

ALINMA WAREEF ENDOWMENT FUND
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

ALINMA WAREEF ENDOWMENT FUND
Managed by Alinma Investment Company

INTERIM CONDENSED FINANCIAL STATEMENTS
Table of contents

	<u>Page</u>
Independent auditor's review report	2
Interim condensed statement of financial position	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of changes in net assets attributable to unitholders	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial statements	7 - 12

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unitholders of
Alinma Wareef Endowment Fund
Managed by Alinma Investment Company
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed financial statements of **Alinma Wareef Endowment Fund** (the "Fund") managed by Alinma Investment Company that include interim condensed statement of financial position as at 30 June 2020 and the related interim condensed statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for six months then ended and a summary of selected significant accounting policies and other explanatory notes from 1 to 16.

Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 ("IAS 34") - "Interim Financial Reporting" 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 condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

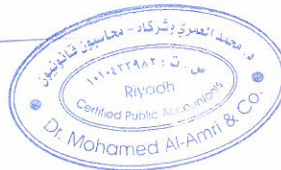
Conclusion

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 Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on: 6 Muharram 1442 (H)
Corresponding to: 25 August 2020 (G)

ALINMA WAREEF ENDOWMENT FUND
Managed by Alinma Investment Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	7	6,638,033	433,371
Investments at fair value through profit or loss	8	42,006,460	44,660,513
Investments at amortized cost	9	5,419,789	11,443,897
Dividend receivable		15,445	15,467
TOTAL ASSETS		54,079,727	56,553,248
<u>LIABILITIES</u>			
Accrued and other liabilities	10	850,259	605,197
Profit distribution payable	12	-	3,402,475
TOTAL LIABILITIES		850,259	4,007,672
Net assets value attributable to unitholders		53,229,468	52,545,576
Units in issue (Numbers)		5,421,479	5,254,558
Net assets value - per unit	13	9.82	10.00

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

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

		30 June 2020	For the period from 1 November 2018 to 30 June 2019
	Note		
<u>INCOME</u>			
Dividend income		115,815	255,485
Net changes in investments at fair value through profit or loss	8.4	(1,094,910)	1,805,134
Income from investments at amortized cost		211,531	463,194
Other income		77,249	-
		(690,315)	2,523,813
<u>EXPENSES</u>			
Management fee	11	(205,035)	(274,782)
Brokerage	11	(5,450)	(5,686)
Others		(84,519)	(217,315)
		(295,004)	(497,783)
(Loss) / profit for the period		(985,319)	2,026,030
Other comprehensive income		-	-
Total comprehensive (loss) / income for the period		(985,319)	2,026,030

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

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)**FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

	30 June 2020	For the period from 1 November 2018 to 30 June 2019
Net assets at 1 January 2020 / 1 November 2018	52,545,576	-
Total comprehensive (loss) / income for the period	(985,319)	2,026,030
Profit distribution	-	(2,026,030)
Changes from unit transactions		
Units issued	1,669,211	51,572,277
Net assets at 30 June	53,229,468	51,572,277

UNIT TRANSACTIONS

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

	30 June 2020	For the period from 1 November 2018 to 30 June 2019
	Units	
Units at 1 January / 1 November 2018	5,254,558	-
Units issued	166,921	5,157,228
Units at 30 June	5,421,479	5,157,228

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

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

		30 June 2020	For the period from 1 November 2018 to 30 June 2019
	Note		
<u>Cash flows from operating activities</u>			
(Loss) / profit for the period		(985,319)	2,026,030
<i>Adjustment for:</i>			
Dividend income		(115,815)	(255,485)
Unrealized loss / (gain) on investments at fair value through profit or loss	8.4	1,090,705	(1,602,676)
Income from investments at amortized cost		(211,531)	(463,194)
		(221,960)	(295,325)
<i>Changes in operating assets and liabilities</i>			
Investments at fair value through profit or loss - net		1,563,348	(29,311,027)
Investments at amortized cost		6,006,541	(10,245,817)
Accrued and other liabilities		245,062	450,526
Net cash from operations		7,592,991	(39,401,643)
Dividend received		115,837	255,485
Income received from investments at amortized cost		229,098	403,094
Net cash generated from / (used in) operating activities		7,937,926	(38,743,064)
<u>Cash flows from financing activities</u>			
Profit distributed to endowment		(2,381,733)	-
Proceeds from units issued		648,469	51,572,277
Net cash generated from financing activities		(1,733,264)	51,572,277
Net change in cash and cash equivalents		6,204,662	12,829,213
Cash and cash equivalents at 1 January / 1 November 2018		433,371	-
Cash and cash equivalents at 30 June		6,638,033	12,829,213
Non-cash transactions:			
Units issued against profit distribution reinvested in the Fund		1,020,742	-

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

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR SIX MONTHS ENDED 30 JUNE 2020

(All amounts are in Saudi Riyals unless otherwise stated)

1. GENERAL

Alinma Wareef Endowment Fund, (the “Fund”), is an open ended public fund created under an agreement between Alinma Investment Company (the “Fund Manager”), a subsidiary of Alinma Bank (the “Bank”), and “Wareef Charity” operating under King Faisal Specialist Hospital and Research Center” (the “Beneficiary”) in the Fund, in accordance with Shariah rules issued by the Shariah Board of the Fund Manager.

The Fund aims to enhance the developmental role of private endowments by participating and supporting health care services. The Fund will invest in the financial assets and make distribution of endowment yields to achieve the principle of social solidarity. From the endowed capital, the Fund distributes a percentage of the proceeds (endowment yields) on an annual and continuous basis to the endowment expenses specified for the Fund. Beneficiary represents the Fund in health and medical services, and the Beneficiary is committed to disbursement of health and medical services.

Capital Market Authority (“CMA”) granted approval for the establishment of the Fund in its letter number 18-4234-5-3 dated 27 Ramadan 1439 H (corresponding to 11 June 2018 G). The Fund commenced its operations on 23 Safar 1440 H (corresponding to 1 November 2018 G). The Fund has also obtained approval from General Authority of Awqaf through its letter number 5/1/116 dated 8 Ramadhan 1439H (corresponding to 23 May 2018G) for raising public subscription for endowments.

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. Furthermore, the Wareef Charity is considered to be the beneficial owner of the assets of the Fund.

A novel strain of coronavirus (Covid-19) was first identified at the end of December 2019 and subsequently declared as a pandemic in March 2020 by the World Health Organization (WHO). Covid-19 continues to spread all regions around the world, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities and hence a slowdown of economic activities and shutdown of many sectors at global and local levels.

The Fund has received dividends from its investments as planned. Although, some assets distributed lower return than expected but as of the reporting date, most of the Fund’s assets value insignificantly changed. The Covid-19 outbreak did not significantly impact the Fund’s operations. The Fund will continue to evaluate the nature and extent of the impact on its business and financial results, keeping on mind the long term goal and the nature of the Fund.

2. REGULATORY FRAMEWORK

The Fund is governed by the Investment Funds Regulations (the “Regulations”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006G) as amended by resolution of the CMA board on 16 Sha’aban 1437H (corresponding to 23 May 2016G).

3. BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard IAS-34 “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia.

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 interim condensed financial statements.

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR SIX MONTHS ENDED 30 JUNE 2020

(All amounts are in Saudi Riyals unless otherwise stated)

Statement of compliance (continued)

The disclosures made in these interim condensed financial statements have been limited in accordance with the requirements of IAS 34. These 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 annual audited financial statements of the Fund for the year ended 31 December 2019 ("last annual financial statements").

3.2 Basis of measurement

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 the order of liquidity.

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

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

3.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Fund.

3.4 Use of estimates and judgments

In preparing these interim condensed financial statements, management has made the judgement, estimates, and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgments, estimates, and underlying assumptions are reviewed on an ongoing basis and were the same as those described in the last annual financial statements.

However, as explained in note 1 above, the Fund has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of Covid-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the last annual financial statements. The Fund will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards issued; however, there are number of amendments to standards that are effective from 1 January 2020 and have been explained in the last annual financial statements, but they do not have a material effect on the interim condensed financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the last annual financial statements.

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 and are based on predetermined rates as specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

Management fee

The Fund Manager charges the Fund, on every valuation day, a management fee at an annual rate of 0.75% of the Fund's net assets value. These charges are calculated and accrued on each valuation day.

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

MANAGEMENT FEE, CUSTODY FEE AND OTHER EXPENSES (continued)*Custody fee*

The Fund accrues the custody fee expense at an annual rate of 0.1% of the net assets value with a maximum capping of SR 100,000 per annum.

Other expenses

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

7. CASH AND CASH EQUIVALENTS

		30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Note		
Cash in investment account		4,326,737	310,522
Cash in discretionary equity portfolio		2,311,296	122,849
	11	6,638,033	433,371

The cash and cash equivalents are held in the name of Fund Manager on behalf of the Fund without any restriction.

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
- Public funds (note 8.1)	27,168,467	27,818,787
- Discretionary equity portfolio (note 8.2)	11,837,993	13,841,726
- Private funds (note 8.3)	3,000,000	3,000,000
	42,006,460	44,660,513

8.1. Public Funds

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Musharaka REIT Fund	1,348,000	-
Derayah REIT Fund	942,708	5,076,204
Jadwa REIT Saudi Fund	640,815	2,556,714
Alinma Saudi Riyal Liquidity Fund	14,116,420	10,169,289
Itqan Murabahat and Sukuk Fund	1,550,883	1,526,098
AlBilad SAR Murabaha Fund	8,569,641	8,490,482
	27,168,467	27,818,787

Investment in these funds are valued at latest available net assets value (NAV). The geographical dispersion of above investments is within the Kingdom of Saudi Arabia.

8.2. Discretionary equity portfolio

This represents amount invested in a discretionary equity portfolio of shares listed on TADAWUL and managed by the Fund Manager.

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

8.3. Private Funds

This represents investment in Sidra Income Fund a private equity fund in the Kingdom of Saudi Arabia licensed by CMA. This fund is focused on investing in infrastructure supply chain transactions in Indonesia. The fund's transactions are denominated in US dollar. The fund has not published its audited financial statements for its first financial period ended 31 December 2019.

8.4. NET CHANGES IN INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 (Unaudited)	For the period from 1 November 2018 to 30 June 2019 (Unaudited)
- Realized fair value (loss) / gain	(4,205)	202,458
- Unrealized fair value (loss) / gain	(1,090,705)	1,602,676
	(1,094,910)	1,805,134

9. INVESTMENTS AT AMORTIZED COST

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Murabaha placements	-	6,000,000
Sukuk	5,377,256	5,383,797
Accrued income on Murabaha placements & Sukuk	42,533	60,100
	5,419,789	11,443,897

The above Sukuk are issued by the Government in the Kingdom of Saudi Arabia with an original maturity of 30 years (maturity April 2049) and carry a fixed coupon rate at 4.64 % per annum. This Sukuk is listed on TADAWUL.

The Murabaha placements of SR 6 million were matured during six months ended 30 June 2020.

10. ACCRUED AND OTHER LIABILITIES

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Accrued custody fee	56,551	27,453
Accrued management fee (note 11)	657,012	461,741
Other liabilities	136,696	116,003
	850,259	605,197

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the ordinary course of its activities, the Fund transacts with related parties. Related party transactions are in accordance with the Terms and Conditions of the Fund. All the related party transactions are approved by the Fund Board. Related parties comprise the Fund Board Members, Fund Manager, Alinma Bank (the parent Company of the Fund Manager) and entities related to the Bank and the Fund Manager.

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**Transactions:**

			30 June 2020 (Unaudited)	For the period from 1 November 2018 to 30 June 2019 (Unaudited)
<u>Related party</u>	<u>Relationship</u>	<u>Transactions</u>		
Alinma Investment Company	Fund Manager	Management fee	205,035	274,782
Fund Board	Members of the Fund Board	Brokerage expense	5,450	5,686
		Fund Board fee	20,000	10,000

Balances:

Balances with the related parties included in the interim condensed statement of financial position are as follows:

			30 June 2020 (Unaudited)	31 December 2019 (Audited)
<u>Related party</u>	<u>Relationship</u>	<u>Balances</u>		
Alinma Investment Company	Fund Manager	Cash and cash equivalents	6,638,033	433,371
		Accrued management fee	657,012	461,741
Fund Board	Members of the Fund Board	Accrued Fund Board fee	20,000	25,000

12. PROFIT DISTRIBUTION PAYABLE

The Fund will distribute profits of not less than 70% of the endowment yield on a periodic basis to the Beneficiary. The Fund Board will determine the percentage of the distribution of the profits as described in terms and conditions of the Fund.

The Fund has not approved any distribution during the period.

13. UNIT VALUE RECONCILIATION

In accordance with CMA circular no. 1/6/1872/17 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 30 June 2020 and 31 December 2019. However, the impact of ECL on these assets was immaterial. Accordingly, these interim condensed financial statements do not contain any ECL adjustment 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.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchies. This grouping is determined based on the lowest level of significant inputs used in the fair value measurement, as follows:

ALINMA WAREEF ENDOWMENT FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity instruments. The Fund does not adjust the quoted price for these instruments.

There were no transfers between the levels during the period.

The following table analyses, within the fair value hierarchy, the Fund's assets and liabilities (by class) measured at fair value at 30 June 2020 and 31 December 2019.

	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
30 June 2020 (Unaudited)	11,837,993	30,168,467	-
31 December 2019 (Audited)	13,841,726	30,818,787	-

Sukuk classified at amortized cost with a carrying value of SR 5.3 million (31 December 2019: SR 5.3 million), traded in an active market and with fair value of SR 6 million at 30 June 2020 (31 December 2019: SR 5.6 million).

For other assets and liabilities carried at amortized cost, their carrying values approximate their fair values.

Classification of financial instruments	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents	6,638,033	433,371
Investments at amortized cost	5,419,789	11,443,897
Dividend receivable	15,445	15,467
Financial assets at fair value through profit or loss		
Investments in public funds	27,168,467	27,818,787
Investments in discretionary portfolio	11,837,993	13,841,726
Investments in private funds	3,000,000	3,000,000

15. LAST VALUATION DAY

The last valuation day for the purpose of the preparation of these interim condensed financial statements is 30 June 2020 (2019: 31 December 2019).

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Manager on 6 Muharram 1442H (corresponding to 25 August 2020G).