

SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk
Fund)
(Managed by SAB Invest)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023



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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SAB INVEST SUKUK FUND (MANAGED BY SAB INVEST)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SAB Invest Sukuk Fund (formerly known as Alawwal Invest Sukuk Fund) (the "Fund") managed by SAB Invest (formerly known as Alawwal Invest) (the "Fund Manager") as at 30 June 2023, and the related interim condensed statement of comprehensive income, statement of changes in equity attributable to the unitholders and cash flows for the six-month period then ended, and explanatory notes. The Fund Manager 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") as 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 Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 22 Muharram 1445H
(9 August 2023)



SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk Fund)

Interim condensed statement of financial position
As at 30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) USD	<i>31 December 2022 (Audited) USD</i>
ASSETS			
Cash and cash equivalents		510,422	621,553
Financial assets at fair value through profit or loss (“FVTPL”)	4	2,935,641	3,034,138
Financial assets at fair value through other comprehensive income (“FVOCI”)	5	44,532,722	40,502,334
Financial assets at amortised cost	6	4,648,301	8,409,243
TOTAL ASSETS		52,627,086	52,567,268
LIABILITIES			
Dividends payable		409,971	578,297
Management fees payable	7	36,179	45,277
Other accrued expenses		38,761	41,380
TOTAL LIABILITIES		484,911	664,954
EQUITY			
Equity attributable to unitholders of redeemable units		52,142,175	51,902,314
TOTAL LIABILITIES AND EQUITY		52,627,086	52,567,268
Redeemable units in issue		5,856,727	5,856,727
Equity value per unit – Dealing		8.90	8.86

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk Fund)

Interim condensed statement of comprehensive income (unaudited)
For the six-month period ended 30 June 2023

	<i>Notes</i>	2023 USD	2022 <i>USD</i>
INCOME			
Net unrealized gain on financial assets at FVTPL		57,013	10,579
Net realized gain on financial assets at FVTPL		12,547	5,367
Special commission income from investments at FVOCI		1,050,772	925,031
Realized (loss) / gain on disposal of and maturity of financial assets at FVOCI		(331,287)	35,821
Net exchange loss		(1,375)	(46)
TOTAL INCOME		787,670	976,752
EXPENSES			
Management fees	7	211,591	226,870
Impairment (charge) / reversal for expected credit losses	6	(5,342)	85,156
Other expenses		34,047	35,415
TOTAL EXPENSES		240,296	347,441
NET INCOME / (LOSS) FOR THE PERIOD		547,374	629,311
Other comprehensive income:			
Unrealized gain / (loss) on investments at FVOCI – debt instruments		517,771	(3,181,331)
Realized gain on disposal of investments at FVOCI – debt instruments		-	35,821
Movement in fair value / allowance for expected credit losses on investments at FVOCI – debt instruments		(5,342)	85,156
Other comprehensive income / (loss)		-	(3,060,354)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		1,059,803	(2,431,043)

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk Fund)

Interim condensed statement of changes in equity attributable to the unitholders (unaudited)
For the six-month period ended 30 June 2023

	2023 <i>USD</i>	2022 <i>USD</i>
EQUITY AT THE BEGINNING OF THE PERIOD	51,902,314	58,585,089
Net income for the period	547,374	629,311
Other comprehensive income / (loss)	512,429	(3,060,354)
Total comprehensive income / (loss) for the period	1,059,803	(2,431,043)
Dividend distributions during the period	(819,942)	(883,329)
	239,861	(3,314,372)
ISSUANCE AND REDEMPTION OF UNITS		
Redemption of units during the period	-	(33,068)
EQUITY AT THE END OF THE PERIOD	52,142,175	55,237,649
	<i>Units</i>	<i>Units</i>
REDEEMABLE UNIT TRANSACTIONS		
Transactions in redeemable units during the period are summarised as follows:		
UNITS AT THE BEGINNING OF THE PERIOD	5,856,727	6,140,085
Issue of units during the period	-	-
Redemption of units during the period	-	(48,160)
Net decrease in units	-	(48,160)
UNITS AT THE END OF THE PERIOD	5,856,727	6,091,925

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SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk Fund)

Interim condensed statement of cash flows (unaudited)
For the six-month period ended 30 June 2023

	2023 USD	2022 USD
Operating activities		
Net income for the period	547,374	629,311
<i>Adjustments to reconcile net income(loss) to net cash flows from operating activities:</i>		
Movement in unrealised loss (gain) on financial assets at FVTPL	(57,013)	(10,579)
Impairment (reversal) / charge for expected credit losses	(5,342)	85,156
	<u>485,019</u>	<u>703,888</u>
<i>Working capital adjustments:</i>		
Financial assets at FVTPL	155,510	127,856
Investments at Amortised cost	3,760,942	-
Investments at FVOCI	(3,512,617)	609,380
Receivables and advances	-	221
Management fee payable	(9,098)	30,294
Securities purchased payable	-	2,237,300
Accrued expenses	(2,619)	8,505
Dividend payable	(168,326)	60,711
Net cash flows from operating activities	<u>708,811</u>	<u>3,778,155</u>
Financing activities		
Payment on redemption of units	-	(33,068)
Dividends paid	(819,942)	(883,326)
Net cash flows used in financing activities	<u>(819,942)</u>	<u>(916,394)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(111,131)</u>	<u>2,861,761</u>
Cash and cash equivalents at the beginning of the period	<u>621,553</u>	<u>234,766</u>
Cash and cash equivalents at the end of the period	<u>510,422</u>	<u>3,096,527</u>
<u>Significant non-cash transactions:</u>		
Net unrealized gain / (loss) on investments at FVOCI – debt instruments	<u>517,771</u>	<u>(3,145,510)</u>
<u>Supplemental cash flow information:</u>		
Special commission income received	<u>1,011,550</u>	<u>898,875</u>

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

SAB Invest Sukuk Fund (Formerly known as Alawwal Invest Sukuk Fund)

Notes to the unaudited interim condensed financial statements
At 30 June 2023

1. INCORPORATION AND ACTIVITIES

SAB Invest Sukuk Fund (formerly known as Alawwal Invest Sukuk Fund) (the “Fund”) is an investment fund created through an agreement between SAB Invest (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The address of the Fund Manager is as follows:

SAB Invest, Head Office
SAB Invest Building 7267
Olaya Street (Al-Murooj District)
Riyadh 12283-2255
Kingdom of Saudi Arabia

The objective of the Fund is to achieve income and capital growth over the medium to long term period, by investing in Sukuk issued globally, along with money market funds and term deposits. The Fund invests primarily in Sukuk (up to 70% of the Fund’s assets) with the remaining balance invested in Shariah compliant money market funds and term deposits. The Fund has no geographic constraints in terms of investment, but it focuses on investments in the Gulf Cooperation Council (“GCC”).

The Fund is managed by the Fund Manager. Al Bilad Capital is acting as the custodian of the Fund. The Fund is an income-distributing Fund, whereby any income earned by the Fund is distributed to the Unitholders at least on semi-annual basis. Any such income distribution by the Fund, however, will solely be at the discretion of the Fund Board of Directors. However, profit, if any, realized, by the Fund, from the sale of any Sukuk at a price higher than its purchase price will not be distributed to Unitholders and would form part of the net asset (equity) value of the Fund.

The Fund’s performance shall be measured against the performance of legitimate Saudi Standard & Poor’s Ratings. The Fund Manager has made certain revisions to the Terms and Conditions of the Fund. The main changes were relating to applying the new IFR requirements related to the fund documentation.

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 by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12 Rajab 1442H. Corresponding to 24 February 2021G (the “Amended Regulations”). The amended regulations are effective from 19 Ramadan 1442, corresponding to 1 May 2021).

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 *Basis of preparation*

These unaudited interim condensed financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The unaudited 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 unaudited interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value. These unaudited interim condensed financial statements are presented in US Dollars (“USD”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest USD.

SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk Fund)

Notes to the unaudited interim condensed financial statements (continued)
At 30 June 2023

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

3.2 New standards, interpretations and amendments

3.2.1 New standards and amendments adopted by the Fund

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the Fund's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

The following new and amended IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements.

Standard, interpretation and amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023

3.2.2 Significant standards issued but not yet effective

Standard, interpretation and amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024

SAB Invest Sukuk Fund
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Notes to the unaudited interim condensed financial statements (continued)
At 30 June 2023

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the investment's portfolio on the last valuation day of the period/year end is summarised below:

	<i>30 June 2023 (Unaudited)</i>			
	<i>% of Market Value</i>	<i>Cost USD</i>	<i>Market value USD</i>	<i>Unrealised gain/ (loss) USD</i>
<i>Mutual Fund</i>				
SAB INVEST Saudi Riyal Murabaha Fund	100%	2,700,429	2,935,641	235,212

The above equity investments are listed on the Saudi Stock Exchange ("Tadawul"). The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.

	<i>31 December 2022 (Audited)</i>			
	<i>% of Market Value</i>	<i>Cost USD</i>	<i>Market value USD</i>	<i>Unrealised gain/ (loss) USD</i>
<i>Mutual Fund</i>				
SAB INVEST Saudi Riyal Murabaha Fund	100%	2,855,939	3,034,138	178,199

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	<i>30 June 2023 (Unaudited) USD</i>	<i>31 December 2022 (Audited) USD</i>
Debt securities – Sukuks	44,118,568	40,154,165
Accrued special commission income	414,154	348,169
	44,532,722	40,502,334

6. FINANCIAL ASSETS AT AMORTISED COST

	<i>30 June 2023 (Unaudited) USD</i>	<i>31 December 2022 (Audited) USD</i>
Debt securities – Sukuks	4,532,488	8,266,667
Accrued special commission income	115,813	142,576
	4,648,301	8,409,243

SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk Fund)

Notes to the unaudited interim condensed financial statements (continued)
At 30 June 2023

6. FINANCIAL ASSETS AT AMORTISED COST (continued)

These financial assets are classified as stage 1 and 2. Movement in the allowance for expected credit losses is as follows:

	<i>30 June 2023 (Unaudited) USD</i>	<i>30 June 2022 (Audited) USD</i>
Balance at the beginning of the year	120,619	90,118
Charge for the year	(5,342)	85,156
Balance at the end of the year	115,277	175,274

The methodology and assumptions applied by the Fund in estimating the ECL on sukuk placements is based on using the Moody's rating scales which are then adjusted for country specific data based on where the sukuk's underlying assets/projects are, forward looking estimates and macroeconomic variables such as expected GDP growth, to determine the ECL as at the end of the reporting year.

7. TRANSACTIONS WITH RELATED PARTIES

A. Transactions and balances with Fund Manager

In the ordinary course of its activities, the Fund transacts business with related parties. The following are the details of major related party transactions during the period:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	
		<i>2023 USD</i>	<i>2022 USD</i>	<i>2023 USD</i>	<i>2022 USD</i>
SAB Invest (Fund Manager)	Fund management fee	211,591	226,870	36,179	45,277
	Administration fee	14,969	16,025	2,811	2,890
	Board member fee	2,088	2,065	6,288	4,200
Saudi British Bank (Parent of Fund Manager)	Cash at bank		-		239,225
	Investment in Sukuk		-		3,199,403

The Fund pays the Fund Manager a management fee calculated at an annual rate of 0.75% per annum calculated on the net asset value at each Valuation Day. The fee is intended to compensate the Fund Manager for administration of the Fund.

B. Transactions with 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 USD 5,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investments at fair value through profit or loss and at fair value through other comprehensive income which is measured at fair values and are classified within level 1 or level 3 of the fair value hierarchy. All other financial assets and liabilities are classified as amortized cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 3 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

SAB Invest Sukuk Fund
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Notes to the unaudited interim condensed financial statements (continued)
At 30 June 2023

9. 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:

<i>As at 30 June 2023 (Unaudited)</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
ASSETS			
Cash and cash equivalents	510,422	-	510,422
Financial assets at FVTPL	2,935,641	-	2,935,641
Financial assets at FVOCI	3,425,763	41,106,959	44,532,722
Financial assets at Amortised cost	-	4,648,301	4,648,301
TOTAL ASSETS	6,871,826	45,755,260	52,627,086
LIABILITIES			
Management fee payable	36,179	-	36,179
Dividend payable	409,971	-	409,971
Other accrued expenses	38,761	-	38,761
TOTAL LIABILITIES	484,911	-	484,911
<i>As at 31 December 2022 (Audited)</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
ASSETS			
Cash and cash equivalents	621,553	-	621,553
Financial assets at FVTPL	3,034,138	-	3,034,138
Financial assets at FVOCI	1,019,977	39,482,357	40,502,334
Financial assets at Amortised Cost	-	8,409,243	8,409,243
TOTAL ASSETS	4,675,668	47,891,600	52,567,268
LIABILITIES			
Management fee payable	45,277	-	45,277
Dividend payable	578,297	-	578,297
Accrued expenses and other payables	41,380	-	41,380
TOTAL LIABILITIES	664,954	-	664,954

10. LAST VALUATION DAY

The last valuation day of the period/year was 30 June 2023 (year ended 31 December 2022: 31 December 2022).

11. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Fund Manager has made certain revisions to the Terms and Conditions of the Fund. The latest update was approved by the Capital Market authority (the "CMA") on 24 Dhul Hijja 1444H (corresponding to 12 July 2023).

Further, the Fund Manager announced changes in the board of directors on 5 Muharram 1445H (Corresponding to 23 July 2023).

SAB Invest Sukuk Fund
(Formerly known as Alawwal Invest Sukuk Fund)

Notes to the unaudited interim condensed financial statements (continued)

At 30 June 2023

12. APPROVAL OF THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

These unaudited interim condensed financial statements were approved by the Fund's management on 20 Muharram 1445H (corresponding to 7 August 2023).