

ALINMA IPO 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 IPO 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 IPO Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma IPO 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 notes to the interim condensed financial statements, 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 is 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 24 Sha'ban 1443H (corresponding to 27 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 IPO 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		2,902,382	5,322,098
Financial assets at fair value through profit or loss ("FVTPL")	5	142,529,662	119,058,827
Dividend receivable		100,810	-
TOTAL ASSETS		145,532,854	124,380,925
LIABILITIES AND EQUITY			
LIABILITIES			
Redemptions payable		15,196	62,000
Accrued expenses and other liabilities		506,496	433,283
TOTAL LIABILITIES		521,692	495,283
EQUITY			
Net assets attributable to unitholders of redeemable units		145,011,162	123,885,642
TOTAL LIABILITIES AND EQUITY		145,532,854	124,380,925
Redeemable units in issue (numbers)		10,897,474	10,277,020
Net asset value attributable to unitholders (SR)		13.31	12.05

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

ALINMA IPO 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	11,706,173	16,993,107
	Dividend income	2,022,213	1,437,952
	TOTAL INCOME	13,728,386	18,431,059
OPERATING EXPENSES			
	Management fees	(818,546)	(529,963)
	Brokerage expense	(82,546)	(29,711)
	Other expenses	(150,596)	(106,553)
	TOTAL OPERATING EXPENSES	(1,051,688)	(666,227)
	NET INCOME FOR THE PERIOD	12,676,698	17,764,832
	Other comprehensive income	-	-
	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,676,698	17,764,832

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

ALINMA IPO FUND

(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	<i>Note</i>	<i>Unaudited</i>	
		<i>For the six-month period ended</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Net income for the period		12,676,698	17,764,832
Adjustments for:			
Gain on financial assets at FVTPL	5	(11,706,173)	(16,993,107)
Dividend income		(2,022,213)	(1,437,952)
		(1,051,688)	(666,227)
Changes in operating assets and liabilities:			
(Increase) decrease in financial assets at FVTPL		(11,764,662)	3,399,853
Increase (decrease) in accrued expenses and other liabilities		73,213	(1,030,399)
Decrease in accrued redemption payable		(46,804)	(13,968)
		(12,789,941)	1,689,259
Dividend received		1,921,403	1,437,952
Net cash flows (used in) from operating activities		(10,868,538)	3,127,211
FINANCING ACTIVITIES			
Proceeds from issuance of units		20,061,272	1,616,610
Payments against redemption of units		(11,612,450)	(5,897,373)
Net cash flows from (used in) financing activities		8,448,822	(4,280,763)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,419,716)	(1,153,552)
Cash and cash equivalents at beginning of the period		5,322,098	1,531,348
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		2,902,382	377,796

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

ALINMA IPO 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	123,885,642	86,546,688
Comprehensive income:		
Net income for the period	12,676,698	17,764,832
Other comprehensive income for the period	-	-
Total comprehensive income for the period	12,676,698	17,764,832
	136,562,340	104,311,520
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	20,061,272	1,616,610
Payments against redemption of units	(11,612,450)	(5,897,373)
Net change from unit transactions	8,448,822	(4,280,763)
EQUITY AT THE END OF THE PERIOD	145,011,162	100,030,757

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	10,277,020	9,067,113
Units issued during the period	1,482,354	151,792
Units redeemed during the period	(861,900)	(549,961)
Net increase (decrease) in units	620,454	(398,169)
UNITS AT THE END OF THE PERIOD	10,897,474	8,668,944

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

ALINMA IPO FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

1 INCORPORATION AND ACTIVITIES

Alinma IPO 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 Shariah rules issued by the Shariah board of the Fund Manager.

The main objective of the fund is to achieve long term capital appreciation by investing in Shariah compliant Initial Public Offerings of Saudi Companies, rights issues and ump offering as well as Shariah-Compliant Saudi Companies that have been listed in the Saudi Stock Exchanges for 3 years or less. The Fund may also invest in Shariah-Compliant funds with similar objectives. All income is reinvested in the Fund and is reflected in the unit price.

The Capital Market Authority (“CMA”) granted approval for the establishment of the Fund in its letter number 15/6751/5/1 dated 4 Rajab 1436H (corresponding to 23 April 2015). The Fund commenced its operations on 29 Rajab 1436H (corresponding to 18 May 2015).

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

ALINMA IPO FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

3 BASIS OF PREPARATION (continued)

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.

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

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Listed equities (i)	134,399,554	142,418,231	98,979,908	118,948,273
Investment in public fund	101,867	111,431	101,867	110,554
	134,501,421	142,529,662	99,081,775	119,058,827

ALINMA IPO FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

5 FINANCIAL ASSETS AT FVTPL (continued)

- (i) Listed equities 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
Utilities	25,270,178	29,736,172	20.88	3,383,016	5,074,524	4.27
Energy	23,786,973	28,053,719	19.70	23,755,458	24,081,729	20.25
Software	16,449,297	19,713,167	13.84	7,302,195	15,348,823	12.90
Real Estate						
Management and Development	16,366,306	14,791,737	10.39	16,214,117	15,262,762	12.83
Consumer Services	14,097,251	13,036,314	9.15	7,850,685	14,097,251	11.85
Transportation	13,847,780	12,610,055	8.85	8,974,264	7,280,525	6.12
Diversified Financials	7,150,265	8,565,291	6.01	3,353,917	3,764,565	3.16
Materials	5,726,754	6,047,799	4.25	5,895,953	6,218,058	5.23
Commercial and Professional Services	5,556,056	4,488,708	3.15	5,940,264	5,556,056	4.67
Food and Staples						
Retailing	3,086,440	2,832,760	1.99	1,499,820	1,452,326	1.22
Media and Entertainment	1,786,990	1,732,250	1.22	1,765,800	1,786,990	1.50
Health Care equipment and Services	1,275,264	810,259	0.57	10,640,289	13,607,547	11.44
Capital Goods		-		2,404,130	5,417,117	4.56
	134,399,554	142,418,231	100.00	98,979,908	118,948,273	100.00

6 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.

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 transactions	Unaudited For the six-month period ended	
			30 June 2022 SR	30 June 2021 SR
Alinma Investment Company	Fund Manager	Management fees Brokerage fee	(818,546) (82,546)	(529,963) (29,711)
Fund Board	Members of Fund Board	Fund Board fee	(12,000)	(12,000)

ALINMA IPO FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

6.2 Related party balances

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

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Balance</i>	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Alinma Bank	Parent Company of Fund Manager	Cash at bank	446,012	968,668
Alinma Investment Company	Fund Manager	Accrued management fee	(124,978)	(107,360)

7 FAIR VALUE MEASUREMENT

Financial assets consists of cash and cash equivalents and financial assets at FVTPL. 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 5)	142,418,231	111,431	-	142,529,662
As at 31 December 2021 (Audited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at FVTPL (note 5)	118,948,273	110,554	-	119,058,827

8 LAST VALUATION DATE

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

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).