

**ALJAZIRA USD MURABAHA 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 USD MURABAHA 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 USD MURABAHA FUND  
MANAGED BY ALJAZIRA CAPITAL COMPANY****INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of Aljazira USD Murabaha Fund (the "Fund") managed by Aljazira Capital Company (the "Fund Manager") as at 30 June 2021 and the related interim statement of comprehensive income, 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 Muharram 1443H**  
**19 August 2021G**  
**Riyadh, Kingdom of Saudi Arabia**



**ALJAZIRA USD MURABAHA FUND****Open-Ended Fund****(Managed by Aljazira Capital Company)****INTERIM STATEMENT OF FINANCIAL POSITION****As at 30 June 2021****(Amounts in United States Dollars)**

	<b>Notes</b>	<b>30 June 2021 (Un-audited)</b>	<b>31 December 2020 (Audited)</b>
<b>ASSETS</b>			
Cash and cash equivalents	4	7,309	5,978,687
Investments carried at fair value through profit or loss (FVTPL)	5	36,845,532	40,219,101
Investments carried at amortized cost – Murabaha placements	6	23,269,356	26,898,625
Advance for investment		50,000	-
Receivable against sale of investment		-	1,275,000
<b>TOTAL ASSETS</b>		<b>60,172,197</b>	<b>74,371,413</b>
<b>LIABILITIES</b>			
Management fee payable		-	38,902
Payable to unitholder on account of redemption		-	7,249,806
Accrued expenses and other liabilities		24,432	-
<b>TOTAL LIABILITIES</b>		<b>24,432</b>	<b>7,288,708</b>
<b>NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS</b>		<b>60,147,765</b>	<b>67,082,705</b>
<b>Units in issue (in numbers)</b>	8	<b>576,050</b>	<b>645,263</b>
<b>Net Asset (Equity) Value per unit</b>		<b>104.41</b>	<b>103.96</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**ALJAZIRA USD MURABAHA FUND****Open-Ended Fund****(Managed by Aljazira Capital Company)****INTERIM STATEMENT OF COMPREHENSIVE INCOME****For the six-month period ended 30 June 2021****(Amounts in United States Dollars)**

	<b>Notes</b>	<b>30 June 2021 (Un-audited)</b>	<b>30 June 2020 (Un-audited)</b>
<b><u>Income</u></b>			
Net gain from investments carried at FVTPL	9	126,853	197,629
Income from investments at amortized cost		187,700	828,367
Other income		8,087	-
		<u>322,640</u>	<u>1,025,996</u>
<b><u>Expenses</u></b>			
Management and custody fees		54,260	133,022
Other expenses		564	-
		<u>54,824</u>	<u>133,022</u>
<b>Net income for the period</b>		<b>267,816</b>	<b>892,974</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b><u>267,816</u></b>	<b><u>892,974</u></b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**ALJAZIRA USD MURABAHA 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 United States Dollars)**

	<b>30 June 2021 (Un-audited)</b>	<b>30 June 2020 (Un-audited)</b>
<b>Net assets (Equity) attributable to the Unitholders at beginning of the period</b>	<b>67,082,705</b>	<b>71,942,966</b>
<b>Total comprehensive income for the period</b>	<b>267,816</b>	<b>892,974</b>
<b>Changes from unit transactions</b>		
Issuance of units	<b>12,288,553</b>	<b>65,091,595</b>
Redemption of units	<b>(19,491,309)</b>	<b>(81,541,647)</b>
Net changes from unit transactions	<b>(7,202,756)</b>	<b>(16,450,052)</b>
<b>Net assets (Equity) attributable to the Unitholders at end of the period</b>	<b>60,147,765</b>	<b>56,385,888</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**ALJAZIRA USD MURABAHA 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 United States Dollars)

	<b>Notes</b>	<b>30 June 2021 (Un-audited)</b>	<b>30 June 2020 (Un-audited)</b>
<b><u>Cash flows from operating activities:</u></b>			
Net income for the period		267,816	892,974
Adjustments for:			
- Unrealized (gain) / loss from investments carried at FVTPL	9	(19,516)	54,015
		<u>248,300</u>	<u>946,989</u>
<b><u>Net changes in operating assets and liabilities:</u></b>			
Investments carried at FVTPL		3,393,085	(3,266,702)
Investments carried at amortized cost – Murabaha placements		3,629,269	(9,328,266)
Advanced for investment		(50,000)	-
Receivable against sale of investment		1,275,000	-
Management fee payable		(38,902)	(9,415)
Accrued expenses and other liabilities		24,432	-
Net cash generated from / (used in) operating activities		<u>8,481,184</u>	<u>(11,657,394)</u>
<b><u>Cash flows from financing activities:</u></b>			
Proceeds from issuance of units		12,288,553	65,091,595
Redemption of units		(26,741,115)	(76,702,020)
Net cash used in financing activities		<u>(14,452,562)</u>	<u>(11,610,425)</u>
<b><u>Net change in cash and cash equivalents:</u></b>			
		(5,971,378)	(23,267,819)
Cash and cash equivalents at beginning of the period		5,978,687	36,358,561
Cash and cash equivalents at end of the period		<u>7,309</u>	<u>13,090,742</u>
<b><u>Supplementary information:</u></b>			
Payable to unitholders on account of redemption		<u>(7,249,806)</u>	<u>4,839,627</u>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

## **ALJAZIRA USD MURABAHA FUND**

### **Open-Ended Fund**

(Managed by Aljazira Capital Company)

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2021**

**(Amounts in United States Dollars)**

### **1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Aljazira USD Murabaha Fund (the "Fund") is an open-ended, Saudi Investment fund established and managed through an agreement between Aljazira Capital Company – 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 to continue issuing units to public was granted vide its letter no 495/5 dated 4 Rabi Al-Awwal 1440H (corresponding to 12 November 2018). The Fund commenced its operations on 10 February 2019.

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 in Shariah compliant investments securities in emerging economies to achieve the long-term capital growth. The Fund's net income is re-invested in the Fund, which is reflected in the net assets (equity) attributable to each unit.

The Fund is administered by Maples Fund Services (the "Administrator"). The Fund's assets are held in the custody of Northern Trust Securities (the "Custodian"). Lazard Asset Management Limited act as a Sub Fund Manager to the Fund. Fee paid to the Sub Fund Manager is borne by the Fund Manager.

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 United States Dollar (USD) which is the Fund's functional and presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into USD using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into USD 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.



**ALJAZIRA USD MURABAHA 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 United States Dollars)****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**

	<b>Notes</b>	<b>30 June 2021 (Un-audited)</b>	<b>31 December 2020 (Audited)</b>
Cash at Bank	4.1	7,309	5,978,687
		<u>7,309</u>	<u>5,978,687</u>

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.

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(Amounts in United States Dollars)

**5 INVESTMENTS CARRIED AT FVTPL**

Investments carried at FVTPL comprise of the following:

Name of Fund	30 June 2021 (Un-audited)		
	Cost	Fair value	%
Al Ahli International Trade Fund	9,910,527	9,925,878	26.94
Sunbullah USD Fund	12,282,580	12,311,949	33.42
Riyad USD Diversified Trade Fund	11,341,479	11,399,457	30.94
Riyad USD Trade Fund	3,084,243	3,088,236	8.38
HSBC US Dollar Murabaha Fund	119,946	120,012	0.33
<b>Total</b>	<b>36,738,775</b>	<b>36,845,532</b>	<b>100.00</b>

  

Name of Fund	31 December 2020 (Audited)		
	Cost	Fair value	%
Al-Ahli International Trade Fund	13,308,019	13,337,046	33.16
Riyad USD Diversified Trade Fund	12,120,566	12,153,088	30.22
Sunbullah USD Fund	10,539,840	10,555,583	26.25
HSBC USD Murabaha Fund	2,447,915	2,457,144	6.11
Riyad USD Trade Fund	1,715,520	1,716,240	4.27
<b>Total</b>	<b>40,131,860</b>	<b>40,219,101</b>	<b>100.00</b>

**6 INVESTMENTS CARRIED AT AMORTIZED COST – MURABAHA PLACEMENTS**

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Qatar Islamic Bank (QIB)	14,487,503	-
Sharjah Islamic Bank	4,778,353	-
United Arab Bank	4,003,500	4,760,567
Commercial Bank of Dubai	-	14,398,592
The Saudi Investment Bank	-	-
National Bank of Fujairah	-	6,509,479
Ajman Bank	-	1,229,987
<b>Total</b>	<b>23,269,356</b>	<b>26,898,625</b>

The following table represents the movement of investments in Murabaha placements measured at amortized cost during the period:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Carrying amount at the start of period / year	26,898,625	65,431,909
Additions during the period / year	23,182,000	71,664,569
Matured during the period / year	(26,898,625)	(109,823,703)
Murabaha profit recognized during the period / year	187,700	1,189,916
Murabaha profit received during the period / year	(100,344)	(1,564,066)
<b>Carrying amount at the end of the period / year</b>	<b>23,269,356</b>	<b>26,898,625</b>

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- 6.1. The Fund Manager has performed an ECL assessment for the financial assets carried at amortized cost. An allowance for impairment over these financial assets was not recognized in the interim condensed financial statements as the amount was not material.

**7 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 pays performance fees at a rate of 20% on the specified benchmark criteria as per 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 a 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.

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	54,260	133,022
		Placements made during the period	-	6,566,255
		Placements matured during the period	-	(6,566,255)
Bank Aljazira	Affiliate	Profit received during the period	-	(22)
		Profit for the period	-	22

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:

***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	7,309	5,978,687
Aljazira Capital Company	Fund Manager	Management fee payable	-	38,902

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**8 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	645,263	702,989
Units issued during the period / year	117,935	1,043,770
Units redeemed during the period / year	(187,148)	(1,101,496)
Net change in units	(69,213)	(57,726)
Units at end of the period / year	576,050	645,263

**9 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL**

	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
Unrealized gain / (loss) on revaluation of investments	19,516	(54,015)
Realised gain on disposal of investments	107,337	251,644
	126,853	197,629

**10 FINANCIAL INSTRUMENTS BY CATEGORY**

30 June 2021 (Un-audited)	Amortized cost	FVTPL
Assets as per interim statement of financial position		
Cash and cash equivalents	7,309	-
Investments carried at FVTPL	-	36,845,532
Investments carried at amortized cost – Murabaha placements	23,269,356	-
Advance for investment	50,000	-
<b>Total</b>	<b>23,326,665</b>	<b>36,845,532</b>
31 December 2020 (Audited)	Amortized cost	FVTPL
Assets as per statement of financial position		
Cash and cash equivalents	5,978,687	-
Investments carried at FVTPL	-	40,219,101
Investments carried at amortized cost – Murabaha placements	26,898,625	-
Receivable against sale of investments	1,275,000	-
<b>Total</b>	<b>34,152,312</b>	<b>40,219,101</b>

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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 significant investments in equity instruments carried at fair value through profit or loss are exposed to the foreign exchange risk in following currencies:

*(i) 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, the Fund has investments in mutual funds (Note 5).

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**10 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Market risk (Continued)**

*(iii) Price risk (Continued)*

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:

	<b>30 June 2021</b> <b>(Un-audited)</b>		<b>31 December 2020</b> <b>(Audited)</b>	
	<b>Potential reasonable change %</b>	<b>Effect on NAV</b>	<b>Potential reasonable change %</b>	<b>Effect on NAV</b>
Al Ahli International Trade Fund	+/- 1%	99,259	+/- 1%	133,370 <sup>-</sup>
Sunbullah USD Fund	+/- 1%	123,119	+/- 1%	105,556
HSBC US Dollar Murabaha Fund	+/- 1%	1,200	+/- 1%	24,571
Riyad USD Diversified Trade Fund	+/- 1%	113,995	+/- 1%	121,531
Riyad USD Trade Fund	+/- 1%	30,882	+/- 1%	17,162

**(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, dividends receivable, due from a related party and other receivables. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

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

<b>Rating of financial institution</b>	<b>30 June 2021</b> <b>(Unaudited)</b>	<b>31 December 2020</b> <b>(Audited)</b>
<b>Cash and cash equivalents</b>		
baa3	7,309	5,978,687
<b>Murabaha placements</b>		
ba1	-	20,908,071
A2	14,487,503	-
Baa1	4,778,353	-
A3	4,003,500	-
b1	-	4,760,567
Unrated	-	1,229,987
<b>Total</b>	<b>23,269,356</b>	<b>26,898,625</b>

**(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

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primarily consist of payables which are expected to be settled within one month from the interim statement of financial position date.

**10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Liquidity risk**

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.

<b>30 June 2021</b>			
<b>(Un-audited)</b>			
	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash and cash equivalents	7,309	-	7,309
Investments carried at FVTPL	36,845,532	-	36,845,532
Investments carried at amortized cost – Murabaha placements	23,269,356	-	23,269,356
Advance for units not issued	50,000	-	50,000
<b>Total</b>	<b>60,172,197</b>	<b>-</b>	<b>60,172,197</b>
Accrued expenses and other liabilities	24,432	-	24,432
<b>Total</b>	<b>24,432</b>	<b>-</b>	<b>24,432</b>

  

<b>31 December 2020</b>			
<b>(Audited)</b>			
	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash and cash equivalents	5,978,687	-	5,978,687
Investments carried at FVTPL	40,219,101	-	40,219,101
Investments carried at amortized cost – Murabaha placements	26,898,625	-	26,898,625
Receivable against sale of investment	1,275,000	-	1,275,000
<b>Total</b>	<b>74,371,413</b>	<b>-</b>	<b>74,371,413</b>
Management fee payable	38,902	-	38,902
Payable to unitholder on account of redemption	7,249,806	-	7,249,806
<b>Total</b>	<b>7,288,708</b>	<b>-</b>	<b>7,288,708</b>

**(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.

**ALJAZIRA USD MURABAHA FUND**  
**Open-Ended Fund**  
(Managed by Aljazira Capital Company)

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2021**  
**(Amounts in United States Dollars)**

## **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 2.

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the funds which is based on observable market data.

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.

Other financial instruments such as, cash and cash equivalents and Murabaha placements 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 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.

## **13 LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these interim condensed financial statements was 30 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.

## **14 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.