

ALKHABEER DIVERSIFIED INCOME TRADED FUND
(Investment Traded Fund)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD FROM THE INCEPTION DATE
JANUARY 7, 2021 UP TO JUNE 30, 2021
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT



Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

ALKHABEER DIVERSIFIED INCOME TRADED FUND
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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED
FINANCIAL STATEMENTS**

**To: The Unitholders
Alkhabeer Diversified Income Traded Fund
(Investment Traded Fund)
Jeddah, Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Alkhabeer Diversified Income Traded Fund – (Investment Traded Fund) - (“The Fund”)** as at June 30, 2021, and the related statements of interim condensed of Income and Comprehensive Income, interim condensed cash flows and interim condensed Changes in net assets attributable to unitholders for the period from the inception date January 7, 2021 up to June 30, 2021, and notes which form an integral part of these interim condensed financial statements. The Fund's management are responsible on prepare these interim condensed financial statements and present fairly in accordance with the accounting international standard No. (34) "Interim Financial Reporting", 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 Auditing Standard review (2410) "Interim Financial Information performed by the independence auditor of the fund" 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 (‘ISAs’), 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 the audit course. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware in our attention that causes us to believe that the accompanying interim condensed financial information do not present fairly in all material respects, in accordance with accounting international standard No. (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.



**AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants**



**Abdullah M. AlAzem
License No. 335**

7 Muharram 1443H (August 15, 2021)
Jeddah, Kingdom of Saudi Arabia

ALKHABEER DIVERSIFIED INCOME TRADED FUND
(Investment Traded Fund)
STATEMENT OF INTERIM CONDENSED FINANCIAL POSITION
AS OF JUNE 30, 2021
(Expressed in Saudi Riyals)

	Notes	As of June 30, 2021 (Unaudited)
ASSETS		
Cash at banks		39,378,116
Receivables dividends	4	3,995,035
Prepaid expenses and other debit balances	5	3,718,046
Financial assets at fair value through profit or losses	6	315,289,564
Investment held to maturity	7	157,516,800
Total Assets		<u>519,897,561</u>
LIABILITIES AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
LIABILITIES		
Murabaha facilities	8	37,458,037
Accrued expenses and other liabilities	9	75,641
Due to related parties	10	2,637,655
Total Liabilities		<u>40,171,333</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>479,726,228</u>
Number of units issued (unit)		<u>47,281,470</u>
Net assets value per unit – book value		<u>10.1462</u>
Net assets value per unit – fair value		<u>10.1462</u>

The accompanying notes from (1) to (19) form an integral part of these interim condensed financial statements and should be read together with them and with independent auditor's review report.

ALKHABEER DIVERSIFIED INCOME TRADED FUND
(Investment Traded Fund)
STATEMENT OF INTERIM CONDENSED PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE PERIOD FROM THE INCEPTION DATE JANUARY 7, 2021 UP TO JUNE 30, 2021
(Expressed in Saudi Riyals)

	Notes	FOR THE PERIOD FROM THE INCEPTION DATE JANUARY 7, 2021 UP TO JUNE 30, 2021 (Unaudited)
Dividends from financial assets at fair value through profit or losses		7,843,872
Dividends from investment held to maturity		<u>3,852,218</u>
Total revenue		<u>11,696,090</u>
Expenses		
Management fees	11	(2,312,581)
Custody fees	11	(100,206)
Finance costs		(163,138)
Fund establishment expenses and others	12	(1,345,839)
Foreign currency losses		(214,530)
Unrealized losses from financial assets at fair value through profit or losses	6	<u>(648,268)</u>
Total expenses		<u>(4,784,562)</u>
Profit for the period		<u>6,911,528</u>
Other comprehensive income		<u>-</u>
Total other comprehensive income for the period		<u>6,911,528</u>

The accompanying notes from (1) to (19) form an integral part of these interim condensed financial statements and should be read together with them and with independent auditor's review report.

ALKHABEER DIVERSIFIED INCOME TRADED FUND
 (Investment Traded Fund)
STATEMENT OF INTERIM CONDENSED CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE PERIOD FROM THE INCEPTION DATE JANUARY 7, 2021 UP TO JUNE 30, 2021
 (Expressed in Saudi Riyals)

	FOR THE PERIOD FROM THE INCEPTION DATE JANUARY 7, 2021 UP TO JUNE 30, 2021 (Unaudited)
Net Assets Attributable to Unitholders	
Net assets attributable to unit holders at the beginning of the period	-
Proceed from initial subscription of units	472,814,700
Total comprehensive income for the period	<u>6,911,528</u>
Net assets attributable to unit holders at the end of the period	<u><u>479,726,228</u></u>

The accompanying notes from (1) to (19) form an integral part of these interim condensed financial statements and should be read together with them and with independent auditor's review report.

ALKHABEER DIVERSIFIED INCOME TRADED FUND
(Investment Traded Fund)
STATEMENT OF INTERIM CONDENSED CASH FLOWS
FOR THE PERIOD FROM THE INCEPTION DATE JANUARY 7, 2021 UP TO JUNE 30, 2021
(Expressed in Saudi Riyals)

	FOR THE PERIOD FROM THE INCEPTION DATE JANUARY 7, 2021 UP TO JUNE 30, 2021 (Unaudited)
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>	
Profit for the Period	6,911,528
Adjustment:	
Finance costs	163,138
Unrealized losses from financial assets at fair value through profit or losses	648,268
Changes in operating assets and liabilities:	
Receivables dividends	(3,995,035)
Prepaid expenses and other debit balances	(3,718,046)
Accrued expenses and other liabilities	75,641
Due to related parties	2,637,655
	<u>2,723,149</u>
Finance cost paid	(163,138)
Net cash provided by operating activities	<u>2,560,011</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Additions to financial assets at fair value through profit or losses	(315,937,832)
Additions to investment held to maturity	(157,516,800)
Net cash used in investing activities	<u>(473,454,632)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Net movement in murabaha facilities	37,458,037
Proceeds from initial subscription of units	472,814,700
Net cash provided by financing activities	<u>510,272,737</u>
Net change in cash at banks	<u>39,378,116</u>
Cash at banks at the beginning of the period	-
Cash at Banks at the End of the period	<u>39,378,116</u>

The accompanying notes from (1) to (19) form an integral part of these interim condensed financial statements and should be read together with them and with independent auditor's review report.

ALKHABEER DIVERSIFIED INCOME TRADED FUND
(Investment Traded Fund)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE INCEPTION DATE JANUARY 7, 2021 UP TO JUNE 30,
2021
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1. THE FUND AND ITS ACTIVITIES

Alkhabeer Diversified Income Traded Fund (the "Fund") is a Shariah compliant investment traded fund, established in accordance in the rules and regulations enforced in KSA as well as under the guidelines of CMA. The Fund has been established on 7 January 2021 and managed by Alkhabeer Capital (Alkhabeer "Capital" or the "Fund Manager"), for the benefit of the Fund's unitholders. The Fund is ultimately supervised by the Fund Board. Alinma Investment Company acts as the Custodian of the Fund.

The objective of the fund is to generate periodic income for investors by investing in income-generating assets that are compatible with the regulations of the Shariah Board.

The establishment of the fund has been approved by the Capital Market Authority (the "Authority") on September 17, 2020 (corresponding to Muharram 29, 1442 AH). The fund was listed on Tadawul on January 19, 2021.

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own interim condensed financial statements. Furthermore, unitholders are considered owners of the assets of the Fund and distributions may be made in relation to their respective ownership in the total number of outstanding units.

The Fund's term is ninety-nine (99) years following the date of listing units on Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is subject to the Sharia Boards guidelines in its investments and transactions. The books and records of the Fund are maintained in Saudi Riyals (SR), which represents the functional and presentation currency of the Fund.

2. REGULATORY AUTHORITY

The Fund has been established and units are offered in accordance with the Investment Funds Regulations issued by Capital Market Authority under Resolutions No. 1-219-2006 dated 12/03/1427 AH ("The Investment Funds") issued by Royal Decree No. M/30 dated 2/6/1424 AH And amended pursuant to Capital Market Authority Board under Resolution No. 2-22-2021 dated 7/12/1442 AH (corresponding to 2/24/2021 AD) to keep pace with the rapid developments and changes regarding the rules and regulations of the Authority in the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

Statement of compliance

The interim condensed financial statements have been prepared in accordance with the International Accounting Standard (34) "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), which prepared in considering that the financial performance for the interim condensed financial period from the inception date January 7, 2021 to June 30, 2021, may not necessarily represent an indication of the expected financial performance for the year that will be ended on December 31, 2021, whereas no allocation has been made to the profit for the period, for the provisions calculated at the annual consolidated financial statements at December 31, 2021.

ALKHABEER DIVERSIFIED INCOME TRADED FUND
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The interim condensed financial statements do not include all of the required information and disclosures for the annual financial statements. (“IAS 34”) stating that the objective of preparing the interim condensed financial statements is to update the last annual financial statements. Therefore, the International Accounting Standard (34) require less disclosure in the interim financial information to be reported compared to the disclosure required by the International Financial Reporting Standards (“IFRS”) in the annual financial statements.

Basis of measurement

These interim condensed financial statements have been prepared on a historical cost basis except for the items which measured at fair value, present value, net realizable value, and replacement cost in line with the accrual basis of accounting and going concern assumption.

Presenting currency

The accompanying interim condensed financial statements are presented in Saudi Riyals, which is the Fund’s functional and presentation currency.

Fair value measurement

The fair value represents the amount that may be collected from selling an asset or paying it to transfer a liability between informed parties under the same terms of business with others. The fair value measurement depends on the following conditions:

- The principal market for assets or liabilities, or
- The most advantageous market for assets and liabilities in the absence of a primary market, or
- Use discounted cash flows in the absence of a major market or the most advantageous market.

Assets or liabilities measured at fair value

- Separate assets or liabilities.
- A group of assets or a group of liabilities or a group of assets and liabilities.
- A set of accounting policies and notes that require calculating the fair value of financial and non-financial assets and liabilities.
- The Fund uses market inputs that are observable as far as possible when measuring the fair value of assets and liabilities.

The Fund determines fair value using valuation techniques. The Fund also uses the following levels which reflect the importance of inputs used in determining fair value:

- **Level 1:** quoted prices (unadjusted) in an active market for similar assets or liabilities.
- **Level 2:** valuation methods based on inputs other than quoted prices included in Level 1 that can be observable for assets and liabilities, directly or indirectly.
- **Level 3:** valuation techniques that use inputs that have an important impact on fair value but are not based on observable inputs.

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The Fund recognizes transfers between fair value levels at the end of the reporting period at the same time as the change occurs, the Fund' manager believes that its estimates and assumptions are reasonable and sufficient.

Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents represent banks balances and deposits held at call with banks with a maturity of three months, which are subject to an insignificant risk of changes in value.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortized cost with including any difference between the proceeds (net of transaction costs) and the recognised redemption amount in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be withdrawn. In this case, the fee is deferred until the withdrawn occurs.

To the extent that there is no evidence that it is probable that some or all of the facility will be withdrawn, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it belongs.

IAS 23, Borrowing cost requires any incremental transaction cost to be amortized using the Effective Interest Rate (EIR). The Fund accounts for finance cost (Interest cost and amortization of transaction cost) as per the effective interest rate method. For floating rate loans, EIR determined at initial recognition of loan liabilities is used for the entire contract period. Borrowing cost incurred for any qualifying assets are capitalized as part of the cost of the asset.

Accrued expenses and other payable

Liabilities are recognized for the amount to be paid in the future for services received, whether billed by the supplier or not.

Expenses

All expenses are classified as operating expenses unless another classification is consistent with the nature of the item of expense and circumstances of the Fund.

Revenue recognition

Dividends from investments carried at fair value through profit or loss and held to maturity are recognized when the fund has the right to accrue.

Dividend

Interim and final dividends are recorded as a liability in the period in which they are approved by the Fund Board.

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Zakat and income tax

Zakat and income tax are the obligation of the unitholders and therefore, no provision for such liability is made in the interim condensed financial statements.

Provisions

Provisions are recognized when the Fund has a present obligation (legal or contractual) as a result of past events, and it is probable that an outflow of resources involving economic benefits will be required to settle the obligation. In addition, a reliable estimate of the amount of the obligation can be made.

Net asset value of the unit

The net asset value of the unit is calculated and disclosed in the interim condensed statement of financial position by dividing the net assets of the Fund attributed to unit holders by the number of issued units.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument of another entity.

Financial assets

A financial asset includes the followings:

- a) Cash and equivalents
- b) Equity instruments in another entity
- c) A contractual right to receive cash or another financial asset from another entity or to exchange financial instruments with another entity under conditions are potentially favorable to the entity.
- d) A contract that may or will be settled at entity's owned equity instruments.

Classification and initial recognition

The Fund classifies its financial assets in the following measuring categories:

- Financial assets that measured subsequently at fair value (either through profit or loss, or through other comprehensive income).
- Financial assets that measured at amortized cost.

Classification depends on the business model of the Fund to manage financial assets, and on the contractual terms of cash flows.

For assets measured at fair value, gain and losses will either be recorded in statement of profit or loss and other comprehensive income (OCI). For investment in debt instruments, this will depend on the business model in which investment is held. For investment in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI. The Fund reclassifies debt instruments when and only when its business model for managing those assets changes.

ALKHABEER DIVERSIFIED INCOME TRADED FUND

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At initial recognition, the Fund measures a financial asset at its fair value (in the case of financial asset not at fair value through profit or loss) plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit or loss.

Subsequent measurements

Equity instruments

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains or losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Fund's right to receive payments is established. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are treated separately within the net of assets.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in gain or losses in the statement of profit and loss as applicable.

Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund classified its debt instruments:

- **Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in statement of profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, are measured at fair value through other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or loss which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from OCI to retained earnings. Realized gains or loss are recognized in profit or loss.

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• **Fair value through statement of profit or loss**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through statement of profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through statement of profit or loss. And is not part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit or loss within other gains or loss in the year in which it arises. Interest income from these financial assets is included as financial benefit in profits or losses.

Held to maturity investments

Investments having fixed or determinable payments and fixed maturity that the Fund has the positive intention and ability to hold to maturity are classified as held to maturity. Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost, less provision for impairment in value. Amortised cost is calculated by taking into account any discount or premium on acquisition using an effective yield basis. Any gain or loss on such investments is recognised in the statement of income when the investment is derecognised or impaired.

Impairment

The Fund assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

A financial liability is classified as follows:

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

Recognition and measurement

All financial liabilities are recognized initially at fair value. Subsequently, it is measured at amortized cost using effective interest rate methods. The Fund's financial liabilities include accrued expenses and other liabilities and due to a related party.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statements of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

ALKHABEER DIVERSIFIED INCOME TRADED FUND
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SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the interim condensed statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the (DCF) model. The inputs to the models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to the factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

Assets subject to depreciation and amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount that exceeds the carrying amount of the asset over its recoverable amount. Recoverable value is the fair value of the asset less costs to sell or value in use (whichever is higher). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate cash flows (cash-generating units). Prior impairment in non-financial assets (other than goodwill) are reviewed to reflect the potential impairment at each reporting date.

An impairment loss recognized in prior periods is evaluated at each reporting date to determine whether there are indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that could have been determined, net of depreciation or amortization, had the impairment loss not been recognized previously.

4. RECEIVABLES DIVIDENDS

The value of the dividends receivable is the profits due to the Fund resulting from investing in financial assets at fair value through profit or loss and the financial assets that held to maturity that the Fund has not received up to the date of preparing the interim condensed financial statements.

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5. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	As of June 30, 2021(Unaudited)
Prepaid expenses	3,544,128
Advance payments for registration and listing	173,918
	<u>3,718,046</u>

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSSES

The investment portfolio and its fair value at the date of the interim condensed financial statements are as follows:

	Acquisition cost	Unrealized losses	Fair value as of June 30, 2021 (Unaudited)
Sukuk investments	84,196,738	(444,940)	83,751,798
Investments in funds	73,766,434	(203,328)	73,563,106
Investments in trade financing	127,993,122	-	127,993,122
Rental deals	29,981,538	-	29,981,538
	<u>315,937,832</u>	<u>(648,268)</u>	<u>315,289,564</u>

The Fund re-evaluated the investments on the date of the interim condensed financial statements and this resulted in unrealized losses amounting to SAR 648,268.

7. INVESTMENT HELD TO MATURITY DATE

The investment portfolio and its fair value at the date of the interim condensed financial statements are as follows:

	Acquisition cost	Fair value as of June 30, 2021 (Unaudited)
Rental deals	157,516,800	157,516,800
	<u>157,516,800</u>	<u>157,516,800</u>

8. MURABAHA FACILITIES

The Fund has a Murabaha facility agreement with a commercial broker, totaling SAR 37.5 million which has been fully utilized. The facility agreements are secured against financial assets designated at fair value through profit or loss.

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9. ACCRUED EXPENSES AND OTHER LIABILITIES

	As of June 30, 2021(Unaudited)
Financial charges	48,755
Professional and consulting fees	26,886
	<u>75,641</u>

10. RELATED PARTIES TRANSACTIONS AND BALANCES

a) Due to related parties comprises the following:

Related party	Nature of transaction	Volume of transaction For The Period From the Inception date January 7, 2021 Up To June 30, 2021	Balance As of June 30, 2021(Unaudited)
Alkhabeer Capital (Fund Manager)	Management fees	2,312,581	
	Administration fees	231,258	
	Expenses paid on behalf of the Fund	5,000	2,548,839
Alinma Investment Company	Custody Fees	68,285	68,285
Fund Board	Aggregate compensation to Independent Fund Board Members	20,531	20,531
			<u>2,637,655</u>

b) All transactions with related parties are approved by the Fund manager.

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11. ADMINISTRATIVE FEES AND OTHER EXPENSES

The Fund is managed by the Fund manager, management fees and charges are calculated as per the terms and conditions of the Fund as following:

a) ADMINISTRATIVE FEES

The Fund administrator is entitled to receive fees equivalent to 0.1% annually (as indicated in the Fund's terms and conditions) of the net asset value, on a semi-annual basis.

b) MANAGEMENT FEES

The Fund manager is entitled to receive fees equivalent to 1% annually (as indicated in the terms and conditions of the Fund) of the net asset value, on a semi-annual basis.

c) CUSTODY FEES

The custodian is entitled to receive fees equivalent to 0.1% annually (as indicated in the terms and conditions of the Fund) of the total assets, or a minimum of 100,000 Saudi riyals per year on a semi-annual basis.

d) SUBSCRIPTIONS FEES

Subscriptions fees are exempted during the initial offering period of the Fund. The Fund manager is entitled to receive a subscription fee of 1% of the paid and allocated subscription amounts in the event of any future proposals to increase the Fund's capital, and these subscription fees are deducted upon receipt of the subscription amount and paid to the Fund manager, in addition to the subscription amount.

12. FUND ESTABLISHMENT EXPENSES AND OTHERS

	For The Period From the Inception date January 7, 2021 Up To June 30, 2021 (Unaudited)
Value added tax	531,619
Initial registration and listing fees	409,915
Administrative fees	231,258
Board members expenses	20,531
Professional and consulting fees	108,597
Other expenses	43,919
	<u>1,345,839</u>

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13. SHARIA COMPLIANCE

The Fund operates in accordance with the provisions of Sharia law, as determined by the Sharia advisor. The Sharia advisor has reviewed the Fund's public offering document and confirmed that it is in compliance with Sharia provisions.

14. LAST VALUATION DATE

The last date for the valuation during the period is June 30, 2021.

15. RISK MANAGEMENT

The Fund's activities expose it to various financial risks, and these risks include: market risk (including currency risk, fair value risk and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial market conditions and seeks to minimize potential adverse effects on the Fund's financial performance.

a) Currency risk

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies. The Fund deals mainly in Saudi Riyal.

b) Fair value and cash flow interest rate risk

Fair value and cash flow interest rate risk are the exposures to various risks related to the effect of fluctuations in market interest rates on the financial position and cash flows of the Fund.

c) Price risk

Price risk is the risk that the fair value or a financial instrument will fluctuate because of changes in market prices. Whether these fluctuations were a result of variable factors of the instrument or its source or any other factors affecting all instrument in the market. The Fund is not subject to Price risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Funds does not focus on credit risk. Cash is placed with banks with sound credit ratings. Coming up are contractual obligations for financial liabilities, these amount were shown as gross including estimated benefit.

e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis to ensure the availability of sufficient funds.

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As at June 30, 2021	Book Value	Less than a year	More than a year
<u>Non-derivative financial liabilities</u>			
Murabaha facilities	37,458,037	37,458,037	-
Accrued expenses and other liabilities	75,641	75,641	-
Due to related parties	2,637,655	2,637,655	-
	40,171,333	40,171,333	-

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair Value			Total
	Amortized Cost	Fair Value	Level (1)	Level (2)	Level (3)	
As of June 30, 2021						
<u>Financial Assets</u>						
Cash at Banks	39,378,116	-	-	-	-	-
Dividends receivables	3,995,035	-	-	-	-	-
Prepaid expenses and other debit balances	3,718,046	-	-	-	-	-
Financial assets at fair value through profit or losses	-	315,289,564	315,289,564	-	-	315,289,564
Investment held to maturity date	-	157,516,800	157,516,800	-	-	157,516,800
	47,091,197	472,806,364	472,806,364	-	-	472,806,364
<u>Financial Liabilities</u>						
Murabaha facilities	37,458,037	-	-	-	-	-
Accrued expenses and other liabilities	75,641	-	-	-	-	-
Due to related parties	2,637,655	-	-	-	-	-
	40,171,333	-	-	-	-	-

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17. OPERATING SEGMENTS

The fund generates investment returns and all fund operations are executed in the Kingdom of Saudi Arabia and outside of Kingdom of Saudi Arabia. The fund's operations are monitored by the fund management under one sector. Thus no separate information is required.

18. COMPARATIVE FIGURES

These interim condensed financial statements of the Fund are issued for the first time and represent the interim condensed financial statements for the period from the inception date January 7, 2021 up to June 30, 2021 accordingly, no comparative figures have been shown.

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Funds Board of Directors on 7 Muharram 1443H (Corresponding 15 August 2021).