

ALJAZIRA SUKUK FUND
Open-Ended Fund
(Managed by Aljazira Capital Company)
Interim Condensed Financial Statements (Un-audited)
For the six-months period ended 30 June 2025
Together with the
Independent Auditor's Review Report to the Unitholders

ALJAZIRA SUKUK FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-months period ended 30 June 2025

	PAGES
INDEPENDENT AUDITOR’S REVIEW REPORT TO THE UNITHOLDERS	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF COMPREHENSIVE INCOME	3
INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS	4
INTERIM STATEMENT OF CASH FLOWS	5
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	6 - 18

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE UNITHOLDERS OF ALJAZIRA SUKUK FUND
MANAGED BY ALJAZIRA CAPITAL COMPANY**

(1/1)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of Aljazira Sukuk 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.

CONCLUSION

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

**For PKF Al Bassam
Chartered Accountants**

Abdullah Al Bassam
Certified Public Accountant
License No. 703
Riyadh, Kingdom of Saudi Arabia
13 Safar 1447H
Corresponding to: 07 August 2025



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(Amounts in United States Dollar)

	Note	30 June 2025 (Un-audited)	31 December 2024 (Audited)
ASSETS			
Cash and cash equivalents	4	77,528	1,097,231
Investments carried at fair value through profit or loss (FVTPL)	5	37,988,034	34,771,238
Prepayments and other receivables		2,646	5,768
TOTAL ASSETS		38,068,208	35,874,237
LIABILITIES			
Management fee payable	6	74,051	67,168
Accrued expenses and other liabilities		50,540	49,725
TOTAL LIABILITIES		124,591	116,893
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		37,943,617	35,757,344
Units in issue (in numbers)		378,719	369,878
Net Asset (Equity) Value per unit		100.19	96.67

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

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)**

	Note	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
Income			
Net gain / (loss) from investments carried at FVTPL	8	596,291	(377,335)
Special commission income		950,917	755,884
Other income		-	54,034
Total Income		1,547,208	432,583
Expenses			
Management fee	6	(136,398)	(123,283)
Custody fees		(4,236)	(12,200)
Other expenses		(22,947)	(73,910)
Foreign currency exchange loss		(66,916)	-
Total Expenses		(230,497)	(209,393)
Net income for the period		1,316,711	223,190
Other comprehensive income for the period		-	-
Total comprehensive income for the period		1,316,711	223,190

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

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)**

	30 June 25 (Un-audited)	30 June 24 (Un-audited)
Net assets (Equity) attributable to the Unitholders at beginning of the period	35,757,344	32,227,605
Total comprehensive income for the period	1,316,711	223,190
Subscriptions and redemptions by the Unitholders		
Issuance of units	2,559,767	2,494,022
Redemption of units	(1,690,205)	(1,069,911)
Net changes from unit transactions	869,562	1,424,111
Net assets (Equity) attributable to the Unitholders at end of the period	37,943,617	33,874,906

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

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

INTERIM STATEMENT OF CASH FLOWS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)**

	Note	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
Net income for the period		1,316,711	223,190
Adjustments for:			
- Unrealized (gain) / loss from investments carried at FVTPL		(619,355)	206,033
		697,356	429,223
Net changes in operating assets and liabilities:			
Investments carried at fair value through profit or loss (FVTPL)		(2,597,441)	(2,048,601)
Prepayments and other receivables		3,122	516
Management fee payable		6,883	2,800
Accrued expenses and other liabilities		815	(60,056)
Net cash used in operating activities		(1,889,265)	(1,676,118)
Cash flows from financing activities:			
Proceeds from issuance of units, net of receivable		2,559,767	2,494,022
Redemption of units, net of payable		(1,690,205)	(1,100,611)
Net cash generated from financing activities		869,562	1,393,411
Net decrease in cash and cash equivalents		(1,019,703)	(282,707)
Cash and cash equivalents at beginning of the period	4	1,097,231	935,715
Cash and cash equivalents at end of the period	4	77,528	653,008

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

ALJAZIRA SUKUK FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2025

(Amounts in United States Dollars)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Aljazira Sukuk 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 19 Sha’ban 1441H (corresponding to 12 April 2020). The Fund commenced its operations 4 Muharram 1442H (corresponding to 23 August 2020).

The Fund operates under the terms and conditions contained in its prospectus with the prime objective of generating income in the medium to long term and to disburse cash dividends to investors. 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 Northern Trust (the “Administrator”). The Fund’s assets are held in the custody of Northern Trust Securities (the “Custodian”). Franklin Templeton Investment Limited acts as a Fund Sub Manager. Fee paid to the Fund Sub Manager is borne by the Fund Manager.

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

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

ALJAZIRA SUKUK FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2025

(Amounts in United States Dollars)

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 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.

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****3 MATERIAL ACCOUNTING POLICIES (CONTINUED)****3.1 New standards, interpretations and amendments (continued)**

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 de-recognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
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.	1 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

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****4 CASH AND CASH EQUIVALENTS**

	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Cash with Custodian	77,528	1,097,231
	77,528	1,097,231

4.1. These funds are placed with the Custodian (also see Note 1).

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

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

Counterparty	30 June 2025 (Un-audited)		
	Cost (USD)	Market Value (USD)	%
QUOTED			
Perusahaan Penerbit SBSN	3,032,546	2,779,862	7.41%
Saudi Electricity Global Sukuk Company	2,618,960	2,436,487	6.50%
Al Mi Yar Capital SA	1,977,139	1,917,907	5.11%
KSA Sukuk Limited	1,869,839	1,823,173	4.86%
Dp World Crescent Limited	1,665,581	1,666,974	4.44%
FAB Sukuk Company Limited	1,520,162	1,527,821	4.07%
MDGH Sukuk Limited	1,408,527	1,426,915	3.80%
ISDB Trust Services No. 2 SARL	1,400,000	1,401,155	3.74%
SA Global Sukuk Limited	1,388,076	1,282,120	3.42%
Al Rajhi Sukuk Limited	1,180,395	1,184,459	3.16%
MAF Sukuk Limited	1,066,592	1,065,311	2.84%
KIB Sukuk Limited	1,039,171	1,054,801	2.81%
Arab National Bank	907,074	905,342	2.41%
AERCAP Sukuk Limited	894,843	881,771	2.35%
DAE Sukuk (dific) Limited	847,352	843,889	2.25%
Rop Sea Sicav-Raif	800,000	817,904	2.18%
Sharjah Sukuk Programme Limited	797,807	809,894	2.16%
Dubai Islamic Bank Sukuk Co Limited	677,803	673,643	1.80%
Suci Second Investment Co.	497,355	509,925	1.36%
TVF Varlik Kiralama As	500,000	502,803	1.34%
SNB Sukuk Limited	481,135	468,767	1.25%
Maldives Sukuk Issuance Limited	453,156	408,547	1.09%
Others	11,051,173	11,115,314	29.64%
Total	38,074,686	37,504,784	100.00%
Accrued special commission income		483,250	
		37,988,034	

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****5 INVESTMENTS CARRIED AT FVTPL (CONTINUED)**

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

Counterparty	31 December 2024 (Audited)		
	Cost (USD)	Market Value (USD)	%
QUOTED			
KSA Sukuk Limited	3,841,377	3,714,837	10.79%
Saudi Electricity Global Sukuk Company	2,920,402	2,759,665	8.02%
Perusahaan Penerbit SBSN	2,282,202	1,971,641	5.73%
MDGH Sukuk Limited	1,660,504	1,639,217	4.76%
MAF Sukuk Limited	1,569,900	1,543,683	4.48%
DP World Crescent Limited	1,577,022	1,538,792	4.47%
ISDB Trust Services	1,400,000	1,370,418	3.98%
Miyar Capital	1,276,899	1,276,899	3.71%
SA Global Sukuk Limited	1,384,269	1,248,052	3.63%
SNB Sukuk Limited	1,136,212	1,128,725	3.28%
Aldar Sukuk	1,107,836	1,036,552	3.01%
KIB Sukuk Limited	1,036,570	1,033,470	3.00%
FAB Sukuk Company Limited	981,148	964,052	2.80%
Arab National Bank	906,659	894,339	2.60%
Aercap Sukuk Limited	894,306	870,480	2.53%
Suci Second Investment Company	836,500	861,877	2.50%
Maldives Sukuk Issuance	1,034,797	847,618	2.46%
DIFC Sukuk Limited	845,289	836,515	2.43%
Sharjah Sukuk Program Limited	798,800	800,168	2.32%
ROP SCA SICAV-RAIF	800,000	799,016	2.32%
Riyad Bank	643,155	657,043	1.91%
TVF Varlik Kiralama	500,000	501,590	1.46%
Dubai Islamic Bank Sukuk	470,475	464,678	1.35%
Equate Sukuk SPC Limited	445,654	450,360	1.31%
Others	5,197,566	5,212,384	15.14%
Total	35,547,542	34,422,071	100%
Accrued special commission income		349,167	
		34,771,238	

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****6 RELATED PARTIES TRANSACTIONS AND BALANCES*****Management fee and other expenses***

For management services, the Fund pays quarterly, a management fees at an annual rate of 0.65% 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 25 (Un-audited)	30 June 24 (Un-audited)
Aljazira Capital Company	Fund Manager	Management fees	(136,398)	(123,283)
Fund's Board	Key Executive	Board remuneration	(2,104)	(2,128)
AlJazira Asset Allocation Fund – Growth Strategy	Funds managed by the Fund Manager	Subscription of Units	1,171,678	850,755
		Redemption of Units	(903,465)	(37,500)
AlJazira Asset Allocation Fund – Moderate	Funds managed by the Fund Manager	Subscription of Units	321,116	323,352
		Redemption of Units	(308,000)	(121,000)
AlJazira Asset Allocation Fund – Conservative Strategy	Funds managed by the Fund Manager	Subscription of Units	520,031	186,225
		Redemption of Units	(26,700)	(946,500)

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 follows:

Units Held by Related Parties

Related Parties	30 June 25 (Units)	31 December 24 (Units)
Fund Manager – Aljazira Capital Company	100,000	100,000
Funds managed by the Fund Manager:		
ALJAZIRA Aggressive Fund (Growth Strategy)	74,841	74,270
ALJAZIRA Balanced Fund (Moderate Strategy)	63,994	53,543
ALJAZIRA Conservative Fund	39,532	37,085

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****6 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)***Balances with related parties*

Related Parties	Nature of Relationship	Nature of Transaction	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Aljazira Capital Company	Fund Manager	Management fees	(74,051)	(67,168)
		Share in net assets	10,019,000	9,667,000
Fund's Board	Key executive	Board remuneration	(5,690)	(4,278)
AlJazira Asset Allocation Fund – Growth Strategy	Funds managed by the Fund Manager	Share in net assets	7,498,298	6,978,333
AlJazira Asset Allocation Fund – Moderate	Funds managed by the Fund Manager	Share in net assets	6,411,544	6,177,350
AlJazira Asset Allocation Fund – Conservative Strategy	Funds managed by the Fund Manager	Share in net assets	3,960,671	3,329,505

* Classified in interim statement of financial position under accrued expenses and other liabilities.

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	369,878	341,901
Units issued during the period / year	26,097	50,095
Units redeemed during the period / year	(17,256)	(22,118)
Net change in units	8,841	27,977
Units at end of the period / year	378,719	369,878

8 NET GAIN / (LOSS) FROM INVESTMENTS CARRIED AT FVTPL

	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
Unrealized gain / (loss) on revaluation of investments	619,355	(206,033)
Realised loss on disposal of investments	(23,064)	(171,302)
	596,291	(377,335)

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****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	77,528	-
Investments carried at FVTPL	-	37,988,034
Prepayments and other receivables	2,646	-
Total assets	80,174	37,988,034
<hr/>		
31 December 2024 (Audited)	Amortized cost	FVTPL
Assets as per interim statement of financial position		
Cash and cash equivalents	1,097,231	-
Investments carried at FVTPL	-	34,771,238
Prepayments and other receivables	-	-
Total assets	1,097,231	34,771,238

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

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.

(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 debt instruments measured at FVTPL are not exposed to any foreign exchange risk because the Saudi Riyal is pegged to the United States Dollar and therefore, there are no fluctuations between the exchange rates.

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk***(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 portfolio management team of the Fund Manager monitors risk exposures on a daily basis.

If the commission rate risk is not in accordance with the Fund's terms and conditions, then the Fund Manager is required to rebalance the portfolio within a reasonable period of time of each determination of such occurrence.

Exposure

A breakdown of the investments based on the type of commission rate on sukuk is as follows:

	30 June 2025		31 December 2024	
	(Un-audited)		(Audited)	
	Amount in USD	Percentage	Amount in USD	Percentage
Fixed rate	37,504,784	100 %	34,422,071	100 %

(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.

(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 other receivables.

Bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

ALJAZIRA SUKUK FUND**Open-Ended Fund**

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six-months period ended 30 June 2025****(Amounts in United States Dollars)****10 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****Credit ratings**

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

SUKUK AND CASH EQUIVALENTS RATING ANALYSIS

Rating	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Cash and cash equivalents		
Unrated	77,528	1,097,231
Sukuks		
A+ (Fitch)	9,809,460	10,382,581
BBB (Fitch)	6,422,987	8,463,866
BBB+ (Fitch)	4,457,288	2,572,262
AA (Fitch)	2,753,379	1,639,217
A (Fitch)	1,248,027	983,669
Baa2	1,372,291	
A- (Fitch)	671,036	850,746
baa3 (Moody's)	836,018	311,397
baa1 (Moody's)	1,576,166	1,544,345
Ba1	809,894	
AA- (Fitch)	1,527,821	964,052
BB- (Fitch)	502,803	501,590
Caa1	821,960	
Caa2 (Moody's)	408,547	847,618
AAA (S&P)	1,401,155	1,370,418
BBB- (S&P)	-	800,168
BB+ (Fitch)	-	320,766
Aa3 (Moody's)	-	299,120
B- (Fitch)	-	207,630
Unrated	2,885,952	2,362,626
Total	37,504,784	34,422,071

ALJAZIRA SUKUK FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2025

(Amounts in United States Dollars)

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

(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 is assumed to approximate its fair value.

ALJAZIRA SUKUK FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2025

(Amounts in United States Dollars)

11 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 debt instruments. The Fund does not adjust the quoted price for these instruments.

The Fund classifies its financial assets, except for those carried at amortized cost, as follows:

30 June 2025 (Un-audited)	Level 1	Level 2	Level 3	Total
Investments carried at FVTPL	37,504,784	-	-	37,504,784
31 December 2024 (Audited)	Level 1	Level 2	Level 3	Total
Investments carried at FVTPL	34,422,071	-	-	34,422,071

Investments in Level 2 are valued based on market observable data including broker rates, etc.

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 FVTPL.

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 COMPARATIVE FIGURES

Certain prior period figures have been reclassified, which are not material in the nature to financial statements.

The following table shows the reclassification in the financial statements:

USD	Previously presented as at 31 December 2024	Reclassification impact	Reclassified balance as at 31 December 2024
Investments carried at fair value through profit or loss (FVTPL)	37,504,784	483,250	37,988,034
Accrued special commission income	483,250	(483,250)	-

During the period, management identified that, in prior periods, accrued special commission income related to investments at fair value through profit or loss had been presented separately from the investment balances, which is not in accordance with the requirements IFRS 9 Financial Instruments.

Accordingly, the accrued special commission income has been reclassified and included within the investment balances. Comparative figures have been reclassified accordingly to conform with the current period presentation. This reclassification has no impact on the previously reported net income, total assets, or equity.

ALJAZIRA SUKUK FUND

Open-Ended Fund

(Managed by Aljazira Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-months period ended 30 June 2025

(Amounts in United States Dollars)

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 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 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 16 Safar 1447H corresponding to 10 August 2025G.