

MEFIC SAUDI RIYAL MURABAHA FUND
Open-End Investment Fund
(Managed By Middle East Financial Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2024
Together With the Independent Auditor's Review Report To The Unitholders

MEFIC SAUDI RIYAL MURABAHA FUND

Open-End Investment Fund

(Managed By Middle East Financial Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

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

TO THE SHAREHOLDERS OF MEFIC SAUDI FREESTYLE EQUITY FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of MEFIC Saudi Freestyle Equity Fund (the "Fund") Managed By Middle East Financial Investment Company (Fund Manager) as at 30 June 2024 and the related interim statement of comprehensive income and the interim statements of changes in net assets (Equity) attributable to the unitholders and interim statements of cash flows for the six-month periods then ended, and a summary of significant information on accounting policies and other explanatory notes. Management is responsible for the preparation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For PKF AI Bassam
Chartered Accountants



Ahmed Abdulmajeed Mohandis
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Corresponding to: 8 August 2024

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MEFIC SAUDI RIYAL MURABAHA FUND
Open-End Investment Fund
(Managed by Middle East Financial Investment Company)
INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2024
(Amounts in SAR)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	6	65,215,876	95,015,915
Accrued profits from Murabaha deposits		181,797	167,738
Investments carried at fair value through profit or loss (FVTPL)	7	1,014,997	-
TOTAL ASSETS		66,412,670	95,183,653
LIABILITIES			
Accrued fund management fee	6	28,975	-
TOTAL LIABILITIES		28,975	-
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		66,383,695	95,183,653
Units in issue (numbers)		644,332	949,735
Net assets (equity) attributable per unit		103.027	100.22

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

MEFIC SAUDI RIYAL MURABAHA FUND

Open-End Investment Fund

(Managed by Middle East Financial Investment Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2024

(Amounts in SAR)

	<u>Note</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
<u>Investment Income</u>			
Profits from Murabaha deposits		2,294,548	-
Unrealized gain on investments at FVTPL	7	<u>14,997</u>	-
		<u>2,309,545</u>	-
<u>Expenses</u>			
Fund Management fees	8	<u>(201,410)</u>	-
Total Operating Expenses		<u>(201,410)</u>	-
Net income for the period		<u>2,108,135</u>	-
Other comprehensive income for the period		<u>-</u>	-
Total comprehensive income for the period		<u>2,108,135</u>	-

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

MEFIC SAUDI RIYAL MURABAHA FUND

Open-End Investment Fund

(Managed by Middle East Financial Investment Company)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)

For the six-month period ended 30 June 2024

(Amounts in SAR)

	<u>30 June 2024</u>	<u>30 June 2023</u>
Net assets (equity) attributable to the unitholders at beginning of the period	95,183,653	-
Total comprehensive income for the period	2,108,135	-
Subscriptions and redemptions by the unitholders		
Issuance of units	65,661,000	-
Redemption of units	(96,569,093)	-
Net changes from unit transactions	(30,908,093)	-
Net assets (equity) attributable to the unitholders at end of the period	66,383,695	-
Unit Transactions:	30 June 2024	30 June 2023
	<i>Units in numbers</i>	
At beginning of the period	949,735	-
Units issued	641,257	-
Units redeemed	(946,660)	-
Net change in units	(305,403)	-
Units (equity) attributable to the unitholders at end of the period (numbers)	644,332	-

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

MEFIC SAUDI RIYAL MURABAHA FUND
Open-End Investment Fund
(Managed by Middle East Financial Investment Company)
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the period ended 30 June 2024
(Amounts in SAR)

	<u>Note</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		2,108,135	-
<i>Net changes in operating assets and liabilities:</i>			
Purchase of investments carried at FVTPL	7	(1,000,000)	-
Unrealized gain on investments at FVTPL		(14,997)	-
Accrued profits from Murabaha deposits		(14,059)	-
Accrued fund management fee		28,975	-
Net cash generated from operating activities		1,108,054	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		65,661,000	-
Redemption of units		(96,569,093)	-
Net cash used in financing activities		(30,908,093)	-
Net change in cash and cash equivalents		(29,800,039)	-
Cash and cash equivalents at beginning of the period		95,015,915	-
Cash and cash equivalents at end of the period	6	65,215,876	-

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

MEFIC SAUDI RIYAL MURABAHA FUND

Open-End Investment Fund

(Managed By Middle East Financial Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2024

(Amounts in SAR)

1. FUND AND ITS ACTIVITIES

MEFIC Saudi Riyal Murabaha Fund (the "Fund") is an Open-End Investment Fund. The Fund is founded and managed through an agreement between the Middle East Financial Investment Company (the "Fund Manager") and the investors in the Fund (the "Unitholders").

The Fund aims to preserve capital and provide liquidity through investments in money market instruments, fixed income securities, and similar low-risk investment funds based on Shariah-compliant commercial transactions. Additionally, the Fund seeks to while seeking to generate returns that exceed the benchmark rate, which is the 1-month SIBOR.

The Fund commenced its operations on 26 Rabi' al-Awwal 1432 AH, corresponding to 1 March 2011, pursuant to CMA Decree No. 7481/5 dated 21 Ramadan 1431 AH, corresponding to 31 August 2010.

When dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA on 17 Rajab 1442 AH (corresponding to 1 March 2021), which detail the requirements for all funds within the Kingdom of Saudi Arabia. The amended Regulations have an effective date starting from 19 Ramadan 1442 AH (corresponding to 1 May 2021)

3. BASIS OF PREPARATION

3.1 *Statement of compliance*

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These interim condensed financial statements do not include all the information required in the annual financial statements and should be read in conjunction with the Fund's annual financial statements for the year ended 31 December 2023. The results for the six-month period ended 30 June 2024 are not necessarily indicative of the financial statements as at 31 December 2024.

3.2 *Basis of measurement*

The interim condensed financial statements have been prepared on a historical cost basis, as amended, using the accrual basis of accounting except for the investments carried at FVTPL which are measured at fair value. The Fund presents the interim condensed statement of financial position in the order of liquidity.

3.3 *Functional and presentation currency*

Items included in the interim condensed financial statements are measured using the currency of the main economic environment in which the Fund operates (the "functional currency") and are expressed in Saudi Arabian Riyal ("SAR"), which is the Fund's functional and presentation currency.

MEFIC SAUDI RIYAL MURABAHA FUND

Open-End Investment Fund

(Managed By Middle East Financial Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2024

(Amounts in SAR)

3. BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, the accompanying disclosures, and the disclosure of contingent liabilities. These assumption and estimation uncertainties may result in outcomes that require a material adjustment to the carrying amount of assets or liabilities that affect future periods.

The key assumptions uncertainties relating to future events and other significant estimates as at the reporting date, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the future financial period, are described below. The Fund has based its assumptions and estimates on the parameters available at the time of preparing the financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Going concern

The Fund Manager 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. Accordingly, the interim condensed financial statements have been prepared on a going concern basis

4. SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2023. Certain new standards, amendments and interpretations apply for the first time in 2024 but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed 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.

5. MANAGEMENT FEE, CUSTODY FEE AND OTHER CHARGES

Each valuation day, the Fund Manager charges the Fund a management fee of 0.5% of the Fund's net asset value and payable on a monthly basis. The Fund Manager is also reimbursed for any other expenses which are paid on behalf of the Fund, such as audit fees, legal fees, Board fees, and other similar charges. Additionally, on a daily basis, the Fund Manager charges the Fund a custody fee of 0.03% per annum.

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For the period ended 30 June 2024

(Amounts in SAR)

6. CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
* Murabaha deposits	<u>65,215,876</u>	<u>95,015,915</u>
	<u>65,215,876</u>	<u>95,015,915</u>

* This item pertains to Murabaha deposits held with financial institutions. These deposits have original maturity dates of 3 months or less. The actual yield on these deposits ranged from 5.65% to 6.35% during the period. The fund participated in Murabaha transactions totaling 437,824,041 Riyal. The actual yield on Murabaha deposits as of June 30, 2024, amounted to 2,294,548 Riyals, including 1,139,595 Riyal in Murabaha deposits related to the period ending on June 30, 2024. The accrued income on Murabaha deposits as of June 30, 2024, was 181,797 Riyal."

7. INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

This balance represents the Fund's investments in units of other local investment funds that specialize in Murabaha investments and are managed by investment companies licensed by the Capital Market Authority of Saudi Arabia.

Below is a breakdown of the investments in fund units :

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Aljazira Saudi Riyal Murabaha Fund	<u>1,014,997</u>	-
	<u>1,014,997</u>	-

Below is a breakdown of the movements of investments during the period / year:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Investments at beginning of the period / year	-	-
Purchase of investments during the period / year	1,000,000	-
Disposal of investments during the period / year	-	-
Unrealized gain on investments carried at FVTPL	<u>14,997</u>	-
Investments at end of the period / year	<u>1,014,997</u>	-

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8. RELATED-PARTY TRANSACTIONS AND BALANCES

The Fund's related parties include the Unitholders, the Fund Manager, and other funds managed by the Fund Manager. In the normal course of business, all related-party transactions are conducted in accordance with the regulations set by the CMA and approved by the Fund's Board.

Below is a detailed breakdown of the Fund's significant related-party transactions during the period, along with the resulting balances:

<u>Related Party</u>	<u>Nature of Transactions</u>	<u>Amount of Transactions During the Period</u>		<u>Balance as at (Payable)</u>	
		<u>30 June 2024 (Unaudited)</u>	<u>30 June 2023 (Unaudited)</u>	<u>30 June 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
Middle East Financial Investment Company ("Fund Manager")	Fund Management fees	201,410	-	28,975	-

9. FINANCIAL INSTRUMENTS BY CATEGORY

<u>30 June 2024 (Unaudited)</u>	<u>Amortized Cost</u>	<u>FVTPL</u>
<i>Assets as per the statement of financial position:</i>		
Cash and cash equivalents	65,215,876	-
Investments carried at FVTPL	-	1,014,997
Total	65,215,876	1,014,997
<u>31 December 2023 (Audited)</u>	<u>Amortized Cost</u>	<u>FVTPL</u>
<i>Assets as per the statement of financial position:</i>		
Cash and cash equivalents	95,015,915	-
Investments carried at FVTPL	-	-
Total	95,015,915	-

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(Amounts in SAR)

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 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

- 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 Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As at balance sheet date, the Fund has investments in equity instruments and investment funds.

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June due to a reasonably possible change in equity indices based on the industry concentration, holding all other variables constant.

b. Credit Risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk for its cash and cash equivalent. Bank balances are deposited with local banks, which have a good credit rating.

The carrying amount of financial assets represents the maximum credit risk exposure.

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For the period ended 30 June 2024

(Amounts in SAR)

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.1 *Financial risk factors (Continued)*

b. Credit Risk (Continued)

A breakdown of the Fund's credit risk exposure, which is limited to cash, investments carried at amortized cost, and accrued special commission income, is presented below:

- All financial assets are held by the Fund with entities that have a good credit rating.

The Fund has a policy of engaging in financial instrument agreements with counterparties that have a good credit rating. The objective of the Fund is to mitigate credit risk by monitoring credit exposure, limiting transactions with certain counterparties, and consistently assessing the creditworthiness of such counterparties.

c. Liquidity Risk

It is the risk that the Fund will encounter difficulty in obtaining the financing necessary to meet commitments associated with financial liabilities. 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.

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 limitation of financial losses and damage to its reputation with achieving its investment objective of generating returns to the Unitholders.

10.2 *Fair value estimation*

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price .

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying amounts of financial instruments carried at amortized cost, less impairment losses, are assumed to approximate its fair value. 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended 30 June 2024

(Amounts in SAR)

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

10.2 Fair value estimation (Continued)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity and 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 fair value as level 1.

11. SUBSEQUENT EVENTS

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

12. LAST VALUATION DAY

The last valuation day for the period was 30 June 2024.

13. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 7 August 2024 (corresponding to 3 Safar 1446 AH).