

**YAQEEEN SAR MURABAHA FUND**  
**(Managed By Yaqeen Capital)**  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2023  
Together with the  
**Independent Auditor's Report**

**YAQEEEN SAR MURABAHA FUND**  
**(Managed by Yaqeen Capital)**  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2023

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Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the unitholders of Yaqeen SAR Murabaha Fund

## Opinion

We have audited the financial statements of **Yaqeen SAR Murabaha Fund** (the "Fund") managed by Yaqeen Capital (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to unitholders and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other matter

The financial statements of the Fund as at and for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2023.

## Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, the Fund's Terms and Conditions and for such internal control as Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund's Board, is responsible for overseeing the Fund's financial reporting process.

KPMG professional Services, a professional closed jointstock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة منقولة مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة التابعة لمكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

# Independent Auditor's Report

To the unitholders of Yaqeen SAR Murabaha Fund (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Yaqeen SAR Murabaha Fund** (the "Fund").

### KPMG Professional Services



**Hani Hamzah A. Bedairi**  
License No: 460

Riyadh: 17 Ramadan 1445H  
Corresponding to: 27 March 2024



**YAQEEEN SAR MURABAHA FUND**  
 (Managed By Yaqeen Capital)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

(All amounts are in Saudi Riyals unless stated otherwise)

	Notes	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Assets</b>			
Cash and cash equivalent	5	11,253,136	18,898,623
Financial assets at amortised cost	6	349,401,968	710,624,616
Financial assets at fair value through profit or loss (FVTPL)	7	41,932,384	188,686,438
<b>Total assets</b>		<u>402,587,488</u>	<u>918,209,677</u>
<b>Liabilities</b>			
Management fee payable	8	592,011	2,041,049
Other liabilities	9	161,263	176,569
<b>Total liabilities</b>		<u>753,274</u>	<u>2,217,618</u>
<b>Net assets (equity) attributable to the Unitholders</b>		<u>401,834,214</u>	<u>915,992,059</u>
<b>Units in issue (numbers)</b>		<u>287,554,299</u>	<u>685,866,146</u>
<b>Net asset value per unit</b>		<u>1.40</u>	<u>1.34</u>
Contingencies and commitments	10	-	-

The accompanying notes from 1 to 18 form an integral part of these financial statements.

**YAQEEEN SAR MURABAHA FUND**  
(Managed By Yaqeen Capital)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SYEAR ENDED 31 DECEMBER 2023**  
(All amounts are in Saudi Riyals unless stated otherwise)

	Notes	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Income</b>			
Murabaha contracts commission income	11	22,748,048	50,874,134
Net fair value gain on financial assets at FVTPL	7	2,588,512	9,614,040
<b>Total operating income</b>		<u>25,336,560</u>	<u>60,488,174</u>
<b>Expenses</b>			
Management fee	8	(2,900,564)	(13,091,356)
Others	9	(292,084)	(653,974)
<b>Total operating expenses</b>		<u>(3,192,648)</u>	<u>(13,745,330)</u>
Profit for the year		22,143,912	46,742,844
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u>22,143,912</u>	<u>46,742,844</u>

The accompanying notes from 1 to 18 form an integral part of these financial statements.

**YAQEEEN SAR MURABAHA FUND**  
(Managed By Yaqeen Capital)  
**STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
(All amounts are in Saudi Riyals unless stated otherwise)

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Net assets (equity) attributable to the Unitholders as at beginning of the year</b>	<b>915,992,059</b>	2,924,458,358
Profit and total comprehensive income for the year	<b>22,143,912</b>	46,742,844
<b>Unitholders' subscriptions and redemptions:</b>		
Issuance of redeemable units during the year	<b>241,932,280</b>	1,534,586,039
Redemption of redeemable units during the year	<b>(778,234,037)</b>	(3,589,795,182)
<b>Net assets (equity) attributable to the Unitholders as at end of the year</b>	<b>401,834,214</b>	915,992,059

**Movement in number of units**

The movement in number of units are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>Units</b>	<b>Units</b>
<b>Number of units as at 1 January</b>	<b>685,866,146</b>	2,237,953,334
Issuance of redeemable units during the year	<b>176,872,163</b>	1,166,988,685
Redemption of redeemable units during the year	<b>(575,184,010)</b>	(2,719,075,873)
<b>Number of units as at 31 December</b>	<b>287,554,299</b>	685,866,146

The accompanying notes from 1 to 18 form an integral part of these financial statements.

**YAQEEEN SAR MURABAHA FUND**  
(Managed By Yaqeen Capital)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
(All amounts are in Saudi Riyals unless stated otherwise)

	Notes	31 December 2023	31 December 2022
<b>Cash flows from operating activities</b>			
Profit for the year		22,143,912	46,742,844
<b>Adjustments for non-cash items:</b>			
Murabaha contracts commission income	11	(22,748,048)	(50,874,134)
Net fair value gain on investments at FVTPL	7	(2,588,512)	(9,614,040)
<b>Changes in operating assets and liabilities:</b>			
Purchase of financial assets at amortised cost		(1,406,447,449)	(3,591,073,348)
Proceeds from sale of financial assets at amortised cost		1,790,418,145	5,262,331,756
Purchase of financial assets at FVTPL	7	(68,500,000)	(377,102,350)
Proceeds from sale of financial assets at FVTPL	7	217,842,566	775,240,436
Management fee payable		(1,449,038)	(2,516,351)
Other liabilities		(15,306)	27,119
<b>Net cash generated from operating activities</b>		<b>528,656,270</b>	<b>2,053,161,932</b>
<b>Cash flows from financing activities</b>			
Issuance of redeemable units during the year		241,932,280	1,534,586,039
Redemption of redeemable units during the year		(778,234,037)	(3,589,795,182)
<b>Net cash used in financing activities</b>		<b>(536,301,757)</b>	<b>(2,055,209,143)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7,645,487)</b>	<b>(2,047,211)</b>
Cash and cash equivalents at the beginning of the year		18,898,623	20,945,834
<b>Cash and cash equivalents at the end of the year</b>	5	<b>11,253,136</b>	<b>18,898,623</b>

The accompanying notes from 1 to 18 form an integral part of these financial statements.



**YAQEEEN SAR MURABAHA FUND**  
(Managed By Yaqeen Capital)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
(All amounts are in Saudi Riyals unless stated otherwise)

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## **1 GENERAL INFORMATION**

Yaqeen SAR Murabaha Fund (the "Fund") is a fund established under an agreement between Yaqeen Capital ("Fund Manager") and Fund 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  
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 to 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") published by CMA on 3 Dhul Hija 1427H (corresponding to 24 December 2006) as amended by the resolution of CMA board on 16 Sha'aban 1437H (corresponding to 23 May 2016). It is further amended by the resolution of CMA board on 12 Rajab 1442H (corresponding to 24 February 2021).

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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

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

The Fund has also complied with Investment Funds Regulations published by CMA and Fund's terms and conditions, information memorandum and key information summary (collectively hereinafter referred to as "Terms and Conditions") with respect to preparation and presentation of these financial statements.

**YAQEEEN SAR MURABAHA FUND**  
(Managed By Yaqeen Capital)  
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**FOR THE YEAR ENDED 31 DECEMBER 2023**  
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## **2 BASIS OF PREPARATION (CONTINUED)**

### **2.2 Basis of measurement**

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

Furthermore, these financial statements are prepared, using the accrual basis of accounting and are based on the going concern basis.

### **2.3 Functional and presentation currency**

These financial statements are presented in Saudi Riyal (SR), which is also the functional currency of the Fund. All financial statements presented has been rounded to the nearest SR unless stated otherwise.

### **2.4 Financial Year**

The financial year of the Fund commences on 1 January and ends on 31 December of each calendar year.

### **2.5 Use of estimates and judgments**

In the ordinary course of business, the preparation of 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 financial statements.

## **3 APPLICATION OF NEW AND REVISED STANDARDS**

### **3.1 New standards**

Following are the amendments to standards which are effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards did not have a significant impact on the financial statements of the Company.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17, 'Insurance contracts', as amended in December 2021

### **3.2 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 Company has not early adopted them in preparing these financial statements. The following standards are not expected to have a significant impact on the financial statements of the Company upon adoption:

- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities
- Amendments to IFRS 10 and IAS 28 related to sale or contribution of assets between an Investor and its Associate or Joint Ventures
- Amendment to IFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to IAS 1, Non-current Liabilities with Covenants

**YAQEEEN SAR MURABAHA FUND**  
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#### **4 MATERIAL ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are set out below. The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2022. Based on the adoption of new standard and in consideration of current economic environment, the following accounting policies are applicable effective January 1, 2023 replacing, amending, or adding to the corresponding accounting policies set out in 2022 annual financial statements.

##### **4.1 Cash and cash equivalents**

Cash and cash equivalents as referred to in the statement of cash flows comprise current account with the bank.

##### **4.2 Financial instruments**

###### **4.2.1 Initial recognition and measurement**

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Fund executes purchase or sale of the assets). Regular way purchase or sale of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on trade date at which the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. For all other financial assets and financial liabilities transaction costs are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

###### **4.2.2 De-recognition of financial assets**

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards are transferred.

###### **4.2.3 Classification and subsequent measurement of financial assets**

Financial assets are classified into the following specified categories:

- Financial assets at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income; or
- Financial assets at amortised cost.

##### **Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- (i) *The Fund's business model for managing the asset; and*

**YAQEEEN SAR MURABAHA FUND**  
(Managed By Yaqeen Capital)  
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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**4.2 Financial instruments (continued)**

**4.2.3 Classification and subsequent measurement of financial assets**

*(ii) The cash flow characteristics of the asset.*

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized in profit or loss. Profit income from these financial assets is included in ‘Special finance income’ using the effective interest rate method.
- **Fair value through other comprehensive income:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent solely payments of principal and profit, and that are not designated at financial assets at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, special finance income and foreign exchange gains and losses on the instrument’s amortised cost are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Profit income from these financial assets is included in ‘Special finance income’ using the effective interest rate method.
- **Fair value through profit or loss:** Financial assets that do not meet the criteria for amortized cost or FVOCI are classified as financial assets at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value is presented in the profit or loss in the year in which it arises.

The Fund has not classified any of its debt instruments at fair value through other comprehensive income or fair value through profit or loss.

**Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s net assets. Examples of equity instruments include basic ordinary shares.

The Fund subsequently measures all equity investments at FVTPL, except where the Fund’s Manager has elected, at initial recognition, to irrevocably designate an equity investments at FVOCI. The Fund’s policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to the profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the profit or loss as ‘Dividend income’ when the Fund’s right to receive payments is established. The Fund has not classified any of its equity investments at fair value through other comprehensive income.

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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**4.2 Financial instruments (continued)**

**4.2.4 Impairment of financial assets**

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Fund's financial assets fall into this category.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The value of financial assets held at amortized cost has been taken into account in the calculation of expected credit loss. Financial assets held at amortized cost include bank balances. Bank balances are held at banks with high credit rating.

**4.2.5 Classification and measurement of financial liabilities**

Liabilities are recognized on an accrual basis for amounts to be paid in the future in return for services received, whether or not billed by the provider.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Fund has designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

**4.2.6 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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 the market price because this price provides a reasonable approximation of the exit price.

**YAQEEEN SAR MURABAHA FUND**  
(Managed By Yaqeen Capital)  
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(All amounts are in Saudi Riyals unless stated otherwise)

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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**4.2 Financial instruments (continued)**

**4.2.7 Offsetting**

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**4.3 Equity attributable to Unitholders**

The net assets attributable to the Unitholders comprise redeemable units issued, and accumulated profit generated by the Fund. The redeemable units are classified as equity as explained below.

*(i) Redeemable Units*

Units subscribed and redeemed are recorded at the net assets value per unit on the Valuation Day for which the subscription request and redemption applications are received.

The Fund classifies its units as an equity instrument if the redeemable units have all of the following features:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata shares of the Fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

In addition - in order to classify instruments as equity - the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognized equity or the change in the fair value of the recognized and unrecognized equity of the Fund; and
- The effect of substantially restricting or fixing the residual return to the instrument holders.

The Fund's redeemable participating units meet the definition of puttable instruments classified as equity instruments under IAS 32. 16(A-B) and accordingly, are classified as equity instruments.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have any of the features or meet all the conditions set out in paragraphs 16A and 16B of International Accounting Standard (IAS 32), the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in net assets attributable to Unitholders. The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

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**4 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*(ii) Trading in the units*

Units of the Fund are made available for purchase only in the Kingdom of Saudi Arabia at Yaqeen Capital branches by natural and corporate persons. The net asset value of the Fund is determined on the Valuation Day by dividing the net value of assets (fair value of total assets minus liabilities) by the total number of outstanding units on the relevant Valuation Day.

**4.4 Net assets value per unit**

Net assets value per unit disclosed in the statement of financial position is calculated by dividing the net assets of the Funds by the number of units in issue at the reporting date.

**4.5 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the amount can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and taxes.

Realized gains and losses on investments at FVTPL sold are determined on a weighted average cost basis. Dividend income is recognized in the profit or loss when declared (i.e. when the Fund's right to receive the dividend is established).

**4.6 Management fee, custody fee and other expenses**

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

**4.6.1 Management fee**

The Fund Manager charges the Fund, on every valuation day, a management fee at an annual rate of 0.5% (31 December 2022: 0.5%) of the Fund's net assets value.

**4.6.2 Custody fee**

The Fund accrues custody fee at rate of 0.02% annually of the assets under reservation (31 December 2022: 0.02% annually). These charges are accrued on each dealing day.

**4.6.3 Other expenses**

The Fund Manager recovers from the Fund any other expense incurred on behalf of the Fund at rates specified in the Terms and Conditions of the Fund. These expenses include audit fee, benchmark fee, regulatory fee, legal, brokerage, independent director's remuneration, and other similar charges.

**5 CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash at banks	<u>11,253,136</u>	<u>18,898,623</u>

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

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**6 FINANCIAL ASSETS AT AMORTISED COST**

This balance consists of the Fund's investment in Murabaha contracts with low risk fixed-rate commodities at local banks and financial institution. These investments are initially measured at cost and are subsequently measured at amortised cost.

The following is breakdown of the commodities invested.

	<b>31 December 2023</b>	<b>31 December 2022</b>
Palladium	<b>133,000,000</b>	330,982,963
Platinum	<b>138,500,000</b>	265,791,667
Palm Oil	<b>25,328,472</b>	-
Copper	<b>24,000,000</b>	-
Nama	<b>23,000,000</b>	-
Aluminum	-	70,444,333
Nickel	-	35,000,000
	<b><u>343,828,472</u></b>	<b><u>702,218,963</u></b>
Accrued Murabaha income	<b><u>5,573,496</u></b>	<b><u>8,405,653</u></b>
	<b><u>349,401,968</u></b>	<b><u>710,624,616</u></b>

Movement in investments carried at fair value at amortised cost is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Opening balance</b>	<b>710,624,616</b>	2,331,008,890
Purchases during the year	<b>1,406,447,449</b>	3,591,073,348
Matured during the year	<b>(1,790,418,145)</b>	(5,262,331,756)
	<b><u>326,653,920</u></b>	<b><u>659,750,482</u></b>
Murabaha contract commission income	<b>17,174,552</b>	42,468,481
Accrued Murabaha income	<b><u>5,573,496</u></b>	<b><u>8,405,653</u></b>
<b>Closing balance</b>	<b><u>349,401,968</u></b>	<b><u>710,624,616</u></b>

6.1 The average remaining maturity for the Murabaha contracts lies between 6 to 12 months with an average profit rate of 6.08%.

6.2 As these balances are held with banks having sound credit rating there the impact of expected credit losses (ECL) is considered to be immaterial to these financial statements.



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**7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**  
**(CONTINUED)**

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

Following is the breakdown of investments held in Fund's units:

	31 December 2023	31 December 2022
ANB Capital SAR Trade Fund	14,862,515	-
SNB Capital Al Sunbullah SAR	22,053,460	-
Blominvest SR Murabaha Fund	5,016,409	-
Alinma Saudi Riyal Liquidity Fund	-	104,537,125
Al-Khair Capital Murabaha Fund	-	67,520,447
Itqan Fund for Murabahat and Sukuk	-	16,628,866
	<u>41,932,384</u>	<u>188,686,438</u>

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

	31 December 2023	31 December 2022
<b>Opening balance</b>	188,686,438	577,210,484
Purchase during the year	68,500,000	377,102,350
Sold during the year	<u>(217,842,566)</u>	<u>(775,240,436)</u>
	39,343,872	179,072,398
<b>Net changes in investments at FVTPL</b>		
Realized fair value gain, net for the year	<u>2,359,915</u>	<u>6,058,480</u>
Unrealized fair value loss, net for the year	<u>228,597</u>	<u>3,555,560</u>
Net fair value gain on financial assets at FVTPL	<u>2,588,512</u>	<u>9,614,040</u>
<b>Closing balance</b>	<u>41,932,384</u>	<u>188,686,438</u>

**8 MANAGEMENT FEE PAYABLE**

	Note	31 December 2023	31 December 2022
<b>Opening balance</b>		2,041,049	4,557,400
Expense for the year	8.1	2,900,564	13,091,356
Payment made during the year		<u>(4,349,602)</u>	<u>(15,607,707)</u>
<b>Closing balance</b>		<u>592,011</u>	<u>2,041,049</u>

**8.1** The Fund Manager charges the Fund, on every Valuation Day on daily basis, a management fee at an annual rate of 0.5% (31 December 2021: 0.5%) of the Fund's net assets value.

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**9 OTHER LIABILITIES**

	Note	31 December 2023	31 December 2022
<b>Opening balance</b>		<b>176,569</b>	149,450
Expense for the year	9.1 & 9.2	<b>292,084</b>	653,974
Payment made during the year		<b>(307,390)</b>	(626,855)
<b>Closing balance</b>		<b>161,263</b>	176,569

Other fees include custody fee and other expenses which are based on predetermined rates as specified in the Terms and Conditions of the Fund. These expenses are recognised on accrual basis. Detailed policies are as follows:

**9.1 Custody fee**

The Fund accrues custody fee expense at an annual rate of 0.02% (31 December 2022: 0.02%) of the net assets value. These charges are calculated and accrued on each dealing day.

**9.2 Other expenses**

The Fund Manager recovers from the Fund any other expense incurred on behalf of the Fund as per Term and Conditions of the Fund.

**10 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at 31 December 2023 and 31 December 2022.

**11 INCOME FROM MURABAHA CONTRACTS AND OTHERS**

	31 December 2023	31 December 2022
Murabaha income	<b>22,748,048</b>	50,874,134
	<b>22,748,048</b>	50,874,134

**12 TRANSACTIONS AND BALANCES 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.

Within the normal course of business, the Fund deals with related parties that are in turn subject to the Fund's terms and conditions.

The Fund Manager and companies related to the Fund Manager are considered as related parties to the Fund.

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**12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)**

Related party	Nature of transaction	Transactions		Closing balance	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
Yaqeen Capital	Management (note 8)	<b>2,900,564</b>	(13,091,356)	<b>592,011</b>	2,041,049
Yaqeen Capital	Murabaha placements- Net repayments	-	(129,389,129)	-	-
Yaqeen Capital	Income earned on placements	-	(6,048,000)	-	-
Yaqeen Capital	Investment in / (Disposal of) fund units – 13,814,096 units (31 December 2022: NIL)	<b>18,929,746</b>	-	<b>19,304,099</b>	-
Yaqeen IPO Fund	Investment in / (Disposal of) fund units – 7,949,925 units (31 December 2022: 3,748,371)	<b>5,700,000</b>	5,006,047	<b>11,104,835</b>	5,006,047
Yaqeen Arar Hills Fund	Investment in / (Disposal of) fund units – 7,881,330 units (31 December 2022: 15,598,320 units)	<b>(10,556,473)</b>	-	<b>11,013,530</b>	20,831,962
Yaqeen Murabaha Financing Fund	Investment in / (Disposal of) fund units – NIL units (31 December 2023: 31,295,524)	<b>(42,635,533)</b>	41,000,000	-	41,795,985
Yaqeen Income Generating Fund	Investment in / (Disposal of) fund units – 1,749,520 units (31 December 2023: NIL)	<b>2,425,055</b>	-	<b>2,444,815</b>	-

The Fund pays management fees, and other expenses calculated on each valuation day in the percentages shown below of the Fund's net assets value.

	<u>Percentage</u>
Management fees	0.5%
Other fees and expenses, including: Custody fees	0.02%

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### 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Investments based on inputs other than quoted prices included within level 1, that are observable for the asset or liability are categorized as level 2, these investments have been valued using the net asset value of the funds available on Tadawul (Saudi exchange).

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It 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 due to the short-term duration of financial instrument. The fair value of investments measured at FVTPL are based on inputs other than quoted prices in active markets and are therefore classified within level 2.

#### Financial assets at FVTPL

	Level 1	Level 2	Level 3	Total
<b>31 December 2023</b>	-	<b>41,932,384</b>	-	<b>41,932,384</b>
<b>31 December 2022</b>	-	188,686,438	-	188,686,438

### 14 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Fund's objective is to ensure the Fund's ability to continue as a going concern so that it can continue to provide optimal returns for the Unitholders and ensure reasonable safety of the Unitholders.

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager, which 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.

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**14 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)**

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) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Fund's policy is to conclude financial instrument contracts with reputable counterparties. The Fund seeks to reduce credit risk by monitoring credit exposures, setting limits for transactions with specific counterparties, and constantly assessing the solvency of such parties.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	<b>31 December 2023</b>	<b>31 December 2022</b>
Financial assets at amortised cost	<b>343,828,472</b>	702,218,963
Cash and cash equivalents (note 5)	<b>11,253,136</b>	18,898,623
	<b><u>355,081,608</u></b>	<u>721,117,586</u>

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL.

All financial assets were considered for ECL as on 31 December 2023 and 31 December 2022. However, the impact of ECL on these assets was immaterial as the Fund is not exposed to significant credit risk and there is no history of default on recovery of these balances.

The Fund Manager reviews the credit concentration of the investment portfolio, depending on the counterparties. As at 31 December 2023 and 31 December 2022 the Fund has investments with credit ratings ranging from A- to BBB+.

The Fund is not exposed to significant credit risk to the financial instruments as the Fund invests in Murabaha contracts with short-term and high-stability commodities. The Cash and cash equivalent comprise balances held with Al Bilad Bank which has a A3 long term credit rating as per Moody's.

*b) Liquidity risk*

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet its commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Fund's Terms and Conditions provide for the subscription and redemptions of units on dealing days during the week and it is, therefore, exposed to the liquidity risk of meeting Unitholder's redemptions. The Fund's investments are readily realizable, and the units can easily be redeemed at any time. 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, either through new subscriptions, liquidation of the investment portfolio, or obtaining funding from related parties.

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**14 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)**

<b>2023</b>	<b>Up to one year</b>	<b>More than one year and up to five year</b>	<b>More than five year</b>	<b>Total</b>
<b>Financial liabilities</b>				
Management fee payable	592,011	-	-	592,011
Other liabilities	161,263	-	-	161,263
	<u>753,274</u>	<u>-</u>	<u>-</u>	<u>753,274</u>
<b>2022</b>	<b>Up to one year</b>	<b>More than one year and up to five year</b>	<b>More than five year</b>	<b>Total</b>
<b>Financial liabilities</b>				
Management fee payable	2,041,049	-	-	2,041,049
Other liabilities	176,569	-	-	176,569
	<u>2,217,618</u>	<u>-</u>	<u>-</u>	<u>2,217,618</u>

**Maturity profile**

The table below shows an analysis of financial assets and financial liabilities according to when they are expected to be recovered or settled, respectively. The amount disclosed are the contractual undiscounted cash flows which equal their carrying balances as the impact of discounting is not significant.

<b>2023</b>	<b>Up to one year</b>	<b>More than one year</b>	<b>No fixed maturity</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	-	-	11,253,136	11,253,136
Financial assets at amortised cost	343,828,472	-	-	343,828,472
Financial assets at fair value through profit or loss (FVTPL)	-	-	41,932,384	41,932,384
Accrued Murabaha income	5,573,496	-	-	5,573,496
	<u>349,401,968</u>	<u>-</u>	<u>53,185,520</u>	<u>402,587,488</u>
<b>Financial liabilities</b>				
Management fee payable	592,011	-	-	592,011
Other liabilities	161,263	-	-	161,263
	<u>753,274</u>	<u>-</u>	<u>-</u>	<u>753,274</u>
<b>2022</b>	<b>Up to one year</b>	<b>More than one year</b>	<b>No fixed maturity</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	-	-	18,898,623	18,898,623
Financial assets at amortised cost	702,218,963	-	-	702,218,963
Financial assets at fair value through profit or loss (FVTPL)	-	-	188,686,438	188,686,438
Accrued Murabaha income	8,405,653	-	-	8,405,653
	<u>710,624,616</u>	<u>-</u>	<u>207,585,061</u>	<u>918,209,677</u>
<b>Financial liabilities</b>				
Management fee payable	2,041,049	-	-	2,041,049
Other liabilities	176,569	-	-	176,569
	<u>2,217,618</u>	<u>-</u>	<u>-</u>	<u>2,217,618</u>

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**14 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)**

*c) Market risk*

*i) Commission rate risk*

Commission rate risk arises from the possibility that changes in market special commission rates will affect future profitability or the fair value of the financial instruments.

As of the date of the statement of financial position, the Fund is not exposed to significant commission rate risk as commission rate is fixed in Murabaha contracts.

*ii) Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

*(ii) Currency risk (continued)*

The functional currency of the Fund is Saudi Riyals. As the Fund's financial assets and financial liabilities are denominated in its functional currency, the Fund is not subject to currency 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 the financial instruments that the Fund holds.

The Fund is not exposed to listed equity instruments' price risk as the Fund holds no such investments.

**15 CAPITAL MANAGEMENT**

The capital of the Fund is represented by net assets attributable to Unitholders of redeemable units. The net assets attributable to Unitholders 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 stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund Board and the Fund Manager monitor capital on the basis of the value of net assets attributable to Unitholders.

**16 UNIT VALUE RECONCILIATION**

In accordance with CMA circular no. 1/6/7218/17 dated 13 Rabi al-Thani 1439H (corresponding to 31 December 2017), the CMA Board decided on 10 Rabi al-Thani 1439H (corresponding to 28 December 2017) to restrict the recording of expected credit losses (ECL) calculated in accordance with IFRS 9 only for the purpose of financial reporting.

All financial assets held at amortized cost were considered for ECL as on 31 December 2023. However, the impact of ECL on these assets was immaterial as cash and cash equivalents and Murabaha deals are

held with bank having sound credit rating and there is no history of default or recovery of these balances. Accordingly, this financial statement do not contain any significant ECL adjustments and therefore reconciliation of the unit price calculated according to the applicable financial reporting framework to the unit price calculated for the purpose of unit transactions is not required.

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**17 LAST VALUATION DAY**

The Fund 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 31 December 2023.

**18 APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund's Board on 27 March 2024.