

**Saudi Riyal Money Market Fund
(Managed by Alawwal Invest Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020



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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SAUDI RIYAL MONEY MARKET FUND (Managed by Alawwal Invest Company)

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Saudi Riyal Money Market Fund (the "Fund") managed by Alawwal Invest Company (the "Fund Manager") as at 30 June 2020 and the related interim condensed statements of comprehensive income, cash flows and changes in equity for the six-month period ended 30 June 2020, and a summary of significant 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") 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 Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim 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 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Yousef A. AIMubarak
Certified Public Accountant
License No. 427

Riyadh: 23 Thul-Hijjah 1441H
(13 August 2020)



Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	<i>Notes</i>	30 June 2020 SR	<i>31 December 2019 SR</i>
ASSETS			
Cash and cash equivalents	4	2,308,203	25,794,072
Investments at fair value through profit or loss	5	37,298,608	38,827,350
Money Market placements measured at amortised cost	6	120,460,647	87,392,285
Investments measured at amortised cost	7	-	17,181,921
TOTAL ASSETS		160,067,458	169,195,628
LIABILITY			
Accrued expenses		37,038	61,071
TOTAL LIABILITY		37,038	61,071
EQUITY			
Net assets attributable to the redeemable unitholders		160,030,420	169,134,557
TOTAL LIABILITY AND EQUITY		160,067,458	169,195,628
Units in issue		7,552,808	8,032,967
Net assets value attributable to each unit		21.1882	21.0551

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2020

	<i>Notes</i>	2020 SR	2019 SR
INCOME			
Net gain from investments at fair value through profit or loss	8	421,257	796,839
Special interest income		1,160,021	3,025,411
		<u>1,581,278</u>	<u>3,822,250</u>
EXPENSE			
Management fees	11	(404,825)	(617,616)
Other expenses	10	(150,423)	(99,787)
		<u>(555,248)</u>	<u>(717,403)</u>
PROFIT FOR THE PERIOD		1,026,030	3,104,847
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,026,030</u>	<u>3,104,847</u>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,026,030	3,104,847
Adjustments to reconcile profit for the period to net cash flows:		
Unrealized (gain) loss on investments at fair value through profit or loss	(357,027)	135,964
	669,003	3,240,811
Working capital adjustments:		
Decrease in investments at fair value through profit or loss	1,885,769	5,571,822
Increase in due from broker	-	(28,334,542)
(Increase) decrease in morabaha placements measured at amortised cost	(33,068,362)	128,937,658
Decrease in investments measured at amortised cost	17,181,921	30,557,716
Decrease in accrued expenses	(24,033)	(163,016)
Net cash flows (used in) from operating activities	(13,355,702)	139,810,449
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuances of units	7,540,000	11,335,255
Payment on redemption of units	(17,670,167)	(104,972,141)
Net cash flows used in financing activities	(10,130,167)	(93,636,886)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(23,485,869)	46,173,563
Cash and cash equivalents at the beginning of the period	25,794,072	9,789,687
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,308,203	55,963,250

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2020

	2020 SR	2019 SR
EQUITY AT THE BEGINNING OF THE PERIOD	169,134,557	304,622,233
Profit for the period	1,026,030	3,104,847
Other comprehensive income for the period	-	-
Total comprehensive income for the period	1,026,030	3,104,847
Issuance of units during the period	7,540,000	11,335,255
Redemptions of units during the period	(17,670,167)	(104,972,141)
EQUITY AT THE END OF THE PERIOD	160,030,420	214,090,194

UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarised as follows:

	2020 <i>Units</i>	2019 <i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	8,032,967	14,807,094
Units issued during the period	356,320	547,139
Units redeemed during the period	(836,479)	(5,076,977)
NET DECREASE IN UNITS	(480,159)	(4,529,838)
UNITS AT THE END OF THE PERIOD	7,552,808	10,277,256

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2020

1. GENERAL

Saudi Riyal Money Market Fund (the “Fund”) is an open-ended fund domiciled in Kingdom of Saudi Arabia, created by an agreement between Alawwal Invest Company (the “Fund Manager”), a subsidiary of The Saudi British Bank (formerly a subsidiary of Alawwal Bank) (the “Bank”) and investors in the Fund (the “Unitholders”).

The Fund’s Manager registered office is at P.O. Box 1467, Riyadh 11431, Kingdom of Saudi Arabia.

Saudi Riyal Money Market Fund	
Commencement Date	2 December 1994
Latest Governing Terms and Condition Date	7 November 2019
Latest Governing Information Memorandum Date	7 November 2019
Category	Conventional
Objective	Capital preservation and appreciation
Allowed Investment Channels	Deposits/Morabaha
	Bonds/sukuk
	Structured investment products
	Money Market/Morabaha funds

The Fund has appointed Riyadh Capital Company (the “Custodian”) to act as its custodian, administrator and registrar. The fees of the custodian and administrator’s services are paid by the Fund. The Fund Manager is responsible for the overall management of the Fund’s activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further amended on 16 Sha’aban 1437H (corresponding to 23 May 2016) (the “Amended Regulations”). The Fund Manager believes that the Amended Regulations was effective since 6 Safar 1438H (corresponding to 6 November 2016).

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1. Basis of preparation

These interim condensed financial statements for the six-month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund’s annual financial statements as at 31 December 2019.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting. These interim condensed financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SR.

3.2 New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2019.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the 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.

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2020

4. CASH AND CASH EQUIVALENTS

	30 June 2020 SR	31 December 2019 SR
Bank balances	2,308,203	25,794,072
Short-term deposits with maturity of three months or less	-	-
Total	<u>2,308,203</u>	<u>25,794,072</u>

The bank balances is placed with a local Saudi banks, having sound credit rating.

5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of the investments as at interim condensed statement of financial position date summarized below:

	<u>30 June 2020</u>			<u>31 December 2019</u>		
	<i>Cost</i>	<i>Market</i>	<i>Unrealized</i>	<i>Cost</i>	<i>Market</i>	<i>Unrealized</i>
	SR	SR	SR	SR	SR	SR
Mutual fund						
FALCOM SAR Murabaha Fund	<u>36,224,952</u>	<u>37,298,608</u>	<u>1,073,656</u>	<u>38,110,721</u>	<u>38,827,350</u>	<u>716,629</u>

All the investments are made in Kingdom of Saudi Arabia.

6. MONEY MARKET PLACEMENTS MEASURED AT AMORTISED COST

	30 June 2020 SR	31 December 2019 SR
Alawwal Bank	40,093,000	44,189,750
Bank Al Jazira	30,084,383	-
Gulf International Bank	25,186,042	28,098,389
National Bank of Kuwait	25,097,222	-
Banque Saudi Fransi	-	15,104,146
	<u>120,460,647</u>	<u>87,392,285</u>

Counterparties with whom the Fund has made placements have credit ratings of investment grade as issued by rating agencies. The average effective special interest rate on money market placements as at the period end is 1.47% p.a. (31 December 2019: 2.42% p.a.).

Money Market placements measured at amortised cost is subject to impairment assessment based on ECL model as per IFRS 9. The management has assessed that allowances for ECL is not significant.

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2020

7. INVESTMENTS MEASURED AT AMORTISED COST

	<i>30 June 2020 SR</i>	<i>31 December 2019 SR</i>
<i>Debt securities</i>		
Bank of Bahrain Sukuk	-	17,181,921
	<u>-</u>	<u>17,181,921</u>
	<u>-</u>	<u>17,181,921</u>

The average effective special interest rate on investments as at 31 December 2019 was 5.44% p.a

Investments measured at amortised cost is subject to impairment assessment based on ECL model as per IFRS 9. The management has assessed that allowances for ECL is not significant.

8. NET GAIN FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>For the six-month period ended 30 June</i>	
	<i>2020 SR</i>	<i>2019 SR</i>
Realised gain	64,230	932,803
Unrealised gain (loss)	357,027	(135,964)
	<u>421,257</u>	<u>796,839</u>
	<u>421,257</u>	<u>796,839</u>

9. FAIR VALUES OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the interim condensed financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The table below presents the financial instruments measured at their fair values as of reporting date based on the fair value hierarchy:

	<i>30 June 2020</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	SR	SR	SR	SR
Investments at FVPL	37,298,608	-	-	37,298,608
Total	<u>37,298,608</u>	<u>-</u>	<u>-</u>	<u>37,298,608</u>

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2020

9. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	31 December 2019			Total SR
	Level 1 SR	Level 2 SR	Level 3 SR	
Investments at FVPL	38,827,350	-	-	38,827,350
Total	38,827,350	-	-	38,827,350

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 categorisation (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 fair value through profit or loss.

The fair values of investments measured at amortised cost are set out below:

	30 June 2020 SR	31 December 2019 SR
Investments measured at amortised cost	-	17,181,921
	-	17,181,921

The valuation of investments measured at amortised cost is estimated using contractual cash flows discounted at market yield as of reporting date, which is the sukuk market yield plus the prevailing Saudi Inter Bank offer rates (SIBOR). Input into the discounted cash flow techniques includes market yield, contractual cash flows and primary origination spreads.

Other financial instruments such as, cash and cash equivalents and morabaha placements. These are short-term financial assets whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties. For all other financial assets and liabilities, the carrying value is an approximation of fair value, including accrued expenses.

10. OTHER EXPENSES

	For the six-month period ended 30 June	
	2020 SR	2019 SR
Sukuk premium amortization	66,894	-
Custody Fee	30,000	30,000
Value added tax	23,077	33,495
Audit fees	19,945	17,356
Board member fees (note 11)	4,273	2,471
CMA monitoring fees	3,740	3,720
Tadawul fees	2,494	2,481
Brokerage Expense	-	10,264
	150,423	99,787

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2020

11. TRANSACTIONS WITH RELATED PARTIES

Management fee and other transactions

The Fund is managed and administered by the Fund Manager. For this service the Fund pays a management fee calculated on every valuation day, at an annual rate of 0.5 % of the Fund's daily net assets. Total management fees for the period amounted to SR 404,825 (30 June 2019: SR 617,616).

Other expenses paid by the Fund Manager on behalf of the Fund are charged to the Fund.

Board of directors

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director's fees are currently SR 3,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board, in addition, SR 2,000 are paid to each independent director by the Fund per annum. The directors total remuneration during the period amounted to SR 4,273 (2019: SR 2,471), the fees payable to directors at the period-end were SR 4,273 (31 December 2019: SR 8,571).

Units held by related parties

The balances as at period end resulting from such transactions included in the interim condensed financial statements are as follows:

<i>Related party and nature of relationship</i>	<i>Nature of transaction</i>	<i>30 June 2020</i> <i>Units</i>	<i>31 December 2019</i> <i>Units</i>
Fund manager	Units held	1,409,142	1,409,142
		<u>1,409,142</u>	<u>1,409,142</u>

12. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

<i>As at 30 June 2020</i>	<i>Within 12 months</i> <i>SR</i>	<i>After 12 months</i> <i>SR</i>	<i>Total</i> <i>SR</i>
ASSETS			
Cash and cash equivalents	2,308,203	-	2,308,203
Investments at fair value through profit or loss	37,298,608	-	37,298,608
Morabaha placements measured at amortised cost	120,460,647	-	120,460,647
TOTAL ASSETS	<u>160,067,458</u>	<u>-</u>	<u>160,067,458</u>
LIABILITY			
Accrued expenses	37,038	-	37,038
TOTAL LIABILITY	<u>37,038</u>	<u>-</u>	<u>37,038</u>

Saudi Riyal Money Market Fund (Managed by Alawwal Invest Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2020

12. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 31 December 2019</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	25,794,072	-	25,794,072
Investments at fair value through profit or loss	38,827,350	-	38,827,350
Morabaha placements measured at amortised cost	87,392,285	-	87,392,285
Investments measured at amortised cost	17,181,921	-	17,181,921
TOTAL ASSETS	169,195,628	-	169,195,628
LIABILITY			
Accrued expenses	61,071	-	61,071
TOTAL LIABILITY	61,071	-	61,071

13. VALUATION PERIOD

The last valuation day of the period was 30 June 2020 (2019: 31 December 2019).

14. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of the newly emerging Corona Virus (COVID-19) is still evolving and increasing. Therefore, it is now difficult to predict the magnitude and full extent of the resulting impact on business and the Fund.

It is still not certain what size and extent of these impacts will be determined, depending on future developments that cannot be accurately predicted at the present time, such as the rate of virus transmission and the size and effectiveness of measures taken to contain it. In light of the current uncertainty of the economic impact, it is not possible to make a reliable estimate of the resulting impact at the date of these financial statements being approved.

These developments may affect the future financial results, cash flows and the financial position of the Fund.

15. SUBSEQUENT EVENTS

In the opinion of management, no events have occurred subsequent to the reporting date and before the issuance of these interim condensed financial statements which requires adjustment to, or disclosure, in these interim condensed financial statements.

16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements are approved by the Fund Board on 23 Thul-Hijjah 1441H (13 August 2020).