

**ALINMA SAUDI RIYAL LIQUIDITY 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 Riyal Liquidity Fund  
(Managed by Alinma Investment Company)

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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 Riyal Liquidity Fund  
(Managed by Alinma Investment Company)

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Saudi Riyal Liquidity 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.

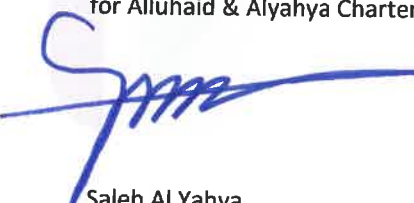
### Conclusion

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 Matter

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 Muhammar 1444H  
(7 August 2022)



Alinma Saudi Riyal Liquidity Fund  
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
<b>ASSETS</b>			
Cash and cash equivalents	5	2,602,230,338	176,566,356
Financial assets at fair value through profit or loss ("FVTPL")	6	472,567,496	1,365,708,356
Financial assets at amortized cost	7	2,347,321,829	6,811,207,711
Accrued special commission income		5,422,946	519,707
<b>TOTAL ASSETS</b>		<b>5,427,542,609</b>	<b>8,354,002,130</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Redemptions payable		18,580	2,813,271
Accrued expenses and other current liabilities		3,314,029	3,196,208
<b>TOTAL LIABILITIES</b>		<b>3,332,609</b>	<b>6,009,479</b>
<b>EQUITY</b>			
Net assets attributable to unitholders of redeemable units		5,424,210,000	8,347,992,651
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,427,542,609</b>	<b>8,354,002,130</b>
Redeemable units in issue (numbers)		460,337,687	713,494,166
Net asset value per unit attributable to unitholders (SR)		11.78	11.70

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

Alinma Saudi Riyal Liquidity Fund  
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

	<i>Note</i>	<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>
<b>INCOME</b>			
Special commission income		<b>65,584,607</b>	49,285,569
Gain on financial assets at FVTPL		<b>6,859,141</b>	11,707,870
<b>TOTAL INCOME</b>		<b>72,443,748</b>	60,993,439
<b>OPERATING EXPENSES</b>			
Management fees	8	<b>(15,486,095)</b>	(11,843,553)
(Charge for) reversal of expected credit loss on financial assets at amortised cost		<b>(4,038,506)</b>	6,963,308
Other expenses		<b>(510,145)</b>	(544,964)
<b>TOTAL OPERATING EXPENSES</b>		<b>(20,034,746)</b>	(5,425,209)
<b>NET INCOME FOR THE PERIOD</b>		<b>52,409,002</b>	55,568,230
Other comprehensive income for the period		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>52,409,002</b>	55,568,230

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

Alinma Saudi Riyal Liquidity 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>SR</i>	<i>SR</i>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	52,409,002	55,568,230
Adjustments for:		
Gain on financial assets at FVTPL	(6,859,141)	(11,707,870)
Special commission income	(65,584,607)	(49,285,569)
Charge for (reversal of) expected credit loss on financial assets at amortised cost	4,038,506	(6,963,308)
	(15,996,240)	(12,388,517)
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at FVTPL	900,000,001	(749,882,048)
Decrease (increase) in financial assets at amortized cost	4,438,589,112	(2,338,158,971)
Increase in accrued expenses and other current liabilities	117,821	287,804,996
Decrease in redemptions payable	(2,794,691)	-
	5,319,916,003	(2,812,624,540)
Special commission income received	81,939,632	49,557,462
Net cash flows from (used in) operating activities	5,401,855,635	(2,763,067,078)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	2,907,464,239	6,266,783,704
Payments against redemption of units	(5,883,655,892)	(3,403,951,510)
Net cash flows (used in) from financing activities	(2,976,191,653)	2,862,832,194
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,425,663,982	99,765,116
Cash and cash equivalents at beginning of the period	176,566,356	194,042,385
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	2,602,230,338	293,807,501

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

Alinma Saudi Riyal Liquidity 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>
<b>EQUITY AT THE BEGINNING OF THE PERIOD</b>	<b>8,347,992,651</b>	<b>6,680,548,280</b>
<b>Comprehensive income:</b>		
Net income for the period	<b>52,409,002</b>	55,568,230
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<b>52,409,002</b>	55,568,230
	<b>8,400,401,653</b>	6,736,116,510
<b>CHANGE FROM UNIT TRANSACTIONS</b>		
Proceeds from issuance of units	<b>2,907,464,239</b>	6,266,783,704
Payments against redemption of units	<b>(5,883,655,892)</b>	(3,403,951,510)
Net change from unit transactions	<b>(2,976,191,653)</b>	2,862,832,194
<b>EQUITY AT THE END OF THE PERIOD</b>	<b>5,424,210,000</b>	<b>9,598,948,704</b>

**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>
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<b>713,494,166</b>	578,207,297
Units issued during the period	<b>247,745,360</b>	540,354,149
Units redeemed during the period	<b>(500,901,839)</b>	(293,274,432)
Net (decrease) increase in units	<b>(253,156,479)</b>	247,079,717
<b>UNITS AT THE END OF THE PERIOD</b>	<b>460,337,687</b>	<b>825,287,014</b>

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

# Alinma Saudi Riyal Liquidity Fund (Managed by Alinma Investment Company)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS 30 June 2022

### **1 INCORPORATION AND ACTIVITIES**

Alinma Saudi Riyal Liquidity 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 (the “Unitholders”) in the Fund, in accordance with CMA regulations and Shariah rules issued by the Shariah board of the Fund Manager.

The Fund is designed for investors seeking capital preservation and high liquidity through exposure to Shariah compliant products. All income is reinvested in the Fund and is reflected in the unit price. CMA granted approval for the establishment of the Fund in its letter number 2010/7487/5 dated 21 Ramadhan 1431H (corresponding to 31 August 2010). The Fund commenced its operations on 26 Muharram 1432H (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 (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 interim condensed 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 doubt 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 at FVTPL which are measured at fair value.

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

#### **3.3 Financial 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 Riyal Liquidity 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, 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.

**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 CASH AND CASH EQUIVALENTS**

	<b>30 June 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
Cash at bank - current account	<b>3,499,843</b>	12,427,013
Cash in investment account	<b>269,418,127</b>	113,310,450
Murabaha deposit (i)	<b>2,329,565,498</b>	50,829,297
	<b>2,602,483,468</b>	176,566,760
Less: Allowance for expected credit loss (note 5.1)	<b>(253,130)</b>	(404)
	<b>2,602,230,338</b>	176,566,356

- (i) Murabaha deposit is placed with several banks and investment company with original maturity of 3 months or less and carries an average special commission income rate of 3.20% per annum (31 December 2021: 1.75%)

**5.1 Expected credit loss allowance**

Expected credit loss allowance for cash and cash equivalents is as follows:

	<b>30 June 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
Credit loss allowance on cash and bank balances	<b>4,094</b>	251
Credit loss allowance on Murabaha deposit	<b>249,036</b>	153
	<b>253,130</b>	404

Alinma Saudi Riyal Liquidity Fund  
(Managed by Alinma Investment Company)

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

**6 FINANCIAL ASSETS AT FVTPL**

Financial assets at FVTPL comprised of investment in public funds that are registered in the Kingdom of Saudi Arabia.

	<b>30 June 2022</b> <b>(Unaudited)</b>		<b>31 December 2021</b> <b>(Audited)</b>	
	<i>Cost</i> <i>(SR)</i>	<i>Market</i> <i>value</i> <i>(SR)</i>	<i>Cost</i> <i>(SR)</i>	<i>Market</i> <i>value</i> <i>(SR)</i>
Investment in public funds	<b>456,933,730</b>	<b>472,567,496</b>	1,338,784,839	1,365,708,356

**7 FINANCIAL ASSETS AT AMORTISED COST**

	<b>30 June</b> <b>2022</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December</b> <b>2021</b> <b>(Audited)</b> <b>SR</b>
Murabaha deposits (i)	<b>1,528,737,678</b>	5,967,579,517
Sukuks (ii)	<b>810,000,000</b>	810,000,000
Accrued special commission income	<b>13,996,844</b>	35,255,107
	<b>2,352,734,522</b>	6,812,834,624
Less: Allowance for expected credit loss	<b>(5,412,693)</b>	(1,626,913)
	<b>2,347,321,829</b>	6,811,207,711

(i) This represents Murabaha deposits placed with several banks operating in Saudi Arabia and Gulf countries with original maturities of 1 year and carried an average special commission income rate of 2.58% per annum (31 December 2021: 1.69%).

(ii) This represents Sukuks issued by Aljazeera, Alinma bank, bank Albilad, Rawabi holdings and Saudi Real Estate Refinance Company operating in Kingdom of Saudi Arabia with original maturities between 2 and 10 years and carries an average special commission income rate of 4.48% per annum (31 December 2021: carries an average special commission income rate of 4.48%).

**8 RELATED PARTY TRANSACTIONS AND BALANCES**

In ordinary course of activities, the Fund transacts business with related parties. The related party transactions are in accordance with the terms and conditions of the Funds. All related party transactions are approved by the Fund's Board of Directors.

Related parties of the Fund include the Fund's Board of Directors, 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.

Alinma Saudi Riyal Liquidity Fund  
(Managed by Alinma Investment Company)

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

**8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**8.1 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	Unaudited For the six-month period ended	
			30 June 2022 SR	30 June 2021 SR
Alinma Investment Company	Fund Manager	Management fees	15,486,095	11,843,553
		Brokerage fee	20,780	17,966
Board of Director	Members of Board of Director	Board fees expense	12,000	12,000

**8.2 Related party balances**

Period/year end balances receivable (payable) arising from transactions with related parties are as follows:

Name of related party	Nature of relationship	Balance	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Alinma Bank	Parent Company of Fund Manager	Cash at bank	3,499,843	12,427,013
		Murabaha deposits	251,850,694	1,385,786,120
		Receivable against matured sukuks	-	227,250,000
Alinma Investment Company	Fund Manager	Accrued management fee	(2,528,898)	(2,416,354)
		Murabaha deposits	230,479,167	50,392,708
		Cash in investment account	269,418,127	113,310,450

**9 FAIR VALUE MEASUREMENT**

Financial assets consists of cash and cash equivalents, financial assets at FVTPL, financial assets at amortized cost, receivables against matured sukuks and accrued special commission income. Financial liabilities consists of redemptions payable and other liabilities.

Due to short-term nature of most of the financial instruments, their carrying amounts approximates to the fair values and all financial assets and financial liabilities are classified as level 2.

The following table shows the fair values of financial assets, including their levels in the fair value hierarchy:

As at 30 June 2022 (Unaudited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at FVTPL (note 6)	-	472,567,496	-	472,567,496

Alinma Saudi Riyal Liquidity Fund  
(Managed by Alinma Investment Company)

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

**9 FAIR VALUE MEASUREMENT (continued)**

<i>As at 31 December 2021 (Audited)</i>	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Financial assets at FVTPL (note 6)	-	1,365,708,356	-	1,365,708,356

**10 LAST VALUATION DATE**

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

**11 COMPARATIVE FIGURES**

Certain of the prior period amounts have been reclassified to conform to the presentation in the current period.

**12 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).