

ALJAZIRA GCC INCOME FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)
Interim Condensed Financial Statements (Unaudited)
For the six-months period ended 30 June 2025
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 (UN-AUDITED)
For the six-months period ended 30 June 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

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 2025 and the related interim statement of comprehensive income, interim statement of changes in net assets (equity) attributable to the unitholders and the interim statement of cash flows for the six-months period then ended, and a summary of material accounting policies and other explanatory notes. 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.

BASIS FOR QUALIFIED CONCLUSION

As presented in the interim statement of financial position, the Fund's dividend receivables include an amount of SAR 413,231 (31 December 2024: SAR 413,231) which has been outstanding for a prolonged period. Based on our review procedures, we determined that there is objective evidence of impairment on these dividend receivables. However, the management has not recognized an allowance for expected credit losses as required by *International Financial Reporting Standard ("IFRS") 9: Financial Instruments*. Had an appropriate impairment allowance been recorded, the dividend receivables and net income would have been reduced by SAR 413,231 (31 December 2024: SAR 413,231) and SAR 413,231 (31 December 2024: SAR 413,231) as at and for the six-months period then ended respectively.

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

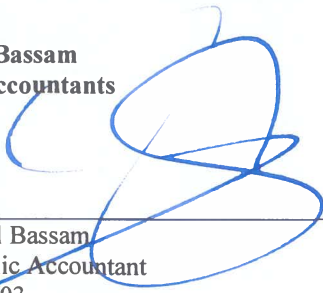
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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

QUALIFIED CONCLUSION

Based on our review, with the exception of the matter described in the "Basis for qualified conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not present fairly, in all material respects, the financial position of the entity as at 30 June 2025, and of its financial performance and its cash flows for the six-months period then ended in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**For PKF Al Bassam
Chartered Accountants**



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

INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 June 2025

(Amounts in Saudi Riyals)

	Notes	30 June 2025 (Un-audited)	31 December 2024 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	4	449,540	385,549
Investments carried at fair value through profit or loss (FVTPL)	5	14,436,767	10,035,055
Advance against IPO		-	873,788
Dividend receivable		514,364	515,703
Prepayments and other receivables		7,725	4,145
TOTAL ASSETS		15,408,396	11,814,240
<u>LIABILITIES</u>			
Management fee payable	6	61,609	76,545
Payable to Unitholders on account of redemption		-	5,003
Accrued expenses and other liabilities		168,396	169,313
TOTAL LIABILITIES		230,005	250,861
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		15,178,391	11,563,379
Units in issue (in numbers)	7	59,901	45,784
Net Asset (Equity) Value per unit		253.39	252.56

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 (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

	Notes	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
<u>Income</u>			
Net gain from investments carried at FVTPL	8	72,566	2,522,304
Dividend income		<u>249,811</u>	<u>201,176</u>
		322,377	2,723,480
<u>Expenses</u>			
Management fee	6	(124,732)	(172,536)
Custody fees		(8,315)	(11,502)
Other expenses		<u>(64,953)</u>	<u>(60,976)</u>
		(198,000)	(245,014)
Net income for the period		124,377	2,478,466
Other comprehensive income for the period		-	-
Total comprehensive income for the period		124,377	2,478,466

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 (UN-AUDITED)
For the six-months period ended 30 June 2025
(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2025</u> <u>(Un-audited)</u>	<u>30 June 2024</u> <u>(Un-audited)</u>
Net assets (Equity) attributable to the Unitholders at beginning of the period		11,563,379	22,078,147
Total comprehensive income for the period		124,377	2,478,466
Changes from unit transactions			
Issuance of units		9,747,616	4,290,976
Redemption of units		(5,999,523)	(11,132,908)
Net changes from unit transactions		3,748,093	(6,841,932)
Payment of dividends to unitholders	12	(257,458)	(195,168)
Net assets (Equity) attributable to the Unitholders at end of the period		15,178,391	17,519,513

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 (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2025</u> <u>(Un-audited)</u>	<u>30 June 2024</u> <u>(Un-audited)</u>
<u>Cash flows from operating activities:</u>			
Net income for the period		124,377	2,478,466
Adjustments for:			
Unrealized (gain) / loss from investments carried at FVTPL	8	<u>(225,260)</u>	<u>3,071,045</u>
		(100,883)	5,549,511
<u>Net changes in operating assets and liabilities:</u>			
Investments carried at FVTPL		(4,176,452)	3,408,716
Advance against IPO		873,788	-
Dividend receivable		1,339	(58,765)
Prepayments and other receivables		(3,580)	14,197
Management fee payable		(14,936)	(14,869)
Payable against purchase of investments		-	(22,007)
Accrued expenses and other liabilities		(917)	(26,552)
Net cash (used in) / generated from operating activities		<u>(3,421,641)</u>	<u>8,850,231</u>
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of units		9,747,616	4,290,976
Redemption of units, net of redemption payable		(6,004,526)	(11,129,908)
Payment of dividends to unitholders		(257,458)	(195,168)
Net cash generated from / (used in) financing activities		<u>3,485,632</u>	<u>(7,034,100)</u>
Net increase in cash and cash equivalents		63,991	1,816,131
Cash and cash equivalents at beginning of the period	4	<u>385,549</u>	<u>54,576</u>
Cash and cash equivalents at end of the period	4	<u>449,540</u>	<u>1,870,707</u>
<u>Supplementary information:</u>			
Payable to Unitholders on account of redemption		<u>-</u>	<u>3,000</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 (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi 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 HSBC (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 2024. The results for the six-months period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

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 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 .

ALJAZIRA GCC INCOME FUND

Open-Ended Fund

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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 2024. There are new standards, amendments and interpretations apply for the first time in 2025, 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.

3.1 New standards, interpretations and amendments

During the period, the Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments, given below, apply for the first time in 2025, but do not have a material impact on the interim condensed financial statements of the Fund.

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

The listing of standards and interpretations issued which the Fund reasonably expects to be applicable at a future date are as follows. The Fund is currently assessing the impact of these standards and interpretations and intends to adopt these when they become effective.

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026.

ALJAZIRA GCC INCOME FUND

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 New standards, interpretations and amendments adopted by the Fund (continued)

Standard/ Interpretation	Description	Effective from periods beginning on or after
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

3.2 Critical accounting estimates and assumptions

The preparation of these interim condensed financial statements requires the Fund manager 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, the Fund manager 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 Fund manager 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 2025 (Un-audited)	31 December 2024 (Audited)
Cash at Bank	4.1, 6	128,272	49,698
Cash with Custodian	4.2	321,268	335,851
		449,540	385,549

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

4 CASH AND CASH EQUIVALENTS (CONTINUED)

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).

5 INVESTMENTS CARRIED AT FVTPL

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

Industry sector	30 June 2025 (Un-audited)		
	Cost	Fair value	%
Banks & Financial Services	3,040,141	3,442,733	23.85%
Transportation	1,562,755	1,773,662	12.29%
Insurance	829,687	1,201,097	8.32%
Consumer services	374,795	1,075,650	7.45%
Capital Goods	982,513	1,049,813	7.28%
Energy & Utilities	913,911	919,921	6.37%
Software & Services	865,867	818,228	5.67%
Materials	765,337	754,285	5.22%
Health Care Equipment & Services	649,254	723,295	5.01%
Real Estate Management & Development	289,537	663,282	4.59%
Telecommunications & Information Technology	342,484	547,545	3.79%
Food & Beverages	469,135	445,008	3.08%
Retailing	524,691	442,964	3.07%
Others	422,468	579,284	4.01%
Total	12,032,575	14,436,767	100%

Industry sector	31 December 2024 (Audited)		
	Cost	Fair value	%
Banks & Financial Services	1,564,385	1,926,066	19.19%
Transportation	1,009,105	1,297,984	12.93%
Insurance	572,929	959,824	9.56%
Energy & Utilities	838,655	913,555	9.11%
Materials	734,076	732,826	7.30%
Consumer Services	358,082	656,217	6.55%
Telecommunication Services	618,341	623,081	6.21%
Software & Services	546,924	619,798	6.18%
Real Estate Management & Development	223,350	578,435	5.76%
Food & Beverages	355,160	376,893	3.76%
Retailing	332,867	347,569	3.46%
Capital Goods	294,239	333,500	3.32%
Health Care Equipment & Services	150,633	281,735	2.81%
Others	257,377	387,572	3.86%
Total	7,856,123	10,035,055	100%

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

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 0.5% 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.

Related parties	Nature of relationship	Nature of transaction	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
Aljazira Capital Company	Fund Manager	Management fee	(124,732)	(172,536)
Bank Aljazira	Affiliate	Shares purchased during the period	-	315,044
		Unrealized (loss) / gain during the period	-	(11,692)
Fund's Board	Key executive	Board remuneration	(5,951)	(5,869)

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 outstanding units as at period end / year end are as follows:

Related parties and nature of relationship	30 June 2025 (Un-audited)	31 December 2024 (Audited)
	<i>(Unit in numbers)</i>	
Fund Manager		
Aljazira Capital Company	8,393	8,393

Balances with related parties

Related parties	Nature of relationship	Nature of transaction	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Bank Aljazira	Affiliate	Cash at bank	128,272	49,698
		Management fee payable	(61,609)	(76,545)
Aljazira Capital Company	Fund Manager	Proceeds paid from Redemption of Units	-	(7,378,267)
		Share in net assets	2,126,702	2,119,736
Fund's Board	Key executive	Remuneration payable *	(5,951)	(11,967)

* 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 (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

7 UNIT TRANSACTIONS

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

	30 June 2025 (Un-audited)	31 December 2024 (Audited)
	<i>(Unit in numbers)</i>	
Units at beginning of the period / year	45,784	104,692
Units issued during the period / year	37,340	35,022
Units redeemed during the period / year	(23,223)	(93,930)
Net change in units	14,117	(58,908)
Units at end of the period / year	59,901	45,784

8 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
Unrealized gain / (loss) on revaluation of investments	225,260	(3,071,045)
Realised (loss) / gain on disposal of investments	(152,694)	5,593,349
	72,566	2,522,304

9 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2025 (Un-audited)	Amortized cost	FVTPL
Assets as per interim statement of financial position		
Cash and cash equivalents	449,540	-
Investments measured at fair value through profit or loss	-	14,436,767
Dividend receivable	514,364	-
Prepayment and other receivables	7,725	-
Total	971,629	14,436,767
31 December 2024 (Audited)		
Assets as per statement of financial position		
Cash and cash equivalents	385,549	-
Investments carried at FVTPL	-	10,035,055
Advance against purchase of investments	873,788	-
Dividend receivable	515,703	-
Prepayment and other receivables	4,145	-
Total	1,779,185	10,035,055

All financial liabilities as at 30 June 2025 and 31 December 2024 were measured at amortized cost.

ALJAZIRA GCC INCOME FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

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 2025 (Unaudited)		31 December 2024 (Audited)	
		Fair Value	%	Fair value	%
AED	United Arab Emirates	3,128,955	21.67	2,899,152	28.89
KWD	Kuwait	610,030	4.23	302,380	3.01
QAR	Qatar	214,066	1.48	158,067	1.58
		3,953,051	27.38	3,359,599	33.48

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2025 and December 2024) due to a reasonably possible change in exchange rates based on the currency concentration, with all other variables held constant is as follows:

Currency	Country	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
		Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
AED	United Arab Emirates	1%	31,290	1%	28,992
KWD	Kuwait	1%	6,100	1%	3,024
QAR	Qatar	1%	2,141	1%	1,581

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**For the six-months period ended 30 June 2025****(Amounts in Saudi 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 2025 and 31 December 2024) 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 2025		31 December 2024	
	(Un-audited)		(Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Banks & Financial Services	1%	34,427	1%	19,261
Transportation	1%	17,737	1%	12,980
Insurance	1%	12,011	1%	9,598
Consumer services	1%	10,757	1%	6,562
Capital Goods	1%	10,498	1%	3,335
Energy & Utilities	1%	9,199	1%	9,136
Software & Services	1%	8,182	1%	6,198
Materials	1%	7,543	1%	7,328
Health Care Equipment & Services	1%	7,233	1%	2,817
Real Estate Management & Development	1%	6,633	1%	5,784
Telecommunications & Information Technology	1%	5,475	1%	6,231
Food & Beverages	1%	4,450	1%	3,769
Retailing	1%	4,430	1%	3,476
Others	1%	5,793	1%	3,876

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

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi 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 and dividend receivable along with credit ratings are tabulated below:

Rating of financial institution	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Cash and cash equivalents		
(Fitch)	128,272	49,698
Unrated	321,268	335,851
Dividend receivable		
Unrated	514,364	515,703

30 June 2025 (Un-audited)

Category	Gross Carrying Amount	Loss Allowance	Net Amount
1-30 days past due	6,731	-	6,731
31-60 days past due	8,046	-	8,046
61-90 days past due	2,494	-	2,494
More than 90 days past due	497,093	-	497,093
Total	514,364	-	514,364

31 December 2024 (Audited)

Category	Gross Carrying Amount	Loss Allowance	Net Amount
1-30 days past due	12,239	-	12,239
31-60 days past due	-	-	-
61-90 days past due	-	-	-
More than 90 days past due	503,464	-	503,464
Total	515,703	-	515,703

(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. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one months from the interim statement of financial position date.

ALJAZIRA GCC INCOME FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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.

(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.

(e) 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 unitholders 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.

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.

ALJAZIRA GCC INCOME FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2025

(Amounts in Saudi Riyals)

11 FAIR VALUE ESTIMATION (continued)

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 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, the Fund has 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 2025 [2024: 31 May 2024] amounting to SAR 257,458 [2024: SAR 195,168] 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 Fund manager 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 30 June 2025 (2024: 31 December 2024).

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 13 Safar 1447H corresponding to 07 August 2025G.