# ALJAZIRA USD MURABAHA FUND
OPEN-ENDED FUND
(MANAGED BY ALJAZIRA CAPITAL COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2026
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS

**ALJAZIRA USD MURABAHA FUND**
**OPEN-ENDED MUTUAL FUND**
**(MANAGED BY ALJAZIRA CAPITAL COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**
**FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2026**
**TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS**

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

**TO THE UNITHOLDERS OF ALJAZIRA USD MURABAHA FUND**
**OPEN-ENDED MUTUAL FUND**
**(MANAGED BY ALJAZIRA CAPITAL COMPANY)**



## INTRODUCTION

We have reviewed the accompanying interim condensed financial statements of Aljazira USD Murabaha Fund (the "Fund") managed by Aljazira Capital Company (the "Fund Manager") as at 30 June 2026 which comprises:

- The interim condensed statement of financial position as at 30 June 2026;
- The interim condensed statement of comprehensive income for the six-months period then ended;
- The interim condensed statement of changes in net assets (equity) attributable to the unitholders for the six-months period then ended;
- The interim condensed statement of cash flows for the six-months period then ended; and
- The notes to the interim condensed financial statements.

The Fund Manager 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.

**PKF Al-Bassam**
**Chartered Accountants**

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C. R. 1010385804
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Corresponding to: 09 August 2026

**ALJAZIRA USD MURABAHA FUND**
**OPEN-ENDED MUTUAL FUND**
**(MANAGED BY ALJAZIRA CAPITAL COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**
**AS AT 30 JUNE 2026**
**(Amounts in United States Dollars)**

| | Notes | 30 June 2026 (Un-audited) | 31 December 2025 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | **4** | **550,756** | 787,635 |
| Investments carried at fair value through profit or loss (FVTPL) | **5** | **-** | 3,610,708 |
| Investments carried at amortized cost – Murabaha | **6** | **7,823,581** | 4,830,606 |
| Prepayments and other receivables | | **50** | 50 |
| **TOTAL ASSETS** | | **8,374,387** | 9,228,999 |
| **LIABILITIES** | | | |
| Management fee payable | **7** | **43,532** | 14,836 |
| Accrued expenses and other liabilities | | **696** | 390 |
| **TOTAL LIABILITIES** | | **44,228** | 15,226 |
| **NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS** | | **8,330,159** | 9,213,773 |
| **Units in issue (in numbers)** | **8** | **68,644** | 77,046 |
| **Net Asset (Equity) Value per unit** | | **121.35** | 119.59 |

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

**ALJAZIRA USD MURABAHA FUND**
**OPEN-ENDED MUTUAL FUND**
**(MANAGED BY ALJAZIRA CAPITAL COMPANY)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2026**
**(Amounts in United States Dollars)**

| | Notes | 30 June 2026 (Un-audited) | 30 June 2025 (Un-audited) |
|---|---|---|---|
| **INCOME** | | | |
| Net gain from investments carried at FVTPL | 9 | **14,678** | 80,695 |
| Special commission income from investments at amortized cost-Murabaha | | **153,152** | 337,574 |
| | | **167,830** | 418,269 |
| **EXPENSES** | | | |
| Management fee | 7 | **(28,697)** | (72,442) |
| Other expenses | | **(221)** | (538) |
| | | **(28,918)** | (72,980) |
| **Net income for the period** | | **138,912** | 345,289 |
| Other comprehensive income for the period | | **-** | - |
| **Total comprehensive income for the period** | | **138,912** | 345,289 |

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

**ALJAZIRA USD MURABAHA FUND**
**OPEN-ENDED MUTUAL FUND**
**(MANAGED BY ALJAZIRA CAPITAL COMPANY)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS**
**FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2026**
**(Amounts in United States Dollars)**

| | **30 June 2026 (Un-audited)** | 30 June 2025 (Un-audited) |
|---|---|---|
| **Net assets (Equity) attributable to the Unitholders at beginning of the period** | **9,213,773** | 16,750,697 |
| **Total comprehensive income for the period** | **138,912** | 345,289 |
| **Subscriptions and redemptions by the Unitholders** | | |
| – Issuance of units | **3,609,386** | 8,214,194 |
| – Redemption of units | **(4,631,912)** | (4,146,640) |
| **Net changes from unit transactions** | **(1,022,526)** | 4,067,554 |
| **Net assets (Equity) attributable to the Unitholders at end of the period** | **8,330,159** | 21,163,540 |

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

**ALJAZIRA USD MURABAHA FUND**
**OPEN-ENDED MUTUAL FUND**
**(MANAGED BY ALJAZIRA CAPITAL COMPANY)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**
**FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2026**
**(Amounts in United States Dollars)**

| | Notes | 30 June 2026 (Un-audited) | 30 June 2025 (Un-audited) |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net income for the period | | **138,912** | 345,289 |
| **Adjustments for:** | | | |
| - Unrealized loss from investments carried at FVTPL | | **10,708** | 101,975 |
| - Special Commission Income from investments at amortized cost – Murabaha | | **(153,152)** | (337,574) |
| | | **(3,532)** | 109,690 |
| **Net changes in operating assets and liabilities:** | | | |
| Investments carried at fair value through profit or loss (FVTPL) | | **3,600,000** | 2,017,243 |
| Investments carried at amortized cost – Murabaha | | **(2,899,999)** | (5,300,000) |
| Prepayments and other receivables | | | (50) |
| Management fee payable | | **28,696** | 7,270 |
| Accrued expenses and other liabilities | | **306** | (652) |
| **Cash used in from operations** | | **725,471** | (3,166,499) |
| Income received | | **60,176** | 259,847 |
| **Net cash generated from / (used in) operating activities** | | **785,647** | (2,906,652) |
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of units, net of receivable | | **3,609,386** | 8,214,194 |
| Redemption of units, net of payable | | **(4,631,912)** | (4,085,290) |
| **Net cash (used in) / generated from financing activities** | | **(1,022,526)** | 4,128,904 |
| **Net (decrease) / increase in cash and cash equivalents** | | **(236,879)** | 1,222,252 |
| Cash and cash equivalents at beginning of the period | 4 | **787,635** | 557,604 |
| **Cash and cash equivalents at end of the period** | **4** | **550,756** | 1,779,856 |

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

## 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 achieve higher profits from Murabaha placements and 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's Manager and administrator is Aljazira Capital Company. The Fund's assets are held in the custody of NOMW Capital (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 2025. The results for the six-months period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

### 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 condensed 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 condensed statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim condensed statement of comprehensive income.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.4 Critical accounting estimates and assumptions

The preparation of these interim condensed financial statements requires 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.

### 2.5 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.

## 3 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 2025. There are new standards, amendments and interpretations apply for the first time in 2026, 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 2026, but do not have a material impact on the interim condensed financial statements of the Fund.

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.

## 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.1 Standards and amendments effective in the current period

| Amendments to standard | Description | Effective from accounting period beginning on or after | Summary of the standards and amendments | Management impact |
|---|---|---|---|---|
| IFRS 9 and IFRS 7 | Classification and Measurement of Financial Instruments | 1 January 2026 | The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7 | The amendments have been adopted during the current period. The adoption did not have a material impact on the Company's financial statements, as the Company's financial instruments and settlement arrangements were not significantly affected. |
| IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity | 1 January 2026 | These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7. | The amendments have been adopted during the current period. The adoption did not have a material impact on the Company's financial statements, as the nature of the Company's operations and contractual arrangements did not result in any significant exposure to such contracts. |

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.2 Standards and amendments issued but not yet effective

The Funds have not applied the following new and revised IFRS and amendments to IFRS that have been issued but are not yet effective:

| Amendments to standard | Description | Effective from accounting period beginning on or after | Summary of the amendment | Management assessment |
|---|---|---|---|---|
| IFRS 18 | Presentation and Disclosure in Financial Statements | January 2027 | IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows. | Management is currently assessing the impact of IFRS 18. While the standard is expected to result in changes to presentation and disclosures, it is not expected to have a material impact on the recognition or measurement of the Company's assets, liabilities, income or expenses. |
| IFRS 19 | Subsidiaries without Public Accountability | January 2027 | IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement. | Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Company's financial position, financial performance or cash flows. |

**(Amounts in United States Dollars)**

## 4 CASH AND CASH EQUIVALENTS

| | Notes | **30 June 2026 (Un-audited)** | 31 December 2025 (Audited) |
|---|---|---|---|
| Cash at Bank | 4.1 | **550,756** | 787,635 |
| | | **550,756** | 787,635 |

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 Cash and cash equivalent for cash flow purpose:**

| | Note | **30 June 2026 (Un-audited)** | 31 December 2025 (Audited) |
|---|---|---|---|
| Cash at Bank | 4.1 | **550,756** | 787,635 |
| **Total** | | **550,756** | 787,635 |

## 5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments carried at FVTPL comprise the following:

| **Name of Fund** | **30 June 2026 (Un-audited)** | | |
|---|---|---|---|
| | **Cost** | **Fair value** | **%** |
| Riyad USD Diversified Trade Fund | - | - | - |
| AL-Badr USD Murabaha Fund | - | - | - |
| **Total** | - | - | - |

| Name of Fund | 31 December 2025 (Audited) | | |
|---|---|---|---|
| | Cost | Fair value | % |
| Riyad USD Diversified Trade Fund | 1,800,000 | 1,804,104 | 49.97 |
| AL-Badr USD Murabaha Fund | 1,800,000 | 1,806,604 | 50.03 |
| Total | 3,600,000 | 3,610,708 | 100 |

**(Amounts in United States Dollars)**

## 6 INVESTMENTS CARRIED AT AMORTIZED COST – MURABAHA

| | **30 June 2026 (Un-audited)** | 31 December 2025 (Audited) |
|---|---|---|
| ABC – Bahrain | **2,036,588** | - |
| National Bank of Kuwait | **-** | 1,008,667 |
| Al Rajhi Bank | **2,435,213** | - |
| Qatar National Bank – Saudi Arabia | **1,525,650** | 1,812,411 |
| Masraf Al Rayan | **1,826,130** | - |
| Bank Aljazira | **-** | 2,009,528 |
| **Total** | **7,823,581** | 4,830,606 |

The following table represents the original maturity of investments in Murabaha placements measured at amortized cost as at the end of the period / year:

| | | **30 June 2026 (Un-audited)** | 31 December 2025 (Audited) |
|---|---|---|---|
| Maturity within 3 – 12 months | **6.2** | **7,823,581** | 4,830,606 |
| | | **7,823,581** | 4,830,606 |

**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.

**6.2.** The rate of profit on Murabaha placements ranges from 4.20% to 4.75% (December 2025: 3.5% to 5.15%) per annum and all the Murabaha placements will be matured within a period of less than 12 months.

(Amounts in United States Dollars)

## 7 RELATED PARTIES TRANSACTIONS AND BALANCES

***Management fee and other expenses***

For management services, the Fund pays on a quarterly basis, the management fees at an annual rate of 15% of investment return, which does not exceed 0.75% of the annual 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 Party** | **Nature of Relationship** | **Nature of Transaction** | **30 June 26 (Un-audited)** | 30 June 25 (Un-audited) |
|---|---|---|---|---|
| Aljazira Capital Company | Fund Manager | Management fees | **(28,697)** | (72,442) |
| Aljazira Private Credit Fund | Funds managed by Fund Manager | Cash inflows from Subscription of Units | **3,609,386** | - |
| | | Proceeds from Redemption of Units | **(4,631,912)** | 640,000 |
| Bank Aljazira | Affiliate | Profit for the period | **-** | - |
| | | Bank charges | **(221)** | (538) |

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:

***Balances with related parties***

| **Related Party** | **Nature of Relationship** | **Nature of Balance** | **30 June 26 (Un-audited)** | 31 December 2025 (Audited) |
|---|---|---|---|---|
| Aljazira Capital Company | Fund Manager | Management fee payable | **(43,532)** | (14,836) |
| Bank Aljazira | Affiliate | Cash at Bank | **550,756** | 787,635 |
| | | Murabaha Placement | **-** | 2,009,528 |
| Aljazira Private Credit Fund | Funds managed by Fund Manager | Share in net assets | **-** | 408,762 |
| AJ Pvt Equity-Space Sector | | | **1,844,441** | 2,269,008 |
| AJ Transportation Income | | | **900,465** | 1,286,642 |

**(Amounts in United States Dollars)**

## 8 UNIT TRANSACTIONS

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

| | **30 June 2026 (Un-audited)** | 31 December 2025 (Audited) |
|---|---|---|
| | ***(Unit in numbers)*** | |
| **Units at beginning of the period / year** | **77,046** | 144,595 |
| Units issued during the period / year | **30,016** | 121,780 |
| Units redeemed during the period / year | **(38,418)** | (189,329) |
| Net change in units | **(8,402)** | (67,549) |
| **Units at end of the period / year** | **68,644** | 77,046 |

## 9 NET GAIN FROM INVESTMENTS CARRIED AT FVTPL

| | **30 June 2026 (Un-audited)** | 30 June 2025 (Un-audited) |
|---|---|---|
| Unrealized (loss) on revaluation of investments | **(10,708)** | (101,975) |
| Realised gain on disposal of investments | **25,386** | 182,670 |
| | **14,678** | 80,695 |

## 10 FINANCIAL INSTRUMENTS BY CATEGORY

| **30 June 2026 (Un-audited)** **Assets as per interim condensed statement of financial position** | **Amortized cost** | **FVTPL** |
|---|---|---|
| Cash and cash equivalents | **550,756** | - |
| Investments carried at fair value through profit or loss (FVTPL) | - | - |
| Investments carried at amortized cost – Murabaha | **7,823,581** | - |
| Prepayments and other receivables | **50** | - |
| | **8,374,387** | |

| 31 December 2025 (Audited) Assets as per interim condensed statement of financial position | **Amortized cost** | **FVTPL** |
|---|---|---|
| Cash and cash equivalents | 787,635 | - |
| Investments carried at fair value through profit or loss (FVTPL) | - | 3,610,708 |
| Investments carried at amortized cost – Murabaha | 4,830,606 | - |
| | 5,618,241 | 3,610,708 |

All financial liabilities as at 30 June 2026 (31 December 2025) were classified as financial liabilities measured at amortized cost.

## 11 FINANCIAL RISK MANAGEMENT

### 11.1 Financial risk factors

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 measured at fair value through profit or loss are not exposed to significant foreign exchange risk because the United States Dollar is pegged against the Saudi Riyal and therefore, there are no significant fluctuations between the exchange rates.

*(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 will be matured within a period of less than 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 condensed statement of financial position date, the Fund has investments in mutual funds.

A reasonable change in the unit prices on the respective reporting date will have following impact on the net assets of the fund:

**(Amounts in United States Dollars)**

## 11 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 11.1 Financial risk factors (Continued)

### (a) Market risk (continued)

*(iii) Price risk (continued)*

| | **30 June 2026 (Un-audited)** | | 31 December 2025 (Audited) | |
|---|---|---|---|---|
| | **Potential reasonable change %** | **Effect on NAV** | Potential reasonable change % | Effect on NAV |
| Riyad USD Diversified Trade Fund | **+/- 1%** | **0** | +/- 1% | 18,041 |
| AL-Badr Murabaha Fund | **+/- 1%** | **0** | +/- 1% | 18,066 |

### (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 investments carried at amortized cost 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:

| **Rating of financial institution** | **30 June 2026 (Unaudited)** | 31 December 2025 (Audited) |
|---|---|---|
| **Cash at Bank** | | |
| A-(Fitch) | **550,756** | 787,635 |
| **Murabaha placements** | | |
| A+ (Fitch) | **1,500,000** | 2,821,078 |
| A- (Fitch) | **-** | 2,009,528 |
| BBB-(Fitch) | **2,000,000** | - |
| A (Fitch) | **2,400,000** | - |
| A1 (Moody) | **1,800,000** | - |
| | **7,700,000** | 4,830,606 |

### (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 interim condensed 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.

## 11 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 11.2 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 provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

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

### 11.3 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 unitholders and maintain a strong capital base to support the development of the investment activities of the Fund.

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

## 12 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. There have been no transfers between Level 1, 2 and 3 hierarchy of fair values.

**(Amounts in United States Dollars)**

## 12 FAIR VALUE ESTIMATION (CONTINUED)

The Fund classifies all of its financial assets, except for those carried at amortized cost, at fair value as level 2.

| **30 June 2026** | **Fair value Level** | | | |
|---|---|---|---|---|
| | **1** | **2** | **3** | **Total** |
| FINANCIAL ASSET | | | | |
| **Investments carried at fair value through profit or loss (FVTPL)** | - | - | - | - |

| 31 December 2025 | Fair value Level | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | Total |
| FINANCIAL ASSET | | | | |
| Investments carried at fair value through profit or loss (FVTPL) | - | 3,610,708 | - | 3,610,708 |

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.

## 13 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

## 14 LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements was 30 June 2026 (2025: 31 December 2025).

## 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 22 Safar 1448H corresponding to 05 August 2026G.