

YAQEEN SAR MURABAHA FUND
(Managed by Yaqeen Capital)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2024
Together with the
Independent Auditor's Review Report

YAQEEEN SAR MURABAHA FUND
(Managed by Yaqeen Capital)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2024

INDEX	PAGE
Independent Auditor's report on review of condensed interim financial statements	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of changes in net assets (equity) attributable to the Unitholders	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial statements	6 - 12



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كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
١٠١٠٤٢٥٤٩٤ سجل تجاري رقم

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Unitholders of Yaqeen SAR Murabaha Fund

Introduction

We have reviewed the accompanying condensed interim financial statements of **Yaqeen SAR Murabaha Fund** (the "Fund"), managed by Yaqeen Capital (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2024;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2024;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2024;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2024; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority and the Fund's Terms and Conditions. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 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 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 30 June 2024 condensed interim financial statements of **Yaqeen SAR Murabaha Fund** (the "Fund") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No. 460



Riyadh on 8 August 2024
Corresponding to: 4 Safar 1446H

YAQEEEN SAR MURABAHA FUND
(Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalent	6	668,910	11,253,136
Investments in Murabaha contracts	7	421,914,042	349,401,968
Financial assets at fair value through profit or loss (FVTPL)	8	18,643,283	41,932,384
Total assets		441,226,235	402,587,488
LIABILITIES			
Management fee payable	10	601,874	592,011
Other liabilities		172,054	161,263
Total liabilities		773,928	753,274
Net assets (equity) attributable to the Unitholders		440,452,307	401,834,214
Units in issue (number)		306,794,089	287,554,299
Net asset value per unit	11	1.44	1.40

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

YAQEEN SAR MURABAHA FUND
(Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

	<u>Note</u>	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
INCOME			
Murabaha contracts commission income		10,655,415	11,790,771
Fair value gain on financial assets at FVTPL, net		1,596,765	1,966,781
Total income		12,252,180	13,757,552
EXPENSES			
Management fee	10	(1,165,395)	(1,716,599)
Other expenses		(69,037)	(224,267)
Total expenses		(1,234,432)	(1,940,866)
Profit for the period		11,017,748	11,816,686
Other comprehensive income for the period		-	-
Total comprehensive income for the period		11,017,748	11,816,686

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

YAQEEEN SAR MURABAHA FUND
(Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

	<u>30 June 2024</u>	<u>30 June 2023</u>
Net assets (equity) attributable to the Unitholders at the beginning of the period (Audited)	401,834,214	915,992,059
Total comprehensive income for the period	11,017,748	11,816,686
Unitholders' subscriptions and redemptions:		
Issuance of redeemable units during the period	256,969,710	103,605,780
Redemption of redeemable units during the period	(229,369,365)	(511,161,563)
Net assets (equity) attributable to the Unitholders at the end of the period (Unaudited)	<u>440,452,307</u>	<u>520,252,962</u>

Movement in number of units

The movement in number of units for the six-month period ended 30 June is summarised as follows:

	<u>30 June 2024</u>	<u>30 June 2023</u>
Number of units as at the beginning of the period (Audited)	287,554,299	685,866,146
Issuance of redeemable units during the period	180,797,840	76,565,023
Redemption of redeemable units during the period	(161,558,050)	(380,584,690)
Number of units at the end of the period (Unaudited)	<u>306,794,089</u>	<u>381,846,479</u>

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

YAQEEEN SAR MURABAHA FUND
(Managed By Yaqeen Capital)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit for the period	11,017,748	11,816,686
<i>Adjustments to reconcile profit for the period to net cash flows (used in) / generated operating activities:</i>		
Murabaha contracts commission income	(10,655,415)	(11,790,771)
Net fair value gain on investments at FVTPL	(1,596,765)	(1,966,781)
Net (increase) / decrease in operating assets and liabilities:		
Investments made during the period in Murabaha contracts	(455,214,197)	(811,527,577)
Proceeds from maturity of Murabaha contracts	393,357,538	1,062,131,390
Purchase of financial assets at FVTPL	(63,000,000)	-
Proceeds from sale of financial assets at FVTPL	87,885,866	143,332,603
Management fee payable	9,863	(1,298,268)
Other liabilities	10,791	(23,755)
Net cash flows (used in) / generated from operating activities	(38,184,571)	390,673,527
Cash flows from financing activities		
Issuance of redeemable units during the period	256,969,710	103,605,780
Redemption of redeemable units during the period	(229,369,365)	(511,161,563)
Net cash flows generated from / (used in) financing activities	27,600,345	(407,555,783)
Net decrease in cash and cash equivalents	(10,584,226)	(16,882,255)
Cash and cash equivalents at the beginning of the period	11,253,136	18,898,622
Cash and cash equivalents at the end of period	668,910	2,016,367

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

(YAQEEEN SAR MURABAHA FUND)
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

1. GENERAL

Yaqeen SAR Murabaha Fund (the "Fund") is a fund established under an agreement between Yaqeen Capital (the "Fund Manager") and Fund's Investors ("Unitholders"). The Fund's objectives are to achieve return and provide liquidity in accordance with capital market rates on the short term and maintain Unitholders' investments. The Fund provides to investors investment solutions in accordance with Islamic Shariah to achieve competitive returns from the market from short term Murabaha investments. The Fund is "open-ended" and does not distribute any dividends to the Unitholders. Instead, all profits collected in the fund are reinvested and reflected in the price of the Fund's unit.

The address of the Fund Manager is as follows:

Yaqeen Capital Company
Olaya Street, P.O. 884
Riyadh 11421
Kingdom of Saudi Arabia

Yaqeen Capital Company is the administrator of the Fund. Further, Al-Bilad Capital Company is the custodian of the Fund as per the terms and conditions of the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. In addition, the Unitholders are considered as owners benefiting from the Fund's assets.

The Capital Market Authority (CMA) license was granted for the establishment of the Fund on 12 Jumada Al Akhir 1429 H (corresponding to 16 June 2008). The Fund commenced operations on 9 Rajab 1429 H (corresponding to 12 July 2008).

The Fund is governed by the Investment Fund Regulations (the "Regulations").

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements 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 pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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 condensed interim statement of financial position. Instead, assets and liabilities are presented in order of liquidity.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

The Fund has also complied with Investment Funds Regulations published by CMA and the Fund's terms and conditions (collectively hereinafter referred to as "Terms and Conditions").

The disclosures made in these condensed interim financial statements have been limited in accordance with the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 31 December 2023.

(YAQEEEN SAR MURABAHA FUND
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

These condensed interim financial statements have been prepared on a historical cost convention, except for the financial assets at fair value through profit or loss that are measured at fair value.

Further, these condensed interim financial statements have been prepared using going concern basis.

2.3 Functional and presentation currency

Items included in the condensed interim financial statement are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These are condensed interim financial statements are presented in Saudi Riyals which is the Fund’s functional and presentation currency.

2.4 Use of judgements and estimates

In the ordinary course of business, the preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. There are no areas of significant judgment or critical assumption used in the preparation of these condensed interim financial statements.

3. NEW AND AMENDED STANDARDS

Following are the amendments to standards which are effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards did not have a significant impact on the condensed interim financial statements of the Fund.

- a. Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors
- b. Amendment to IAS 1 and IFRS Practice Statement 2 relating to disclosure of Accounting Policies
- c. Deferred Tax related to Assets and liabilities arising from a Single Transaction – Amendment to IAS 12

Standards issued but not yet effective

Following are the new amendments to standards, which are effective for annual periods beginning on, or after 1 January 2024 and earlier application is permitted however, the Fund has not early adopted them in preparing these interim financial statements. The following standards are not expected to have a significant impact on the condensed interim financial statements of the Fund upon adoption:

- a. Lack of exchangeability (Amendments to IAS 21). [Effective date: 1 January 2025]
- b. Presentation and disclosure in financial statements (Amendments to IFRS 18). [Effective date: 1 January 2027]
- c. Reducing disclosures for subsidiaries (Amendment to IFRS 19). [Effective date: 1 January 2027]
- d. Sale or contribution of assets between investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28). [Available for optional adoption / effective date deferred indefinitely]

(YAQEEEN SAR MURABAHA FUND)
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
 (All amounts are in Saudi Riyals unless stated otherwise)

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the last annual audited financial statements of the Fund for the year ended 31 December 2023.

5. MANAGEMENT FEE, CUSTODY FEE AND OTHER EXPENSES

The Fund's expenses include management fee, custody fee and other expenses. These expenses are recognised on an accrual basis. Management and custody fee are based on predetermined rates specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

Management fee

The Fund pays 0.5% of the Fund's net assets value at each valuation day of the Fund's net assets value. These charges are calculated and accrued on each dealing day.

Custody fee

The Fund accrues custody fee at an annual rate of 0.02% of the Fund's net assets value at each valuation day of the Fund's net assets value. These charges are calculated and accrued on each dealing day.

Regulatory fee

The Fund records regulatory fees to be paid to Capital Market Authority of SR 7,500 annually as specified in the terms and conditions.

6. CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash at bank	668,910	11,253,136

Cash and cash equivalent comprise balances held with Bank Al Bilad which has a A3 long term credit rating as per Moody's.

7. INVESTMENTS IN MURABAHA CONTRACTS

The balance comprises of the Fund's investments in Murabaha contracts having low risk fixed-rate commodities with banks. These investments are initially measured at the fair value of consideration given and are subsequently measured at amortised cost.

The following is a list of the commodities invested in:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Platinum	245,467,667	138,500,000
Palladium	168,746,531	133,000,000
Palm Oil	-	25,328,472
Copper	-	24,000,000
Nama	-	23,000,000
	414,214,198	343,828,472
Accrued Murabaha income	7,699,844	5,573,496
	421,914,042	349,401,968

(YAQEEEN SAR MURABAHA FUND)
 (Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
 (All amounts are in Saudi Riyals unless stated otherwise)

7. INVESTMENTS IN MURABAHA CONTRACTS (CONTINUED)

Movement in investments in Murabaha contracts measured at amortised cost is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	349,401,968	710,624,616
Purchases during the period / year	455,214,197	1,406,447,449
Matured during the period / year	(393,357,538)	(1,790,418,145)
	411,258,627	326,653,920
Murabaha contract commission income for the period / year	10,655,415	22,748,048
Closing balance	421,914,042	349,401,968

- 7.1 The average remaining maturity for the Murabaha contracts lies within 1 to 12 months with an average profit rate of 6.18%. The latest maturity of the Murabaha contracts is on 9 June 2025.
- 7.2 As these balances are held with banks having sound credit rating, the impact of expected credit losses (ECL) on these balances is immaterial to these condensed interim financial statements.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

This represents the Fund's investments in units of other local investment funds that invest in Murabaha contracts and other securities and are managed by investment companies licensed by the CMA in the Kingdom of Saudi Arabia.

Following is the breakdown of investments held by the Fund:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
SNB Capital Al Sunbullah SAR	18,643,283	22,053,460
ANB Capital SAR Trade Fund	-	14,862,515
Blominvest SR Murabaha Fund	-	5,016,409
	18,643,283	41,932,384

Movement in investments carried at fair value through profit or loss is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	41,932,384	188,686,438
Purchased during the period / year	63,000,000	68,500,000
Sold during the period / year	(87,885,866)	(217,842,566)
	17,046,518	39,343,872
Net changes in investment at FVTPL		
Realized fair value gain, net for the period / year	1,144,386	2,359,915
Unrealized fair value gain, net for the period / year	452,379	228,597
Net fair value gain on investment at FVTPL	1,596,765	2,588,512
Closing balance	18,643,283	41,932,384

(YAQEEEN SAR MURABAHA FUND)
 (Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
 (All amounts are in Saudi Riyals unless stated otherwise)

9. FAIR VALUE MEASUREMENT

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a market price, because this price is assessed to be a reasonable approximation of the exit price.

The fair value hierarchy consists of the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for assets and liabilities.

The Fund has classified investments measured at fair value through profit or loss (FVTPL) as level 2 as per the fair value hierarchy. Fair values of investments measured at FVTPL are based on inputs other than quoted prices and have been valued using the net asset values of the funds available on Saudi Stock Exchange, Tadawul. During the period, there has been no transfer between the levels of fair value hierarchy. For other financial assets and liabilities, i.e. cash and cash equivalent, investments in Murabaha contracts, management fee payable and other liabilities, the carrying values were determined to be a reasonable approximation of their fair value due to their short-term nature.

10. RELATED PARTY TRANSACTIONS AND BALANCES

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. The related parties of the Fund include Fund Manager, the Fund's Board, other Funds managed by the Fund Manager, and the key management personnel of the Fund Manager.

In the ordinary course of business, the Fund transacts with its related parties that are in turn subject to the Fund's terms and conditions approved by the CMA. The Fund entered into the following transactions with its related parties during the period and the balances arising from these transactions are also mentioned below.

Related party	Relationship	Nature of transaction	Transactions for the period		Balance as at	
			30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Yaqeen Capital	Fund Manager	Management fees	(1,165,395)	(1,716,599)	601,874	592,011

(YAQEEEN SAR MURABAHA FUND)
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	Relationship	Nature of transaction	Transactions for the period		Balance as at	
			30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Yaqeen Capital	Fund Manager	Units held by Fund Manager – 16,447,334 units (31 December 2023: 13,814,096 units)	3,975,840	8,500,000	23,655,866	19,304,099
Yaqeen IPO Fund	Fund managed by the Fund Manager	Units held by another fund managed by the Fund Manager – 6,853,054 units (31 December 2023: 7,949,925 units)	(1,600,000)	2,200,000	9,834,303	11,104,835
Yaqeen Income Generating Fund 1	Fund managed by the Fund Manager	Units held by another fund managed by the Fund Manager – 4,077,987 units (31 December 2023: 1,749,520 units)	3,299,467	-	5,854,607	2,444,815
Yaqeen Arar Hills Fund	Fund managed by the Fund Manager	Units held another fund managed by the Fund Manager – 4,223,518 units (31 December 2023: 7,881,330 units)	(5,200,000)	(5,018,123)	6,063,541	11,013,530

The Fund pays management fees calculated on each valuation day at the percentage shown below of the Fund's net assets value.

	<u>Percentage</u>
Management fee	0.5%

(YAQEEEN SAR MURABAHA FUND)
(Managed By Yaqeen Capital)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts are in Saudi Riyals unless stated otherwise)

11. UNIT VALUE RECONCILIATION

The Fund's financial assets held at amortised cost were considered for ECL as on 30 June 2024. However, the impact of ECL on these assets was immaterial as cash and cash equivalent and investment in Murabaha contracts are held with banks having sound credit ratings and there is no history of default or recovery of these balances. Accordingly, these condensed interim financial statements do not contain any ECL adjustments.

12. CONTINGENCIES AND COMMITMENTS

There were no commitments and contingencies as of 30 June 2024.

13. LAST VALUATION DAY

The Fund's units are valued, and the net assets value is calculated at the end of each working day (valuation day). The last day of valuation was 30 June 2024.

14. SUBSEQUENT EVENTS

There are no events subsequent to the reporting period which require adjustment or disclosure to these condensed interim financial statements.

15. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund's Board on 8 August 2024.