

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

**CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
AND REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL
INFORMATION**

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Condensed interim financial information for the six-month period ended 30 June 2022 (unaudited)

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REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Unitholders
Musharaka Saudi Equity Fund

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Musharaka Saudi Equity Fund (the "Fund") Managed by Musharaka Capital Company (the "Fund Manager") as of 30 June 2022 and the related condensed interim statements of profit or loss and other comprehensive income, condensed interim statement changes in net assets attributable to unitholders and cash flows for the six-month period then ended and 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"), that is endorsed in the Kingdom of Saudi Arabia. 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", that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

Allied Accountants Professional Services Company



Mohammed Bin Farhan Bin Nader
License No. 435
Khobar, Saudi Arabia

15 August 2022 (Corresponding 17 Muharram 1444H)



MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Condensed interim statement financial position
(All amounts in Saudi Riyals unless otherwise stated)

		As at 30 June 2022	As at 31 December 2021
	Note	(Unaudited)	(Audited)
Assets			
Prepayments and other assets		2,930	481,893
Investments at fair value through profit or loss	6	5,731,259	8,442,366
Cash at banks		1,532,262	338,313
Total assets		7,266,451	9,262,572
Liabilities			
Accrued expenses and other liabilities	7	125,368	87,852
Total liabilities		125,368	87,852
Net assets attributable to unit holders		7,141,083	9,174,720
Units in issue		570,863	811,175
Per unit value (Saudi Riyals)		12.51	11.31

The accompanying notes form an integral part of this condensed interim financial information.

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Revenue			
Gains on investments carried at fair value, net	6	1,106,873	1,975,247
Dividend income		83,755	128,050
Total Revenue		1,190,628	2,103,297
Expenses			
Fund management fee	8	(83,203)	(79,088)
Other expenses	10	(65,721)	(65,003)
Total expenses		(148,924)	(144,091)
Profit for the period		1,041,704	1,959,206
Other comprehensive loss		-	-
Total comprehensive income for the period		1,041,704	1,959,206

The accompanying notes form an integral part of this condensed interim financial information.

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of changes in net assets attributable to unitholders
(All amounts in Saudi Riyals unless otherwise stated)

	For the six-month period ended 30	
	2022	June
	(Unaudited)	(Unaudited)
At 1 January	9,174,720	7,216,373
Changes from operations		
Total comprehensive income for the period	1,041,704	1,959,206
Changes from unit transactions		
Proceeds from units issued during the period	10,000	-
Value of units redeemed during the period	(3,085,341)	(42,303)
Net change from unit transactions	(3,075,341)	(42,303)
At 30 June	7,141,083	9,133,276
<u>Movement in the number of units</u>		
At 1 January	811,175	819,271
Units issued during the period	817	-
Units redeemed the period	(241,129)	(4,096)
Net change in units	(240,312)	(4,096)
At 30 June	570,863	815,175

The accompanying notes form an integral part of this condensed interim financial information.

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Condensed interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit for the period		1,041,704	1,959,206
Adjustments for:			
Gain on investments carried at fair value through profit or loss	6	(1,106,873)	(1,975,247)
Dividend income		(83,755)	(128,050)
Changes in operating assets and liabilities:			
Decrease (increase) investments carried at fair value through profit or loss		3,817,980	(729,340)
Decrease (increase) prepayments and other assets		478,963	(2,756)
Increase in accrued expenses		37,516	9,316
Cash generated from (used in) operations activities		4,185,535	(866,871)
Dividends income received		83,755	128,050
Cash flows from operating activities		4,269,290	(738,821)
Proceeds from units issued		10,000	-
Payment for redemption of units		(3,085,341)	(42,303)
Net cash outflow from financing activities		(3,075,341)	(42,303)
Net change in cash and cash equivalents		1,193,949	(781,124)
Cash at banks at beginning of period		338,313	1,543,924
Cash at banks at end of period		1,532,262	762,800

\ The accompanying notes form an integral part of this condensed interim financial information.

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Notes to the condensed interim financial information (unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

1 GENERAL INFORMATION

Musharaka Saudi Equity Fund (the "Fund") is an open-ended public investment fund, managed by Musharaka Capital Company (the "Fund Manager") licensed by Capital Market Authority ("CMA") under license no. 13169-27. The Fund is governed by the Investment Fund Regulations (the "Regulations") published by the CMA detailing requirements for all funds within the Kingdom of Saudi Arabia.

The terms and conditions of the Fund were approved by CMA on 20 Dhul Qa'dah 1435H (corresponding to 15 September 2014). The Fund commenced its activities on 9 Muharram 1436H (corresponding to 2 November 2014) pursuant to such approval and after concluding the subscription procedures.

The Fund's objective is to invest in the initial public offering (IPO), Real Estate Investment Trust, the shares and premium shares of the companies which are listed on Saudi primary and secondary stock exchange markets.

The registered address of the Fund Manager is P.O.Box 712, Al Khobar 31952, Kingdom of Saudi Arabia.

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unitholders are considered as owners of the assets of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the six-month period ended 30 June 2022 has been prepared in accordance with IAS 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").

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore, be read in conjunction with the Fund's annual financial statements for the year ended 31 December 2021.

2.2 Basis of measurement

The condensed interim financial information has been prepared on a historical cost basis, except for investments that are carried at fair value through profit or loss ("FVTPL") that have been measured at fair value.

2.3 Functional and presentation currency

Items included in the condensed interim financial information of the Fund is measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The condensed interim financial information is presented in Saudi Arabian Riyals ("Saudi Riyals").

2.4 Valuation day

The Fund's units are valued daily from Sunday to Thursday, and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these financial statements was 30 June 2022.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

MUSHARAKA SAUDI EQUITY FUND
(Managed by Musharaka Capital Company)

Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgments and estimates and assumptions that have a significant impact on the condensed interim financial information of the Fund is discussed below:

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those applicable in the annual financial statements for the year ended 31 December 2021.

5 NEW STANDARDS AND AMENDMENTS TO STANDARDS ADOPTED BY THE FUND

Amendments to the IFRS, effective from 1 January 2022 or later, do not have any material effect on the Fund's condensed interim financial information. Further, the Fund has not early adopted any new standards, interpretation or amendment that have been issued but that are yet not effective.

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

The investment portfolio is allocated among the various economic sectors, the fair values of these investments are as follows:

Sector wise investments	30 June 2022 (unaudited)		31 December 2021 (audited)	
	Fair value	Percentage	Fair value	Percentage
Finance	1,617,850	28%	1,078,240	13%
Real estate	835,424	15%	742,995	9%
Information technology	637,500	11%	107,690	1%
Consumer discretionary	776,310	14%	1,411,970	17%
Communication services	485,500	9%	1,205,508	14%
Energy	426,800	7%	-	0%
Materials	406,400	7%	1,276,250	15%
Health care	176,975	3%	970,550	11%
Consumer staples	368,500	6%	495,000	6%
Industrials	-	0%	304,000	4%
Utilities	-	0%	850,163	10%
Total	5,731,259	100%	8,442,366	100%

The above investments are listed on the Saudi stock exchange ("Tadawul"). The Fund Manager seeks to limit risks by monitoring exposures in each investment sector and individual securities.

MUSHARAKA SAUDI EQUITY FUND
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Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

6 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (continued)

Gain on investment carried at fair value through profit or loss:

	For six-month period ended 30 June 2022 (unaudited)	For six-month period ended 30 June 2021 (audited)
Realised gain	1,294,008	323,072
Unrealized gain	(187,135)	1,652,175
	<u>1,106,873</u>	<u>1,975,247</u>

7 ACCRUED EXPENSES

	Note	As at 30 June 2022 (unaudited)	As at 31 December 2021 (audited)
Fund management fee payable	8, 11	95,683	61,727
Fund board fee payable	11	8,926	6,000
Audit fee payable		8,555	11,500
Custody fee payable		8,484	8,625
CMA fee payable		3,720	-
		<u>125,368</u>	<u>87,852</u>

8 FUND MANAGEMENT FEE

The Fund is managed and administered by the Fund Manager. For these services, the Fund calculates the management fee, as set out in the Fund's terms and conditions, at an annual rate of 0.45% of the Fund net assets. For the six- month period ended management fee is amounting to Saudi Riyals 83.2 thousand (2021: Saudi Riyals 79.1 thousand).

9 FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets, other than cash and cash equivalents, and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2022(unaudited)						
	Carrying amount			Fair value		
	Fair value	Amortized cost	Total	Level 1	Level 2	Level 3
Financial assets						
Investments at fair value through profit or loss	5,731,258	-	5,731,258	5,731,258	-	-
Cash at banks	-	1,532,262	1,532,262	-	-	-
	<u>5,731,258</u>	<u>1,532,262</u>	<u>7,263,520</u>	<u>5,731,258</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Accrued expenses	-	(125,367)	(125,367)	-	-	-
	<u>-</u>	<u>(125,367)</u>	<u>(125,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>

MUSHARAKA SAUDI EQUITY FUND
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Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

9 FAIR VALUES (continued)

	31 December 2021(audited)						
	Carrying amount			Fair value			
	Amortized						
	Fair value	cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investments at fair value through profit or loss	8,442,366	-	8,442,366	8,442,366	-	-	8,442,366
Cash at banks	-	338,313	338,313	-	-	-	-
	8,442,366	820,175	9,262,541	8,442,366	-	-	8,442,366
Financial liabilities							
Accrued expenses	-	(48,782)	(48,782)	-	-	-	-
	-	(48,782)	(48,782)	-	-	-	-

10 OTHER EXPENSES

	For six-month period ended 30 June 2022 (unaudited)	For six-month period ended 30 June 2021 (unaudited)
Custody fee	17,109	17,109
Sharia Committee fee	12,001	12,143
Board of Directors fee	8,926	11,901
Professional fees	8,554	8,554
Others	19,131	15,296
	65,721	65,003

11 RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties comprise the Fund manager, directors, associated Funds and key management personnel. Related parties also include business entities in which certain Fund manager or senior management have an interest.

The following table provides the total amount of transactions and balances that have been entered into with related parties during the six-month period ended 30 June 2022

Name and nature of related parties	Nature of transaction with the related parties	Transactions for the period		Balances	
		For six-month period ended 30 June 2022 (unaudited)	For six-month period ended 30 June 2021 (unaudited)	As at 30 June 2022 (unaudited)	As at 31 December 2021 (audited)
Musharaka Capital Company - Fund Manager	Fund management fee	95,683	79,088	95,683	61,727
Board of Directors - Fund Board	Board meeting expense	8,926	11,901	8,926	6,000
				104,609	67,727

MUSHARAKA SAUDI EQUITY FUND
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Notes to the condensed interim financial information (unaudited) (continued)
(All amounts in Saudi Riyals unless otherwise stated)

11 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

The Fund Manager's investment in the Fund as at 30 June 2022 is Saudi Riyals 5,634,711 (31 December 2021: Saudi Riyals 7,749,760) which represents 78.90 % of the Fund's issued units (31 December 2021: 84.46 %).

Basis and term of payment for fee payable to related parties as per terms and conditions of the Fund approved by CMA are as follows:

Type of fee	Basis of rate	Payment term
Fund management fee	1.75 % of net asset value	Annually
Board of Directors remunerations	Saudi Riyals 3,000 per meeting only payable to the independent members, maximum up to 24,000 per annum	After the meeting of the Board of Directors
Sharia Committee remunerations	Saudi Riyals 24,000 (previously Saudi Riyals 24,000)	Annually
Custody fee	Saudi Riyals 30,000 or 0.02% of daily net assets value	Annually

12 APPROVAL OF FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the management on 15 August 2022 (Corresponding 17 Moharram 1444H).