

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025

WITH

INDEPENDENT AUDITOR'S REVIEW REPORT

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

**CONDENSED INTERIM FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REVIEW
REPORT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025**

Index	Page
Independent auditor's review report	-
Condensed statement of profit or loss and other comprehensive income	1
Condensed statement of financial position	2
Condensed statement of changes in net assets attributable to the unitholders	3
Condensed statement of cash flows	4
Notes to the condensed interim financial statements	5 - 11



KPMG Professional Services Company

16th Floor, Al Barghash Tower
6189 Prince Turki Road, Al Corniche
P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرغاش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب. ٤٨٠٣
الخبر ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Unitholders of Musharaka Saudi Equity Fund

Introduction

We have reviewed the accompanying 30 June 2025 condensed interim financial statements of Musharaka Saudi Equity Fund ("the Fund") which comprises:

- the condensed statement of profit or loss and other comprehensive income for the six month period ended 30 June 2025;
- the condensed statement of financial position as at 30 June 2025;
- the condensed statement of changes in net assets attributable to the unitholders for the six month period ended 30 June 2025;
- the condensed statement of cash flows for the the six month period ended 30 June 2025; and
- the notes to the condensed interim financial statements.

Fund manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Fund that is endorsed in the Kingdom of Saudi Arabia. A review of condensed 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 30 June 2025 condensed interim financial statements of Musharaka Saudi Equity Fund are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



Independent auditor's report on review of condensed interim financial statements

To the Unitholders of Musharaka Saudi Equity Fund (continued)

Other matter relating to comparative information

The condensed interim financial statements of the Fund for the six-month period ended 30 June 2024 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 31 July 2024 and the financial statements of the Fund as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 March 2024.

KPMG Professional Services Company

Mohammad Najeeb Alkhelaiwi
License No: 481



Al Khobar, 4 August 2025G
Corresponding to: 10 Safar 1447H

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Investment income			
(Loss) / gain on investments carried at fair value through profit or loss	7	(165,008)	529,907
Dividend income	7	35,426	19,839
Other income		12,000	-
Total investment (loss) / income		(117,582)	549,746
Expenses			
Fund management fee	5	(22,190)	(29,814)
Other expenses	6	(48,383)	(68,134)
Total expenses		(70,573)	(97,948)
(Loss) / profit for the period		(188,155)	451,798
Other comprehensive income		-	-
(Decrease) / increase in the net assets attributable to unitholders		(188,155)	451,798

The accompanying notes from 1 to 13 form an integral part of these condensed interim financial statements.

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

CONDENSED STATEMENT OF FINANCIAL POSITION
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Investments carried at fair value through profit or loss	7	1,962,702	2,176,211
Other assets		2,872	121,506
Cash at banks		179,764	256,696
Total assets		2,145,338	2,554,413
Liabilities			
Accrued management fee	9	13,195	11,236
Accrued expenses and other liabilities	8	56,543	60,237
Total liabilities		69,738	71,473
Net assets (equity) attributable to unitholders		2,075,600	2,482,940
Units in issue (number)		114,946	125,748
Net assets value per unit (Saudi Riyals)		18.05	19.75

The accompanying notes from 1 to 13 form an integral part of these condensed interim financial statements.

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025**
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Net assets (equity) attributable to the unitholders at beginning of the period		2,482,940	4,536,084
Changes from operations (Decrease) / increase in the net assets attributable to unitholders		(188,155)	451,798
Changes from unit transactions			
Proceeds from units issued during the period		-	305,000
Payment against units redeemed during the period		(219,185)	(2,967,238)
Net change from unit transactions		(219,185)	(2,662,238)
Net assets (equity) attributable to the unitholders at end of the period		2,075,600	2,325,644
<u>Movement in the number of units</u>			
As at 1 January		125,748	268,246
Units issued during the period		-	16,775
Units redeemed during the period		(10,802)	(164,826)
Net change in units		(10,802)	(148,051)
As at 30 June		114,946	120,195

The accompanying notes from 1 to 13 form an integral part of these condensed interim financial statements.

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Cash flows from operating activities			
(Loss) / profit for the period		(188,155)	451,798
Adjustments for:			
Unrealized loss / (gain) on investments carried at fair value through profit or loss	7	179,743	(214,249)
Dividend income		(35,426)	(19,839)
Other income		(12,000)	-
Changes in operating assets and liabilities:			
Decrease in investments carried at fair value through profit or loss		33,766	2,544,767
Decrease / (increase) in other assets		120,789	(2,557)
Increase / (decrease) in accrued management fee		1,959	(14,188)
Increase in accrued expenses and other liabilities		8,306	12,258
Cash generated from operations		108,982	2,757,990
Dividend income received		33,271	14,839
Net cash generated from operating activities		142,253	2,772,829
Cash flows from financing activities			
Proceeds from subscription of units issued		-	305,000
Payment for redemption of units		(219,185)	(2,967,238)
Net cash used in from financing activities		(219,185)	(2,662,238)
Net change in cash at banks		(76,932)	110,591
Cash at banks at beginning of period		256,696	293,527
Cash at banks at end of period		179,764	404,118

The accompanying notes from 1 to 13 form an integral part of these condensed interim financial statements.

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(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 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 2025.

The Fund’s objective is to invest in the initial public offering (IPO), Real Estate Investment Trust and the ordinary 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 condensed interim financial statement for the six-month period ended 30 June 2025 have 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 endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and the applicable provisions of the Investment Funds Regulations published by CMA, and Fund’s terms and conditions and Information Memorandum. These condensed interim financial statements should be read in conjunction with the Fund’s annual audited financial statements as at and for the year ended 31 December 2024.

2.2 Basis of measurement

These condensed interim 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 these condensed interim financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These condensed interim financial statements are presented in Saudi Riyals which is also funds functional currency.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

2. BASIS OF PREPARATION (CONTINUED)

2.4 New and amended standards adopted by the Fund

New and revised standards with no material effects on these condensed interim financial statements:

The following standard has been adopted. The application of this revised standard did not have any material impact on the amounts reported for current and prior periods.

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective for annual periods beginning on or after 1 January 2025.

New and revised standards issued but not effective:

The Fund has not early adopted the following new and revised standards that have been issued but are not yet effective.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, effective for annual periods beginning on or after 1 January 2026.
- Annual Improvements to IFRS Accounting Standards - Amendments to, effective for annual periods beginning on or after 1 January 2026.
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 *Financial Instruments: Disclosures* and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 *Financial Instruments*;
 - IFRS 10 *Consolidated Financial Statements*; and
 - IAS 7 *Statement of Cash flows*
- Contracts Referencing Nature – Dependent Electricity – Amendments to IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2026.
- IFRS 18 *Presentation and Disclosure in Financial Statements*, effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, effective for annual periods beginning on or after 1 January 2027.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Venture*, effective date is to be determined.

The application of the new and revised standards will not have any material impact on the amounts reported for current period.

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Fund's annual audited financial statements as at and for the year ended 31 December 2024. A number of amendments to existing standards, new and revised standards that have been issued but are not effective and their impact on the amounts reported for current and prior periods is detailed in note 2.4.

4 USE OF ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of these condensed interim financial statements from those that were applied and disclosed in the Fund's annual audited financial statements as at and for the year ended 31 December 2024.

5 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 1.75% of the Fund's net assets. For the six-month period ended, management fee amounted to Saudi Riyals 22,190 (30 June 2024: Saudi Riyals 29,814).

6 OTHER EXPENSES

	For six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Custody fee	12,064	17,156
Fund Board fee	11,901	11,956
Professional fee	10,265	10,294
Sharia Committee fee	4,000	12,000
CMA fee	3,719	3,730
Saudi exchange (Tadawul) fee	2,479	2,859
Others	3,954	10,139
	48,383	68,134

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

7 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 2025 (Unaudited)		31 December 2024 (Audited)	
	Fair value	Weighted average cost	Fair value	Weighted average cost
Health care	325,449	372,302	404,444	259,540
Energy	305,773	312,588	272,567	309,565
Telecommunication and other communication services	284,292	282,800	282,800	265,228
Real estate	103,985	82,965	168,840	139,720
Materials	153,540	177,770	134,000	148,960
Consumer services / discretionary	150,770	207,598	148,320	162,720
Consumer staples distribution and retail	143,882	145,600	117,600	136,275
Banks	141,427	141,427	141,427	129,318
Utilities	101,280	111,000	111,000	72,680
Commercial and professional service	72,840	91,920	91,920	96,120
Transportation	53,362	69,390	126,300	97,200
Financial services	56,558	62,610	-	-
Capital goods	35,839	45,982	138,500	111,638
Food and beverages	33,705	38,493	38,493	51,530
Total	1,962,702	2,142,444	2,176,211	1,980,494

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.

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
As at 1 January	2,176,211	4,298,542
Additions during the period	541,527	1,500,533
Disposals during the period	(575,293)	(3,818,581)
Unrealized fair value (loss) / gain	(179,743)	195,717
As at 31 December	1,962,702	2,176,211

7.2 Income earned on investment carried at fair value through profit or loss

	For six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Realized gain from investments carried at FVTPL	14,736	315,658
Unrealized (loss) / gain from investments carried at FVTPL	(179,743)	214,249
Total (Loss) / gain on investments carried at FVTPL	(165,008)	529,907
Dividend income	35,426	19,839
	129,582	549,746

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

8 ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Sharia Committee fee payable	16,000	12,000
Audit fee payable	10,265	10,350
Saudi exchange (Tadawul) fee payable	8,601	5,750
Fund board fee payable	5,901	12,000
CMA fee payable	3,719	-
Custody fee payable	3,439	8,625
Other	8,618	11,512
	56,543	60,237

9 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 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 and nature of related parties	Nature of transactions with the related parties	Transactions for the six-month period ended		Balances	
		30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Musharaka Capital Company - Fund Manager	Fund management fee	22,190	29,814	13,195	11,236
Board of Directors - Fund Board	Board meeting fee	11,901	11,956	5,901	12,000
Sharia Committee - Sharia auditor	Sharia Committee fee	4,000	12,000	16,000	12,000
Alinma Investment Company - Custodian	Custody fee	12,064	17,156	3,439	8,625
				38,535	31,861

The Fund Manager's investment in the Fund as at 30 June 2025 and 31 December 2024 is nil.

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

9 RELATED PARTIES BALANCES AND TRANSACTIONS (CONTINUED)

The basis and terms of payment for fees payable to related parties are as per terms and conditions of the Fund approved by CMA as follows:

<u>Type of fee</u>	<u>Rate</u>	<u>Payment term</u>
Management fees	1.75% of the net asset value	Calculated on daily basis, paid semi annually
Board of Directors remuneration	Saudi Riyals 3,000 per meeting is only payable to the independent members, maximum up to Saudi Riyals 24,000 per annum for all members.	Immediately after meeting
Sharia Committee remunerations	Saudi Riyals 8,000	Annually
Custody fee (Alinma Investment Company)	Higher of: a) Saudi Riyals 12,000 or b) 0.02% or of daily net assets value	Annually

10 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.

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 as the carrying amounts are reasonable approximation of fair value.

MUSHARAKA SAUDI EQUITY FUND
(MANAGED BY MUSHARAKA CAPITAL COMPANY)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

10. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Investment carried at fair value through profit or loss				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
As at 30 June 2025 (Unaudited)	1,962,702	1,962,702	-	-	-
As at 31 December 2024 (Audited)	2,176,211	2,176,211	-	-	-

11. 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 condensed interim financial statements was 30 June 2025.

12. SUBSEQUENT EVENTS

Except for subsequent events mentioned elsewhere in these condensed interim financial statements, there were no other significant subsequent event occurred between 30 June 2025 and the date of approval of these condensed interim financial statements, which may have material impact on these condensed interim financial statements.

13. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved and authorized to issue by Fund's Manager on 31 July 2025G (corresponding 6 Safar 1447H).