

ALINMA SAUDI EQUITY FUND
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

AND INDEPENDENT AUDITOR'S REVIEW REPORT

Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**To the Unitholders of Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Saudi Equity Fund ("the Fund") being managed by Alinma Investment Company (the "Fund Manager") as at 30 June 2023, and the related interim condensed statements of 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.

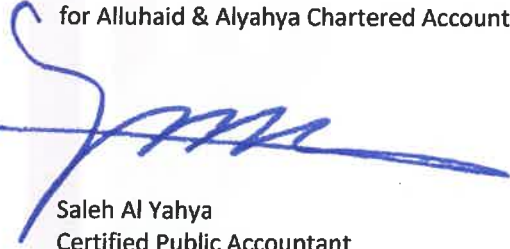
Scope of review

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.

for Alluhaid & Alyahya Chartered Accountants


Saleh Al Yahya
Certified Public Accountant
License number 473

Riyadh: 19 Muharram 1445H
(6 August 2023)



Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Note</i>	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS			
Cash and cash equivalents		933,732	698,204
Financial assets at fair value through profit or loss ("FVTPL")	5	43,747,110	42,779,164
Receivable for disposal of financial assets at FVTPL		1,779,031	1,746,147
Dividends receivable		71,318	1,903
TOTAL ASSETS		46,531,191	45,225,418
LIABILITIES AND EQUITY			
LIABILITIES			
Redemptions payable		1,106,698	137,802
Accrued expenses and other liabilities		224,201	245,547
TOTAL LIABILITIES		1,330,899	383,349
EQUITY			
Net assets attributable to unitholders of redeemable units		45,200,292	44,842,069
TOTAL LIABILITIES AND EQUITY		46,531,191	45,225,418
Redeemable units in issue (numbers)		1,459,077	1,666,639
Net asset value attributable to unit holders (SR)		30.98	26.91

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

		<i>Unaudited</i>	
		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2023</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>
INCOME	<i>Note</i>		
Gain on financial assets at FVTPL		6,495,238	4,514,494
Dividend income		601,679	528,755
TOTAL INCOME		7,096,917	5,043,249
OPERATING EXPENSES			
Management fees	6	(456,818)	(688,099)
Brokerage fees	6	(39,200)	(59,956)
Others		(94,226)	(89,667)
TOTAL OPERATING EXPENSES		(590,244)	(837,722)
NET INCOME FOR THE PERIOD		6,506,673	4,205,527
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,506,673	4,205,527

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alinma Saudi Equity 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>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Operating activities		
Net income for the period	6,506,673	4,205,527
<i>Adjustments for:</i>		
Gain from financial assets at FVTPL	(6,495,238)	(4,514,494)
Dividend income	(601,679)	(528,755)
	(590,244)	(837,722)
<i>Changes in operating assets and liabilities:</i>		
Decrease (increase) in financial assets at FVTPL	5,527,292	(2,056,806)
Increase in receivable for disposal of financial assets at FVTPL	(32,884)	-
Increase (decrease) in redemption payable	968,896	(6,325,890)
(Decrease) increase in accrued expenses and other current liabilities	(21,346)	43,474
	5,851,714	(9,176,944)
Dividend received	532,264	528,755
Net cash flows from (used in) operating activities	6,383,978	(8,648,189)
Financing activities		
Proceeds from issuance of units	4,359,126	27,046,275
Payments against redemption of units	(10,507,576)	(24,195,753)
Net cash flows (used in) from financing activities	(6,148,450)	2,850,522
Net increase (decrease) in cash and cash equivalents	235,528	(5,797,667)
Cash and cash equivalents at beginning of the period	698,204	6,850,727
Cash and cash equivalents at end of the period	933,732	1,053,060

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alinma Saudi Equity 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>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	44,842,069	53,583,227
Comprehensive income:		
Net income for the period	6,506,673	4,205,527
Other comprehensive income for the period	-	-
Total comprehensive income for the period	6,506,673	4,205,527
	51,348,742	57,788,754
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	4,359,126	27,046,275
Payments against redemption of units	(10,507,576)	(24,195,753)
Net change from unit transactions	(6,148,450)	2,850,522
EQUITY AT THE END OF THE PERIOD	45,200,292	60,639,276
REDEEMABLE UNIT TRANSACTIONS		

Transactions in redeemable 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>2023</i>	<i>2022</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	1,666,639	2,056,605
Units issued during the period	156,172	865,095
Units redeemed during the period	(363,734)	(778,402)
Net (decrease) increase in units	(207,562)	86,693
UNITS AT THE END OF THE PERIOD	1,459,077	2,143,298

The accompanying notes from 1 to 10 form an integral part of these interim condensed financial statements.

Alinma Saudi Equity Fund

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2023

1 INCORPORATION AND ACTIVITIES

Alinma Saudi Equity 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 in the Fund (the "Unitholders"), in accordance with Shariah rules issued by the Shariah board of the Fund Manager.

The Fund is designed for investors seeking capital appreciation, over the long term through diversified exposure to Shariah compliant publicly traded Saudi equities and financial products. All income is reinvested in the Fund and is reflected in the unit price. Capital Market Authority ("CMA") granted approval for the establishment of the Fund in its letter number (2010-7486-5) dated 21 Ramadan 1431H (corresponding to 31 August 2010). The Fund commenced its operations on 26 Muharram 1432 H (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 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 2023 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 2022.

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.

Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2023

3 BASIS OF PREPARATION (continued)

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 2022 except for the adoption of new standards effective as of 1 January 2023. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not effective yet.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Fund.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no impact on the interim condensed financial statements of the Fund.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the interim condensed financial statements of the Fund.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the interim condensed financial statements of the Fund but are expected to affect the accounting policy disclosures in the Fund's annual financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the interim condensed financial statements of the Fund.

Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

5 FINANCIAL ASSETS AT FVTPL

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

Industry concentration of the investment portfolio of the Fund is disclosed in the table below:

Industry group	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Cost SR	Fair value SR	% of market value	Cost SR	Fair value SR	% of market value
Banks	8,665,238	10,283,291	23.51	14,940,833	13,918,546	32.54
Utilities	4,798,754	6,815,477	15.58	4,512,116	5,150,102	12.04
Real Estate						
Management and Development	5,831,600	5,347,649	12.22	2,946,905	1,966,210	4.60
Telecommunication services	4,064,253	5,012,430	11.46	2,377,904	2,126,737	4.97
Health care equipment and services	2,595,018	4,159,498	9.51	2,071,777	2,613,638	6.11
Retailing	5,836,379	4,100,241	9.37	1,894,128	1,312,722	3.07
Food and Beverages	2,700,509	3,374,160	7.71	1,985,901	2,650,896	6.20
Media and Entertainment	1,870,565	2,218,770	5.07	-	-	-
Materials	640,258	1,258,910	2.88	6,402,669	5,430,637	12.69
Insurance	1,212,803	1,176,684	2.69	-	-	-
Food and staples						
Retailing	-	-	-	3,750,179	2,470,947	5.78
Capital goods	-	-	-	3,565,049	2,796,608	6.54
Energy	-	-	-	1,917,263	1,814,838	4.24
Transportation	-	-	-	724,363	527,283	1.22
	38,215,377	43,747,110	100.00	47,089,087	42,779,164	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 governed by limit set by the terms and conditions. All related party transactions are disclosed to the Fund Board of Director.

Related parties of the Fund include the 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.

a) Management fee

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager charges management fee at the annual rate of 1.75% that is calculated twice a week based on the net assets value of the Fund.

b) Brokerage fees

The Fund Manager charges 0.0015% brokerage fees on the purchase and sales transactions of financial assets at FVTPL.

c) Board of Directors remuneration

Each independent member of the Board of Directors is allowed a remuneration of SR 3,000 per board meeting and maximum SR 45,000 for all board members in one year. During the period, Board remuneration was charged amounting to SR 5,951 for 3 directors.

Alinma Saudi Equity Fund
(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2023

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

6.1 Related party transactions

The following are the details of the significant transactions with related parties during the period

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>Unaudited For the period ended</i>	
			<i>30 June 2023 SR</i>	<i>30 June 2022 SR</i>
Alinma Investment Company	Fund Manager	Management fees	(456,818)	(688,099)
		Brokerage fee	(39,200)	(59,956)
Fund Board	Members of Fund Board	Fund Board fee	(5,951)	(12,000)
Alinma Bank	Parent Company of the Fund Manager	Dividend income	97,026	74,402

6.2 Related party balances

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

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Balances</i>	<i>30 June 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Alinma Investment Company	Parent Company of Fund Manager	Cash at bank	676,174	155,400
		Investment in shares	3,663,359	4,012,243
Alinma Investment Company	Fund Manager	Management fee payable	(64,935)	(75,087)

7 FAIR VALUE MEASUREMENT

The Fund held financial assets at FVTPL which is measured at fair values and are classified within level 1 of the fair value hierarchy. The fair value of all other financial assets and liabilities classified as amortized cost approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

8 COMPARATIVE FIGURES

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

9 LAST VALUATION DATE

The last valuation date of the period was 30 June 2023 (31 December 2022: 31 December 2022).

10 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 16 Muharram 1445H (corresponding to 3 August 2023).