

ALINMA ORPHAN CARE ENDOWMENT FUND
(Managed by Alinma Investment Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

ALINMA ORPHAN CARE ENDOWMENT FUND
(Managed by Alinma Investment Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED 30
JUNE 2021**

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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
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Alinma Orphan Care Endowment Fund** ("the Fund"), managed by Alinma Investment Company (the "Fund Manager") as of 30 June 2021 and the related interim condensed statements of profit or loss and other comprehensive income, changes in net assets attributable to unitholders and cash flows for six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management 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 interim financial statements 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 Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on 9 Muharram 1443 (H)
Corresponding to: 17 August 2021 (G)

ALINMA ORPHAN CARE ENDOWMENT FUND
 Managed by Alinma Investment Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	7	706,647	770,646
Investments at fair value through profit or loss ("FVTPL")	8	10,034,270	9,829,170
Investments at amortized cost	9	4,051,778	3,008,154
TOTAL ASSETS		14,792,695	13,607,970
<u>LIABILITIES</u>			
Accrued and other liabilities	10	123,052	229,411
TOTAL LIABILITIES		123,052	229,411
Net assets value attributable to unitholders		14,669,643	13,378,559
Units in issue (Numbers)		1,314,985	1,261,544
Net assets value - per unit		11.16	10.60

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements

ALINMA ORPHAN CARE ENDOWMENT FUND
 Managed by Alinma Investment Company

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

	<u>Note</u>	30 June 2021	For the period from 14 July 2019 to 30 June 2020
		(Unaudited)	(Unaudited)
<u>INCOME</u>			
Dividend income		55,072	31,625
Net fair value change in investments at FVTPL	8.4	954,231	(15,382)
Income from investments at amortized cost		78,416	140,056
		1,087,719	156,299
<u>EXPENSES</u>			
Management fee	11	(61,586)	(73,930)
Brokerage	11	(361)	(1,611)
Others		(48,900)	(100,810)
		(110,847)	(176,351)
Profit / (loss) for the period		976,872	(20,052)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		976,872	(20,052)

The accompanying notes from 1 to 16 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 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

	30 June 2021	For the period from 14 July 2019 to 30 June 2020
Net assets at 1 January (Audited)	13,378,559	-
Total comprehensive income / (loss) for the period	976,872	(20,052)
Profit distribution	(262,889)	-
Changes from unit transactions		
Units issued	577,101	10,615,952
Net assets at 30 June (Unaudited)	14,669,643	10,595,900

UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarized as follows:

	30 June 2021	For the period from 14 July 2019 to 30 June 2020
	Units	
Units at 1 January (Audited)	1,261,544	-
Units issued	53,441	1,061,595
Units at 30 June (Unaudited)	1,314,985	1,061,595

The accompanying notes from 1 to 16 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
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	30 June 2021	For the period from 14 July 2019 to 30 June 2020
		(Unaudited)	(Unaudited)
<u>Cash flows from operating activities</u>			
Profit / (loss) for the period		976,872	(20,052)
<i>Adjustment for:</i>			
Dividend income		(55,072)	15,382
Unrealized gain on investments at FVTPL	8.4	(939,987)	(31,625)
Income from investments at amortized cost		(48,293)	(140,056)
		<u>(66,480)</u>	<u>(176,351)</u>
Net changes in operating assets and liabilities			
Investments at FVTPL, net		734,887	(5,042,361)
Investments at amortized cost		(1,055,211)	(4,987,486)
Accrued and other liabilities		(106,359)	155,733
Net cash used in operations		(493,163)	(10,050,465)
Dividend received		55,072	30,502
Income received from investments at amortized cost		59,880	31,820
Net cash used in operating activities		(378,211)	(9,988,143)
<u>Cash flows from financing activities</u>			
Profit distribution		(262,889)	-
Proceeds from units issued		577,101	10,615,952
Net cash generated from financing activities		314,212	10,615,952
Net change in cash and cash equivalents		(63,999)	627,809
Cash and cash equivalents at 1 January		770,646	-
Cash and cash equivalents at 30 June	7	<u>706,647</u>	<u>627,809</u>

The accompanying notes from 1 to 16 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 FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

1. GENERAL

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 the Fund, 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 care for orphans. The Fund will invest in the financial assets and make distribution of endowment yields to achieve the principle of social solidarity. The Fund will distribute a percentage of the profits (endowment yields) on an annual and continuous basis to the endowment expenses specified for the Fund. Beneficiary represents the Fund in orphan care services and the Beneficiary is committed to spend the Fund returns on 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 Jumad Alawal 1440 H (corresponding to 23 January 2019 G). The Fund commenced its operations on 11 Dhu’l-Qi’dah 1440 H (corresponding to 14 July 2019 G). The Fund has also obtained approval from General Authority of Awqaf through its letter number 40900305 dated 1 Jumad Alawal 1440H (corresponding to 7 January 2019G) for raising public subscription for endowments.

In dealing with 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 Ekhaa Charity is considered to be the beneficial owner of the assets of the Fund.

Covid-19 update

A novel strain of coronavirus (Covid-19) was first identified at the end of December 2019 and subsequently declared as a pandemic in March 2020 by the World Health Organization (WHO). Covid-19 continues to spread all regions around the world, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities and hence a slowdown of economic activities and shutdown of many sectors at global and local levels.

The Fund’s performance is indirectly affected due to the effect of Covid-19 on economic activities and sectors performances. This is reflected in the values of different assets of the fund.

The Fund does not foresee a going concern issue due to the above for at least 12 months after the reporting period. The Fund will further continue to evaluate the nature and extent of the impact on its operations and financial results.

2. REGULATORY FRAMEWORK

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 3 Dhul Hija 1427H (corresponding to 24 December 2006G) as amended by the resolution of CMA board on 16 Sha’aban 1437H (corresponding to 23 May 2016G). It is further amended by the resolution of CMA board on 12 Rajab 1442H (corresponding to 24 February 2021G).

3. BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard IAS-34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The Fund has also complied with Investment Funds Regulations published by CMA and Fund’s terms and conditions, information memorandum and key information summary (collectively hereinafter referred to as “Terms and Conditions”) with respect to preparation and presentation of these interim condensed financial statements.

ALINMA ORPHAN CARE ENDOWMENT FUND

Managed by Alinma Investment Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

3.1 Statement of compliance (continued)

The disclosures made in these interim condensed financial statements have been limited in accordance with the requirements of IAS 34. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 31 December 2020 ("last annual financial statements").

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, except for the investments at fair value through profit or loss that are measured at fair value.

Furthermore, these interim condensed financial statements are prepared, using the accrual basis accounting and are based on the going concern basis.

3.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest SR unless stated otherwise.

3.4 Use of estimates and judgments

In preparing these interim condensed financial statements, management has made the judgements, 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.

The Fund has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of Covid-19. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the last annual financial statements. The Fund will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards issued; however, there are number of amendments to standards that are effective from 1 January 2021 and have been explained in the last annual financial statements, but they do not have a material effect on the interim condensed financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the last annual financial statements.

6. MANAGEMENT FEE, CUSTODY FEE AND OTHER EXPENSES

The Fund's expenses include management fee, custody fee and other expenses. These expenses are recognised on accrual basis and are based on predetermined rates as specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

Management fee

The Fund Manager charges the Fund, on every valuation day, a management fee at an annual rate of 0.75% (31 December 2020: 0.75%) of the Fund's net assets value. These charges are calculated and accrued on each valuation day.

Custody fee

The Fund accrues the custody fee expense at an annual rate of 0.1% (31 December 2020: 0.1%) of the net assets value at the end of each valuation day.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

Other fees

The Fund Manager recovers from the Fund any other expense incurred on behalf of the Fund as per Terms and Conditions of the Fund.

7. CASH AND CASH EQUIVALENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash in bank account	676,734	-
Cash in investment account	96	714,388
Cash in discretionary equity portfolio	29,817	56,258
	11	
	<u>706,647</u>	<u>770,646</u>

The cash and cash equivalents are held in the name of Fund Manager on behalf of the Fund without any restriction.

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Public funds (note 8.1)	4,851,794	6,106,011
Discretionary equity portfolio (note 8.2)	3,420,862	2,670,327
Private funds (note 8.3)	1,761,614	1,052,832
	<u>10,034,270</u>	<u>9,829,170</u>

8.1 Public Funds

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Riyad REIT Fund	1,660,005	1,075,250
Alinma Saudi Riyal Liquidity Fund	3,191,789	3,013,101
Itqan Murabahat and Sukuk Fund	-	2,017,660
	<u>4,851,794</u>	<u>6,106,011</u>

Investment in these funds are valued at latest available net assets value (NAV). The geographical dispersion of these investments is within the Kingdom of Saudi Arabia.

8.2 Discretionary equity portfolio

This represents amount invested in a discretionary equity portfolio of shares listed on Tadawul. It is managed by the Fund Manager.

8.3 Private Funds

As at 30 June 2021, the Fund has investments in Sidra Mutajara Fund (SMF) and Falcom Murabaha Financing Fund (FMF) amounting to SR 1.053 million and 0.709 million respectively.

SMF is a private equity fund in Saudi Arabia licensed by CMA, mainly involved in investing in infrastructure supply chain transactions in Indonesia. SIF's transactions are denominated in US dollars. FMF is also a private equity fund licensed by CMA, mainly involved in achieving absolute return and long-term capital gains by investing in Murabaha financing.

These funds have not published their audited financial statements for the period ended 30 June 2021.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

8.4 Net fair value change in investments at fair value through profit or loss

	30 June 2021 (Unaudited)	For the period from 14 July 2019 to 30 June 2020 (Unaudited)
Realized fair value gain	14,244	-
Unrealized fair value gain / (loss)	939,987	(15,382)
	954,231	(15,382)

9. INVESTMENTS AT AMORTIZED COST

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Murabaha placements	2,000,000	1,000,000
Sukuk	1,982,742	1,983,977
Accrued income on Murabaha placements & Sukuk	69,036	24,177
	4,051,778	3,008,154

The Murabaha deposits of SR 1 million each are placed with the Bank Al Salam and Al Khabeer capital Investment Company, operating in gulf region, with original maturity of one year and six months, and carry a profit margin of 3.5% and 5.25% per annum, respectively.

The Sukuks are issued by the Government of Saudi Arabia amounting to SR 0.914 million and Rawabi Holding amounting to SR 1 million. The Sukuk issued by the Government of Saudi Arabia has an original maturity of 30 years (March 2050) and carry a fixed coupon rate of 4.64%. This Sukuk is listed on Saudi Stock Exchange. The Sukuk issued by Rawabi Holding has an original maturity of 2 years (July 2022) and carry a fixed coupon rate of 5.10%.

10. ACCRUED AND OTHER LIABILITIES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accrued management fee (Note 11)	53,565	123,121
Accrued custody fee	7,168	6,684
Accrued Fund Board fee (Note 11)	17,105	22,138
Others	45,214	77,468
	123,052	229,411

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the ordinary course of its activities, the Fund transacts with related parties. Related party transactions are in accordance with the Terms and Conditions of the Fund. All the related party transactions are approved by the Fund Board. Related parties comprise the Fund Board Members, Fund Manager, Alinma Bank (the parent Company of the Fund Manager) and entities related to the Bank and the Fund Manager.

Transactions:

Significant transactions with related parties in the ordinary course of business included in the interim condensed financial statements are summarized below:

<u>Related party</u>	<u>Relationship</u>	<u>Transactions</u>	<u>30 June 2021</u> <u>(Unaudited)</u>	For the period from 14 July 2019 to 30 June 2020 <u>(Unaudited)</u>
Alinma Investment Company	Fund Manager	Management fee	(61,586)	(123,121)
		Brokerage expense	(361)	(1,611)
Fund Board	Members of the Fund Board	Fund Board fee	(9,973)	(22,247)

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Balances:

Balances with the related parties included in the interim condensed statement of financial position are as follows:

<u>Related party</u>	<u>Relationship</u>	<u>Balances</u>	<u>30 June 2021</u> <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Alinma Investment Company	Fund Manager	Cash and cash equivalents	706,647	770,646
		Accrued management fee	(53,565)	(123,121)
Fund Board	Members of the Fund Board	Accrued Fund Board fee	(17,105)	(22,138)

12. CONTINGENCIES AND COMMITMENTS

There are no commitments and contingencies as at 30 June 2021 and 31 December 2020

13. UNIT VALUE RECONCILIATION

In accordance with CMA circular no. 1/6/7218/17 dated 13 Rabi Al-Thani 1439H (corresponding to 31 December 2017), the CMA Board decided on 10 Rabi Al-Thani 1439H (corresponding to 28 December 2017) to restrict the recording of expected credit losses (ECL) calculated in accordance with IFRS 9 only for the purpose of financial reporting.

All financial assets held at amortized cost were considered for ECL as on 30 June 2021 and 31 December 2020. However, the impact of ECL on these assets was immaterial. Accordingly, these interim condensed financial statements do not contain any ECL adjustment and therefore reconciliation of the unit price calculated according to the applicable financial reporting framework to the unit price calculated for the purpose of unit transactions is not required.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are in Saudi Riyals unless otherwise stated)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchies. This grouping is determined based on the lowest level of significant inputs used in the fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity instruments. The Fund does not adjust the quoted price for these instruments. There were no transfers between the levels during the period.

The following table analyses, within the fair value hierarchy, the Fund's assets and liabilities (by class) measured at fair value at 30 June 2021 and 31 December 2020.

Financial assets at fair value through profit or loss	Level 1	Level 2	Level 3
30 June 2021 (Unaudited)	3,420,862	4,851,794	1,761,614
31 December 2020 (Audited)	2,670,327	6,106,011	1,052,832

Sukuk classified at amortized cost with a carrying value of SR 982,742 (31 December 2020: SR 983,977), traded in an active market and with fair value of SR 1,111,881 at 30 June 2021 (31 December 2020: SR 987,486).

For other assets and liabilities carried at amortized cost, their carrying values approximate their fair values.

Classification of financial instruments

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents	706,647	770,646
Investments at amortized cost	4,051,778	3,008,154
Financial assets at fair value through profit or loss		
Investments in public funds	4,851,794	6,106,011
Investments in discretionary portfolio	3,420,862	2,670,327
Investments in private funds	1,761,614	1,052,832
Financial liability at amortized cost		
Accrued and other liabilities	123,052	229,411

ALINMA ORPHAN CARE ENDOWMENT FUND

Managed by Alinma Investment Company

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are in Saudi Riyals unless otherwise stated)

15. LAST VALUATION DAY

The last valuation day for the purpose of the preparation of these interim condensed financial statements is 30 June 2021 (2020: 31 December 2020).

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Manager on 9 Muharram 1443H (corresponding to 17 August 2021G).