	-	556,436

	31 December 2021 (Audited)		
	Less than 1 year	More than 1 year	Total
Accrued management fee	167,315	-	167,315
Other accrued expenses	358,161	-	358,161
Redemption payable	-	-	-
TOTAL LIABILITIES	525,476	-	525,476

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13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 FINANCIAL RISK FACTORS (CONTINUED)

(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.

13.2 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, 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 equity instruments. The Fund does not adjust the quoted price for these instruments.

As of June 30, 2022, the Fund's financial instruments comprise cash and cash equivalent, Investment carried at fair value through profit and loss, Murabaha placements, Investment in Sukuk, accrued management fee and other accrued expenses. Except for Investments carried at fair value through profit or loss, all the financial instruments are measured at amortised cost and their carrying value is a reasonable approximate of fair value. Investments carried at fair value through profit or loss are held in level 2 hierarchy of fair value. To determine the fair value of such investments, management used NAV of the funds. There were no transfers among the level 1, 2 and 3 during the period ended June 30, 2022.

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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15. CHANGES IN FUND'S TERMS AND CONDITIONS

No Changes in the Funds Terms and Conditions during the six-month period ended 30 June 2022.

16. LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day of the period was 30 June 2022 (2021: 30 December 2021).

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board on 23 August 2022 (Corresponding to 25 Muharram, 1444H).

Signed on behalf of Board of Directors

Authorized Signatory