

ALINMA ORPHAN CARE 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 ORPHAN CARE 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 Orphan Care Endowment Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Orphan Care 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.

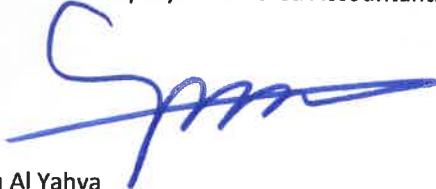
Conclusion

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 ORPHAN CARE 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		712,223	357,608
Financial assets at fair value through profit or loss ("FVTPL")	5	14,955,895	11,226,321
Financial assets at amortized cost	6	5,111,470	4,123,976
Advances for acquisition of financial assets at FVTPL		55,797	198,050
TOTAL ASSETS		20,835,385	15,905,955
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other liabilities		143,654	114,839
TOTAL LIABILITIES		143,654	114,839
EQUITY			
Net assets attributable to unitholders of units		20,691,731	15,791,116
TOTAL LIABILITIES AND EQUITY		20,835,385	15,905,955
Units in issue (numbers)		1,721,793	1,349,470
Net asst value attributable to unitholders (SR)		12.02	11.70

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

ALINMA ORPHAN CARE ENDOWMENT 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		830,260	954,231
Dividend income		134,996	55,072
Special commission income		115,475	78,416
TOTAL INCOME		1,080,731	1,087,719
OPERATING EXPENSES			
Management fees	7	(91,910)	(61,586)
Charge for expected credit loss on financial assets at amortized cost	6	(21,304)	-
Other expenses		(76,045)	(49,261)
TOTAL OPERATING EXPENSES		(189,259)	(110,847)
NET INCOME FOR THE PERIOD		891,472	976,872
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		891,472	976,872

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

ALINMA ORPHAN CARE 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	891,472	976,872
Adjustments for:		
Gain on financial assets at FVTPL	(830,260)	(939,987)
Dividend income	(134,996)	(55,072)
Special commission income	(115,475)	(48,293)
Charge for expected credit loss on financial assets at amortized cost	21,304	-
	(167,955)	(66,480)
Changes in operating assets and liabilities:		
Increase (decrease) in financial assets at FVTPL	(2,899,314)	734,887
Increase in financial assets at amortised cost	(1,000,266)	(1,055,211)
Decrease in advances for acquisition of financial assets at FVTPL	142,253	-
Increase (decrease) in accrued expenses and other current liabilities	28,815	(106,359)
	(3,896,467)	(493,163)
Dividend received	134,996	55,072
Special commission received	106,943	59,880
Net cash flows used in operating activities	(3,654,528)	(378,211)
Financing activities		
Proceeds from issuance of units	4,365,125	577,101
Dividend distribution	(355,982)	(262,889)
Net cash flows from financing activities	4,009,143	314,212
Net increase (decrease) in cash and cash equivalents	354,615	(63,999)
Cash and cash equivalents at beginning of the period	357,608	770,646
Cash and cash equivalents at end of the period	712,223	706,647

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

ALINMA ORPHAN CARE 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	15,791,116	13,378,559
Comprehensive income:		
Net income for the period	891,472	976,872
Other comprehensive income for the period	-	-
Total comprehensive income for the period	891,472	976,872
Dividend distributions	(355,982)	(262,889)
	16,326,606	14,092,542
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	4,365,125	577,101
Net change from unit transactions	4,365,125	577,101
EQUITY AT THE END OF THE PERIOD	20,691,731	14,669,643

UNIT TRANSACTIONS

Transactions in 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>SR</i>	<i>SR</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	1,349,470	1,261,544
Units issued during the period	372,323	53,441
Net increase in units	372,323	53,441
UNITS AT THE END OF THE PERIOD	1,721,793	1,314,985

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

ALINMA ORPHAN CARE ENDOWMENT FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

1 INCORPORATION AND ACTIVITIES

Alinma Orphan Care 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 “Ekhaa Charity” operating under Charitable Foundation for Orphan’s Care (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 care for orphans. The Fund will invest in the financial assets and make distribution of endowment yields to achieve the principle of social solidarity. The Fund will distribute a percentage of the profits (endowment yields) on an annual and continuous basis to the endowment expenses specified for the Fund. Beneficiary represents the Fund in orphan care services and the Beneficiary is committed to spend the Fund returns on elevating the level of service and care provided to orphans.

Capital Market Authority (“CMA”) granted approval for the establishment of the Fund in its letter number 19/528/5/3 dated 17 Jumada Alawwal 1440H (corresponding to 23 January 2019). The Fund commenced its operations on 11 Dhul-Qa’dah 1440H (corresponding to 14 July 2019). The Fund has also obtained approval from General Authority of Awqaf through its letter number 40900305 dated 1 Jumada Alawwal 1440H (corresponding to 7 January 2019) for raising public subscription for endowments.

Inmaa Riaya limited Company, a limited liability company with commercial registration number 1010568504, 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 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 ORPHAN CARE ENDOWMENT 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)	9,363,162	9,635,603	5,893,696	6,667,152
Investment in public funds	2,740,343	2,759,600	3,211,089	3,506,232
Investment in private funds	2,554,187	2,560,692	1,052,937	1,052,937
	<u>14,657,692</u>	<u>14,955,895</u>	<u>10,157,722</u>	<u>11,226,321</u>

ALINMA ORPHAN CARE ENDOWMENT FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

5 FINANCIAL ASSETS AT FVTPL (continued)

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	1,623,082	2,238,284	23.2%	1,314,189	1,482,600	22.2%
REITs	2,243,214	1,952,181	20.3%	1,470,450	1,640,025	24.6%
Materials	1,593,029	1,578,277	16.4%	799,631	1,017,913	15.3%
Retailing	1,025,167	940,278	9.8%	190,369	219,826	3.3%
Energy	656,587	644,623	6.7%	560,512	538,671	8.1%
Food and Staples						
Retailing	648,197	613,894	6.4%	204,180	197,714	3.0%
Telecommunication						
Services	619,876	552,596	5.7%	284,984	307,302	4.6%
Health Care						
equipment and services	370,224	423,619	4.4%	82,684	169,470	2.5%
Utilities	244,970	234,270	2.4%	230,216	345,324	5.2%
Software	116,224	231,540	2.4%	245,828	306,390	4.6%
Real Estate						
Management and Development	213,000	218,325	2.3%	-	-	-
Diversified Financials	9,592	7,716	0.1%	274,530	271,256	4.1%
Transportation	-	-	-	236,123	170,661	2.6%
	9,363,162	9,635,603	100.00	5,893,696	6,667,152	100.00

6 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Murabaha deposit (i)	1,000,000	1,000,000
Sukuks (ii)	4,075,250	3,014,000
Accrued special commission income	57,524	109,976
	5,132,774	4,123,976
Less: Expected credit losses allowance	(21,304)	-
	5,111,470	4,123,976

- (i) This represents Murabaha deposits placed with an investment company operating in Gulf country with original maturity of 2 years and carry special commission income rate of 5.25% per annum (31 December 2021: SR 1 million original maturity of 2 years and carry special commission income rate of 5.25%).

ALINMA ORPHAN CARE 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 6.43% per annum (31 December 2021: 6.64%).

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	1,100,000	26.99%	1,100,000	26.99%
Later than 1 year and no later than 5 years	2,975,250	73.01%	1,914,000	73.01%
	4,075,250	100.00%	3,014,000	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 Fund. 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	(91,910)	(61,586)
		Brokerage fee	(7,512)	(361)
Fund Board	Members of Fund Board	Fund Board fee	(19,836)	(9,973)

ALINMA ORPHAN CARE 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 Investment Company	Fund Manager	Cash and cash equivalents	70,198	375,608
		Accrued Management fees	(40,389)	(30,079)
Fund Board	Members of Fund Board	Fund board fee	(16,574)	(23,607)

8 FAIR VALUE MEASUREMENT

Financial assets consists of cash and cash equivalents, financial assets at FVTPL and financial assets at amortized cost. Financial liabilities consists of redemptions payable and other liabilities.

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)	9,635,604	2,759,600	2,560,691	14,955,895
 As at 31 December 2021 (Audited)	 Level 1 SR	 Level 2 SR	 Level 3 SR	 Total SR
Financial assets at FVTPL (note 5)	6,667,152	3,506,232	1,052,937	11,226,321

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 2020).

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).