

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

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

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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)

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 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.

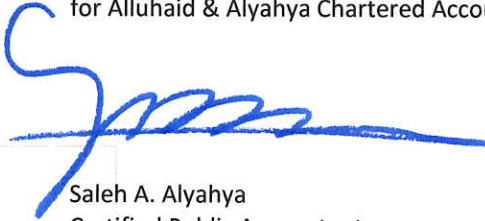
Scope of review

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: xx Safar 1446H
(xx August 2024)



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2024 (Unaudited) SR	<i>31 December 2023 (Audited) SR</i>
ASSETS			
Bank balance		1,052,455	743,039
Financial assets at fair value through profit or loss ("FVTPL")	5	16,436,976	16,751,836
Financial assets at amortized cost	6	13,766,184	13,083,599
TOTAL ASSETS		31,255,615	30,578,474
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other current liabilities		187,570	131,906
TOTAL LIABILITIES		187,570	131,906
EQUITY			
Net assets attributable to unitholders of units		31,068,045	30,446,568
TOTAL LIABILITIES AND EQUITY		31,255,615	30,578,474
Redeemable units in issue (numbers)		2,328,895	2,295,175
Net asset value attributable to unitholders (SR)		13.34	13.27

The accompanying notes from 1 to 11 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

		<i>Unaudited</i>	
		<i>For the six-month period ended</i>	
	<i>Note</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>s</i>	<i>SR</i>	<i>SR</i>
INCOME			
(Loss) income from financial assets at FVTPL	5	(153,620)	1,394,028
Special commission income		424,587	183,342
Dividend income		112,306	207,008
		<hr/>	<hr/>
TOTAL INCOME		383,273	1,784,378
		<hr/>	<hr/>
OPERATING EXPENSES			
Management fees	7	(133,013)	(106,222)
(Charge for) reversal of expected credit loss	6	(3,464)	14,529
Other expenses		(38,244)	(48,936)
		<hr/>	<hr/>
TOTAL OPERATING EXPENSES		(174,721)	(140,629)
		<hr/>	<hr/>
NET INCOME FOR THE PERIOD		208,552	1,643,749
Other comprehensive income		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		208,552	1,643,749
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes from 1 to 11 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 2024</i>	<i>30 June 2023</i>
	SR	SR
OPERATING ACTIVITIES		
Net income for the period	208,552	1,643,749
<i>Adjustments for:</i>		
Loss (income) from financial assets at FVTPL	153,620	(1,394,028)
Special commission income	(424,587)	(183,342)
Dividend income	(112,306)	(207,008)
Charge for (reversal of) expected credit loss	3,464	(14,529)
	<u>(171,257)</u>	<u>(155,158)</u>
<i>Changes in operating assets and liabilities:</i>		
Decrease (increase) in financial assets at FVTPL	161,240	(4,720,180)
Increase in financial assets at amortised cost	(668,720)	(1,842,800)
Increase in accrued expenses and other current liabilities	55,664	82,179
Decrease in advances for acquisition of financial assets at FVTPL	-	759,680
	<u>(623,073)</u>	<u>(5,876,279)</u>
Dividend received	112,306	207,008
Special commission received	407,258	69,325
	<u>(103,509)</u>	<u>(5,599,946)</u>
FINANCING ACTIVITY		
Proceeds from issuance of units	412,925	4,982,225
	<u>412,925</u>	<u>4,982,225</u>
Net cash flows from financing activity	412,925	4,982,225
	<u>412,925</u>	<u>4,982,225</u>
NET INCREASE (DECREASE) IN BANK BALANCE	309,416	(617,721)
Bank balance at beginning of the period	743,039	996,812
	<u>743,039</u>	<u>996,812</u>
BANK BALANCE AT END OF THE PERIOD	1,052,455	379,091
	<u>1,052,455</u>	<u>379,091</u>

The accompanying notes from 1 to 11 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 2024</i>	<i>30 June 2023</i>
	SR	SR
EQUITY AT THE BEGINNING OF THE PERIOD	30,446,568	22,350,196
Comprehensive income:		
Net income for the period	208,552	1,643,749
Other comprehensive income for the period	-	-
Total comprehensive income for the period	208,552	1,643,749
	30,655,120	23,993,945
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	412,925	4,982,225
Net change from unit transactions	412,925	4,982,225
EQUITY AT THE END OF THE PERIOD	31,068,045	28,976,170
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 2024</i>	<i>30 June 2023</i>
	Units	Units
UNITS AT THE BEGINNING OF THE PERIOD	2,295,175	1,872,435
Units issued during the period	33,720	398,135
UNITS AT THE END OF THE PERIOD	2,328,895	2,270,570

The accompanying notes from 1 to 11 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 2024

1 INCORPORATION AND ACTIVITIES

Alinma Orphan Care Endowment Fund, (the "Fund"), is an open-ended Shariah compliant 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 Capital Market Authority ("CMA") regulations.

The Fund aims to enhance the developmental role of private endowments in supporting care for orphans, by developing the endowed assets 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.

The 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 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 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 2023.

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 6 in the interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2024

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 MATERIAL ACCOUNTING POLICY INFORMATION

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 2023 except for the adoption of new 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

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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2024

5 FINANCIAL ASSETS AT FVTPL

Financial assets classified at FVTPL comprised of investments in listed equities, public and private mutual funds, as detailed below and 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)
Discretionary equity portfolio (i)	10,720,921	11,020,989	8,343,207	11,078,867
Real Estate Investment Trusts (REITs)	2,691,612	2,215,313	2,815,619	2,627,663
Private funds	2,052,625	2,059,999	2,071,691	2,073,436
Public fund	1,116,881	1,140,675	950,026	971,870
	<u>16,582,039</u>	<u>16,436,976</u>	<u>14,180,543</u>	<u>16,751,836</u>

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

The loss from financial assets at FVTPL during the period amounted to SR 153,620 (30 June 2023: Income amounting to SR 1,394,028).

6 FINANCIAL ASSETS AT AMORTISED COST

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Murabaha deposit (i)	8,170,137	7,901,412
Sukuks (ii)	5,285,885	4,885,885
Accrued special commission income	320,478	303,149
	<u>13,776,500</u>	<u>13,090,446</u>
Less: Allowance for expected credit loss ("ECL")	<u>(10,316)</u>	<u>(6,847)</u>
	<u>13,766,184</u>	<u>13,083,599</u>

(i) 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 6.56% per annum (31 December 2023: 6.55% per annum).

(ii) 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 6.69% per annum (31 December 2023: 5.37% per annum).

The remaining maturity of these sukuk are as follows:

	(Unaudited)		(Audited)	
	30 June 2024	% of value	31 December 2023	% of value
Within 1 year	1,000,000	18%	1,000,000	20%
Later than 1 year	4,425,250	82%	3,885,885	80%
	<u>5,425,250</u>	<u>100%</u>	<u>4,885,885</u>	<u>100%</u>

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

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

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 fees are currently capped at SR 20,000 per year.

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 transactions	Unaudited	
			For the six-month period ended 30 June 2024 SR	30 June 2023 SR
Alinma Investment Company	Fund Manager	Management fees	(133,013)	(106,222)
		Brokerage fees	(492)	(3,150)
		Special commission income on Murabaha deposits	238,050	114,414
		Fund Board	Board Members	Fund Board fees

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 balances	30 June 2024	31 December 2023
		(Unaudited) SR	(Audited) SR
Alinma Investment Company	Management fees payable	(19,759)	(19,224)
	Murabaha deposits	7,170,137	7,045,640
Fund Board	Fund board fees	(20,135)	(36,738)

(i) As at 30 June 2024, Alinma Bank held 100,000 units (31 December 2023: 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 2024

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 2024</i> (Unaudited)	<i>Level 1</i> SR	<i>Level 2</i> SR	<i>Level 3</i> SR	<i>Total</i> SR
Financial assets at FVTPL (note 5)	<u>13,236,302</u>	<u>3,200,674</u>	<u>-</u>	<u>16,436,976</u>
<i>As at 31 December 2023</i> (Audited)				
Financial assets at FVTPL (note 5)	<u>13,706,530</u>	<u>3,045,306</u>	<u>-</u>	<u>16,751,836</u>

The value of financial assets at FVTPL amounting to SR 13,236,302 (31 December 2023: SR 13,706,530) 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 3,200,674 (31 December 2023: SR 3,045,306) 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. 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 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.

10 LAST VALUATION DATE

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

11 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Fund Manager on 2 Safar 1446H (corresponding to 6 August 2024).