

Al Yusr Morabaha and Sukuk Fund
Open-Ended Fund
(Managed by SAB Invest (previously known as Alawwal Invest Company))
Interim Condensed Financial Statements (Unaudited)
For the six-month period ended 30 June 2023
Together with the
Independent Auditor's Review Report to the Unitholders

Al Yusr Morabaha and Sukuk Fund
Open-Ended Fund
(Managed by SAB Invest (previously known as Alawwal Invest Company))

INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
For the six-month period ended 30 June 2023

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**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**

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

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TO THE UNITHOLDERS OF AL YUSR MURABAHA AND SUKUK FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of **AL YUSR MURABAHA AND SUKUK FUND** (the "Fund") as at 30 June 2023 and the related interim statement of comprehensive income for the six-month period then ended, and the interim statements of changes in net assets and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation 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 Al-Bassam & Co.

Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 21 Muharram 1445H
Corresponding to: 8 August 2023

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Al Yusr Morabaha and Sukuk Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

INTERIM STATEMENT OF FINANCIAL POSITION**As at 30 June 2023****(Amounts in Saudi Arabian Riyals)**

	Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
<u>ASSETS</u>			
Cash and cash equivalent	6	23,797,528	84,515,379
Investment measured at amortized cost – Sukuk	8	214,407,981	212,120,036
Investment measured at amortized cost - Morabaha	7	101,189,119	60,143,347
Other receivables		-	9,200
TOTAL ASSETS		339,394,628	356,787,962
<u>LIABILITIES</u>			
Accrued expenses and other liabilities		184,889	222,368
TOTAL LIABILITIES		184,889	222,368
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		339,209,739	356,565,594
Units in issue (in numbers)		26,481,439	28,560,863
Net Asset (Equity) Value per unit		12.81	12.48

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Al Yusr Morabaha and Sukuk Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**For the six-month period ended 30 June****(Amounts in Saudi Arabian Riyals)**

	Note	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
<u>Income</u>			
Net gain from investment designated carried at FVTPL	9	-	2,557,454
Special commission income		<u>9,755,070</u>	<u>19,853,284</u>
		9,755,070	22,410,738
<u>Expenses</u>			
Management fees	11	<u>(844,356)</u>	(3,834,921)
Other expenses	10	<u>(171,757)</u>	<u>(2,772,753)</u>
		(1,016,113)	(6,607,674)
Net income for the period		<u>8,738,957</u>	<u>15,803,064</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>8,738,957</u>	<u>15,803,064</u>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Al Yusr Morabaha and Sukuk Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)**For the six-month period ended 30 June****(Amounts in Saudi Arabian Riyals)**

	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
Net assets (Equity) attributable to the Unitholders at beginning of the period	356,565,594	1,346,340,495
Total comprehensive income for the period	8,738,957	15,803,064
Net assets (Equity) attributable to the Unitholders before changes in unit transactions	365,304,551	1,362,143,559
Issuance of units	-	391,286,461
Redemption of units	(26,094,812)	(348,143,099)
Net changes from unit transactions	(26,094,812)	43,143,362
Net assets (Equity) attributable to the Unitholders at end of the period	339,209,739	1,405,286,921

UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarised as follows:

	30 June 2023 Units	30 June 2022 Units
Units at the beginning of the period	28,560,863	103,616,044
Issuance of units	-	30,053,089
Redemption of units	(2,079,424)	(26,615,496)
Net increase/ (decrease) in unit transactions	(2,079,424)	3,437,593
Units at end of the period	26,481,439	107,053,637

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Al Yusr Morabaha and Sukuk Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**For the six-month period ended 30 June****(Amounts in Saudi Arabian Riyals)**

	Note	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
<u>Cash flows from operating activities:</u>			
Net income for the period		8,738,957	15,803,064
Adjustments for:			
Unrealized gain from investments designated at FVTPL	9	-	(289,173)
Investments designated at FVTPL		-	213,731,718
(Increase) / decrease in investment at amortized cost - Morabaha		(41,045,772)	(181,232,661)
(Increase) / decrease in investment at amortized cost - Sukuk		(2,287,945)	110,142,500
Decrease / (increase) in other receivables		9,200	(5,750)
(Decrease) / increase in accrued expenses and other liabilities		(37,479)	74,845
Net cash generated from / (used in) operating activities		(34,623,039)	158,224,543
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of units		-	391,286,461
Redemption of units		(26,094,812)	(348,143,099)
Net cash generated from financing activities		(26,094,812)	43,143,362
Net change in cash and cash equivalents		(60,717,851)	201,367,905
Cash and cash equivalents at beginning of the period		84,515,379	56,092,159
Cash and cash equivalents at end of the period		23,797,528	257,460,064

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Al Yusr Morabaha and Sukuk Fund

Open-Ended Fund

(Managed by SAB Invest (previously known as Alawwal Invest Company))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Amounts in Saudi Arabian Riyals)

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Al Yusr Morabaha and Sukuk Fund (the “Fund”) is an open-ended fund domiciled in Kingdom of Saudi Arabia, created by an agreement between SAB Invest (the “Fund Manager”), a subsidiary of The Saudi Al-Awal Bank (formerly a subsidiary of the Saudi British Bank) (the “Bank”) and investors in the Fund (the “Unitholders”).

The Fund Manager’s registered office is at P.O. Box 1467, Riyadh 11431, Kingdom of Saudi Arabia.

Al Yusr Morabaha and Sukuk Fund	
Commencement Date	1 July 2003
Latest Governing Terms and Condition Date	28 February 2022
Category	Sharia’ah compliant
Objective	Steady appreciation & preservation of invested capital
Allowed Investment Channels	Morabaha deposits
	Sukuk
	Structured investment products
	Morabaha funds

The Fund has appointed Riyadh Capital Company (the “Custodian”) to act as its custodian. The fees of the custody services are paid by the Fund.

The Fund Manager is responsible for the overall management of the Fund’s activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further amended on 12 07 (Rajab) 1442H (corresponding to 22 February 2021) (the “Amended Regulations”). The Fund Manager believes that the Amended Regulations was effective since 19 09 (Ramadan) 1442H (corresponding to 01 May 2021).

3 BASIS OF PREPARATION

3.1. Statement of compliance

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

Assets and liabilities in the interim statement of financial position are presented in the order of liquidity.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund’s annual financial statements as at 31 December 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

3.2. Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except for investments designated at fair value through profit or loss which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

3.3. Functional and presentation currency

Items included in these interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in Saudi Arabian Riyals (SAR) which is the Fund’s functional and presentation currency.

Al Yusr Morabaha and Sukuk Fund

Open-Ended Fund

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Amounts in Saudi Arabian Riyals)

3 BASIS OF PREPARATION (CONTINUED)

3.3. Functional and presentation currency (Continued)

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 arising from translation are included in the interim statement of comprehensive income.

3.4. Critical accounting judgments, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. 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.

3.5. 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.

4 SIGNIFICANT 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 2022. Certain new standards, amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Fund.

There are several other 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 interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

5 MANAGEMENT FEE, AND OTHER CHARGES

Fund management fees are recognized on an accrual basis and charged to the interim statement of comprehensive income at rates agreed with the Fund Manager and as stated in the terms and conditions of the Fund.

6 CASH AND CASH EQUIVALENT

	<u>Notes</u>	<u>30 June 2023</u> <u>(Un-audited)</u>	<u>31 December 2022</u> <u>(Audited)</u>
Bank balances		4,769,027	34,361,004
Money market placement with maturity less than 90 days	6.1	19,028,501	50,154,375
		<u>23,797,528</u>	<u>84,515,379</u>

6.1. Short-term deposits represent money market placements at prevailing special commission rates, with local banks, having original maturities of less than three months.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-month period ended 30 June 2023****(Amounts in Saudi Arabian Riyals)****7 MONEY MARKET PLACEMENTS MEASURED AT AMORTIZED COST - MORABAHA**

	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Saudi Investment Bank	25,439,236	-
Al Rajhi Bank	25,360,000	40,107,000
Gulf International bank	25,207,133	-
Arab National Bank	15,151,250	-
Bank Arab Banking Corporation	10,031,500	10,031,403
National bank of Kuwait	-	10,004,944
	101,189,119	60,143,347

8 INVESTMENTS MEASURED AT AMORTIZED COST - SUKUK

	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Debt securities		
SABB Tier II Sukuk	61,136,072	60,515,749
Bank AlJazira	50,229,409	50,382,010
Bank Albilad	30,513,878	30,404,670
Riyad Tier 1 Sukuk Limited USD	21,196,635	21,315,000
Saudi Real Estate Sukuk - SAR	16,028,373	16,029,724
BAJ SUKUK TIER 1 USD	9,276,819	9,296,807
Alinma Bank Tier 1 Sukuk – SAR	9,089,000	9,090,000
Al RAJHI BANK SAR ADDITIONAL TIER 1 SUKUK	9,058,625	9,059,500
Riyad Bank Tier 2 SUKUK	4,216,556	4,078,669
ESIC SUKUK LTD 3.939	3,662,614	-
Satorp Sukuk – SAR	-	1,947,907
Total	214,407,981	212,120,036

Investments measured at amortized cost are subject to impairment assessment based on the ECL model as per IFRS 9. The management has assessed that allowance for ECL on investments measured at amortized cost is not significant.

9 NET GAIN FROM INVESTMENTS DESIGNATED AT FVTPL

	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
Realized gain	-	2,268,281
Unrealized gain	-	289,173
Total	-	2,557,454

Al Yusr Morabaha and Sukuk Fund**Open-Ended Fund**

(Managed by SAB Invest (previously known as Alawwal Invest Company))

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-month period ended 30 June 2023****(Amounts in Saudi Arabian Riyals)****10 OTHER EXPENSES**

	30 June 2023 (Un-audited)	30 June 2022 (Un-audited)
Value added tax	131,682	593,813
Custody fee	21,125	111,437
Audit fees	9,918	9,918
Board members' fees (note 11)	2,834	2,834
CMA monitoring fee	3,719	3,719
Tadawul fees	2,479	2,480
Sukuk premium amortization	-	2,033,404
Other	-	15,148
Total	171,757	2,772,753

11 TRANSACTIONS WITH RELATED PARTIES***Management fee and other transactions***

The Fund is managed and administered by the Fund Manager. For this service, the Fund pays a management fee calculated on every valuation day, at an annual rate of 0.5% of the Fund's daily net assets. Total management fees for the period amounted to SAR 844,356 (30 June 2022: SAR 3,834,921).

Other expenses paid by the Fund Manager on behalf of the Fund are charged to the Fund.

Board of Directors

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director's fees are currently SAR 3,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board. In addition, SAR 2,000 are paid to each independent director by the Fund per annum. The director's total remuneration during the period amounted to SAR 2,834 (2022: SAR 2,834) while the fees payable to directors at the period-end were SAR 2,834 (31 December 2022: SAR 5,714)

Units held by related parties

Related party and nature of relationship	Nature of transactions	30 June 2023 (Un-audited)	31 December 2022 (Audited)
		Units	Units
SAB Invest (Fund Manager)	Units held	2,953,325	2,953,325

Al Yusr Morabaha and Sukuk Fund

Open-Ended Fund

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Amounts in Saudi Arabian Riyals)

12 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

	30 June 2023 (Un-audited)		
	Within 12 months	After 12 months	Total
Cash and cash equivalent	23,797,528	-	23,797,528
Investment measured at amortized cost – Sukuk	-	214,407,981	214,407,981
Investment measured at amortized cost - Murabaha	101,189,119	-	101,189,119
TOTAL ASSETS	124,986,647	214,407,981	339,394,628
Accrued expenses and other liabilities	184,889	-	184,889
TOTAL LIABILITIES	184,889	-	184,889
MATURITY GAP	124,801,758	214,407,981	339,209,739

	31 December 2022 (Audited)		
	Within 12 months	After 12 months	Total
Cash and cash equivalent	84,515,379	-	84,515,379
Investment measured at amortized cost – Sukuk	-	212,120,036	212,120,036
Investment measured at amortized cost - Murabaha	60,143,347	-	60,143,347
Other receivables	9,200	-	9,200
TOTAL ASSETS	144,667,926	212,120,036	356,787,962
Accrued expenses and other liabilities	222,368	-	222,368
TOTAL LIABILITIES	222,368	-	222,368
MATURITY GAP	144,445,558	212,120,036	356,565,594

13 SUBSEQUENT EVENTS

In the opinion of management, except for the event stated below, no events have occurred subsequent to the reporting date and before the issuance of these interim condensed financial statements which requires adjustment to, or disclosure, in these interim condensed financial statements.

A change in valuation method of investments in sukuks has been applied on 1 August 2023 with first NAV published on 3 August 2023 based on 2 August 2023 market closing. The change is to facilitate more accurate NAV calculations through reflecting Market prices if available for Sukuks, otherwise par value of the sukuks will be used. This change resulted in a decrease in NAV equivalent to around 0.68% as per 2 August 2023 market closing.

14 LAST VALUATION DAY

The last valuation day for the period was 30 June 2023 (2022: 31 December 2022)

15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Fund's Board on 20 Muharram 1445H corresponding to 20 August 2023G.