

ALINMA SAUDI EQUITY FUND
(Managed by Alinma Investment Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

ALINMA SAUDI EQUITY FUND
Managed by Alinma Investment Company

**INTERIM CONDENSED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED
30 JUNE 2021**

Table of contents

	Page
Independent auditor's review report	2
Interim condensed statement of financial position	3
Interim condensed statement of profit or loss and other 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 ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Alinma Saudi Equity Fund** ("the Fund"), managed by Alinma Investment Company (the "Fund Manager") as of 30 June 2021 and the related interim condensed statements of profit or loss and other comprehensive income, changes in net assets attributable to unitholders and cash flows for six months then ended, 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") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

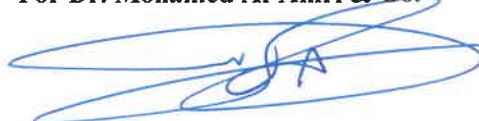
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on: 8 Muharram 1443 (H)
Corresponding to: 16 August 2021 (G)

ALINMA SAUDI EQUITY FUND
Managed by Alinma Investment Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	7	945,671	1,259,218
Investments at fair value through profit or loss ("FVTPL")	8	42,247,763	32,773,025
TOTAL ASSETS		43,193,434	34,032,243
<u>LIABILITIES</u>			
Redemptions payable		683,331	538,773
Accrued and other liabilities	9	163,092	587,726
TOTAL LIABILITIES		846,423	1,126,499
Net assets value attributable to unitholders		42,347,011	32,905,744
Units in issue (Numbers)		1,779,055	1,769,480
Net assets value - per unit	11	23.80	18.6

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

ALINMA SAUDI EQUITY FUND
Managed by Alinma Investment Company

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<u>INCOME</u>			
Dividend income		553,669	435,122
Net fair value changes in investments at fair value through profit or loss - FVTPL	8.2	8,681,058	(2,274,792)
		9,234,727	(1,839,670)
<u>EXPENSES</u>			
Management fee	10	(364,218)	(210,288)
Brokerage fee		(43,434)	(27,061)
Others		(61,202)	(46,972)
		(468,854)	(284,321)
Profit / (loss) for the period		8,765,873	(2,123,991)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		8,765,873	(2,123,991)

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

ALINMA SAUDI EQUITY FUND
Managed by Alinma Investment Company

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	30 June 2021	30 June 2020
Net assets at 1 January (Audited)	32,905,744	27,709,085
Total comprehensive income / (loss) for the period	8,765,873	(2,123,991)
Changes from unit transactions		
Units issued	12,400,720	718,102
Units redeemed	(11,725,326)	(4,249,056)
Net change from unit transactions	675,394	(3,530,954)
Net assets at 30 June (Unaudited)	42,347,011	22,054,140

UNIT TRANSACTIONS

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

	30 June 2021	30 June 2020
	Units	
Units at 1 January (Audited)	1,769,480	1,723,006
Units issued	577,552	50,235
Units redeemed	(567,977)	(295,930)
Net change in units	9,575	(245,695)
Units at 30 June (Unaudited)	1,779,055	1,477,311

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

ALINMA SAUDI EQUITY FUND
Managed by Alinma Investment Company

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<u>Cash flows from operating activities</u>			
Profit / (loss) for the period		8,765,873	(2,123,991)
<i>Adjustments for:</i>			
Unrealized fair value (gain) / loss on investments at FVTPL	8.2	(5,951,319)	2,413,290
Dividend income		(553,669)	(435,122)
		2,260,885	(145,823)
<u>Net changes in operating assets and liabilities</u>			
Investments at fair value through profit or loss - net		(3,523,420)	5,598,819
Accrued and other liabilities		(424,634)	(13,459)
Redemption payable		144,559	-
Net cash (used in) / generated from operations		(1,542,610)	5,439,537
Dividend received		553,669	435,122
Net cash (used) / generated from operating activities		(988,941)	5,874,659
<u>Cash flows from financing activities</u>			
Proceeds from units issued		12,400,720	718,102
Payments on redemption of units		(11,725,326)	(7,953,714)
Net cash generated / (used) in financing activities		675,394	(7,235,612)
<u>Net change in cash and cash equivalents</u>			
Net change in cash and cash equivalents		(313,547)	(1,360,953)
Cash and cash equivalents at 1 January		1,259,218	4,575,851
Cash and cash equivalents at 30 June	7	945,671	3,214,898

The accompanying notes from 1 to 14 form an integral part of these interim condensed financial statements.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

1. GENERAL

Alinma Saudi Equity Fund, (the “Fund”), is an open-ended fund created under an agreement between Alinma Investment Company (the “Fund Manager”), a subsidiary of Alinma Bank (the “Bank”) and investors in the Fund (the “Unitholders”), in accordance with Shariah rules issued by the Shariah board of the Fund Manager.

The Fund is designed for investors seeking capital appreciation, over the long term through diversified exposure to Shariah compliant publicly traded Saudi equities and financial products. All income is reinvested in the Fund and is reflected in the unit price.

Capital Market Authority (“CMA”) granted approval for the establishment of the Fund in its letter number (2010-7486-5) dated 21 Ramadan 1431 H (corresponding to 31 August 2010 G). The Fund commenced its operations on 26 Muharram 1432 H (corresponding to 1 January 2011 G).

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 Unitholders are considered to be the beneficial owners of the assets of the Fund.

Covid-19 update

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.

Fund’s performance is indirectly affected due to the effect of Covid-19 on economic activities and sectors performances. This is reflected in the values of different assets of the Fund.

The Fund does not foresee a going concern issue due to the above for at least 12 months after the reporting period. The Fund will further continue to evaluate the nature and extent of the impact on its operations and financial results.

2. REGULATORY FRAMEWORK

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 3 Dhul Hija 1427H (corresponding to 24 December 2006G) as amended by the resolution of CMA board on 16 Sha’aban 1437H (corresponding to 23 May 2016G). It is further amended by the resolution of CMA board on 12 Rajab 1442H (corresponding to 24 February 2021G).

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” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The Fund 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.

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 2020 (“last annual financial statements”).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

3.2 Basis of measurement

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

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

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. All financial information presented has been rounded to the nearest SR unless stated otherwise.

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 made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements.

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 2021 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 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 1.75% (31 December 2020: 1.75%) of the Fund's net assets value. These charges are calculated and accrued on each valuation day.

Custody fee

The Fund accrues custody fee expense at an annual rate of 0.025% (31 December 2020: 0.025%) of the net assets value at the end of each valuation day. The fund also accrues additional custody fee of SR 25 per transaction

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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

7. CASH AND CASH EQUIVALENTS

		30 June 2021	31 December 2020
	Note	(Unaudited)	(Audited)
Cash at bank	10	209,868	45,553
Cash in investment account	10	735,803	1,213,665
		945,671	1,259,218

The bank balance is maintained with a local bank. 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 2021	31 December 2020
		(Unaudited)	(Audited)
Listed equity securities		42,247,763	32,773,025

Investments in listed equity securities is valued at published market price on Tadawul. The geographical dispersion of above investments is within the Kingdom of Saudi Arabia.

8.1 The classification of investments at fair value through profit or loss into industry groups specified by Tadawul is summarized as follows:

	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
Industry group	%	SR	%	SR
Materials	31	13,121,801	31	10,006,500
Banks	26	10,817,750	20	6,555,535
Telecommunication	15	6,221,972	9	2,915,848
Insurance	10	4,153,057	6	2,074,990
Health care equipment & services	5	2,028,177	12	4,018,679
Food & beverages	5	2,052,343	6	1,928,948
Information technology	5	1,970,286	-	-
Energy	3	1,882,376	10	3,249,890
Transportation	-	-	6	2,022,635
	100	42,247,762	100	32,773,025

8.2 NET FAIR VALUE CHANGES IN INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021	30 June 2020
	(Unaudited)	(Unaudited)
- Unrealized fair value gain	5,951,319	138,498
- Realized fair value loss	2,729,739	(2,413,290)
	8,681,058	(2,274,792)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

9. ACCRUED AND OTHER LIABILITIES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accrued custody fee	1,449	1,518
Management fee payable (note 10)	59,535	43,667
Other liabilities	102,108	578,144
	163,092	623,329

10. 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 Manager, Alinma Bank (the "Parent Company of the Fund Manager") and entities related to the Bank and the Fund Manager.

The Unitholders' account included units held by related parties as follows:

	Units (Number)	Net assets value SR	% of total Units
Units owned by the Fund Manager			
30 June 2021 (Unaudited)	213,949	5,091,990	12%
31 December 2020 (Audited)	460,775	8,570,415	26%

Transactions:

Significant transactions with related parties in the ordinary course of Fund's business included in the interim condensed financial statements are summarized below:

Related party	Relationship	Transaction	For six months ended	
			30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Alinma Investment Company	Fund Manager	Management fee	(364,218)	(210,288)
		Brokerage fee	(43,434)	(27,061)
		Units redeemed	(5,000,000)	(1,845,488)
Fund Board Members	Members of Fund Board	Fund board fee	(12,000)	(12,000)
Alinma Bank	Parent Company of the Fund Manager	Dividend income	46,626	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES *(continued)*

Balances:

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

			30 June 2021	31 December 2020
<u>Related party</u>	<u>Relationship</u>	<u>Balance</u>	(Unaudited)	(Audited)
Alinma Investment Company	Fund Manager	Management fee payable	(59,535)	(1,573)
		Cash in investment account	735,803	1,213,665
Alinma Bank	Parent Company of the Fund Manager	Cash at bank	209,868	45,553

11. UNIT VALUE RECONCILIATION

In accordance with CMA circular no. 1/6/7218/17 dated 13 Rabi Al-Thani 1439H (corresponding to December 31, 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 the financial reporting.

All financial assets held at amortized cost were considered for ECL as on 30 June 2021 and 31 December 2020. 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 is same as to the unit price calculated for the purpose of unit transactions is not required.

12. 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 interim condensed 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:

- 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 2021 and 31 December 2020.

	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
30 June 2021 (Unaudited)	42,247,763	-	-
31 December 2020 (Audited)	32,773,025	-	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

12. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

Classification of financial instruments

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents	945,671	1,259,218
Financial assets at fair value through profit or loss		
Investments in listed equity securities	42,247,763	32,773,025

13. LAST VALUATION DAY

The last valuation day for the purpose of the preparation of these interim condensed financial statements is 30 June 2021 (2020: 31 December 2020).

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Manager on 8 Muharram 1443H (corresponding to 16 August 2021G).
