

ALINMA WAREEF ENDOWMENT 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 WAREEF ENDOWMENT 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 Wareef Endowment Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Wareef Endowment 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 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 26 Sha'ban 1443H (corresponding to 29 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 9 Muharram 1443H (corresponding to 17 August 2021).

for Alluhaid & Alyahya Chartered Accountants



Saleh Al Yahya
Certified Public Accountant
License number 473

Riyadh: 17 Muharram 1444H
(15 August 2022)



ALINMA WAREEF ENDOWMENT FUND

(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
	<i>Note</i>		
ASSETS			
Cash and cash equivalents		2,308,380	1,822,046
Financial assets at fair value through profit or loss ("FVTPL")	5	50,476,784	46,228,192
Financial assets at amortized cost	6	16,536,151	16,620,269
Advances for acquisition of financial assets at FVTPL		186,510	809,200
TOTAL ASSETS		69,507,825	65,479,707
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other liabilities		413,367	352,385
TOTAL LIABILITIES		413,367	352,385
EQUITY			
Net assets attributable to unitholders of units		69,094,458	65,127,322
TOTAL LIABILITIES AND EQUITY		69,507,825	65,479,707
Units in issue (numbers)		5,642,299	5,538,441
Net asset value attributable to unitholders (SR)		12.25	11.76

The accompanying notes from 1 to 11 form an integral part of these interim condensed financial statements.

ALINMA WAREEF ENDOWMENT 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>	
		30 June	30 June
		2022	2021
		SR	SR
INCOME			
Gain on financial assets at FVTPL		4,214,734	4,609,266
Dividend income		502,566	289,427
Special commission income		393,135	290,199
TOTAL INCOME		5,110,435	5,188,892
OPERATING EXPENSES			
Management fees	7	(307,102)	(232,280)
Charge for expected credit loss on financial assets at amortised cost		(83,258)	-
Other operating expenses		(131,039)	(102,859)
TOTAL OPERATING EXPENSES		(521,399)	(335,139)
NET INCOME FOR THE PERIOD		4,589,036	4,853,753
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,589,036	4,853,753

The accompanying notes from 1 to 11 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

	<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>
OPERATING ACTIVITIES		
Net income for the period	4,589,036	4,853,753
Adjustments for:		
Gain on financial assets at FVTPL	(4,214,734)	(4,555,608)
Dividend income	(502,566)	(289,427)
Special commission income	(393,135)	(290,199)
Charge for expected credit loss on financial assets at amortized cost	83,258	-
	(438,141)	(281,481)
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at FVTPL	(33,858)	1,511,959
Decrease (increase) in financial assets at amortised cost	236,511	(3,011,825)
Increase in accrued expenses and other current liabilities	60,982	223,422
Decrease in advances for acquisition of financial assets at FVTPL	622,690	809,200
	448,184	(748,725)
Dividends received	502,566	289,427
Special commission received	157,484	60,950
Net cash flows from (used in) operating activities	1,108,234	(398,348)
FINANCING ACTIVITIES		
Proceeds from issuance of units	1,347,426	827,161
Dividend distributions	(1,969,326)	(966,828)
Net cash flows used in financing activities	(621,900)	(139,667)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	486,334	(538,015)
Cash and cash equivalents at beginning of the period	1,822,046	2,602,157
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,308,380	2,064,142

The accompanying notes from 1 to 11 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 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	65,127,322	57,276,241
Comprehensive income:		
Net income for the period	4,589,036	4,853,753
Other comprehensive income for the period	-	-
Total comprehensive income for the period	4,589,036	4,853,753
Dividend distributions	(1,969,326)	(966,828)
	67,747,032	61,163,166
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	1,347,426	827,161
Net change from unit transactions	1,347,426	827,161
EQUITY AT THE END OF THE PERIOD	69,094,458	61,990,327

UNIT TRANSACTIONS

Transactions in units for the period are summarized 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	5,538,441	5,430,014
Units issued during the period	103,858	77,034
Net increase in units	103,858	77,034
UNITS AT THE END OF THE PERIOD	5,642,299	5,507,048

The accompanying notes from 1 to 11 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

30 June 2022

1 INCORPORATION AND ACTIVITIES

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 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). The Fund commenced its operations on 23 Safar 1440 H (corresponding to 1 November 2018). 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 2018) for raising public subscription for endowments.

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.

Wareef Fund Real-Estate Company, a limited liability company with commercial registration number 1010501766, has been established and approved by CMA as a special purpose vehicle (“SPV”) for the beneficial interests of the Fund.

The Fund has appointed NOMW Capital Company for Financial Consultant (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 Organization 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.

ALINMA WAREEF ENDOWMENT FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

3 BASIS OF PREPARATION (continued)

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.

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)	33,441,946	34,634,420	24,375,479	29,014,683
Investment in public funds	8,939,223	9,007,376	11,944,037	12,221,509
Investment in private funds	6,834,990	6,834,988	4,992,000	4,992,000
	<u>49,216,159</u>	<u>50,476,784</u>	<u>41,311,516</u>	<u>46,228,192</u>

ALINMA WAREEF ENDOWMENT 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
Banks	5,475,538	8,870,100	25.6%	4,442,158	7,294,041	25.1%
REITs	9,231,273	8,355,876	24.1%	4,641,396	5,732,967	19.8%
Materials	6,501,771	4,660,817	13.5%	3,331,797	4,645,511	16.0%
Retailing	3,169,673	3,026,950	8.7%	784,838	972,389	3.4%
Food and Staples Retailing	2,349,952	2,233,422	6.4%	824,520	798,410	2.8%
Telecommunication						
Services	1,934,593	1,929,280	5.6%	1,647,416	1,934,629	6.7%
Energy	1,347,408	1,691,564	4.9%	3,759,709	2,069,228	7.1%
Health Care equipment and						
Services	1,444,635	1,503,399	4.3%			0.0%
Software	404,352	805,545	2.3%	1,008,227	1,256,611	4.3%
Utilities	816,618	780,900	2.3%	974,176	1,461,264	5.0%
Real Estate Management						
and Development	726,600	744,765	2.2%			0.0%
Diversified Financials	39,533	31,802	0.1%	1,026,249	1,216,140	4.2%
Transportation	-	-	-	871,529	600,646	2.1%
Media and Entertainment	-	-	-	1,063,464	1,032,847	3.6%
	33,441,946	34,634,420	100.00	24,375,479	29,014,683	100.00

6 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Murabaha deposit (i)	5,000,000	5,000,000
Sukuks (ii)	11,100,000	11,100,000
Accrued special commission income	519,409	520,269
	16,619,409	16,620,269
Less: Allowance for expected credit loss	(83,258)	-
	16,536,151	16,620,269

- (i) This represents Murabaha deposits placed with Alkhabeer Capital with original maturity of 2 years and carry average special commission income rate of 5.18% per annum (31 December 2021: original maturity of 2 years and carry average special commission income rates of 5.18%).

ALINMA WAREEF ENDOWMENT FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

6 FINANCIAL ASSETS AT AMORTISED COST (continued)

(ii) Sukuks

Investments in sukuk are redeemable at par value at their maturity date. The average effective commission rate for these investments as at year end is 6.11% per annum (31 December 2021: 6.11%).

The remaining maturity of these sukuk are as follows:

	30 June 2022 (Unaudited) SR	% of value	31 December 2021 (Audited) SR	% of value
Not later than one year	2,100,000	18.92%	2,100,000	18.92%
Later than 1 year and no later than 5 years	9,000,000	81.08%	9,000,000	81.08%
	11,100,000	100.00%	11,100,000	100.00%

7 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.

7.1 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	(307,102)	(232,280)
		Brokerage fee	(7,397)	(125)
Fund Board	Members of Fund Board	Fund Board fee	(19,835)	(9,973)

ALINMA WAREEF ENDOWMENT FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

7.2 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	Sukuks	2,020,000	2,020,000
Alinma Investment Company	Fund Manager	Cash and cash equivalents	9,621	1,822,046
		Accrued Management fees	(134,515)	(123,416)
Fund Board	Members of the Board fee	Fund board fee	(59,863)	(60,028)

8 FAIR VALUE MEASUREMENT

Financial assets consist of cash and cash equivalents, financial assets at FVTPL, financial assets at amortized cost and advances for acquisition of financial assets at FVTPL. Financial liabilities consist of redemptions payable and other liabilities.

The following table shows the fair values of financial assets at FVTPL, 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)	34,634,420	9,007,376	6,834,988	50,476,784
As at 31 December 2021 (Audited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at FVTPL (note 5)	29,014,683	12,221,509	4,992,000	46,228,192

Other than above financial assets at FVTPL, fair value of other financial instruments approximates their carrying value and all other financial assets and financial liabilities are classified as level 2.

9 LAST VALUATION DATE

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

10 COMPARATIVE FIGURES

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

11 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 17 Muharram 1444H (corresponding to 15 August 2022).