

**Artal Murabaha Fund**  
**(Money Markets Instrument Fund - Public Fund - Open ended)**  
**(Managed by Artal Capital Company)**  
**Interim Condensed Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2024**  
**Together with the**  
**Independent Auditor's Review Report to the Unitholders**

Artal Murabaha Fund  
(Managed by Artal Capital Company)

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**INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**For the six-month period ended 30 June 2024**

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

**TO THE UNITHOLDERS OF ARTAL MURABAHA FUND**  
Riyadh, kingdom of Saudi Arabia

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of ARTAL MURABAHA FUND" (the "Fund"), managed by Artal Capital Company (the Fund Manager) as of 30 June 2024 and the related interim statements comprehensive income, and the change in net assets (equity) attributable to the unitholder and the cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34- "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**For PKF AI Bassam chartered accountants.**



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Artal Murabaha Fund  
(Managed by Artal Capital Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	<b>30 June 2024</b> <b>(Un-audited)</b>	31 December 2023 (Audited)
<b>Assets</b>			
Cash and cash equivalents	5	<b>136,423,840</b>	70,182,838
Investment carried at amortized cost – Murabaha Deposits	6	<b>16,428,091</b>	298,779,487
Investments held at fair value through statement of income (FVPTL)	7	<b>43,561,369</b>	-
Receivable from sale of investments		<b>23,934,781</b>	-
Prepayments and other assets		<b>5,862</b>	-
<b>Total assets</b>		<b>220,353,943</b>	368,962,325
<b>Liabilities</b>			
Subscription received in advance		<b>1,609,296</b>	-
Management fees payable		<b>11,718</b>	11,740
Accrued expenses and other liabilities		<b>121,462</b>	143,525
<b>Total liabilities</b>		<b>1,742,476</b>	155,266
<b>Net assets (equity) attributable to the Unit holders</b>		<b>218,611,467</b>	368,807,059
<b>Units in issue (in numbers)</b>			
Class A	8	<b>10,859,200</b>	11,154,879
Class B	8	<b>9,331,079</b>	23,861,057
<b>Net assets (Equity) value per unit</b>			
Class A		<b>10.8222</b>	10.5291
Class B		<b>10.8338</b>	10.5342

The accompanying notes from 1 to 13 form an integral part of these Interim condensed financial statements.

Artal Murabaha Fund  
(Managed by Artal Capital Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

	<i>Notes</i>	<b>For the six-month period ended 30 June 2024 (Un-audited)</b>	<b>For the period from 24 Jan 2023 to 30 June 2023 (Un - audited)</b>
<b>Income</b>			
Murabaha Deposits Profit Income		7,440,650	7,133,500
Realized gain on disposal of investments carried at FVTPL	7	542,581	3,910
Unrealized gain on disposal of investments carried at FVTPL	7	101,369	-
		<b>8,084,600</b>	<b>7,137,410</b>
<b>Expenses</b>			
Administration fee		(95,117)	(96,315)
Custodian fee		(29,078)	(21,840)
Management fee		(71,298)	-
Other expenses		(91,278)	(86,873)
<b>Total expenses</b>		<b>(286,771)</b>	<b>(205,028)</b>
<b>Net income for the period</b>		<b>7,797,829</b>	<b>6,932,382</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>7,797,829</b>	<b>6,932,382</b>

The accompanying notes from 1 to 13 form an integral part of these Interim condensed financial statements.

Artal Murabaha Fund  
(Managed by Artal Capital Company)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO  
THE UNITHOLDERS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

<i>Note</i>	<b>For the six-month period ended 30 June 2024 (Un-audited)</b>	<b>For the period from 24 Jan 2023 to 30 June 2023 (Un - audited)</b>
<b>Net assets (Equity) attributable to the Unit holders at the beginning of the period</b>	<b>368,807,059</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>7,797,829</b>	<b>6,932,382</b>
<b>Contributions and redemptions by the unitholders</b>		
Issuance of units	<b>163,988,954</b>	<b>603,287,550</b>
Redemption of units	<b>(321,982,375)</b>	<b>(90,809,904)</b>
<b>Net changes from unit transactions</b>	<b>(157,993,421)</b>	<b>512,477,646</b>
<b>Net assets (Equity) attributable to the Unit holders at the end of the period</b>	<b>218,611,467</b>	<b>519,410,028</b>

The accompanying notes from 1 to 13 form an integral part of these Interim condensed financial statements

Artal Murabaha Fund  
(Managed by Artal Capital Co.)

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

<i>Notes</i>	<b>For the six-month period ended 30 June 2024 (Un-audited)</b>	<b>For the period from 24 Jan 2023 to 30 June 2023 (Un - audited)</b>
<b>Cash flows from operating activities:</b>		
Net income for the period	7,797,829	6,932,382
<i>Adjustment for:</i>		
Unrealized loss from investments carried at FVTPL	(101,369)	-
	<u>7,696,460</u>	<u>6,932,382</u>
<b>Net changes in operating assets and liabilities:</b>		
Investments carried at amortized cost – Murabaha	282,351,396	(319,152,103)
Investments held at fair value through statement of income (FVPTL)	(43,460,000)	-
Receivable from sale of investments	(23,934,781)	-
Prepayments and other assets	(5,862)	(5,084,278)
Subscription received in advance	1,609,296	-
Management fees payable	(22)	-
Accrued expenses and other liabilities	(22,064)	90,845
<b>Net cash from / (used in) operating activity</b>	<u>224,234,423</u>	<u>(317,213,154)</u>
<b>Cash flows from financing activities:</b>		
Issuance of units	163,988,954	603,287,550
Redemption of units	(321,982,375)	(90,809,904)
<b>Net cash (used in) / from financing activities</b>	<u>(157,993,421)</u>	<u>512,477,646</u>
<b>Net increase in cash and cash equivalents</b>	66,241,002	195,264,492
Cash and cash equivalents at the beginning of the period	70,182,838	-
<b>Cash and cash equivalents at the end of the period</b>	<u>136,423,840</u>	<u>195,264,492</u>

The accompanying notes from 1 to 13 form an integral part of these Interim condensed financial statements.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

## 1. FUND AND ITS ACTIVITIES

Artal Murabaha Fund (the “Fund”) a Money Markets Instrument Fund - Public Fund - Open ended established in the Kingdom of Saudi Arabia under the Investment Funds Regulations and is compliant with Shari’a principles. The Fund commenced its operations on 24 January 2023.

The Fund is managed by Artal Capital Company (the “Fund Manager”), a closed Joint Stock Company organised and existing under the laws of the Kingdom of Saudi Arabia, with commercial registration number 1010501601, and licensed as a Capital Market Institution by the Saudi Arabian Capital Market Authority under license no. 18195-02.

The main investment objective of the Fund to achieve investment returns with low risks for the Fund's unit holders in order to preserve capital and provide liquidity through investing in money markets and other transactions in financial instruments that are compatible with the Sharia controls approved by the Sharia Supervisory Committee.

The Fund has appointed Albilad Capital (the “Custodian”), a Joint stock company organized and existing under the laws of the Kingdom of Saudi Arabia with commercial registration number 1010240489, dated 11/11/1428H, and licensed as a Capital Market Institution by the Saudi Arabia Capital Market Authority under license no. 08100-37 dated 2/4/1429H.

The terms and conditions of the Fund were approved by CMA on 14 Jumada Al Awwal 1444 H (corresponding to 8 December 2022).

On February 28, 2023, the name of the fund was changed from VCP Murabaha Fund to Artal Murabaha Fund.

## 2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”).

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The results for the period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial period ending 31 December 2024.

### 3.2 Basis of measurement

These interim condensed financial statements have been prepared on a historical cost basis. Except for investments held at fair value that are measured at fair value

### 3.3 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 Arabian Riyals (SAR) which is the Fund’s functional and presentation currency.



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

**3. BASIS OF PREPARATION (CONTINUED)**

**3.4 Critical accounting judgments, estimates and assumption**

The preparation of these interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Fund's accounting policies, management has made the following estimate and judgment which is significant to these interim condensed financial statements.

**3.5 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 management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

**4. 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 2023. Certain new standards, amendments and interpretations apply for the first time in 2024 but do not have an impact on the interim condensed financial statements of the Fund.

There are other several 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.

**Management fees and Other expenses**

Management fees and other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund.

Management fees are calculated on a daily basis based on the net asset value of the fund and are deducted monthly as below:

Class	Percentage
A	0.5%
B	0%

Artal Murabaha Fund  
(Managed by Artal Capital Co.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

**5. CASH AND CASH EQUIVALENTS**

	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
Cash at bank	3,641,743	75,741
Deposits Murabaha - Maturity within 3 months (Disclose No. 6)*	132,782,097	70,107,097
	<b>136,423,840</b>	<b>70,182,838</b>

\* These Deposits Murabaha have an original maturity of 3 months or less from the date of placements and carry profit rates ranging from 5.85% to 6.37% per annum.

**6. INVESTMENTS CARRIED AT AMORTIZED COST –MURABAHA DEPOSITS**

	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
Bank ABC-Bahrain	41,981,225	88,694,058
Riyadh Bank	31,701,375	66,376,878
Qatar National Bank	31,700,125	80,920,995
Saudi investment bank	25,688,888	23,819,357
Gulf International Bank	18,138,575	31,571,236
Al Rajhi Bank	-	29,328,884
Al Jazeera Bank	-	30,034,125
Arab National Bank	-	8,108,641
NBK Wealth Management	-	10,032,410
	<b>149,210,188</b>	<b>368,886,584</b>
	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
Maturity within 3 months (Disclose No. 5)*	132,782,097	70,107,097
Maturity within 3 – 12 months	16,428,091	298,779,487
	<b>149,210,188</b>	<b>368,886,584</b>

\* Murabaha deposits due within a period of less than three months have been classified in cash and cash equivalents in the Interim condensed statement of financial position.

**6.1** The rate of profit on Murabaha deposits ranges from 5.52% to 5.90% per annum and all the Murabaha deposits will be matured within a period of less than 12 months.

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

	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
<b>Opening balance</b>	<b>368,886,584</b>	<b>-</b>
Additions during the period	682,007,987	3,530,019,683
Matured during the period	(898,159,692)	(3,170,917,979)
Accrual profit during the period	(3,524,691)	9,784,880
<b>Carrying amount as at the period end</b>	<b>149,210,188</b>	<b>368,886,584</b>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

**7. INVESTMENTS HELD AT FAIR VALUE THROUGH STATEMENT OF INCOME (FVPTL)**

The following table represents the details of investments held at FVPTL:

	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
Mutual funds	43,561,369	-
	<u>43,561,369</u>	<u>-</u>

**7.1** The following table represents the investments held at FVPTL during the period:

	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
Purchases during the period	146,469,000	-
Disposals during the period	(103,551,581)	-
Realized gain on disposal of investments carried at FVTPL	542,581	-
Unrealised FV gain on re-measurement of investments held at FVSI, net	101,369	-
<b>Carrying amount as at the period end</b>	<u>43,561,369</u>	<u>-</u>

**8. UNIT TRANSACTIONS**

The following represents the subscriptions paid and committed as at:

	<b>30 June 2024 (Un-audited)</b>	<b>31 December 2023 (Audited)</b>
	<i>(Units in numbers)</i>	<i>(Units in numbers)</i>
<b>Units at the beginning of the period</b>	35,015,936	-
Units issued during the period	15,317,306	118,815,383
Units redeemed during the period	(30,142,963)	(83,799,447)
Net change in units	<u>20,190,279</u>	<u>35,015,936</u>
<b>Units at the end of the period</b>	<u>20,190,279</u>	<u>35,015,936</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

**8. UNIT TRANSACTIONS (CONTINUED)**

The fund manager may issue an unlimited number of units in the fund in accordance with the terms and conditions of the fund. Each unit represents a common share in the Fund's assets.

1. Class A for public unitholders.
2. Class B are the portfolios/funds managed by the fund manager and the employees of the fund manager.

	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	(Units in numbers)	Amounts	(Units in numbers)	Amounts
<b>Class A</b>				
Subscription	7,510,211	80,344,254	15,987,903	163,148,441
Redemption	(7,805,890)	(83,403,307)	(4,833,024)	(49,699,318)
	<b>(295,679)</b>	<b>(3,059,053)</b>	<b>11,154,879</b>	<b>113,449,123</b>
<b>Class B</b>				
Subscription	7,807,095	83,644,700	102,827,480	1,053,145,031
Redemption	(22,337,073)	(238,579,068)	(78,966,423)	(818,981,647)
	<b>(14,529,978)</b>	<b>(154,934,368)</b>	<b>23,861,057</b>	<b>234,163,384</b>
	<b>(14,825,657)</b>	<b>(157,993,421)</b>	<b>35,015,936</b>	<b>347,612,507</b>

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Fund include the Fund Manager and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the Fund Manager. In addition to transactions disclosed elsewhere in these Interim condensed financial statements, the Fund entered into the following transactions with the related parties during the period.

These transactions were carried out on the basis of approved terms and conditions of the Fund:

Related party	Nature of relationship	Nature of transactions	Transaction amount for the period	
			30 June 2024	30 June 2023
Artal Capital	The Fund Manager	Management fees	(71,298)	-
	Board of Directors	Director's fees	(10,443)	(4,000)

Balances arising from above transaction with related party is as follows:

Related party	Nature of relationship	Nature of balances	Balance as of	
			30 June 2024	31 December 2023
Artal Capital	The Fund Manager	Management fees payable	11,718	11,740
	Board of Directors	Director's fees payable*	7,957	18,400

\* Those Balances were mapped to "ACCRUED EXPENSES AND OTHER LIABILITIES" Accounts.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

**10. FINANCIAL INSTRUMENTS BY CATEGORY**

<b>30 June 2024 (Un-audited)</b>	<b>Amortized cost</b>	<b>FVPTL</b>
<b>As per statement of financial position</b>		
<b>Assets</b>		
Cash and cash equivalent	136,423,840	-
Investments carried at amortized cost – Murabaha	16,428,091	-
Investment held at FVTPL	-	43,561,369
Receivable from sale of investments	23,934,781	-
Prepayments and other assets	5,862	-
<b>Total</b>	<b>176,792,574</b>	<b>43,561,369</b>
<b>31 December 2023 (Audited)</b>	<b>Amortized cost</b>	<b>FVPTL</b>
<b>As per interim statement of financial position</b>		
<b>Assets</b>		
Cash and cash equivalent	70,182,838	-
Investments carried at amortized cost – Murabaha	298,779,487	-
<b>Total</b>	<b>368,962,325</b>	<b>-</b>

All financial liabilities as at 30 June 2024 and 31 December 2023 were classified as financial liabilities carried at amortized cost.

**11. FINANCIAL RISK MANAGEMENT**

**11.1 Financial risk factors**

The objective of the Funds is to safeguard the Fund’s ability to continue as a going concern so that it can continue to provide optimum returns to its Unit Holders and to ensure reasonable safety to the Unit Holders.

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 are primarily set up to be performed based on the limits established by the Fund manager. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

**a) Market risk**

**(i) Foreign exchange risk**

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

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

**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**11.1 Financial risk factors (Continued)**

**a) Market risk (Continued)**

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

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

(iii) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, Fund has equity investments.

**(b) Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

It is the Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund is exposed to credit risk for its cash and cash equivalents and investments carried at amortized cost. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Credit risk (Continued)**

The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is managed using the ratings from reputable credit ratings agencies. As at 30 June 2024, the Fund has investments measured at amortized cost with the following credit quality:

<b>Rating of financial institution</b>	<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (Audited)</b>
<b>Cash at Bank</b>		
A3 (Moody's)	3,641,743	75,741
	<b>3,641,743</b>	<b>75,741</b>
<b>Murabaha placements</b>		
A1(Moody's)	-	39,361,293
A2(Moody's)	31,701,375	74,485,494
A3(Moody's)	25,688,888	23,819,356
Aa3(Moody's)	31,700,125	80,920,995
Baa1(Moody's)	18,138,575	61,605,388
BBB- (S&P)	41,981,225	88,694,058
	<b>149,210,188</b>	<b>368,886,584</b>

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities that are settled by delivering cash or another financial asset.

The Fund's investments are considered to be readily realizable. The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

All financial liabilities are due within a period of less than one year.

**(e) 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.

**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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

(Amounts in Saudi Arabian Riyals)

**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Fair value estimation (Continued)**

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.

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 occurred. During the period, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

Other financial instruments such as, cash and cash equivalents and Murabaha placements are short-term financial asset whose carrying amount approximate their fair value, because of their short-term nature and high credit quality of counterparty. For all other financial assets and liabilities, the carrying value is an approximation of fair value.

**12. SUBSEQUENT EVENTS**

There are no significant adjusting events subsequent to the statement of financial position date that requires disclosures and / or adjustments in the Interim condensed financial statements.

**13. APPROVAL OF FINANCIAL STATEMENT**

These interim condensed financial statements were approved and by the Fund's Board on 4 Safar 1446. Comparison 8 August 2024