

AL BADR MURABAHA FUND (SAR)
(Managed by Saudi Fransi Capital)

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT

AL BADR MURABAHA FUND (SAR)
(Managed by Saudi Fransi Capital)

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FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

**TO: THE UNITHOLDERS OF
AL BADR MURABAHA FUND (SAR)
(Managed by Saudi Fransi Capital)**

Introduction:

We have reviewed the accompanying condensed interim financial statements of **Al Badr Murabaha Fund (SAR) ("the Fund")** managed by Saudi Fransi Capital (the "Fund Manager"), which comprises the condensed interim statement of financial position as at 30 June 2021 and the related condensed interim statements of comprehensive income, changes in net assets and cash flows for the six month period then ended and notes to the condensed interim financial information, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial information 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 condensed interim financial information does not present fairly, in all material respects, the financial position of the Fund as at 30 June 2021, and its financial performance and its cash flows for the six months period then ended, in accordance with International Accounting Standard 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").



**Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants**

**Abdullah M. Al Azem
License No. 335**

09 Muharram 1443 H (17 August 2021)
Riyadh, Saudi Arabia

AL BADR MURABAHA FUND (SAR)

(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	30 June 2021 (Un-Audited) SR	<i>31 December 2020 (Audited) SR</i>
<u>ASSETS</u>			
Cash and cash equivalents	7	79,456,800	92,201,573
Investments measured at fair value through profit or loss	8	217,811,677	261,456,651
Investments measured at amortized cost	9	1,021,701,809	1,162,497,447
Prepaid expenses and other receivables		20,909	19,993
TOTAL ASSETS		1,318,991,195	1,516,175,664
<u>LIABILITIES</u>			
Management fee payable	10	415,339	480,743
Accruals and other liabilities		46,217	46,260
Payable against units redeemed		3,060,844	2,736,935
TOTAL LIABILITIES		3,522,400	3,263,938
Net assets attributable to the Unitholders		1,315,468,795	1,512,911,726
Units in issue		83,603,162	96,406,662
Net assets value attributable to each unit		15.7347	15.6930

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

AL BADR MURABAHA FUND (SAR)

(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-months period ended 30 June 2021

	<i>Notes</i>	<i>For the six- months period ended 30 June 2021 SR</i>	<i>For the six- months period ended 30 June 2020 SR</i>
<u>INVESTMENT INCOME</u>			
Special commission income		5,184,355	12,833,719
Net gain on investments measured at fair value through profit or loss		931,112	--
Other income		121,817	--
		6,237,284	12,833,719
<u>EXPENSES</u>			
Management fees	10	(2,580,977)	(3,439,429)
Other expenses		(188,561)	(176,935)
		(2,769,538)	(3,616,364)
NET INCOME FOR THE PERIOD		3,467,746	9,217,355
OTHER COMPREHENSIVE INCOME		--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,467,746	9,217,355

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

AL BADR MURABAHA FUND (SAR)

(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (UN-AUDITED)

For the six-months period ended 30 June 2021

	<i>For the six- months period ended 30 June 2021 SR</i>	<i>For the six- months period ended 30 June 2020 SR</i>
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	1,512,911,726	1,188,418,262
CHANGES FROM OPERATIONS		
Net income for the period	3,467,746	9,217,355
Total comprehensive income	3,467,746	9,217,355
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units subscribed	407,297,770	602,738,787
Value of units redeemed	(608,208,447)	(525,014,522)
Net change from unit transactions	(200,910,677)	77,724,265
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	1,315,468,795	1,275,359,882
UNIT TRANSACTIONS		
Transactions in units during the periods are summarised as follows:		
	<i>For the six- months period ended 30 June 2021 Units</i>	<i>For the six- months period ended 30 June 2020 Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	96,406,662	76,510,033
Units subscribed	25,916,613	38,711,401
Units redeemed	(38,720,113)	(33,679,229)
Net change in units	(12,803,500)	5,032,172
UNITS AT THE END OF THE PERIOD	83,603,162	81,542,205

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

AL BADR MURABAHA FUND (SAR)
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CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six-months period ended 30 June 2021

	<i>For the six- months period ended 30 June 2021 SR</i>	<i>For the six- months period ended 30 June 2020 SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	3,467,746	9,217,355
<i>Adjustments to reconcile net income to net cash generated from / (used in) operating activities</i>		
Unrealised gain on investments measured at FVTPL	(599,549)	-
	2,868,197	9,217,355
Changes in operating assets and liabilities:		
Investments measured at fair value through profit or loss	44,244,523	(80,000,000)
Investments measured at amortized cost	140,795,638	(118,355,503)
Prepaid expenses and other receivables	(916)	896,223
Management fee payable	(65,404)	56,860
Accruals and other liabilities	(43)	30,840
Advance subscription	-	(40,410,000)
Net cash flow from / (used in) operating activities	187,841,995	(228,564,225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from units subscribed	407,297,770	602,738,787
Value of units redeemed, net off redemption payable	(607,884,538)	(524,420,203)
Net cash flow (used in) / from financing activities	(200,586,768)	78,318,584
NET INCREASE IN CASH AND CASH EQUIVALENTS	(12,744,773)	(150,245,641)
Cash and cash equivalents at the beginning of the period	92,201,573	279,434,647
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	79,456,800	129,189,006

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

AL BADR MURABAHA FUND (SAR)

(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

1. GENERAL

Al Badr Murabaha Fund Saudi Riyal (the “Fund”) is an open ended Shariah compliant investment fund based on an agreement between Saudi Fransi Capital (the “Fund Manager”) and investors (the “Unitholders”). The Fund commenced its operations on 1 September 1999.

The objective of the Fund is to provide capital preservation and liquidity. The Fund invests in Shariah compliant debt instruments.

During the period, the Fund updated its terms and conditions, which have been approved by the Capital Market Authority “CMA” on 20 Rajab 1442H (corresponding to 04 March 2021).

The Fund Manager and Administrator of the Fund is Saudi Fransi Capital. The Custodian of the Fund is HSBC Saudi Arabia.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and amended by resolution of the Board of the Capital Market Authority on 12 Rajab 1442H (corresponding to 24 February 2021) effective from 19 Ramadan 1442H (corresponding 1 May 2021) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (“SOCPA”).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Fund’s annual audited financial statements as at and for the year ended 31 December 2020.

Assets and liabilities in the statement of financial position are presented in the order of liquidity.

An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 12.

3.2 BASIS OF MEASUREMENT

The condensed interim financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for the assets measured at fair value and amortised cost.

3.3 FUNCTIONAL CURRENCY

These condensed interim financial statements are presented in Saudi Riyal (“SR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SR.

AL BADR MURABAHA FUND (SAR)
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

4. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting and risk management policies used in the preparation of these condensed interim financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2020.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim 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 recognised in the period in which the estimates are revised and in any future periods affected.

Going concern

The Fund Manager 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 upon the Fund's ability to continue as a going concern. Therefore, the condensed interim financial statements continue to be prepared on the going concern basis.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New IFRS, amendments and interpretations issued not yet effective and not early adopted

Significant standards issued but not yet effective

There are several standards and interpretations that are issued, but not yet effective, up to the date of the Fund's financial statements. In the opinion of the Board, these standards will have no significant impact on the condensed interim financial statements of the Fund. The Fund intends to adopt these standards, if applicable.

7. CASH AND CASH EQUIVALENTS

	30 June 2021 (Un-Audited) SR	31 December 2020 (Audited) SR
Bank balances (See below)	11,653,846	17,854,400
Cash with custodian	67,802,954	74,347,173
	79,456,800	92,201,573

The bank balances represent the cash in a current account maintained with Banque Saudi Fransi (Note 10).

The management has conducted a review as required under IFRS 9 and based on such an assessment, the management believes that there is no need for any significant expected credit loss against the carrying value of bank balances

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

These investments are composed of the following:

	30 June 2021 (Un-Audited) SR	31 December 2020 (Audited) SR
Investments in mutual fund (see “a” below)	217,811,677	261,456,651
	217,811,677	261,456,651

a.) The composition of investments in mutual fund on the last valuation day of the period is summarized below:

	<i>Cost</i> SR	<i>Market value</i> SR	<i>% of Market Value</i>
<u>30 June 2021 (Un-Audited)</u>			
Riyadh Commodity Trading SAR Fund	215,856,701	217,811,677	100
<u>31 December 2020 (Audited)</u>			
Riyadh Commodity Trading SAR Fund	260,101,224	261,456,651	100

9. INVESTMENTS MEASURED AT AMORTISED COST

Investments measured at amortised costs are comprised of the following:

	30 June 2021 (Un-Audited) SR	31 December 2020 (Audited) SR
Shari’ah compliant placements (see note “a” below)	990,954,054	1,131,708,640
Investment in sukuks (see note “b” below)	30,747,755	30,788,807
	1,021,701,809	1,162,497,447

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

9. INVESTMENTS MEASURED AT AMORTISED COST (CONTINUED)

a) The composition of Shari'ah compliant placements by maturity as at each year end is set out below:

30 June 2021 (Un-Audited)

<i>Remaining maturity</i>	<i>% of Value</i>	<i>Cost SR</i>
Up to 1 month	21.44	212,262,075
1-3 months	44.49	441,601,601
3-6 months	34.07	337,090,378
	100.00	990,954,054

31 December 2020 (Audited)

<i>Remaining maturity</i>	<i>% of Value</i>	<i>Cost SR</i>
Up to 1 month	25.69	290,710,362
1-3 months	59.73	675,939,624
3-6 months	14.58	165,058,654
	100.00	1,131,708,640

b) Investment in bonds pertains to Sukuk held at amortised cost. Sukuks carry floating commission rate plus margin. The carrying value of Sukuk are as follows:

	<i>30 June 2021 (Un-Audited) SR</i>	<i>31 December 2020 (Audited) SR</i>
Carrying value	30,747,755	30,788,807
	30,747,755	30,788,807

The composition of investment in Sukuks by maturity as at period / year-end are is set out below:

	<i>30 June 2021 (Un-Audited) SR</i>	<i>31 December 2020 (Audited) SR</i>
3-5 years	30,747,755	30,788,807
	30,747,755	30,788,807

The Management has conducted a review as required under IFRS 9, which included taking into account numerous variables. Based on the assessment, the management believes that there is no need for any significant expected credit loss against the carrying value of net investment measured at amortised cost at the reporting date.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

10. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include Saudi Fransi Capital (“the Fund Manager”), Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), the Funds’ Board of Directors (BOD), affiliates of the Fund Manager, the Funds managed by the Fund Manager and the Unit holders of the Fund.

In the ordinary course of its activities, the Fund transacts business with related parties.

The Fund pays the Fund Manager a management fee calculated at an annual rate of up to 0.35% per annum plus applicable taxes calculated on the total net assets value. The fee is intended to compensate the Fund Manager for administration and management of the Fund.

Subscription fee up to 3 percent of the invested amount is adjusted by deduction from the gross subscription, hence, it does not affect or reflect in the financial statements of the Fund.

Related party transactions for the periods ended and balances are as follows:

Name of related party	Nature of transactions	Amount of Transactions		Balance Receivable / (Payable)	
		For the period ended 30 June 2021 SR	For the period ended 30 June 2020 SR	30 June 2021 (Un-audited) SR	31 December 2020 (Audited) SR
Saudi Fransi Capital	Management fee	(2,580,977)	(3,439,429)	(415,339)	(480,743)
Board of Directors	Annual remuneration	(13,600)	(12,183)	113	--
Banque Saudi Fransi	Special commission income	72,258	-	72,258	-
	Shari’ah compliant placements	65,000,000	-	65,000,000	--

The units in issue as at 30 June 2021 include 184 units (31 December 2020: 184 units) held by Bonyan REIT fund. Both funds are managed by same Fund Manager i.e Saudi Fransi Capital.

The units in issue as at 30 June 2021 include 193,984 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital (31 December 2020: 105,984).

The units in issue as at 30 June 2021 include 13,631,237 units held by Allianz Saudi Fransi (31 December 2020: 14,180,340 units).

The units in issue as at 30 June 2021 include 2,288,581 units held by Saudi Fransi Capital – Investment Fund 6 (31 December 2020: 6,429,173 units). Both funds are managed by same Fund Manager i.e Saudi Fransi Capital.

The units in issue as at 30 June 2021 include 2,660,186 units (31 December 2020: 6,375,640 units) held by a Discretionary Portfolio that is managed by Saudi Fransi Capital.

At the end of the period, the Fund has maintained cash balance with the Banque Saudi Fransi amounting to SR 11.65 million (31 December 2020: SR 17.85 million).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the principal or the most advantageous market must be accessible to the Fund.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Fund's financial assets consist of bank balance, investments measured at amortised cost, prepaid expenses and other receivables, and Investments measured at fair value through profit and loss (FVTPL). The Fund's financial liabilities consist of management fee payable, accruals and other liabilities, payable against units redeemed and advance subscription.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value.

	<i>Carrying value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	SR	SR	SR	SR	SR
30 June 2021 (Un-Audited)					
Investments measured at FVTPL	<u>217,811,677</u>	<u>217,811,677</u>	<u>--</u>	<u>--</u>	<u>217,811,677</u>
<i>31 December 2020 (Audited)</i>					
Investments measured at FVTPL	<u>261,456,651</u>	<u>261,456,651</u>	<u>-</u>	<u>-</u>	<u>261,456,651</u>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value. The fair values of financial instruments are not significantly different from the carrying values included in the condensed interim financial statements due to the short duration of material financial instruments.

During the six months period ended 30 June 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

12. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<i>30 June 2021 (Un-Audited)</i>			
ASSETS			
Cash and cash equivalents	79,456,800	--	79,456,800
Investments measured at fair value through profit or loss	217,811,677	--	217,811,677
Investments measured at amortized cost	991,446,429	30,255,380	1,021,701,809
Prepaid expenses and other receivables	20,909	--	20,909
TOTAL ASSETS	1,288,735,815	30,255,380	1,318,991,195
LIABILITIES			
Management fee payable	415,339	--	415,339
Accruals and other liabilities	46,217	--	46,217
Payable against units redeemed	3,060,844	--	3,060,844
TOTAL LIABILITIES	3,522,400	--	3,522,400
<i>31 December 2020 (Audited)</i>			
ASSETS			
Cash and cash equivalents	92,201,573	-	92,201,573
Investments measured at fair value through profit or loss	261,456,651	-	261,456,651
Investments measured at amortized cost	1,132,201,015	30,296,432	1,162,497,447
Prepaid expenses and other receivables	19,993	-	19,993
TOTAL ASSETS	1,485,879,232	30,296,432	1,516,175,664
LIABILITIES			
Management fee payable	480,743	-	480,743
Accruals and other liabilities	46,260	-	46,260
Payable against units redeemed	2,736,935	-	2,736,935
TOTAL LIABILITIES	3,263,938	-	3,263,938

13. LAST VALUATION DAY

The last valuation day of the period was 30 June 2021 (31 December 2020: 31 December 2020).

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 09 Muharram 1443H (corresponding to 17 August 2021).