

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024  
AND INDEPENDENT AUDITOR'S REPORT**

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Financial statements for the year ended 31 December 2024**

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## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders Musharaka Saudi Equity Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Musharaka Saudi Equity Fund (the "Fund"), managed by Musharaka Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia (the "Code") that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Investment Fund Regulations issued by the Capital Market Authority, the Fund's terms and conditions and the Information Memorandum, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e. Fund's Board is responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## ***Independent auditor's report to the Unitholders of Musharaka Saudi Equity Fund (Continued)***

### ***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's Manager.
- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **RSM Allied Accountants Professional Services**

  
**Mohammed bin Farhan bin Nader**

License No. 435

Al-Khobar, Kingdom of Saudi Arabia

18 March 2025 (Corresponding to 18 Ramadan 1446H)



**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Statement of profit or loss and other comprehensive income**  
(All amounts in Saudi Riyals unless otherwise stated)

		<b>For the year ended 31 December</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>			
Gains on investments carried at fair value through profit or loss	7	<b>642,657</b>	2,344,511
Dividend income		<b>41,804</b>	162,653
<b>Total revenue</b>		<b>684,461</b>	2,507,164
<b>Expenses</b>			
Fund management fee	5,10	<b>(55,525)</b>	(153,341)
Other expenses	6	<b>(135,682)</b>	(134,313)
<b>Total expenses</b>		<b>(191,207)</b>	(287,654)
<b>Profit for the year</b>		<b>493,254</b>	2,219,510
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>493,254</b>	2,219,510

The accompanying notes form an integral part of these financial statements.

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Statement of financial position**

(All amounts in Saudi Riyals unless otherwise stated)

<b>Assets</b>	<b>Note</b>	<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
Investments carried at fair value through profit or loss	7	<b>2,176,211</b>	4,298,542
Other current assets	8	<b>121,506</b>	-
Cash at bank		<b>256,696</b>	293,527
<b>Total assets</b>		<b>2,554,413</b>	4,592,069
<b>Liabilities</b>			
Accrued expenses and other liabilities	9	<b>71,473</b>	55,985
<b>Total liabilities</b>		<b>71,473</b>	55,985
<b>Net assets attributable to unitholders</b>		<b>2,482,940</b>	4,536,084
Units in issue (Numbers)		<b>125,748</b>	268,246
Net asset value per unit (Saudi Riyals)		<b>19.75</b>	16.91

The accompanying notes form an integral part of these financial statements.

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Statement of changes in net assets attributable to unitholders**  
(All amounts in Saudi Riyals unless otherwise stated)

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
<b>At 1 January</b>	<b>4,536,084</b>	<b>7,005,154</b>
<b>Changes from operations</b>		
Total comprehensive income for the year	<b>493,254</b>	<b>2,219,510</b>
<b>Changes from unit transactions</b>		
Proceeds from units issued during the year	<b>517,331</b>	-
Payment against units redeemed during the year	<b>(3,063,729)</b>	<b>(4,688,580)</b>
<b>Net change from unit transactions</b>	<b>(2,546,398)</b>	<b>(4,688,580)</b>
<b>At 31 December</b>	<b>2,482,940</b>	<b>4,536,084</b>

**Movement in the number of units**

<b>At 1 January</b>	<b>268,246</b>	<b>571,640</b>
Units issued during the year	<b>27,190</b>	-
Units redeemed during the year	<b>(169,688)</b>	<b>(303,394)</b>
<b>Net change in units</b>	<b>(142,498)</b>	<b>(303,394)</b>
<b>At 31 December</b>	<b>125,748</b>	<b>268,246</b>

The accompanying notes form an integral part of these financial statements.

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Statement of cash flows**

(All amounts in Saudi Riyals unless otherwise stated)

		<b>For the year ended 31 December</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>			
Profit for the year		<b>493,254</b>	2,219,510
<b>Adjustments for:</b>			
Gain on investments carried at fair value through profit or loss	7	<b>(195,717)</b>	(1,004,608)
Dividends income		<b>(41,804)</b>	(162,653)
<b>Changes in operating assets and liabilities:</b>			
Decrease in investments carried at fair value through profit or loss		<b>2,318,048</b>	1,265,632
Increase in other current assets		<b>(121,506)</b>	-
Increase (decrease) in accrued expenses and other liabilities		<b>15,488</b>	(22,449)
<b>Cash generated from operations</b>		<b>2,467,763</b>	2,295,432
Dividends income received		<b>41,804</b>	164,053
<b>Cash generated from operating activities</b>		<b>2,509,567</b>	2,459,485
<b>Cash flows from financing activities</b>			
Proceeds from subscription of units issued		<b>517,331</b>	-
Payment for redemption of units		<b>(3,063,729)</b>	(4,688,580)
<b>Net cash outflow from financing activities</b>		<b>(2,546,398)</b>	(4,688,580)
<b>Net change in cash at bank</b>		<b>(36,831)</b>	(2,229,095)
Cash at bank at beginning of year		<b>293,527</b>	2,522,622
<b>Cash at bank at end of year</b>		<b>256,696</b>	293,527

The accompanying notes form an integral part of these financial statements.



**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

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**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 dated 13 Rajab 1441H (corresponding to 8 March 2021).

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 Regulations were amended by the CMA board on 12 Rajab 1442H (corresponding to 22 February 2021).

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 terms and conditions of the Fund were last updated during 2023.

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.

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.

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The Fund has also complied with the Regulations and the Fund’s terms and conditions, information memorandum and key information summary (collectively hereinafter referred to as “Terms and Conditions”) with respect to preparation and presentation of these financial statements.

**2.2 Basis of measurement**

The financial statements have 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 financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Saudi Arabian Riyals (“Saudi Riyals”).

### **3 MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied for the preparation of financial statements of the Fund are set out below. The accounting policies have been consistently applied to all the years presented.

#### **3.1 Revenue**

- Gain or loss on sale of investment is accounted for in the profit or loss in the year in which it arises.
- Unrealized gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the profit or loss in the year in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.

#### **3.2 Expenses**

All expenses chargeable to the Fund including fee of the Fund Manager, custody fee, annual fee of the CMA, and other expenses are recognised in profit or loss on an accrual basis.

#### **3.3 Financial instruments**

##### **Financial assets**

##### **Initial recognition**

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

##### **Financial assets at fair value through profit or loss**

Financial assets are classified as investments at fair value through profit or loss ("FVTPL") if they are acquired for the purpose of selling or repurchasing them in the near term. The Fund designated its holding in a local quoted securities portfolio as financial assets at fair value through profit or loss. Such investments are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

##### **Financial assets at fair value through other comprehensive income**

Upon initial recognition, the Fund can elect to classify irrevocably its investments as equity instruments designated at fair value through other comprehensive income ("OCI") when they meet the definition of equity. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right to payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### **3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

#### **3.3 Financial instruments (Continued)**

##### **Financial assets at amortised cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

##### **Derecognition**

A financial asset is primarily derecognized when, the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

##### **Financial liabilities**

##### **Initial recognition and measurement**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost.

##### **Subsequent measurement**

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the effective interest rate method. Transaction costs are amortised using the effective interest rate method from the date at which the liability is recognised over the repayment terms.

##### **Derecognition**

A financial liability is derecognized when the obligation is discharged, cancelled or expires.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024 (Continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**3.4 Cash and cash equivalents**

Cash and cash equivalents generally comprise cash on hand and cash in current accounts with banks and other short-term highly liquid investments with maturities of three months or less (if any), which are available to the Fund without any restrictions. At 31 December 2024, cash and cash equivalents represent cash at bank.

**3.5 Other payable and liabilities**

Other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

**3.6 Dividend distribution**

The Fund does not distribute profits to unit holders, and in the event of realizing returns, they are reinvested for the benefit of the fund as per terms and conditions of the Fund.

**3.7 Issuance and redemption of units**

Units issued are recorded at the offer price, determined by the Fund Manager for the applications received, during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

**3.8 Net asset value per unit**

The net asset value per unit as disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units in issue at the reporting date.

**3.9 Unitholders' fund**

The unitholders' fund, representing the units issued by the Fund, is measured at the redemption value, which reflects the investors' right to the residual interest in the Fund's net assets.

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024 (Continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**3.10 New and amended standards adopted by the Fund**

The Fund has applied the amendments to the standards for the first time for its reporting period commencing on or after 1 January 2024:

- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements - These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- Amendment to IAS 1 – Noncurrent liabilities with covenants - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The adoption of above amendments did not have a material impact on the accompanying financial statements.

**3.11 Standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are mandatory from 1 January 2025 or later reporting periods and have not been early adopted by the Fund. The Fund is in the process of assessing the impacts of new standards and interpretations on its financial statements.

**4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements 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.

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.

There were no critical judgements, or estimations, that the Fund Manager has made in the process of applying the Fund's accounting policies having a significant effect on the amounts recognized in the financial statements.

**5 FUND MANAGEMENT FEE**

The Fund is managed and administered by the Fund Manager. For such services, the Fund calculates the management fee, as set out in the terms and conditions at an annual rate of 1.75% of the Fund's net assets' value. For the year ended 31 December 2024, the management fee amounted to Saudi Riyals 0.06 million (2023: Saudi Riyals 0.15 million).

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024 (Continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

**6 OTHER EXPENSES**

	2024	2023
Custody fee	34,500	34,500
Sharia committee fee	24,000	24,000
Audit fee	20,700	20,700
Fund board fee	24,000	18,000
CMA fee	7,500	7,500
Securities transactions cost	6,573	14,729
Saudi exchange (Tadawul) fee	5,750	5,750
Other	12,659	9,134
	<b>135,682</b>	<b>134,313</b>

Basis and terms of payment for fee as per terms and conditions of the Fund approved by CMA are as follows:

Type of fee	Rate	Payment term
Sharia Committee remunerations	Saudi Riyals 24,000	Annually
Custody fee (Alinma Investment Company)	Maximum of Saudi Riyals 30,000 or 0.02% of daily net assets value	Annually

**7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

Sector wise investments	2024		2023	
	Fair value	Weighted average cost	Fair value	Weighted average cost
Health care	404,444	259,540	484,906	407,145
Energy	272,567	309,565	460,200	380,354
Telecommunication and other communication services	282,800	265,228	202,000	181,534
Real estate	168,840	139,720	266,127	175,240
Consumer services / discretionary	148,320	162,720	625,250	340,541
Banks	141,427	129,318	285,450	366,464
Materials	134,000	148,960	224,250	213,796
Transportation	126,300	97,200	634,400	415,152
Capital goods	138,500	111,638	-	-
Consumer staples distribution and retail	117,600	136,275	354,800	236,394
Utilities	111,000	72,680	-	-
Commercial and professional service	91,920	96,120	-	-
Food and beverages	38,493	51,530	105,602	106,581
Software and services / Information technology	-	-	408,875	200,672
Industrials	-	-	151,462	173,834
Food and staples retailing	-	-	95,220	96,227
<b>Total</b>	<b>2,176,211</b>	<b>1,980,494</b>	<b>4,298,542</b>	<b>3,293,934</b>

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024 (Continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

**7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

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

**7.1 Movement in investments carried at fair value through profit or loss is as follows:**

	2024	2023
As at 1 January	4,298,542	4,559,566
Additions during the year	1,500,533	5,871,760
Disposals during the year	(3,818,581)	(7,137,392)
Unrealized fair value gain	195,717	1,004,608
As at 31 December	2,176,211	4,298,542

**Gain from investments carried at FVTPL**

	2024	2023
Realized gain from investments carried at FVTPL	446,940	1,339,903
Unrealized gain from investments carried at FVTPL	195,717	1,004,608
	642,657	2,344,511

**8 OTHER CURRENT ASSETS**

	2024	2023
Advance against investments	120,088	-
Other	1,418	-
	121,506	-

As at 31 December 2024, advance against investments represent, Saudi Riyals 120,088 deposited by the Fund with local banks for purchase of equity shares. However, the allocation of such shares was not finalised and completed subsequent to the reporting date.

**9 ACCRUED EXPENSES AND OTHER LIABILITIES**

	2024	2023
Sharia Committee fee payable	12,000	-
Fund board fee payable	12,000	-
Management fee payable	11,236	20,512
Audit fee payable	10,350	10,350
Custody fee payable	8,625	8,625
Saudi exchange (Tadawul) fee payable	5,750	-
CMA fee payable	-	7,500
Other	11,512	8,998
	71,473	55,985

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024 (Continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

**10 RELATED PARTIES BALANCES AND TRANSACTIONS**

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

In the ordinary course of its activities, the Fund transacts 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.

Name of related parties	Nature of transaction with the related parties	Transactions for the year		Balances	
		2024	2023	2024	2023
Musharaka Capital Company - Fund Manager	Fund management fee	<b>55,525</b>	153,341	<b>11,236</b>	20,512
Board of Directors – Fund Board	Board meeting expense	<b>24,000</b>	18,000	<b>12,000</b>	-
Alinma Investment Company - Custodian	Custody fee	<b>34,500</b>	34,500	<b>8,625</b>	8,625
				<b>31,861</b>	29,137

The Fund Manager's investment in the Fund as at 31 December 2023 was Saudi Riyals 2.7 million representing 60% of the Fund's issued units, which were redeemed during the year ended 31 December 2024.

The remuneration of Fund's Board of Directors is Saudi Riyals 3,000 per meeting only, payable to the independent members, maximum up to Saudi Riyals 24,000 per annum. The remuneration is payable after every meeting of the Board of Directors.

**11 FAIR VALUES OF FINANCIAL INSTRUMENTS**

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.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting period during which the change has occurred.



**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024 (Continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

**11 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

The fair value hierarchy has the following levels:

Level 1 - quoted (unadjusted) market price 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 amounts and fair values of financial assets 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.

As at 31 December 2024							
Carrying amount			Fair value				
	Amortized						
Fair value	cost	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>							
Investments at fair value through profit or loss	2,176,211	-	2,176,211	2,176,211	-	-	2,176,211
Cash at bank	-	256,696	256,696	-	-	-	-
	<b>2,176,211</b>	<b>256,696</b>	<b>2,432,907</b>	<b>2,176,211</b>	<b>-</b>	<b>-</b>	<b>2,176,211</b>
As at 31 December 2023							
Carrying Amount			Fair value				
	Amortized						
Fair value	cost	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>							
Investments at fair value through profit or loss	4,298,542	-	4,298,542	4,298,542	-	-	4,298,542
Cash at bank	-	293,527	293,527	-	-	-	-
	<b>4,298,542</b>	<b>293,527</b>	<b>4,592,069</b>	<b>4,298,542</b>	<b>-</b>	<b>-</b>	<b>4,298,542</b>

**12 FINANCIAL RISK MANAGEMENT**

The objective of the Funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its Unitholders and to ensure reasonable safety to the Unitholders. The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund Manager is responsible for identifying and controlling risks. The Fund's Board supervises 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's Board. The Fund has its Terms and Conditions document that sets 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.

**MUSHARAKA SAUDI EQUITY FUND**  
(Managed by Musharaka Capital Company)

**Notes to the financial statements for the year ended 31 December 2024 (Continued)**  
(All amounts in Saudi Riyals unless otherwise stated)

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**12 FINANCIAL RISK MANAGEMENT (Continued)**

**a) Market Risk**

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Fund's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**i. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**ii. Commission rate risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to the changes in the market commission rates. The Fund is not subject to commission rate risk.

**iii. Price risk**

Price risk is the risk of unfavorable changes in the fair value of equity securities as a result of changes in the levels of Index and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities for which prices in the future are uncertain. The Fund manages the equity price risk through diversification and by placing limits on individual and total equity instruments sectors.

The following table illustrates the sensitivity of the income for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities as at 31 December 2024 (Saudi Riyals 2.1 million) and 2023 (Saudi Riyals 4.3 million), see Note 7. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each the reporting date, with all other variables held constant.

	<u>2024</u>	<u>2023</u>
Profit or loss	<b>108,811</b>	214,927
Net assets attributable to unitholders	<b>108,811</b>	214,927

**b) Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines. The Fund seeks to manage its credit risk with respect to the banks by only dealing with reputable banks, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	<u>2024</u>	<u>2023</u>
Other current assets	<b>121,506</b>	-
Cash at bank	<b>256,696</b>	293,527
	<b>378,202</b>	293,527

## **12 FINANCIAL RISK MANAGEMENT (Continued)**

### **c) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arises from all of the Fund's activities.

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 for investor.

### **d) Unit holders fund risk management**

The Fund's capital is represented by redeemable units. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximize returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investment.

### **e) Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's terms and conditions. The Fund manages its liquidity risk by monitoring investing activities and cash flows on regular basis.

All financial liabilities as at 31 December 2024 amounted to Saudi Riyals 0.05 million (31 December 2023: Saudi Riyals 0.1 million) are to be matured within 12 months from the reporting date.

## **13 LAST 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 31 December 2024.

## **14 APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund's Board of Directors on 18 March 2025 (corresponding to 18 Ramadan 1446H).