

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

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

INDEX	PAGE
Independent auditor's review report	1
Interim condensed statement of financial position	2
Interim condensed statement of comprehensive income	3
Interim condensed statement of cash flows	4
Interim condensed statement of changes in equity	5
Notes to the interim condensed financial statements	6 – 10

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 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.

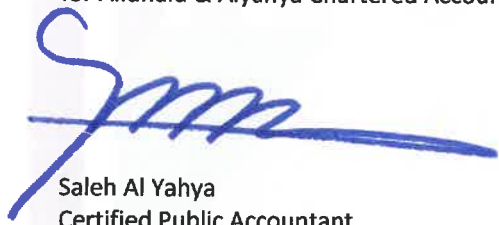
Scope of review

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 Orphan Care Endowment 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
	Notes		
ASSETS			
Cash and cash equivalents		379,091	996,812
Financial assets at fair value through profit or loss ("FVTPL")	5	19,602,056	13,487,848
Financial assets at amortized cost	6	9,220,376	7,249,030
Advances for acquisition of financial assets at FVTPL		-	759,680
TOTAL ASSETS		29,201,523	22,493,370
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other liabilities		225,353	143,174
TOTAL LIABILITIES		225,353	143,174
EQUITY			
Net assets attributable to unitholders of units		28,976,170	22,350,196
TOTAL LIABILITIES AND EQUITY		29,201,523	22,493,370
Redeemable units in issue (numbers)		2,270,570	1,872,435
Net asst value attributable to unitholders (SR)		12.76	11.94

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

Alinma Orphan Care Endowment 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>Notes</i>	<i>SR</i>	<i>SR</i>
INCOME			
Gain from financial assets at FVTPL		1,394,028	830,260
Dividend income		207,008	134,996
Special commission income		183,342	115,475
TOTAL INCOME		1,784,378	1,080,731
OPERATING EXPENSES			
Management fees	7	(106,222)	(91,910)
Reversal of (charge for) expected credit loss	6	14,529	(21,304)
Other expenses		(48,936)	(76,045)
TOTAL OPERATING EXPENSES		(140,629)	(189,259)
NET INCOME FOR THE PERIOD		1,643,749	891,472
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,643,749	891,472

The accompanying notes from 1 to 10 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>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Operating activities		
Net income for the period	1,643,749	891,472
<i>Adjustments for:</i>		
Gain from financial assets at FVTPL	(1,394,028)	(830,260)
Dividend income	(207,008)	(134,996)
Special commission income	(183,342)	(115,475)
(Reversal of) charge for expected credit loss	(14,529)	21,304
	(155,158)	(167,955)
<i>Changes in operating assets and liabilities:</i>		
Increase in financial assets at FVTPL	(4,720,180)	(2,899,314)
Increase in financial assets at amortised cost	(1,842,800)	(1,000,266)
Decrease in advances for acquisition of financial assets at FVTPL	759,680	142,253
Increase in accrued expenses and other current liabilities	82,179	28,815
	(5,876,279)	(3,896,467)
Dividend received	207,008	134,996
Special commission received	69,325	106,943
	(5,599,946)	(3,654,528)
Financing activities		
Proceeds from issuance of units	4,982,225	4,365,125
Distributions to beneficiary	-	(355,982)
	4,982,225	4,009,143
Net (decrease) increase in cash and cash equivalents	(617,721)	354,615
Cash and cash equivalents at beginning of the period	996,812	357,608
Cash and cash equivalents at end of the period	379,091	712,223

The accompanying notes from 1 to 10 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>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	22,350,196	15,791,116
Comprehensive income:		
Net income for the period	1,643,749	891,472
Other comprehensive income for the period	-	-
Total comprehensive income for the period	1,643,749	891,472
Distributions to beneficiary	-	(355,982)
	23,993,945	16,326,606
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	4,982,225	4,365,125
Net change from unit transactions	4,982,225	4,365,125
EQUITY AT THE END OF THE PERIOD	28,976,170	20,691,731
REDEEMABLE 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>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	1,872,435	1,349,470
Units issued during the period	398,135	372,323
UNITS AT THE END OF THE PERIOD	2,270,570	1,721,793

The accompanying notes from 1 to 10 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 2023

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 in supporting care for orphans, by developing the endowed assets of the and investing them in a way that achieves the principal of social solidarity. The Fund Manager will invest in the financial assets and distribute a percentage of the proceeds (endowment yields) on a periodic basis to the endowment distribution channel specified by the Fund (Charity Orphans Care Foundation). The beneficiary is committed to 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.

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.

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. The Custodian owns 99% of the shares in the SPV and 1% is held by the Fund Manager.

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 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.

Alinma Orphan Care Endowment Fund
(Managed by Alinma Investment Company)

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

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 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.

Following 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 Orphan Care Endowment 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 investments as detailed below and registered in the Kingdom of Saudi Arabia, public and private mutual funds.

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Discretionary equity portfolio (i)	8,973,529	10,134,168	8,016,076	7,743,566
Investment in a public fund	4,547,650	4,586,216	1,457,149	1,463,683
REITs	2,815,619	2,695,570	2,276,517	2,055,939
Investment in private funds	2,183,884	2,186,102	2,218,453	2,224,660
	18,520,682	19,602,056	13,968,195	13,487,848

- (i) This represents amount invested in a discretionary portfolio which is comprised of equities listed on Tadawul.

6 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Sukuks (i)	4,885,885	3,903,007
Murabaha deposit (ii)	4,090,000	3,230,000
Accrued special commission income	251,265	137,326
	9,227,150	7,270,333
Less: Allowance for expected credit loss ("ECL")	(6,774)	(21,303)
	9,220,376	7,249,030

- (i) This represents Sukuks issued by a counterparties operating in Kingdom of Saudi Arabia, with original maturities between 2 to 49 years, and carry an average special commission income rate of 5.42% per annum (31 December 2022: 5.37% per annum).
- (ii) This represents Murabaha deposits placed with investment companies operating in Kingdom of Saudi Arabia and other GCC countries with original maturity within 1 year and carry an average special commission income rate of 6.60% per annum (31 December 2022: 5.75% per annum).

Alinma Orphan Care Endowment Fund
(Managed by Alinma Investment Company)

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

7 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 fees

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 0.75% that are calculated and accrued based on the net assets value of the Fund at each valuation day.

b) Brokerage expense

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

c) Board of Directors remuneration

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the board of directors. Independent director's fees are currently SR 20,000 per annum.

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 2023	30 June 2022
			SR	SR
Alinma Investment Company	Fund Manager	Management fees	(106,222)	(91,910)
		Brokerage fee	(3,150)	(7,512)
Fund Board	Board Members	Fund Board fee	(3,397)	(19,836)

7.2 Related party balances

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

Name of related party	Nature of relationship	Balance	30 June 2023	31 December 2022
			(Unaudited)	(Audited)
			SR	SR
Alinma Investment Company	Fund Manager	Management fees payable	(92,384)	(28,283)
		Murabaha deposits	3,200,903	2,250,043
Fund Board	Board Member	Fund board fee	(20,135)	(36,738)

(i) As at 30 June 2023, Alinma Bank held 100,000 units (31 December 2022: 100,000 units) of the Fund.

Alinma Orphan Care Endowment Fund
(Managed by Alinma Investment Company)

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

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

<i>As at 30 June 2023</i> <i>(Unaudited)</i>	<i>Level 1</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	<i>Total</i> <i>SR</i>
Financial assets at FVTPL (note 5)	<u>12,829,738</u>	<u>6,772,318</u>	<u>-</u>	<u>19,602,056</u>
 <i>As at 31 December 2022</i> <i>(Audited)</i>	 <i>Level 1</i> <i>SR</i>	 <i>Level 2</i> <i>SR</i>	 <i>Level 3</i> <i>SR</i>	 <i>Total</i> <i>SR</i>
Financial assets at FVTPL (note 5)	<u>9,799,505</u>	<u>3,688,343</u>	<u>-</u>	<u>13,487,848</u>

The value of financial assets at FVTPL amounting to SR 12,829,738 (31 December 2022: SR 9,799,905) are based on quoted market prices of equities listed on Tadawul and are therefore classified within Level 1 of the fair value hierarchy.

The value of financial assets at FVTPL amounting to SR 6,772,318 (31 December 2022: SR 3,688,343) are based on the net assets value of the mutual fund and therefore classified within Level 2 of the fair value hierarchy.

Management believes that at the reporting date the fair values 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.

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).