

ALINMA SAUDI EQUITY FUND
(Managed by Alinma Investment Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT

ALINMA SAUDI EQUITY FUND
(Managed by Alinma Investment Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
To the Unitholders of Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Saudi Equity Fund ("the Fund") being managed by Alinma Investment Company (the "Fund Manager") as at 30 June 2022, and the related interim condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Fund Manager 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 the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

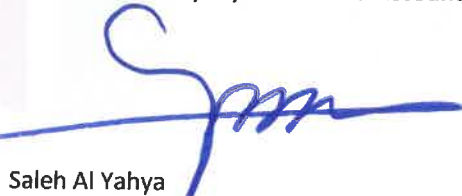
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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.

Other Matters

The financial statements of the Fund for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 Sha'ban 1443H (corresponding to 28 March 2022). Further, the interim condensed financial statements of the Fund for the six-month period ended 30 June 2021, were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 8 Muharram 1443H (corresponding to 16 August 2021).

for Alluhaid & Alyahya Chartered Accountants



Saleh Al Yahya
Certified Public Accountant
License number 473

Riyadh: 9 Muharram 1444H
(7 August 2022)



ALINMA SAUDI EQUITY FUND
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
ASSETS			
Cash and cash equivalents		1,053,060	6,850,727
Financial assets at fair value through profit or loss ("FVTPL")	5	59,906,242	53,334,942
TOTAL ASSETS		60,959,302	60,185,669
LIABILITIES AND EQUITY			
LIABILITIES			
Redemptions payable		75,285	6,401,175
Accrued expenses and other liabilities		244,741	201,267
TOTAL LIABILITIES		320,026	6,602,442
EQUITY			
Net assets attributable to unitholders of redeemable units		60,639,276	53,583,227
TOTAL LIABILITIES AND EQUITY		60,959,302	60,185,669
Redeemable units in issue (numbers)		2,143,298	2,056,605
Net asset value attributable to unit holders (SR)		28.29	26.05

The accompanying notes from 1 to 9 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

		<i>Unaudited</i>	
		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
<i>Note</i>		<i>SR</i>	<i>SR</i>
INCOME			
	Gain on financial assets at FVTPL	4,514,494	8,681,058
	Dividend income	528,755	553,669
TOTAL INCOME		5,043,249	9,234,727
OPERATING EXPENSES			
	Management fees	(688,099)	(364,218)
	Brokerage fees	(59,956)	(43,434)
	Others	(89,667)	(61,202)
TOTAL OPERATING EXPENSES		(837,722)	(468,854)
NET INCOME FOR THE PERIOD		4,205,527	8,765,873
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,205,527	8,765,873

The accompanying notes from 1 to 9 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

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net income for the period	4,205,527	8,765,873
Adjustments for:		
Gain on financial assets at FVTPL	(4,514,494)	(8,681,058)
Dividend income	(528,755)	(553,669)
	(837,722)	(468,854)
Changes in operating assets and liabilities:		
Increase in financial assets at FVTPL	(2,056,806)	(793,681)
Increase (decrease) in accrued expenses and other liabilities	43,474	(424,634)
(Decrease) increase in redemption payable	(6,325,890)	144,559
	(9,176,944)	(1,542,610)
Dividend received	528,755	553,669
Net cash flows used in operating activities	(8,648,189)	(988,941)
FINANCING ACTIVITIES		
Proceeds from issuance of units	27,046,275	12,400,720
Payments against redemption of units	(24,195,753)	(11,725,326)
Net cash flows from financing activities	2,850,522	675,394
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,797,667)	(313,547)
Cash and cash equivalents at beginning of the period	6,850,727	1,259,218
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,053,060	945,671

The accompanying notes from 1 to 9 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 EQUITY

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	53,583,227	32,905,744
Comprehensive income:		
Net income for the period	4,205,527	8,765,873
Other comprehensive income for the period	-	-
Total comprehensive income for the period	4,205,527	8,765,873
	57,788,754	41,671,617
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	27,046,275	12,400,720
Payments against redemption of units	(24,195,753)	(11,725,326)
Net change from unit transactions	2,850,522	675,394
EQUITY AT THE END OF THE PERIOD	60,639,276	42,347,011

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units for the period are summarised as follows:

	<i>Unaudited</i>	
	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	2,056,605	1,769,480
Units issued during the period	865,095	577,552
Units redeemed during the period	(778,402)	(567,977)
Net increase in units	86,693	9,575
UNITS AT THE END OF THE PERIOD	2,143,298	1,779,055

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements.

ALINMA SAUDI EQUITY FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

1 INCORPORATION AND ACTIVITIES

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 1431H (corresponding to 31 August 2010). The Fund commenced its operations on 26 Muharram 1432 H (corresponding to 1 January 2011).

The Fund is managed by Alinma Investment Company (the "Fund Manager"), a closed joint stock company with commercial registration number 1010269764, licensed by the Capital Market Authority of the Kingdom of Saudi Arabia (“CMA”) under license number 09134-37.

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.

The Fund has appointed Riyadh Capital Company (the “Custodian”) to act as its custodian. The fees of the custodian are paid by the Fund.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA detailing requirements for all Investment Funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements for the six-months period ended 30 June 2022 of the Fund have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

The Fund Manager has prepared the financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all 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 2021.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under historical cost convention, except for the financial assets that are measured at FVTPL which are measured at fair value.

The interim condensed statement of financial position is stated broadly in order of liquidity.

3.3 Functional and presentation currency

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

ALINMA SAUDI EQUITY FUND
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

3 BASIS OF PREPARATION (continued)

3.4 Use of judgements, estimates and assumptions

In preparing these interim condensed financial statements, the Fund Manager 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 the Fund Manager 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.

4 SIGNIFICANT ACCOUNTING POLICIES

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 2021 except for the adoption of new standards effective as of 1 January 2022. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but not effective yet.

5 FINANCIAL ASSETS AT FVTPL

Financial assets classified at FVTPL comprised of investment in equity instruments of entities listed and registered in the Kingdom of Saudi Arabia.

Industry concentration of the investment portfolio of the Fund is disclosed in the table below:

Industry group	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Cost SR	Fair value SR	% of market value	Cost SR	Fair value SR	% of market value
Banks	21,357,494	21,618,002	36.09	13,019,183	17,631,713	33.05
Materials	16,382,877	15,366,693	25.65	10,679,294	12,142,301	22.77
Real Estate						
Management and Development	4,490,975	4,297,344	7.17	2,242,748	1,724,508	3.23
Health care equipment and services	4,321,077	4,102,746	6.85	2,743,716	2,764,862	5.18
Energy	3,563,185	3,803,758	6.35	4,565,943	4,600,694	8.63
Retailing	3,324,529	3,643,908	6.08	2,700,581	2,729,258	5.12
Utilities	3,224,580	3,222,552	5.38	-	-	-
Software	1,629,036	2,994,720	5.00	1,880,641	2,274,936	4.27
Telecommunication services	952,011	856,519	1.43	6,771,635	7,257,872	13.61
Transportation	-	-	-	2,185,846	2,208,798	4.14
	59,245,764	59,906,242	100.00	46,789,587	53,334,942	100.00

ALINMA SAUDI EQUITY FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

6 RELATED PARTY TRANSACTIONS AND BALANCES

In ordinary course of activities, the Fund transacts business with related parties. The related party transactions are governed by limit set by the terms and conditions. All related party transactions are disclosed to the Fund Board of Director.

Related parties of the Fund include the Fund Manager, the bank, entities related to the Bank and the Fund Manager and any party that has the ability to control other party or exercise significant influence over the party in making financial or operational decisions.

6.1 Related party transactions

The following are the details of the significant transactions with related parties during the period

Name of related party	Nature of relationship	Nature of transaction	For the six-month period ended	
			Unaudited	
			30 June 2022 SR	30 June 2021 SR
Alinma Investment Company	Fund Manager	Management fees	(688,099)	(364,218)
		Brokerage fee	(59,956)	(43,434)
		Units redeemed	-	(5,000,000)
Fund Board	Members of Fund Board	Fund Board fee	(12,000)	(12,000)
Alinma Bank	Parent Company of the Fund Manager	Dividend income	74,402	46,626

6.2 Related party balances

The following are the details of the significant transactions with related parties during the period/year:

Name of related party	Nature of relationship	Balances	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Alinma Investment Company	Parent Company of Fund Manager	Cash at bank	218,855	621,092
		Investment in shares	5,514,240	4,314,309
Alinma Investment Company	Fund Manager	Management fee payable	91,767	(90,036)

7 FAIR VALUE MEASUREMENT

The Fund held financial assets at FVTPL which is measured at fair values and are classified within level 1 of the fair value hierarchy. The fair value of all other financial assets and liabilities classified as amortized cost approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

ALINMA SAUDI EQUITY FUND
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2022

8 LAST VALUATION DATE

The last valuation date of the period was 30 June 2022 (31 December 2021: 30 December 2020).

9 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 9 Muharram 1444H (corresponding to 7 August 2022).