

ALINMA ENAYAH 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 ENAYAH 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 Enayah Endowment Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Enayah 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 ENAYAH 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		689,624	663,498
Financial assets at fair value through profit or loss ("FVTPL")	5	13,398,686	13,409,096
Financial assets at amortized cost	6	6,278,837	5,302,404
Advances for acquisition of financial assets at FVTPL		54,399	-
TOTAL ASSETS		20,421,546	19,374,998
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other liabilities		205,539	165,309
TOTAL LIABILITIES		205,539	165,309
EQUITY			
Net assets attributable to unitholders of units		20,216,007	19,209,689
TOTAL LIABILITIES AND EQUITY		20,421,546	19,374,998
Units in issue (numbers)		1,667,342	1,619,670
Net asst value attributable to unitholders (SR)		12.14	11.86

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

ALINMA ENAYAH 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>	
		<i>30 June</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>
INCOME			
Gain on financial assets at FVTPL		1,229,318	1,065,497
Dividend income		158,948	102,663
Special commission income		139,391	118,132
TOTAL INCOME		1,527,657	1,286,292
OPERATING EXPENSES			
Management fees	7	(90,766)	(72,866)
Charge of expected credit loss on financial assets at amortized cost		(21,306)	-
Other expenses		(73,558)	(60,437)
TOTAL OPERATING EXPENSES		(185,630)	(133,303)
NET INCOME FOR THE PERIOD		1,342,027	1,152,989
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,342,027	1,152,989

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

ALINMA ENAYAH 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>Note</i>	<i>SR</i>	<i>SR</i>
Operating activities		
Net income for the period	1,342,027	1,152,989
Adjustments for:		
Gain on financial assets at FVTPL	(1,239,793)	(1,043,401)
Dividend income	(158,948)	(102,663)
Special commission income	(107,610)	(169,761)
Charge for expected credit loss on financial assets at amortised cost	21,306	-
	(143,018)	(162,836)
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at FVTPL	1,250,203	(113,081)
Increase in financial assets at amortised cost	(1,000,000)	(945,912)
Increase in advances for acquisition of financial assets at FVTPL	(54,399)	-
Increase in accrued expenses and other current liabilities	40,230	84,891
	93,016	(1,136,938)
Dividend received	158,948	102,663
Special commission received	109,871	51,629
	361,835	(982,646)
Financing activities		
Proceeds from issuance of units	572,312	767,113
Dividend distributions	(908,021)	(338,078)
	(335,709)	429,035
Net increase (decrease) in cash and cash equivalents	26,126	(553,611)
Cash and cash equivalents at beginning of the period	663,498	1,702,102
Cash and cash equivalents at end of the period	689,624	1,148,491

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

ALINMA ENAYAH 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	19,209,689	15,893,899
Comprehensive income:		
Net income for the period	1,342,027	1,152,989
Other comprehensive income for the period	-	-
Total comprehensive income for the period	1,342,027	1,152,989
Dividend distributions	(908,021)	(338,078)
	19,643,695	16,708,810
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	572,312	767,113
Net change from unit transactions	572,312	767,113
EQUITY AT THE END OF THE PERIOD	20,216,007	17,475,923

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>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	1,619,670	1,475,195
Units issued during the period	47,672	68,904
Net increase in units	47,672	68,904
UNITS AT THE END OF THE PERIOD	1,667,342	1,544,099

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

ALINMA ENAYAH ENDOWMENT FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

1 INCORPORATION AND ACTIVITIES

Alinma Enayah 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 "Enayah 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 1439H (corresponding to 11 June 2018). The Fund commenced its operations on 23 Safar 1440H (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. In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, the Enayah Charity is considered to be the beneficial owner of the assets of the Fund.

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.

Inmaa Alenaya limited Company, a limited liability company with commercial registration number 1010568508, 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.

ALINMA ENAYAH 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)	9,645,258	10,000,933	7,662,912	8,713,011
Investment in public funds	1,595,440	1,595,440	1,050,000	1,050,000
Investment in private funds	1,781,834	1,802,313	3,565,885	3,646,085
	<u>13,022,532</u>	<u>13,398,686</u>	<u>12,278,797</u>	<u>13,409,096</u>

ALINMA ENAYAH 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	1,762,349	2,489,690	24.9%	1,444,161	2,026,161	23.3%
REITs	2,598,077	2,393,755	23.9%	1,750,113	2,229,897	25.6%
Materials	1,327,950	1,349,071	13.5%	1,428,554	1,231,343	14.1%
Retailing	1,069,872	987,414	9.9%	261,460	291,854	3.3%
Food and Staples						
Retailing	693,806	660,130	6.6%	251,280	243,324	2.8%
Telecommunication						
Services	633,633	556,286	5.6%	407,413	408,911	4.7%
Energy	488,365	547,196	5.5%	544,850	517,517	5.9%
Health Care equipment and Svr	377,682	430,700	4.3%	56,965	139,127	1.6%
Utilities	248,546	237,690	2.4%	265,664	398,496	4.6%
Real Estate						
Management and Development	213,000	218,325	2.2%	-	-	-
Software	220,531	121,467	1.2%	354,156	423,262	4.9%
Diversified Financials	11,448	9,209	0.1%	337,661	333,244	3.8%
Transportation	-	-	-	256,788	174,775	2.0%
Media and Entertainment	-	-	-	303,847	295,099	3.4%
	9,645,258	10,000,933	100.00	7,662,912	8,713,011	100.00

6 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Murabaha deposit (i)	2,000,000	2,000,000
Sukuks (ii)	4,114,000	3,114,000
Accrued special commission income	186,143	188,404
	6,300,143	5,302,404
Less: Expected credit losses allowance	(21,306)	-
	6,278,837	5,302,404

- (i) The Murabaha deposits are placed with an investment company operating in Gulf country with original maturity of 6 months and carry special commission income rate of 5.25% per annum, (31 December 2021: SR 2 million placed with an investment company operating in Gulf country with original maturity of 6 months and carry special commission income rate of 5.25% per annum).

ALINMA ENAYAH 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 4.87% per annum (31 December 2021: 4.58%).

The remaining maturity of these sukuk are as follows:

	30 June 2022 (Unaudited) SR	% of value	31 December 2021 (Audited) SR	% of value
Later than 1 year and no later than 5 years	4,114,000	100.00%	3,114,000	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.

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	For the six-month period ended	
			30 June 2022 (Unaudited) SR	30 June 2021 (Unaudited) SR
Alinma Investment Company	Fund Manager	Management fees	(90,766)	(72,866)
		Brokerage fee	(6,886)	(35)
Fund Board	Members of Fund Board	Fund Board fee	(19,836)	(20,055)

ALINMA ENAYAH ENDOWMENT FUND

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

8.2 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 equivalent	24,093	663,498
		Accrued Management fees	(39,516)	(36,403)
Fund Board	Members of Fund Board	Fund board fee	(75,028)	(60,110)

8 FAIR VALUE MEASUREMENT

Financial assets consists of cash and cash equivalents, financial assets at FVTPL, financial assets at amortized cost and advance against acquisition of financial assets at FVTPL. 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)	10,000,933	1,802,313	1,595,440	13,398,686
As at 31 December 2021 (Audited)	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Financial assets at FVTPL (note 5)	8,713,011	3,646,085	1,050,000	13,409,096

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).