MIYAR MURABAHA FUND

Open-Ended Mutual Fund

(Managed by Miyar capital Company)

financial statements

For the period from 4 July 2022 (beginning of operation) to 31 December 2022

Together with the

Independent Auditor's Report to the Unitholders

MIYAR MURABAHA FUND
Open-Ended Mutual Fund
(Managed by Miyar Capital Company)

Financial Statements
For the period from 4 July 2022 to 31 December 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDER OF
OF MIYAR MURABAHA FUND (MANAGED BY MIYAR CAPITAL COMPANY)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Miyar Murabaha Fund (the "Fund") managed by Miyar capital company (the"Fund Manager") as at 31 December 2022, and its financial performance and its cash flows for the period 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 Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Fund, which comprise of the following:

- The statement of financial position as at 31 December 2022;
- The statement of comprehensive income for the period then ended;
- The statement of changes in net assets (equity) attributable to the unit holders for the period then ended;
- The statement of cash flows for the period then ended, and;
- The notes to the financial statements, including a summary of significant accounting policies.

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 code of professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Fund's financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Fund's Bylaws and for such internal control as management 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, management 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 management 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. the Board of Directors, are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDER OF
OF MIYAR MURABAHA FUND (MANAGED BY MIYAR CAPITAL COMPANY)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 misstatements, 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.

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 asses the risk 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 omissions, 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 by the management;
- Conclude on the appropriateness of management'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 the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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 auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDER OF
OF MIYAR MURABAHA FUND (MANAGED BY MIYAR CAPITAL COMPANY)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
C.R.1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 8 Ramadan 1444H
Corresponding to: 30 March 2023G

MIYAR MURABAHA FUND
Open-Ended Mutual Fund
(Managed by Miyar Capital Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Amounts in Saudi Arabian Riyal)

	Note	31 December 2022
ASSETS		
Cash and cash equivalents	5	**13,602,008**
Investments carried at fair value through profit or loss (FVTPL)	6	**3,259,589**
Investments at amortized cost	7	**11,000,000**
Accrued special commission		**254,316**
Total assets		**28,115,913**
LIABILITIES		
Management fees payable		**10,228**
Accrued expenses		**37,850**
Total liabilities	8	**48,078**
Net assets (equity) attributable to the Unit Holders		**28,067,835**
Units in issue (number)		**2,766,816**
Net assets (equity) attributable to each unit		**10.14**

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

MIYAR MURABAHA FUND
Open-Ended Mutual Fund
(Managed by Miyar Capital Company)

STATEMENT OF COMPREHENSIVE INCOME
For the period from 4 July 2022 to 31 December 2022
(Amounts in Saudi Arabian Riyal)

	Note	For the period from 4 July 2022 to 31 December 2022
Investment income		
Realized gain from the sale of investments carried at FVPL	6	**14,196**
Unrealized gain from the investments carried at FVPL	6	**45,393**
Special commission income		**356,520**
		416,109
Expenses		
Fund management fees	9	**49,230**
Other expenses		**49,043**
		98,273
Net income for the period		**317,836**
Other comprehensive income for the period		**-**
Total comprehensive income for the period		**317,836**

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

STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS
For the period from 4 July 2022 to 31 December 2022
(Amounts in Saudi Arabian Riyal)

	For the period from 4 July 2022 to 31 December 2022
Net assets (equity) attributable to the Unit Holders at the beginning of the period	**-**
Total comprehensive income for the period	**317,836**
Contributions and redemptions by the Unit Holders	
Issuance of units	**28,500,000**
Redemption of units	**(750,000)**
Net changes from unit transactions	**27,750,000**
Net assets (equity) attributable to the Unit Holders at the end of the period	**28,067,836**

Unit transactions	For the period from 4 July 2022 to 31 December 2022
As at the beginning of the period	**-**
Issuance of units	**2,841,077**
Redemption of units	**(74,261)**
Net changes in number of units	**2,766,816**
Net number of units (equity) attributable to the Unit Holders at the end of the period	**2,766,816**

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

STATEMENT OF CASH FLOWS
For the period from 4 July 2022 to 31 December 2022
(Amounts in Saudi Arabian Riyal)

	Note	For the period from 4 July 2022 to 31 December 2022
Cash flows from operating activities		
Net income for the period		**317,836**
Adjustments for:		
Unrealized gain from the investments carried at fair value through profit or loss (FVTPL)		**(45,393)**
		272,443
Net changes in operating assets and liabilities:		
Investments carried at fair value through profit or loss (FVTPL)	7	**(3,214,197)**
Investments at amortized cost		**(11,000,000)**
Accrued special commission		**(254,316)**
Management fees payable		**37,850**
Accrued expenses		**10,228**
Net cash used in operating activities		**(14,147,992)**
Cash flows from financing activities:		
Proceeds from issuance of units		**28,500,000**
Redemptions of the units		**(750,000)**
Net cash from financing activities		**27,750,000**
Net changes in cash and cash equivalents		**13,602,008**
Cash and cash equivalents at beginning of the period		**-**
Cash and cash equivalents at end of the period		**13,602,008**

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

1- FUND AND ITS ACTIVITIES

The MIYAR Murabaha Fund (the "Fund") is a public, open-ended money fund established and managed by an agreement between Miyar capital Company (the "Fund Manager") and the investors in the Fund (Unitholders).

The fund aims to achieve investment returns and preserve capital in low-risk investments for the fund's unit owners and provide liquidity by investing primarily in Murabaha deals and other deals in short and medium-term financial instruments that are compatible with the Sharia regulations of the Fund's Sharia Committee. No profits are distributed to unit holders, but all profits and revenues are reinvested in the same fund.

Subscription / Redemption

Subscription / redemption requests are accepted on all days on which Tadawul is open. The value of the Fund's portfolio is determined on a daily basis. The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net assets of the Fund by the total number of outstanding Fund units.

2- BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared 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").

2.2 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for investments that are measured at fair value.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in the order of liquidity

2.3 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). These financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Fund's functional and presentation currency.

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

2.4 COMPARATIVE FIGURES

These are the Fund's first financial statements and therefore there are no comparative figures.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Fund's accounting policies, management has made the following estimate and judgment which is significant to these financial statements:

A. Judgment

3-1 Going concern

The fund 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.

4. SIGNIFICANT ACCOUNTING POLICIES

4-1 New standards, interpretations and amendments

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. In the opinion of the Fund's Board, these will have no significant impact on the financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

4-1-1 New amendments to standards issued and applied effective 1 January 2022

Amendment

A number of new amendments to standards, enlisted below, are effective this reporting period but they do not have a material effect on the Fund's financial statements, except for where referenced below.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-1 New standards, interpretations and amendments (Continued)

4-1-1 New amendments to standards issued and applied effective 1 January 2022 (Continued)

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 16, IFRS 9, IFRS 1 IAS 41 and	Annual Improvements to IFRS Standards 2018–2020	1 January 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-1 New standards, interpretations and amendments (Continued)

4-1-2 New standards, amendments and revised IFRS issued but not yet effective

The Fund has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	1 January 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	1 January 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	1 January 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there are a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Fund's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Fund in the period of their initial application

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-2 Cash and cash equivalents

Cash and cash equivalents consist of cash in the investment account with the custodian and murabaha deposits with an original maturity of less than three months from the date of purchase.

4-3 Financial instruments

4-3-1 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in the statement of comprehensive income.

4-3-2 Classification and measurement of financial assets

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through FVTPL.

Financial asset at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPI), and that are not designated at FVTPL, are measured at amortized cost.

FVTPL: If a financial asset's cash flows do not represent solely SPPI or if it not held within the held to collect or the held to collect and sell business model, then it is measured at FVTPL. A gain or loss on a debt investment measured at FVTPL is recognized in the statement of comprehensive income, within "Net gain / (loss) in investments mandatorily measured at FVTPL", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value, or which are not held for trading are presented separately from debt investments that are mandatorily measured at FVTPL, within "Net gain / (loss) in investments designated at FVTPL". Profit earned from these financial assets is recognized in the statement of comprehensive income using the effective profit rate method.

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is internally evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These assets are classified in 'other' business model and measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-3 Financial instruments (Continued)

4-3-2 Classification and measurement of financial assets (Continued)

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent Solely Payment of Principal and Profit (the "SPPI" test). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Fund classifies its equity instruments at fair value through profit or loss (FVTPL). The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of comprehensive income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of comprehensive income when the Fund's right to receive payments is established.

4-3-3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized where 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 the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset or

(b) 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 right to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognizes to the extent of the Fund's continuing involvement in the asset. 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. The Fund derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expired

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-3 Financial instruments (Continued)

4-3-4 Financial liabilities

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

4-3-5 Impairment of financial assets

The Fund assesses on a forward-looking basis the Expected Credit Loss ("ECL") associated with its financial assets arrived at amortized cost. The Fund recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4-3-6 Trade date accounting

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e., the date that the Fund commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

4-3-7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

4-4 Other receivables

Other receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using effective profit rate method. Loss allowance for receivables is always measured at an amount equal to lifetime expected credit losses.

4-5 Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Fund's net assets (equity) in the event of the Fund's liquidation.
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets (equity).
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets (equity) or the change in the fair value of the recognized and unrecognized net assets (equity) of the Fund over the life of the instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-5 Redeemable Units (Continued)

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

No gain or loss is recognized in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

4-6 Accrued expenses and other liabilities

Accrued expenses and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective profit rate method.

4-7 Net gain or loss on financial assets at Fair Value through Profit or Loss ("FVTPL")

Net gains or losses on financial assets at FVTPL are changes in the fair value of financial assets held for trading or designated upon initial recognition as at FVTPL and exclude special commission and dividend income and expenses

Unrealized gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealized gains and losses for financial instruments which were realized in the reporting period. Realized gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

4-8 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in statement of comprehensive income or loss as an expense.

4-9 Management fees

Management fee is calculated at rate mentioned in terms and conditions of the Fund and is payable every month.

4-10 Other expenses

Other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund.

4-11 Zakat / Taxation

Zakat / taxation is the obligation of the Unitholders and is not provided for in these financial statements

4-12 Net assets value

The net assets value per unit disclosed in the financial statements is calculated by dividing the net assets of the Fund by the number of units in issue at the year-end.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-13 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating loss.

5. CASH AND CASH EQUIVALENTS

	Notes	31 December 2022
Cash with Custodian		**767,196**
Murabaha with original maturity of 3 months	7	**12,834,812**
		13,602,008

Cash at Bank is held in current accounts with Al-Bilad Capital Company (the custodian of the fund). The Fund does not earn profit on these current accounts.

6- INVESTMENTS CARRIED AT FVTPL

	31 December 2022
The value of the investment at the beginning of the period	**-**
Purchase of investments during the period	**4,500,000**
disposal investments for the year	**(1,300,000)**
Gain realized from disposal of investments carried at fair value through profit or loss	**14,196**
Unrealized gain from investments carried at fair value through profit or loss	**45,393**
The value of the investment at the end of the period	**3,259,589**

7. INVESTMENTS AT AMORTIZED COST

	31 December 2022
Murabaha deposits with other banks	**23,834,812**
Accrued special commission	**254,316**
	24,089,128

7-1 The rate of profit on Murabaha placements ranges from 3% to 6.2% per annum and all the Murabaha placements will be matured within a period of less than 12 months from the statement of financial position date.

7. INVESTMENTS AT AMORTIZED COST (CONTINUED)

7-2 The following table represents the movement of investments in Murabaha placements measured at amortized cost during the period:

	31 December 2022
Carrying amount as at 1 January	**46,273,329**
Additions during the period	
Matured during the period	**(22,286,406)**
Murabaha profit received during the period	**102,205**
Carrying amount as at the period end	**24,089,128**

	31 December 2022
Maturity within 3 months*	**12,834,812**
Maturity within 3 – 12 months	**11,000,000**
	23,834,812

* Murabahas due within a period of less than three months have been classified in cash and cash equivalents in the statement of financial position.

8. OTHER ACCRUED EXPENSES

	31 December 2022
Accrued professional fees	**11,500**
Accrued custody fee	**10,350**
Accrued Tadawul fee	**2,500**
Accrued Board fees	**6,000**
Accrued Sharia fees	**7,500**
	37,850

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Fund include are shareholder, the fund manager, and other funds managed by the fund manager. In the ordinary course of its activities, the Fund transacts business with related parties. The related parties' transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund's Board of Directors.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

Related parties	Nature of transaction	Transaction value during the period	Balance as at (credit)
		31 December 2022	
Miyar Company (Fund manager)	Fund management fees	**49,230**	**(10,228)**
Board of Directors	Board remuneration	**6,000**	**(6,000)**

10. FINANCIAL RISK MANAGEMENT

10-1 Financial risk factors

The objective of the Fund is to safeguard its 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, 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 risks 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) 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 price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, the Fund has investments in mutual funds.

The table below presents the impact on the net assets (equity) of unit holders with a reasonably possible decrease/increase in unit prices by 1% on the reporting date. Estimates are made on the basis of individual investment. This analysis assumes that all other variables remain constant, specifically commissions.

		31 December 2022
Net gain on an investment carried at fair value through profit or loss	%1+	32,596
	%1-	32,596

(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.

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 measured at amortized cost and other receivables. Cash is placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10-1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Expected credit loss measurement

The Fund does not have a formal internal grading mechanism. Credit risks are generally managed on the basis of external credit ratings of counterparties.

Under the general approach of IFRS 9 ECL, the financial assets are classified into three stages. Each stage indicates the credit quality of the particular financial asset.

Stage 1: includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and profit is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but profit is still calculated on the gross carrying amount of the asset.

Stage 3: includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted).

One of the key components of IFRS 9 ECL is to determine whether there have been significant increases in credit risk (SICR) of an entity's credit exposures since initial recognition. The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL.

Definition of 'Default'

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Fund. Overdrafts are considered as being past due once the counterparty has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Fund considers indicators that are:

- qualitative- e.g., breaches of covenant;
- quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Fund; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10-1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Probability of Default (PD)

Through the yearly review of investments in debt instruments, the Fund shall draw a yearly transition matrix to compute account-based PD over the one-year horizon for the past 5 years. These PDs will be grouped as per credit ratings. This rating migration shall capture the movement of obligors into default at yearly intervals. An average default rate of the 5 yearly transition matrices provides the through the cycle PDs. IFRS 9 requires the use of a PD that is a 'point-in-time' (PiT PD) estimate reflecting current forecasts of future economic conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

Loss Given Default (LGD)

Loss given default is defined as the forecasted economic loss in case of default. LGD computation will be based on the Fund's losses on defaulted accounts after the consideration of recovery percentages. IFRS 9 also requires that LGD be estimated in collaboration with the forward-looking valuation of collaterals based on macro-economic factors. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

For LGD estimation on its non-collateralized portfolio, the Fund shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 5 years prior to the assessment date.

Exposure at Default (EAD)

Exposure at default is an estimation of the extent that the Fund may be exposed to an obligor in the event of default. The estimation of EAD should consider any expected changes in the exposure after the assessment date. This is of importance in the case of Stage 2 assets where the point of default may be several years in the future.

Discount rate

The Fund will compute effective profit rate at a contractual level. If the computation of the effective profit rate (at reporting date) is not feasible, the Fund will use the contractual profit (at reporting date) for discounting purposes.

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 these financial statements as the amount was not material.

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10-1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Credit ratings

The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is managed using the ratings from reputable credit ratings agencies. As at 31 December 2022 and 31 December 2021, the Fund has investments measured at amortized cost with the following credit quality:

Rating of financial institution	**31 December 2022**
Cash at Bank	
A3(Moody's)	**767,196**
Murabaha placements	
A1(Moody's)	**5,500,000**
A-2(Moody's)	**5,563,954**
B-2(Moody's)	**4,270,858**
B(S&P)	**7,000,000**
Unrated	**1,500,000**
	23,834,812

(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. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

All financial liabilities are due within a period of less than one year.

	carrying value	**Demand or less than 6 months**	**6 to 12 months**	**more than a year**
Financial liabilities at amortized cost				
	10,228	**10,228**	**-**	**-**
	37,850	**37,850**	**-**	**-**
As on 31 December 2022	**48,078**	**48,078**	**-**	**-**

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10-1 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.

The capital of the Fund is represented by the equity attributable to holders of redeemable units. The amount of equity attributable to holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of unitholders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other units holder and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund Manager monitor capital on the basis of the value of equity attributable to unitholders.

10-2 Fair Value of Financial Instruments

The fair value of 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 debt instruments. The Fund does not adjust the quoted price for these instruments.

Fund classifies all of its financial assets, except for those carried at amortized cost at Level 1 fair value.

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10-2 Fair Value of Financial Instruments (Continued)

As at 31 December 2022	Level 1	Level 2	Level 3	Total
Investments carried at FVTPL (Note7)	**-**	**3,259,589**	**-**	**3,259,589**
Total	**-**	**3,259,589**	**-**	**3,259,589**

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the funds which is based on observable market data.

The Investee Funds classified in Level 2 were fair valued using the net asset value of the Investee Fund, as reported by the respective Investee Fund's administrator. For these Investee Funds, management believes the Fund could have redeemed its investment at the net asset value per share at the statement of financial position date.

During the period, there has been no transfer in fair value hierarchy for FVTPL investments.
Other financial instrument such as, cash at bank, are short-term financial asset whose carrying amount approximate its fair value, because of its short-term nature and the high credit quality of counterparty. For all other financial assets and liabilities, the carrying value is an approximation of fair value.

Either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

Financial Instruments by Category
The amounts included in the statement of financial position classified as following in financial assets and financial liabilities:

31 December 2022	Amortized cost	FVPL
Assets as per statement of assets and liabilities		
Cash and cash equivalents	**13,602,008**	**-**
Investments at amortized cost	**11,000,000**	**-**
Accrued special commission	**254,316**	**-**
Investments carried at FVPL	**-**	**3,259,589**
Total	**13,602,008**	**3,259,589**

11. SUBSEQUENT EVENTS

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

12. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these financial statements was 29 December 2022.

13. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Fund's Board on 30 March 2023 (corresponding to 8 Ramadan 1444H).