

ALINMA SAUDI RIYAL LIQUIDITY 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 Riyal Liquidity 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 Riyal Liquidity Fund
(Managed by Alinma Investment Company)

Introduction

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

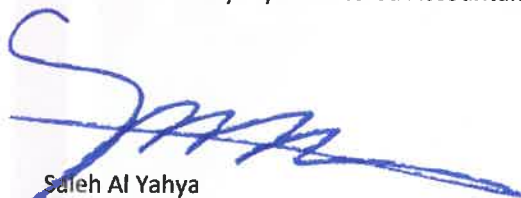
Scope of review

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 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 Riyal Liquidity Fund
(Managed by Alinma Investment Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	<i>Notes</i>		
ASSETS			
Cash and cash equivalents	5	445,748,062	506,948,852
Financial assets at fair value through profit or loss ("FVTPL")	6	42,797,104	101,372,757
Financial assets at amortized cost	7	1,122,228,732	1,496,936,162
Accrued special commission income		3,816,851	1,559,333
TOTAL ASSETS		1,614,590,749	2,106,817,104
LIABILITIES AND EQUITY			
LIABILITIES			
Redemptions payable		-	13,828,468
Accrued expenses and other current liabilities		2,181,759	2,333,278
TOTAL LIABILITIES		2,181,759	16,161,746
EQUITY			
Net assets attributable to unitholders of redeemable units		1,612,408,990	2,090,655,358
TOTAL LIABILITIES AND EQUITY		1,614,590,749	2,106,817,104
Redeemable units in issue (numbers)		132,197,907	174,962,957
Net asset value per unit attributable to unitholders (SR)		12.20	11.95

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

Alinma Saudi Riyal Liquidity Fund
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<i>Unaudited</i>	
		<i>For the six-month period ended</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			
Special commission income		51,674,774	65,584,607
Gain from financial assets at FVTPL		916,367	6,859,141
TOTAL INCOME		52,591,141	72,443,748
OPERATING EXPENSES			
Management fees	8	(11,260,371)	(15,486,095)
Reversal of (charge for) expected credit loss allowance		718,138	(4,038,506)
Other expenses		(200,316)	(510,145)
TOTAL OPERATING EXPENSES		(10,742,549)	(20,034,746)
NET INCOME FOR THE PERIOD		41,848,592	52,409,002
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		41,848,592	52,409,002

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

Alinma Saudi Riyal Liquidity 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	41,848,592	52,409,002
<i>Adjustments for:</i>		
Special commission income	(51,674,774)	(65,584,607)
Gain from financial assets at FVTPL	(916,367)	(6,859,141)
(Reversal of) charge for expected credit loss allowance	(718,138)	4,038,506
	(11,460,687)	(15,996,240)
<i>Changes in operating assets and liabilities:</i>		
Decrease in financial assets at FVTPL	59,492,020	900,000,001
Decrease in financial assets at amortized cost	376,586,244	4,438,589,112
(Decrease) increase in accrued expenses and other current liabilities	(151,519)	117,821
Decrease in redemptions payable	(13,828,468)	(2,794,691)
	410,637,590	5,319,916,003
Special commission income received	48,256,580	81,939,632
Net cash flows from operating activities	458,894,170	5,401,855,635
Financing activities		
Proceeds from issuance of units	1,287,667,229	2,907,464,239
Payments against redemption of units	(1,807,762,189)	(5,883,655,892)
Net cash flows used in financing activities	(520,094,960)	(2,976,191,653)
Net (decrease) increase in cash and cash equivalents	(61,200,790)	2,425,663,982
Cash and cash equivalents at beginning of the period	506,948,852	176,566,536
Cash and cash equivalents at end of the period	445,748,062	2,602,230,518

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

Alinma Saudi Riyal Liquidity 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	2,090,655,358	8,347,992,651
Comprehensive income:		
Net income for the period	41,848,592	52,409,002
Other comprehensive income for the period	-	-
Total comprehensive income for the period	41,848,592	52,409,002
	2,132,503,950	8,400,401,653
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	1,287,667,229	2,907,464,239
Payments against redemption of units	(1,807,762,189)	(5,883,655,892)
Net change from unit transactions	(520,094,960)	(2,976,191,653)
EQUITY AT THE END OF THE PERIOD	1,612,408,990	5,424,210,000
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>2023</i>	<i>2022</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	174,962,957	713,494,166
Units issued during the period	106,958,216	477,530,357
Units redeemed during the period	(149,723,266)	(1,016,061,566)
Net decrease in units	(42,765,050)	(538,531,209)
UNITS AT THE END OF THE PERIOD	132,197,907	174,962,957

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

Alinma Saudi Riyal Liquidity Fund

(Managed by Alinma Investment Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2023

1 INCORPORATION AND ACTIVITIES

Alinma Saudi Riyal Liquidity 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 CMA regulations and Shariah rules issued by the Shariah board of the Fund Manager.

The Fund is designed for investors seeking capital preservation and high liquidity through exposure to Shariah compliant products. 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 2010/7487/5 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The Fund commenced its operations on 26 Muharram 1432H (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-month 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 Organisation for Chartered and Professional Accountants ("SOCPA").

The Fund Manager has prepared the interim condensed 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 doubt 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 at FVTPL which are measured at fair value.

The interim condensed statement of financial position is stated broadly in order of liquidity.

3.3 *Financial 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 Riyal Liquidity 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, management 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 management 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.

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.

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.

Alinma Saudi Riyal Liquidity Fund
(Managed by Alinma Investment Company)

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

5 CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Cash at bank – current account	20,280,599	3,320,826
Cash in investment account	328,599	53,673,732
Murabaha deposit (i)	425,288,672	450,000,000
	<u>445,897,870</u>	<u>506,994,558</u>
Less: Allowance for expected credit loss (note 5.1)	<u>(149,808)</u>	<u>(45,706)</u>
	<u><u>445,748,062</u></u>	<u><u>506,948,852</u></u>

- (i) Murabaha deposit is placed with banks operating in Kingdom of Saudi Arabia and GCC countries with original maturity of 3 months or less and carries an average special commission income rate of 6.13% per annum (31 December 2022: 5.6% per annum).

5.1 Allowance for expected credit loss

Expected credit loss allowance for cash and cash equivalents is as follows:

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	45,706	45,302
Charge for expected credit loss allowance for the period/year	104,102	404
	<u>149,808</u>	<u>45,706</u>

6 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL comprised of investment in public funds that are registered in the Kingdom of Saudi Arabia.

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Investment in public funds	39,745,836	42,797,104	99,187,535	101,372,757

Alinma Saudi Riyal Liquidity Fund
(Managed by Alinma Investment Company)

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

7 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Murabaha deposits (i)	560,000,000	673,131,013
Sukuks (ii)	548,000,000	810,000,000
Accrued special commission income	15,081,454	15,480,111
	1,123,081,454	1,498,611,124
Less: Allowance for ECL (note 7.1)	(852,722)	(1,674,962)
	1,122,228,732	1,496,936,162

- (i) This represents Murabaha deposits placed with several banks operating in Saudi Arabia and Gulf countries with original maturities of 1 year and carry an average special commission income rate of 5.73% per annum (31 December 2022: 4.36% per annum).
- (ii) This represents Sukuks issued by counterparties operating in Kingdom of Saudi Arabia with original maturities between 2 and 10 years and carry an average special commission income rate of 5.73% per annum (31 December 2022: 5.11% per annum).

7.1 Allowance for expected credit loss

The movement in allowance of ECL on financial assets at amortised cost during the period/year is as follows:

	30 June 2023 SR	31 December 2022 SR
At the beginning of the period/year	1,674,962	1,626,913
(Reversal of) charge for expected credit loss allowance	(822,240)	48,049
	852,722	1,674,962

8 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.

a) Management fees

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager charges management fee at the rate of 20% that are calculated twice a week based on the net returns of the Fund.

Alinma Saudi Riyal Liquidity Fund
(Managed by Alinma Investment Company)

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

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

8.1 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 transaction</i>	<i>Unaudited</i> <i>For the six-month period ended</i>	
			<i>30 June</i> <i>2023</i> <i>SR</i>	<i>30 June</i> <i>2022</i> <i>SR</i>
Alinma Investment Company	Fund Manager	Management fees	(11,260,371)	(15,486,095)
Board of Director	Members of Board of Director	Board fees expense	(5,393)	(12,000)

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>	<i>30 June</i> <i>2023</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December</i> <i>2022</i> <i>(Audited)</i> <i>SR</i>
Alinma Bank	Parent Company of Fund Manager	Cash at bank	20,280,599	3,320,826
		Murabaha deposits	-	450,000,000
Alinma Investment Company	Fund Manager	Management fees payables	(1,596,857)	(1,727,397)

9 FAIR VALUE MEASUREMENT

The Fund has investments at fair value through profit or loss which is measured at fair values and are classified within level 2 of the fair value hierarchy. Management believes that at the reporting date the fair value of all other financial assets and liabilities that are classified as amortized cost approximate their carrying values owing to their short-term tenure and the fact that these are readily realizable. 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.

10 LAST VALUATION DATE

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

11 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).