

ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)
Interim Condensed Financial Statements (Unaudited)
For the six-month period ended 30 June 2021
Together with the
Independent Auditor's Review Report to the Unitholders

ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)
INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
For the six-month period ended 30 June 2021

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

**TO THE UNITHOLDERS OF
ALJAZIRA GCC INCOME FUND
MANAGED BY ALJAZIRA CAPITAL COMPANY**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Aljazira GCC Income Fund (the "Fund") managed by Aljazira Capital Company (the "Fund Manager") as at 30 June 2021 and the related interim statements of comprehensive income / (loss), changes in net assets (Equity) attributable to the unitholders 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.

Ibrahim Ahmed Al-Bassam
Certified Public Accountant
License No. 337

11 Moharram 1443H
19 August 2021G
Riyadh, Kingdom of Saudi Arabia



ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021
(Amounts in Saudi Arabian Riyals)

	Notes	30 June 2021 (Un-audited)	31 December 2020 (Audited)
ASSETS			
Cash and cash equivalents	4, 6	1,067,714	5,139,313
Investments carried at fair value through profit or loss (FVTPL)	5	59,284,164	38,824,195
Prepayments and other receivables		3,210	-
Dividend receivable		971,969	854,738
Advance for investment		802,414	-
TOTAL ASSETS		62,129,471	44,818,246
LIABILITIES			
Management fee payable	6	192,800	188,831
Accrued expenses and other liabilities		107,249	110,370
TOTAL LIABILITIES		300,049	299,201
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		61,829,422	44,519,045
Units in issue (in numbers)	7	468,330	413,684
Net Asset (Equity) Value per unit		132.02	107.62

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

ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME / (LOSS)
For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)

	Notes	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
<u>Income</u>			
Net gain / (loss) from investments carried at FVTPL	8	11,579,178	(4,253,017)
Dividend income		946,818	548,083
		<u>12,525,996</u>	<u>(3,704,934)</u>
<u>Expenses</u>			
Management fee	6	472,587	267,263
Other expenses		29,845	51,705
		<u>502,432</u>	<u>318,968</u>
Net income / (loss) for the period		12,023,564	(4,023,902)
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		12,023,564	(4,023,902)

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

ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)

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

For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)

	Notes	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
Net assets (Equity) attributable to the Unitholders at beginning of the period		44,519,045	36,994,774
Total comprehensive income / (loss) for the period		12,023,564	(4,023,902)
Changes from unit transactions			
Issuance of units		9,792,332	7,601,488
Redemption of units		(3,519,198)	(3,003,979)
Net changes from unit transactions		6,273,134	4,597,509
Payment of dividends to unitholders	12	(986,321)	(542,394)
Net assets (Equity) attributable to the Unitholders at end of the period		61,829,422	37,025,987

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

ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)

	Notes	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
<u>Cash flows from operating activities:</u>			
Net income / (loss) for the period		12,023,564	(4,023,902)
Adjustments for:			
- Unrealized (gain) / loss from investments carried at FVTPL	8	(8,294,805)	4,220,800
		<u>3,728,759</u>	<u>196,898</u>
<u>Net changes in operating assets and liabilities:</u>			
Investments carried at FVTPL		(12,165,164)	(7,983,295)
Prepayments and other receivables		(3,210)	(2,311)
Dividend receivable		(117,231)	(112,779)
Advance for investment		(802,414)	-
Management fee payable		3,969	390
Accrued expenses and other liabilities		(3,121)	39,296
Net cash used in operating activities		<u>(9,358,412)</u>	<u>(7,861,801)</u>
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of units		9,792,332	7,601,488
Redemption of units		(3,519,198)	(3,003,979)
Payment of dividends to unitholders		(986,321)	(542,394)
Net cash generated from financing activities		<u>5,286,813</u>	<u>4,055,115</u>
<u>Net change in cash and cash equivalents:</u>			
Cash and cash equivalents at beginning of the period		<u>5,139,313</u>	<u>9,020,594</u>
Cash and cash equivalents at end of the period		<u>1,067,714</u>	<u>5,213,908</u>

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

ALJAZIRA GCC INCOME FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Aljazira GCC Income Fund (the "Fund") is an open-ended investment Fund established and managed through an agreement between Aljazira Capital - a Saudi Closed Joint Stock Company (the "Fund Manager") and the investors (the "Unitholders") in the Fund. The Fund Manager is a wholly owned subsidiary of Bank Aljazira (the "Bank"). The Capital Market Authority ("CMA") approval for establishment of the Fund was granted through its letter no 2414/5 dated 25 Jumada Al- Thani 1434H (corresponding to 05 May 2013). The Fund commenced its operations on 13 July 2013.

The Fund operates under the terms and conditions contained in its prospectus with the prime objective of providing the investors with the opportunities to invest primarily in Shariah compliant equities, issued and traded in GCC capital markets. The Fund focuses on dividend distributing equities. The Fund's net income is reinvested in the Fund, which is reflected in the net assets (equity) attributable to each unit.

The Fund is administered by the Fund Manager. The Fund's assets are held in the custody of Northern Trust Securities (the "Custodian").

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the "Amended Regulations") on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

2 BASIS OF PREPARATION

2.1. Statement of compliance

These interim condensed financial statements of the Fund 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 pronouncement issued by the Saudi Organization for Certified Public Accountants (SOCPA) and should be read in conjunction with the Fund's last annual financial statement for the year ended 31 December 2020. The results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2.2. Basis of measurement

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

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

2.3. 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 Riyal ("SAR") which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income / (loss).

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments

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 2020. There are new standards, amendments and interpretations apply for the first time in 2021, 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.

3.2 Critical accounting estimates and assumptions

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

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

3.2.1 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, these interim condensed financial statements have been prepared on a going concern basis.

4 CASH AND CASH EQUIVALENTS

	Notes	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Cash at Bank	4.1, 6	773,218	1,403,520
Cash with Custodian	4.2, 6	294,496	3,735,793
		1,067,714	5,139,313

4.1. Cash at Bank is held in current accounts with Bank Aljazira, a related party (Also see Note 1). The Fund does not earn profit on these current accounts.

4.2. These funds are placed with the Custodian (also see Note 1) and the Fund earns profit on these balances.

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5 INVESTMENTS CARRIED AT FVTPL

Investments in equity instruments carried at FVTPL comprise of the following:

Industry sector	30 June 2021 (Un-audited)		
	Cost	Fair value	%
Banks and Financial Services	13,163,025	17,550,993	29.60
Petrochemical Industries	10,609,631	13,083,827	22.07
Telecommunications and Information Technology	7,052,218	8,305,871	14.01
Cement	4,433,348	4,640,146	7.83
Retail	3,130,620	4,613,059	7.78
Energy and Utilities	4,036,194	3,987,074	6.73
Industrial Investment	2,905,883	3,425,092	5.78
Real Estate Development	1,406,015	1,585,102	2.67
Transport	1,405,892	1,271,079	2.14
Agriculture and Food Industries	716,618	821,921	1.39
Total	48,859,444	59,284,164	100.00

Industry sector	31 December 2020 (Audited)		
	Cost	Fair value	%
Banks and financial institutions	13,570,367	13,463,516	34.68
Petrochemical industries	7,125,460	7,612,907	19.61
Telecommunication and technology	4,697,093	4,912,535	12.65
Retail	1,335,800	2,912,044	7.50
Cement	2,020,662	2,420,821	6.24
Transport	2,142,495	2,397,029	6.17
Real estate development	2,194,540	1,862,719	4.80
Agriculture and food industries	1,030,577	1,206,930	3.11
Building and construction	1,319,225	1,096,190	2.82
Real Estate	1,258,061	939,504	2.42
Total	36,694,280	38,824,195	100.00

6 RELATED PARTIES TRANSACTIONS AND BALANCES

Management fee and other expenses

For management services, the Fund pays quarterly management fees at an annual rate of 1.50% of the net assets (equity) of the Fund attributable to Unitholders, at each valuation date, as set out in the Fund's terms and conditions.

The Fund Manager recovers from the Fund any other expenses incurred on behalf of the Fund such as board compensation, Shariah supervisory board compensation and other similar charges. These expenses are not expected to exceed an annual rate of 0.25% of the value of Fund's net assets (equity) calculated on daily basis.

Transactions with related parties

During the period, the Fund entered into the following significant transactions with related parties in the ordinary course of its business. These transactions were carried out on the basis of approved terms and conditions of the Fund.

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6 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

Related parties	Nature of relationship	Nature of transaction	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
Aljazira Capital Company	Fund Manager	Management fee	410,945	254,536
		Shares purchased during the period	4,505,225	722,711
		Shares disposed during the period	2,752,937	-
Bank Aljazira	Affiliate	Unrealized gain/ (loss) during the period	425,096	(823,135)
		Realized loss during the period	7,277	-
		Dividend income	-	68,950
Fund's Board	Key executive	Board remuneration	5,885	5,934

Certain units of the Fund are subscribed by an affiliate of the Fund Manager and other funds managed and administered by the Fund Manager, the details of which are as follows:

Related parties and nature of relationship	30 June 2021 (Un-audited)	31 December 2020 (Audited)
<i>(Unit in numbers)</i>		
Fund Manager		
Aljazira Capital Company	37,899	37,899
Funds managed by the Fund Manager		
Aljazira Diversified Aggressive Fund	242,212	217,138
Aljazira Diversified Balanced Fund	62,482	47,426
Aljazira Diversified Conservative Fund	37,262	13,013

Balances with related parties

Related parties	Nature of relationship	Nature of transaction	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Bank Aljazira	Affiliate	Cash at bank	773,218	1,403,520
		Investment designated at FVPL	2,184,661	3,139,519
Northern Trust Securities	Custodian	Cash held	294,496	3,735,793
Aljazira Capital Company	Fund Manager	Management fee payable	192,800	188,831
Fund's Board	Key executive	Remuneration payable *	-	12,000

* Classified in interim statement of financial position under accrued expenses and other liabilities.

ALJAZIRA GCC INCOME FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

(Amounts in Saudi Arabian Riyals)

7 UNIT TRANSACTIONS

Transactions in units for the period / year are summarized as follows:

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
<i>(Unit in numbers)</i>		
Units at beginning of the period / year	413,684	350,492
Units issued during the period / year	83,715	100,667
Units redeemed during the year / year	(29,069)	(37,475)
Net change in units	54,646	63,192
Units at end of the period / year	468,330	413,684

8 NET GAIN / (LOSS) FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
Unrealized gain / (loss) on revaluation of investments	8,294,805	(4,220,800)
Realised gain on disposal of investments	3,284,373	(32,217)
	11,579,178	(4,253,017)

9 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2021 (Un-audited)	Amortized cost	FVTPL
Assets as per interim statement of financial position		
Cash and cash equivalents	1,067,714	-
Investments measured at fair value through profit or loss	-	59,284,164
Dividend receivable	971,969	-
Advance for investment	802,414	-
Total	2,842,097	59,284,164
Liabilities as per interim statement of financial position		
Management fee payable	192,800	-
Accrued expenses and other liabilities	107,249	-
Total	300,049	-
31 December 2020 (Audited)		
Assets as per statement of financial position		
Cash and cash equivalents	5,139,313	-
Investments carried at FVTPL	-	38,824,195
Dividend receivable	854,738	-
Total	5,994,051	38,824,195
Liabilities as per statement of financial position		
Management fee payable	188,831	-
Accrued expenses and other liabilities	110,370	-
Total	299,201	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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10 FINANCIAL RISK MANAGEMENT

The objective of the Funds is to safeguard its ability to continue as a going concern so that it can continue to provide optimum returns to its Unitholders and to ensure reasonable safety to the Unitholders.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The Fund's investments in equity instruments measured at FVTPL are expose to the foreign exchange risk in the following currencies:

Currency	Country	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
		Fair Value	%	Fair value	%
AED	United Arab Emirates	6,130,443	10.34	6,588,308	14.80
QAR	Qatar	4,319,225	7.29	-	-
KWD	Kuwait	2,758,113	4.65	2,175,602	4.89
USD	United States of America	3,038	0.01	942,026	2.12
		13,210,819	22.29	9,705,936	21.81

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, with all other variables held constant is as follows:

Currency	Country	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
		Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
AED	United Arab Emirates	+/- 1%	61,304	+/- 1%	65,883
QAR	Qatar	+/- 1%	43,192	+/- 1%	-
KWD	Kuwait	+/- 1%	27,581	+/- 1%	21,756
USD	United States of America	+/- 1%	30	+/- 1%	9,420

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)
10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Fund is not subject to commission rate risk, as it does not have any significant variable commission rate bearing financial instruments.

(iii) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, Fund has equity investments in listed equity securities (Note 5).

The effect on the net assets (equity) value (as a result of the change in the fair value of significant investments as at 30 June 2021 and 31 December 2020) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	30 June 2021		31 December 2020	
	(Un-audited)		(Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Banks and Financial Services	+/- 1%	175,510	+/- 1%	134,635
Petrochemical Industries	+/- 1%	130,838	+/- 1%	76,129
Telecommunications and Information Technology	+/- 1%	83,059	+/- 1%	49,125
Cement	+/- 1%	46,401	+/- 1%	24,208
Retail	+/- 1%	46,131	+/- 1%	29,120
Energy and Utilities	+/- 1%	39,871	+/- 1%	-
Industrial Investment	+/- 1%	34,251	+/- 1%	-
Real Estate Development	+/- 1%	15,851	+/- 1%	18,627
Transport	+/- 1%	12,711	+/- 1%	23,970
Agriculture and Food Industries	+/- 1%	8,219	+/- 1%	12,069
Building and construction	+/- 1%	-	+/- 1%	10,962
Real Estate	+/- 1%	-	+/- 1%	9,395

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(Amounts in Saudi Arabian Riyals)

10 FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

It is the Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund is exposed to credit risk for its cash and cash equivalents, transactions under settlement and dividends receivable. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

Credit ratings

The credit quality of the Fund's cash and cash equivalents is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. The cash and cash equivalents along with credit ratings are tabulated below:

Rating of financial institution	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Cash and cash equivalents		
baa3	773,218	1,403,520
Unrated	294,496	3,735,793

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Saudi business day and it is, therefore, exposed to the liquidity risk of meeting Unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the interim statement of financial position date.

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.

	30 June 2021 (Un-audited)	
	Less than 1 year	More than 1 year
Cash and cash equivalents	1,067,714	-
Investments measured at fair value through profit or loss	59,284,164	-
Prepayments and other receivables	3,210	-
Dividend receivables	971,969	-
Advance for investment	802,414	-
Total	62,129,471	-
Management fee payable	192,800	-
Accrued expenses and other liabilities	107,249	-
Total	300,049	-

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(Amounts in Saudi Arabian Riyals)

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	31 December 2020		
	(Audited)		
	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	5,139,313	-	5,139,313
Investments measured at fair value through profit or loss	38,824,195	-	38,824,195
Dividend receivables	854,738	-	854,738
Total	44,818,246	-	44,818,246
Management fee payable	188,831	-	188,831
Accrued expenses and other liabilities	110,370	-	110,370
Total	299,201	-	299,201

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

11 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 value less impairment provision, if any, of financial instrument carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the end of the reporting period during which the change has occurred. During the period, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021
(Amounts in Saudi Arabian Riyals)

11 FAIR VALUE ESTIMATION (CONTINUED)

Other financial instruments such as, cash and cash equivalents are short-term financial asset whose carrying amount approximate their fair value, because of their short-term nature and the high credit quality of counterparty. For all other financial assets and liabilities, the carrying value is an approximation of fair value.

12 DIVIDEND DISTRIBUTION

In accordance with the approved terms and conditions of the Fund to distribute dividend at the end of May and November every year, the Fund's Board approved to distribute dividends with regards to period ended 31 May 2021 amounting to SAR 986,321 to its unitholders.

13 EVENTS AFTER THE END OF THE REPORTING PERIOD

There has been no significant event after the interim statement of financial position date, which in the opinion of the management requires recognition or disclosure in the interim condensed financial statements.

14 LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements was 28 June 2021 (2020: 31 December 2020). There is no material change in the net assets (equity) attributable to each unit of the Fund between last valuation day and its financial period end i.e. 30 June 2021.

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 11 Muharram 1443H corresponding to 19 August 2021G.