

ALJAZIRA SAUDI RIYAL MURABAHA FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)
Interim Condensed Financial Statements (Unaudited)
For the six-months period ended 30 June 2024
Together with the
Independent Auditor's Review Report to the Unitholders

ALJAZIRA SAUDI RIYAL MURABAHA FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

For the six-months period ended 30 June 2024

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

(1 /1)

TO THE UNITHOLDERS OF ALJAZIRA SAUDI RIYAL MURABAHA FUND
[MANAGED BY ALJAZIRA CAPITAL COMPANY]

RIYADH, KINGDOM OF SAUDI ARABIA

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of AlJazira Saudi Riyal Murabaha Fund (the "Fund") as at 30 June 2024 and the related interim condensed statements 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 material accounting policies and other explanatory notes. Management is responsible for the preparation 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 PKF Al-Bassam Chartered
Accountants



Ahmed A. Mohandis
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ALJAZIRA SAUDI RIYAL MURABAHA FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF FINANCIAL POSITION**As at 30 June 2024****(Amounts in Saudi Riyals)**

| | Notes | 30 June 2024 (Un-audited) | 31 December 2023 (Audited) |
|---|--------------|--------------------------------------|---------------------------------------|
| <u>ASSETS</u> | | | |
| Cash at Bank | 4 | 1,498,070 | 196,882 |
| Investments measured at fair value through profit or loss (FVTPL) | 5 | 128,777,212 | 85,850,666 |
| Investments carried at amortized cost – Murabaha | 6 | 1,043,902,274 | 981,091,318 |
| Investments carried at amortized cost – Sukuk | 7 | 172,988,466 | 147,367,787 |
| TOTAL ASSETS | | 1,347,166,022 | 1,214,506,653 |
| <u>LIABILITIES</u> | | | |
| Management fee payable | 8 | 2,175,308 | 2,556,201 |
| Accrued expenses and other liabilities | | 228,135 | 185,378 |
| TOTAL LIABILITIES | | 2,403,443 | 2,741,579 |
| NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS | | 1,344,762,579 | 1,211,765,074 |
| Units in issue (in numbers) | 9 | 8,083,417 | 7,477,227 |
| Net Asset (Equity) Value per unit | | 166.36 | 162.06 |

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements

ALJAZIRA SAUDI RIYAL MURABAHA FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME**For the six-month period ended 30 June 2024****(Amounts in Saudi Riyals)**

| | Notes | 30 June 2024 (Un-audited) | 30 June 2023 (Un-audited) |
|--|--------------|--------------------------------------|--------------------------------------|
| <u>Income</u> | | | |
| Special Commission income from investments carried at amortized cost | | | |
| – Murabaha | | 31,839,626 | 42,267,477 |
| – Sukuk | | 4,826,585 | 683,606 |
| Net gain from investments carried at FVTPL | 10 | 2,926,549 | 299,188 |
| | | 39,592,760 | 43,250,271 |
| <u>Expenses</u> | | | |
| Management fees | 8 | (6,592,065) | (7,134,644) |
| Custody fees | | (45,749) | (43,606) |
| Other expenses | | (35,016) | (33,417) |
| | | (6,672,830) | (7,211,667) |
| Net income for the period | | 32,919,930 | 36,038,604 |
| Other comprehensive income for the period | | - | - |
| Total comprehensive income for the period | | 32,919,930 | 36,038,604 |

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

ALJAZIRA SAUDI RIYAL 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 2024****(Amounts in Saudi Riyals)**

| | 30 June 2024 (Un-audited) | 30 June 2023 (Un-audited) |
|---|--|--|
| Net assets (Equity) attributable to the Unitholders at beginning of the period | 1,211,765,074 | 1,813,878,245 |
| Total comprehensive income for the period | 32,919,930 | 36,038,604 |
| Changes from unit transactions | | |
| Issuance of units | 817,147,399 | 521,181,261 |
| Redemption of units | (717,069,824) | (758,276,831) |
| Net changes from unit transactions | 100,077,575 | (237,095,570) |
| Net assets (Equity) attributable to the Unitholders at end of the period | 1,344,762,579 | 1,612,821,279 |

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

ALJAZIRA SAUDI RIYAL MURABAHA FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF CASH FLOWS**For the six-month period ended 30 June 2024****(Amounts in Saudi Riyals)**

| | <u>Notes</u> | <u>30 June 2024</u> <u>(Un-audited)</u> | <u>30 June 2023</u> <u>(Un-audited)</u> |
|---|--------------|--|--|
| <u>Cash flows from operating activities:</u> | | | |
| Net income for the period | | 32,919,930 | 36,038,604 |
| Adjustments for: | | | |
| - Unrealized (gain) from investments carried at FVTPL | 10 | (2,926,549) | (299,188) |
| - Amortization of Premium on Sukuk | | 47,575 | - |
| | | <u>30,040,956</u> | <u>35,739,416</u> |
| <u>Net changes in operating assets and liabilities:</u> | | | |
| Investments carried at FVTPL | | (39,999,997) | (5,000,000) |
| Investments carried at amortized cost – Murabaha | | (127,306,466) | (25,657,820) |
| Investments carried at amortized cost – Sukuk | | (25,668,254) | 3,580,565 |
| Prepayments and other receivables | | - | 157,424 |
| Management fee payable | | (380,893) | (858,892) |
| Accrued expenses and other liabilities | | 42,757 | 152,179 |
| Net cash (used in) / generated from operating activities | | <u>(163,271,897)</u> | <u>8,112,872</u> |
| <u>Cash flows from financing activities:</u> | | | |
| Proceeds from issuance of units | | 817,147,399 | 521,181,261 |
| Redemption of units | | (717,069,824) | (758,276,831) |
| Net cash generated from / (used in) financing activities | | <u>100,077,575</u> | <u>(237,095,570)</u> |
| Net decrease in cash and cash equivalents | | (63,194,322) | (228,982,698) |
| Cash and cash equivalents at beginning of the period | 4 | <u>565,349,089</u> | <u>1,362,136,533</u> |
| Cash and cash equivalents at end of the period | 4 | <u><u>502,154,767</u></u> | <u><u>1,133,153,835</u></u> |

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

ALJAZIRA SAUDI RIYAL MURABAHA FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

(Amounts in Saudi Riyals)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Aljazira Saudi Riyal 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 7720/5 dated 12 Muharram 1431H (corresponding to 29 December 2009). The Fund commenced its operations on 26 November 2000.

The Fund operates under the terms and conditions contained in its prospectus with the prime objective of providing the investors with the opportunities to achieve profits from Murabaha placements and Islamic deposits with a low risk. The Fund’s net income is reinvested in the Fund, which is reflected in the net assets (equity) attributable to each unit.

The Fund Manager and administrator of the Fund is Aljazira Capital Company. The Custodian of the Fund is NOMW Capital.

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 Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 2023. The results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 Riyals (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.

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3 SUMMARY OF MATERIAL 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 2023. There are new standards, amendments and interpretations apply for the first time in 2024, 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.

ALJAZIRA SAUDI RIYAL MURABAHA FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

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For the six-months period ended 30 June 2024

(Amounts in Saudi Riyals)

4 CASH AT BANK

| | <u>Notes</u> | <u>30 June 2024 (Un-audited)</u> | <u>31 December 2023 (Audited)</u> |
|--------------|--------------|--------------------------------------|---------------------------------------|
| Cash at Bank | 4.1 | 1,498,070 | 196,882 |
| | | <u>1,498,070</u> | <u>196,882</u> |

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

4.2. Cash and cash equivalent:

| | <u>Notes</u> | <u>30 June 2024 (Un-Audited)</u> | <u>31 December 2023 (Audited)</u> |
|--|--------------|--------------------------------------|---------------------------------------|
| Cash at Bank | 4.1 | 1,498,070 | 196,882 |
| Murabaha placements with original maturity of 3 months or less | 6.1 | 500,656,697 | 565,152,207 |
| | | <u>502,154,767</u> | <u>565,349,089</u> |

5 INVESTMENTS MEASURED AT FVTPL

Investments measured at FVTPL comprise of the following:

| Name | <u>30 June 2024 (Un-audited)</u> | | |
|---------------------------------|----------------------------------|--------------------|------------|
| | <u>Cost</u> | <u>Fair value</u> | <u>%</u> |
| ANB Capital SAR Trade Fund | 50,000,000 | 51,415,992 | 39.93 |
| Artal Murabaha Fund | 29,999,997 | 31,485,012 | 24.45 |
| Al-Badr Murabaha Fund | 30,000,000 | 30,548,294 | 23.72 |
| MEFIC Saudi Riyal Murabaha Fund | 10,000,000 | 10,035,801 | 7.79 |
| Riyad SAR Trade Fund | 5,000,000 | 5,292,113 | 4.11 |
| Total | <u>124,999,997</u> | <u>128,777,212</u> | <u>100</u> |

| Name | <u>As at 31 December 2023 (Audited)</u> | | |
|----------------------------|---|-------------------|-------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>%</u> |
| ANB Capital SAR Trade Fund | 50,000,000 | 50,007,683 | 58.25 |
| Artal Murabaha Fund | 30,000,000 | 30,628,804 | 35.68 |
| Riyad SAR Trade Fund | 5,000,000 | 5,214,179 | 6.07 |
| Total | <u>85,000,000</u> | <u>85,850,666</u> | <u>100%</u> |

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(Amounts in Saudi Riyals)

5 INVESTMENTS MEASURED AT FVTPL (CONTINUED)

| | 30 June 2024 (Un-audited) | 31 December 2023 (Audited) |
|---|--|---|
| Carrying amount as at 1 January | 85,850,666 | 10,123,596 |
| Additions during the year | 39,999,997 | 85,000,000 |
| Sold during the year during the year | - | (10,338,143) |
| Unrealize gain | 2,926,549 | 727,070 |
| Realize gain | - | 338,143 |
| Carrying amount as at the year end | 128,777,212 | 85,850,666 |

6 INVESTMENTS CARRIED AT AMORTIZED COST – MURABAHA

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|-----------------------------|---|---|
| Qatar National Bank – Qatar | 306,416,243 | 100,848,611 |
| Emirates NBD – KSA | 261,967,194 | 153,655,208 |
| Bank Aljazira | 183,027,704 | 220,759,000 |
| ABC Bank | 156,345,208 | 151,302,292 |
| Al Rajhi Bank | 136,145,925 | 103,273,985 |
| Qatar National Bank – KSA | - | 150,530,000 |
| First Abu Dhabi Bank | - | 100,722,222 |
| Total | 1,043,902,274 | 981,091,318 |

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

| | Note | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|---|-------------|---|---|
| Carrying amount as at 1 January | | 981,091,318 | 1,753,982,893 |
| Additions during the year | | 18,828,220,000 | 32,011,153,190 |
| Matured during the year | | (18,768,220,000) | (32,779,165,412) |
| Murabaha profit recognized in the statement of comprehensive income | 10 | 31,839,626 | 81,012,631 |
| Murabaha profit received during the year | | (29,028,670) | (85,891,984) |
| Carrying amount as at the year end | | 1,043,902,274 | 981,091,318 |

6.1. Includes Murabaha placements with original maturity of 3 months or less amounting to SAR 500,656,697 (2023: SR 565,152,207) (See Note 4).

6.2. The rate of profit on Murabaha placements ranges from 5.45% to 6.65% per annum.

6.3. The Fund Manager has performed an assessment of Expected Credit Losses (ECL) 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.

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(Amounts in Saudi Riyals)

7 INVESTMENTS CARRIED AT AMORTIZED COST – SUKUK

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|----------------------------|---|---|
| ACWA Power Sukuk | 101,758,542 | 101,815,013 |
| Saudi National Bank | 25,681,670 | - |
| KSA Sukuk Limited | 25,445,137 | 25,448,164 |
| Saudi Government SAR Sukuk | 20,103,117 | 20,104,610 |
| Total | 172,988,466 | 147,367,787 |

The following table represents the movement of investment in Sukuks measured at amortized cost during the period / year:

| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|---|---|
| Carrying amount at the start of period / year | 147,367,787 | 49,097,830 |
| Additions during the period / year | 25,000,000 | 107,112,466 |
| Sold during the year | - | (10,000,000) |
| Amortization of Premium on Sukuk | (47,575) | (31,107) |
| Profit recognized during the period / year | 4,874,160 | 3,343,173 |
| Profit received during the period / year | (4,205,906) | (2,154,575) |
| Carrying amount at the end of the period / year | 172,988,466 | 147,367,787 |

7.1 The rate of profit on Sukuk ranges from 2.97% to 7.23% per annum.

7.2 The Fund Manager has performed an assessment of Expected Credit Losses (ECL) 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 significant.

8 RELATED PARTIES TRANSACTIONS AND BALANCES**Management fee and other expenses**

For management services, the Fund pays on quarterly basis, the management fees at an annual rate of 15% of investment return, which does not exceed 0.75% of the net asset value of the Fund.

Transactions with related parties

During the period, the Fund entered into the following significant transactions with related parties in the ordinary course of 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 2024 (Un-audited) | 30 June 2023 (Un-audited) |
|--------------------------|-------------------------------|--------------------------------------|--|--|
| Aljazira Capital Company | Fund Manager | Management fee | (6,592,065) | (7,134,644) |
| | | Placements made during the period | 12,659,540,000 | 2,043,100,000 |
| Bank Aljazira | Affiliate | Placements matured during the period | (1,247,6540,000) | (1,693,100,000) |
| | | Profit received during the period | (5,054,325) | (3,344,984) |
| | | Profit recognized during the period | 5,082,029 | 6,028,387 |
| Fund's Board | Key executive | Board remuneration | (7,957) | (7,584) |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

(Amounts in Saudi Riyals)

8 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

| Related parties | Nature of relationship | Nature of transaction | 30 June 2024 (Un-audited) | 30 June 2023 (Un-audited) |
|--|-----------------------------------|---|--------------------------------------|--------------------------------------|
| AlJazira Takaful Taawuni Company | Affiliate | Cash inflows from Subscription of Units | 5,479,662 | 6,294,965 |
| | | Proceeds paid from Redemption of Units | (10,827,377) | (50,617,387) |
| AlJazira Asset Allocation Fund - Growth Strategy | Funds managed by the Fund Manager | Cash inflows from Subscription of Units | 12,971,920 | 10,006,222 |
| | | Proceeds paid from Redemption of Units | (4,777,000) | (1,988,545) |
| AlJazira Asset Allocation Fund - Moderate Strategy | Funds managed by the Fund Manager | Cash inflows from Subscription of Units | 4,487,260 | 920,672 |
| | | Proceeds paid from Redemption of Units | (1,420,000) | (242,844) |
| AlJazira Asset Allocation Fund - Conservative Strategy | Funds managed by the Fund Manager | Cash inflows from Subscription of Units | 3,723,630 | 5,277,320 |
| | | Proceeds paid from Redemption of Units | (453,723) | (24,744,180) |
| AlJazira Private Equity Fund - E-Commerce | Funds managed by the Fund Manager | Proceeds paid from Redemption of Units | (1,150,000) | - |
| AlJazira Alternative Multi-Asset Fund | Funds managed by the Fund Manager | Cash inflows from Subscription of Units | 18,117,084 | - |
| AlJazira Ajlan Riveria Fund 1 | Funds managed by the Fund Manager | Cash inflows from Subscription of Units | 23,900,000 | - |
| AlJazira REIT Fund | Funds managed by the Fund Manager | Cash inflows from Subscription of Units | 1,500,000 | - |

Certain units of the Fund are subscribed by Fund Manager, 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 2024 (Un-audited) | 31 December 2023 (Audited) |
|--|--------------------------------------|---------------------------------------|
| | <i>(Unit in numbers)</i> | |
| Affiliate | | |
| AlJazira Takaful Taawuni Company | 876,406 | 908,954 |
| Funds Managed by Fund Manager | | |
| AlJazira Asset Allocation Fund - Growth Strategy | 226,177 | 176,276 |
| AlJazira Asset Allocation Fund - Moderate Strategy | 113,187 | 94,407 |
| AlJazira Asset Allocation Fund - Conservative Strategy | 125,152 | 105,250 |
| AlJazira Private Equity Fund – E-commerce | 48,369 | 55,390 |
| AlJazira Alternative Multi-Asset Fund | 109,622 | - |
| AlJazira Ajlan Riveria Fund 1 | 144,001 | - |
| AlJazira REIT Fund | 9,131 | - |

ALJAZIRA SAUDI RIYAL MURABAHA FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2024

(Amounts in Saudi Riyals)

8 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

Balances with related parties

| Related parties | Nature of relationship | Nature of transaction | 30 June 2024 (Un-audited) | 31 December 2023 (Audited) |
|--|-----------------------------------|------------------------------|--------------------------------------|---------------------------------------|
| Bank Aljazira | Affiliate | Cash at bank | 1,498,070 | 196,882 |
| | | Murabaha placements | 183,027,704 | 220,759,000 |
| Aljazira Capital Company | Fund Manager | Management fee payable | (2,175,308) | (2,556,201) |
| Fund's Board | Key executive | Remuneration payable | (7,956) | (16,000) |
| Aljazira Takaful Taawuni Company | Affiliate | Share in net assets | 145,798,902 | 147,305,085 |
| AlJazira Asset Allocation Fund - Growth Strategy | Funds managed by the Fund Manager | Share in net assets | 37,626,806 | 28,567,289 |
| AlJazira Asset Allocation Fund - Moderate Strategy | Funds managed by the Fund Manager | Share in net assets | 18,829,789 | 15,299,598 |
| AlJazira Asset Allocation Fund - Conservative Strategy | Funds managed by the Fund Manager | Share in net assets | 20,820,287 | 17,056,815 |
| AlJazira Private Equity Fund - E-Commerce | Funds managed by the Fund Manager | Share in net assets | 8,046,748 | 8,976,481 |
| AlJazira Alternative Multi-Asset Fund | Funds managed by the Fund Manager | Share in net assets | 18,236,776 | - |
| AlJazira Ajlan Riviera Fund 1 | Funds managed by the Fund Manager | Share in net assets | 23,955,988 | - |
| AlJazira REIT Fund | Funds managed by the Fund Manager | Share in net assets | 1,518,980 | - |

9 UNIT TRANSACTIONS

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

| | 30 June 2024 (Un-audited) | 31 December 2023 (Audited) |
|--|--------------------------------------|---------------------------------------|
| | <i>(Unit in numbers)</i> | |
| Units at beginning of the period / year | 7,477,227 | 11,736,419 |
| Units issued during the period / year | 4,975,870 | 5,883,127 |
| Units redeemed during the period / year | (4,369,680) | (10,142,319) |
| Net change in units | 606,190 | (4,259,192) |
| Units at end of the period / year | 8,083,417 | 7,477,227 |

ALJAZIRA SAUDI RIYAL MURABAHA FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

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10 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL

| | 30 June 2024 (Un-audited) | 30 June 2023 (Un-audited) |
|---|------------------------------|------------------------------|
| Unrealized gain on revaluation of investments | 2,926,549 | 299,188 |
| | <u>2,926,549</u> | <u>299,188</u> |

11 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2024 (Un-audited)

As per interim statement of financial position

ASSETS

| | Amortized cost | FVTPL |
|--|----------------------|--------------------|
| Cash at Bank | 1,498,070 | - |
| Investments measured at FVTPL | - | 128,777,212 |
| Investments carried at amortized cost – Murabaha | 1,043,902,274 | - |
| Investments carried at amortized cost – Sukuk | 172,988,466 | - |
| Total | <u>1,218,388,810</u> | <u>128,777,212</u> |

31 December 2023 (Audited)

As per statement of financial position

ASSETS

| | Amortized cost | FVTPL |
|--|----------------------|-------------------|
| Cash at Bank | 196,882 | - |
| Investments measured at FVTPL | - | 85,850,666 |
| Investments carried at amortized cost – Murabaha | 981,091,318 | - |
| Investments carried at amortized cost – Sukuk | 147,367,787 | - |
| Total | <u>1,128,655,987</u> | <u>85,850,666</u> |

All financial liabilities as at 30 June 2024 (31 December 2023) were classified as financial liabilities measured at amortized cost.

12 FINANCIAL RISK MANAGEMENT

12.1 Financial risk factors

The objective of the Fund 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 does not have any foreign exchange risk since all of its transactions are carried out in SAR.

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Financial risk factors (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's investments in Murabaha are fixed rate financial instruments, hence, the Fund is expose to commission rate risk, however the Murabaha placements are of short term and significant portfolio will be matured within a period of one year. Accordingly, the Fund is not exposed to material commission rate risk.

(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).

The effect on the net assets (equity) value (as a result of the change in the fair value of investments measured at FVTPL as at 30 June 2024 and 31 December 2023) 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 2024 (Un-audited) | | 31 December 2023 (Audited) | |
|---------------------------------|-------------------------------------|---------------|-------------------------------------|---------------|
| | Potential reasonable change % | Effect on NAV | Potential reasonable change % | Effect on NAV |
| ANB Capital SAR Trade Fund | +/- 1% | 514,160 | +/- 1% | 500,077 |
| Artal Murabaha Fund | +/- 1% | 314,850 | +/- 1% | 306,288 |
| Al-Badr Murabaha Fund | +/- 1% | 305,483 | +/- 1% | - |
| MEFIC Saudi Riyal Murabaha Fund | +/- 1% | 100,358 | +/- 1% | - |
| Riyad SAR Trade Fund | +/- 1% | 52,921 | +/- 1% | 52,142 |

(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 and investments carried at amortized cost. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal.

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)**12.1 Financial risk factors (continued)****(b) Credit risk**

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

| Rating of financial institution | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|-------------------------------------|---------------------------------------|
| Cash at Bank | | |
| BBB+(Fitch) | <u>1,498,070</u> | <u>196,882</u> |
| Murabaha | | |
| BBB+(Fitch) | 319,173,628 | 103,273,985 |
| A(S&P) | 306,416,244 | 251,378,611 |
| A3(Moody's) | 261,967,194 | 153,655,208 |
| BB+(Fitch) | 156,345,208 | 151,302,292 |
| A-(S&P) | - | 220,759,000 |
| AA-(S&P) | - | 100,722,222 |
| Total | <u>1,043,902,274</u> | <u>981,091,318</u> |
| | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
| Rating of financial institution | | |
| Sukuks | | |
| Unrated | <u>172,988,466</u> | <u>147,367,787</u> |
| Total | <u>172,988,466</u> | <u>147,367,787</u> |

(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 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 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.

12.2 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 providers 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.

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Financial risk factors (continued)

12.3 Capital risk Management

The capital of the Fund is represented by the equity attributable to holders of redeemable units. The amount of equity attributable to holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of unitholders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other units holder and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund Manager monitor capital on the basis of the value of equity attributable to unitholders.

13 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.

The 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 investee 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 high credit quality of counterparty. For all other financial assets and liabilities, the carrying value is an approximation of fair value.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalent, investment carried at amortized cost, other receivables and accrued expenses and other liabilities. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

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14 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.

15 LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements was 30 June 2024 (2023: 31 December 2023).

16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Fund's Board on 28 Muharram 1446H corresponding to 03 August 2024G.