

ALINMA DIVERSIFIED SAUDI RIYAL FUND
(Managed by Alinma Investment Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

AND INDEPENDENT AUDITOR'S REVIEW REPORT

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

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

INDEX	PAGE
Independent auditor's review report	1
Interim condensed statement of financial position	2
Interim condensed statement of profit or loss and other 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 Diversified Saudi Riyal Fund
(Managed by Alinma Investment Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alinma Diversified Saudi Riyal Fund ("the Fund") being managed by Alinma Investment Company (the "Fund Manager") as at 30 June 2024, 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, including 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.

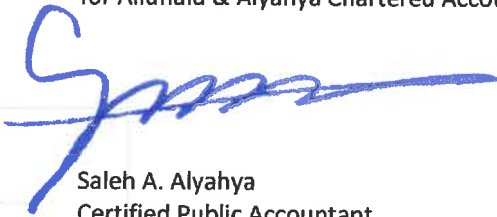
Scope of review

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 A. Alyahya
Certified Public Accountant
License number 473

Riyadh: 3 Safar 1446H
(7 August 2024)



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
Bank balance	5	124,333	20,027
Financial assets at fair value through profit or loss ("FVTPL")	6	36,433,641	16,465,580
Financial assets at amortized cost	7	96,110,668	103,865,025
Dividends receivable		277,542	283,213
TOTAL ASSETS		132,946,184	120,633,845
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other current liabilities		173,371	136,439
TOTAL LIABILITIES		173,371	136,439
EQUITY			
Net assets attributable to unitholders of redeemable units		132,772,813	120,497,406
TOTAL LIABILITIES AND EQUITY		132,946,184	120,633,845
Redeemable units in issue (numbers)		12,930,543	11,795,668
Net asset value per unit attributable to unitholders (SR)		10.27	10.22

The accompanying notes from 1 to 13 form an integral part of these interim condensed financial statements.

Alinma Diversified Saudi Riyal 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 30 June 2024</i>	<i>For the period from 8 June 2023 to 30 June 2023</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
INCOME			
Special commission income		3,484,256	332,994
Dividend income		679,446	-
Income from financial assets at FVTPL	6	265,072	-
TOTAL INCOME		<u>4,428,774</u>	<u>332,994</u>
OPERATING EXPENSES			
Management fees	8	(361,604)	(36,812)
Other operating expenses		(28,075)	(12,394)
TOTAL OPERATING EXPENSES		<u>(389,679)</u>	<u>(49,206)</u>
NET INCOME FOR THE PERIOD		<u>4,039,095</u>	283,788
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>4,039,095</u></u>	<u><u>283,788</u></u>

The accompanying notes from 1 to 13 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	<i>Unaudited</i>	
	<i>For the six-month period 30 June 2024</i>	<i>For the period from 8 June 2023 to 30 June 2023</i>
	SR	SR
Operating activities		
Net income for the period	4,039,095	283,788
<i>Adjustments for:</i>		
Special commission income	(3,484,256)	(332,994)
Dividend income	(679,446)	-
Income from financial assets at FVTPL	(265,072)	-
	<u>(389,679)</u>	<u>(49,206)</u>
<i>Changes in operating assets and liabilities:</i>		
Increase in financial assets at FVTPL	(19,702,989)	(5,625,750)
Increase in financial assets at amortized cost	14,289,812	(77,558,642)
Increase in accrued expenses and other current liabilities	36,932	49,206
	<u>(5,765,924)</u>	<u>(83,184,392)</u>
Special commission income received	3,318,124	-
Dividends received	685,117	-
	<u>(1,762,683)</u>	<u>(83,184,392)</u>
Financing activities		
Proceeds from issuance of units	25,158,245	97,038,267
Payments against redemption of units	(13,660,857)	-
Dividend distribution	(3,261,076)	-
	<u>8,236,312</u>	<u>97,038,267</u>
Net cash flows from financing activities	<u>8,236,312</u>	<u>97,038,267</u>
Net increase in cash and cash equivalents	<u>6,473,629</u>	<u>13,853,875</u>
Cash and cash equivalents at beginning of the period	6,282,780	-
Cash and cash equivalents at end of the period (note 5)	<u><u>12,756,409</u></u>	<u><u>13,853,875</u></u>

The accompanying notes from 1 to 13 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	<i>Unaudited</i>	
	<i>For the six-month period 30 June 2024</i>	<i>For the period from 8 June 2023 to 30 June 2023</i>
	SR	SR
EQUITY AT THE BEGINNING OF THE PERIOD	120,497,406	-
Comprehensive income:		
Net income for the period	4,039,095	283,788
Other comprehensive income for the period	-	-
Total comprehensive income for the period	4,039,095	283,788
Dividend distribution (note 10)	(3,261,076)	-
	<u>121,275,425</u>	<u>283,788</u>
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	25,158,245	97,038,267
Payments against redemption of units	(13,660,857)	-
Net change from unit transactions	<u>11,497,388</u>	<u>97,038,267</u>
EQUITY AT THE END OF THE PERIOD	<u><u>132,772,813</u></u>	<u><u>97,322,055</u></u>
REDEEMABLE UNIT TRANSACTIONS		

Transactions in redeemable units for the period are summarised as follows:

	<i>Unaudited</i>	
	<i>For the six-month period 30 June 2024</i>	<i>For the period from 8 June 2023 to 30 June 2023</i>
	Units	Units
UNITS AT THE BEGINNING OF THE PERIOD	11,795,668	-
Units issued during the period	2,469,811	9,701,357
Units redeemed during the period	(1,334,936)	-
Net increase in units	<u>1,134,875</u>	<u>9,701,357</u>
UNITS AT THE END OF THE PERIOD	<u><u>12,930,543</u></u>	<u><u>9,701,357</u></u>

The accompanying notes from 1 to 13 form an integral part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2024

1 INCORPORATION AND ACTIVITIES

Alinma Diversified Saudi Riyal Fund, (the "Fund"), is an open-ended Shariah compliant 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.

The objective of the Fund is to invest in debt instruments, money market and other classes of assets that comply with the Shariah Committee Standards, with aim of achieving a balance between striving to preserve capital and achieving returns.

The Capital Market Authority ("CMA") granted approval for the establishment of the Fund on 21 Sha'ban1444H (corresponding to 13 March 2023). The Fund commenced its operations on 19 Dhul Qa'dah1444H (corresponding to 8 June 2023). Accordingly, the first financial period for the Fund cover the period from 8 June 2023 to 31 December 2023. The comparative information in these interim condensed financial statements presents statement of financial position as at 31 December 2023, and related interim condensed statement of profit or loss and other comprehensive income, cashflows and changes in equity for the six-month period from 8 June 2023 to 30 June 2023.

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 2024 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 financial statements as at and for the period ended 31 December 2023.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

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 at FVTPL which are measured at fair value.

The interim condensed statement of financial position is stated broadly in order of liquidity. All assets and liabilities are current in nature except for financial assets measured at amortised cost, maturities of which are disclosed in note 7 in the interim condensed financial statements.

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.

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 audited financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund's financial statements for the period ended 31 December 2023 except for the adoption of amendments to the existing standards effective as of 1 January 2024. Several amendments apply for the first time in 2024, 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 yet effective.

Amendment to IFRS 16 – Lease on sale and leaseback

In September 2022, the International Accounting Standards Board ("IASB") issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Fund's interim condensed financial statements.

Amendments to IAS 7 and IFRS 7 on Supplier finance agreements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

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

Amendments to IAS 1 – Classification of liabilities as Current vs Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification .

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Amendments to IAS 1 – Classification of liabilities as Current vs Non-current (continued)

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

5 CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Bank balance	124,333	20,027
Murabaha deposits maturing within 3 months (note 7)	12,632,076	6,262,753
	<u>12,756,409</u>	<u>6,282,780</u>

6 FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL comprised of investment in public and private mutual funds which are registered in the Kingdom of Saudi Arabia.

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Cost (SR)	Market value (SR)	Cost (SR)	Market value (SR)
Private Funds	18,790,025	18,128,998	16,465,580	16,465,580
Public Funds	17,413,363	18,304,643	-	-
	<u>36,203,388</u>	<u>36,433,641</u>	<u>16,465,580</u>	<u>16,465,580</u>

The income from financial assets at FVTPL during the six-month period ended 30 June 2024 amounted to SR 265,072 (For the period from 8 June 2023 to 30 June 2023: SR nil).

7 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Murabaha deposits (i)	22,926,562	53,394,177
Sukuks (ii)	71,593,072	49,045,946
Accrued special commission income	1,913,902	1,747,770
	<u>96,433,536</u>	<u>104,187,893</u>
Less: Allowance for ECL	(322,868)	(322,868)
	<u>96,110,668</u>	<u>103,865,025</u>

7 FINANCIAL ASSETS AT AMORTISED COST (continued)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

- (i) This represents Murabaha deposits placed with several banks operating in the Kingdom of Saudi Arabia and Gulf countries with original maturities up to 1 year and carried an average special commission income rate of 6.23% per annum (31 December 2023: 6.13% per annum).
- (ii) This represents Sukuks issued by counterparties operating in the Kingdom of Saudi Arabia and Gulf countries with original maturities between 2 and 11 years and carry an average special commission income rate of 8.00% per annum (31 December 2023: 7.75% per annum).

The remaining maturity of these sukuk are as follows:

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	<i>30 June 2024</i>	<i>% of value</i>	<i>31 December 2023</i>	<i>% of value</i>
Within 1 year	8,000,000	11%	-	-
Later than 1 year	63,593,072	89%	49,045,946	100%
	<u>71,593,072</u>	<u>100%</u>	<u>49,045,946</u>	<u>100%</u>

8 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 rate of 0.50% of the Fund's assets.

b) *Brokerage expense*

The Fund Manager charges 0.01% brokerage fees on the purchase and sales transactions of financial assets at FVTPL.

c) *Board of Directors remuneration*

The Board of Directors are allowed maximum remuneration of SR 24,000 for all board members in one year. During the six-month period ended 30 June 2024, Board remuneration was charged amounting to SR 5,968 for 3 directors (For the period from 8 June 2023 to 30 June 2023: SR 1,493).

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 transactions</i>	<i>Unaudited</i>	
			<i>For the six- month period 30 June 2024</i>	<i>For the period from 8 June 2023 to 30 June 2023</i>
			<i>SR</i>	<i>SR</i>
Alinma Investment Company	Fund Manager	Management fees	(361,604)	(36,812)
Board of Director	Members	Fund Board fees	(5,968)	(1,493)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
30 June 2024

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

8.2 Related party balances

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

<i>Name of related party</i>	<i>Nature of balances</i>	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Alinma Investment Company	Management fees payables	(56,988)	(50,283)

9 FAIR VALUE MEASUREMENT

The Fund has investments at financial assets at FVTPL 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 other financial assets and liabilities that are classified as amortized cost approximate their carrying values. 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 or prior period.

10 DISTRIBUTIONS

During the period ended 30 June 2024, the Fund Manager distributed distributions comprising of SR 0.150 per unit, amounting to SR 3.26 million (30 June 2023: SR nil).

11 SUBSEQUENT EVENT

There are no events subsequent to the reporting date which require adjustments of or disclosure in the interim condensed financial statements or notes thereto.

12 LAST VALUATION DATE

The last valuation date of the period was 30 June 2024 (31 December 2023: 31 December 2023).

13 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 3 Safar 1446H (corresponding to 7 August 2024).