

AL SAFFA SAUDI EQUITY TRADING FUND
(Managed by Saudi Fransi Capital)

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT



Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners

CPA's & Consultants - Member Crowe Global

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

**TO: THE UNITHOLDERS OF
AL SAFFA SAUDI EQUITY TRADING FUND
(Managed by Saudi Fransi Capital)**

Introduction:

We have reviewed the accompanying interim condensed financial statements of **AL SAFFA SAUDI EQUITY TRADING FUND ("the fund")** managed by Saudi Fransi Capital (the "Fund Manager"), which comprises the interim condensed statement of financial position as at 30 June 2020 and the related interim condensed statements of comprehensive income, changes in net assets and cash flows for the period then ended and other explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information 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", as endorsed in the Kingdom of Saudi Arabia. A review of 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.



**Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants**



**Abdullah M. Al Azem
License No. 335**

29 Dhu'l Hijjah 1441 H (August 19, 2020)
Riyadh, Saudi Arabia

AL SAFFA SAUDI EQUITY TRADING FUND
(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 (Un-Audited) SR	31 December 2019 (Audited) SR
ASSETS			
Cash and cash equivalents	7	43,466,212	25,810,907
Investments measured at fair value through profit or loss	8	315,841,467	393,842,900
Prepaid expenses		2,640	-
TOTAL ASSETS		359,310,319	419,653,807
LIABILITIES			
Management fee payable	10	528,650	634,183
Accruals and other liabilities		74,666	95,817
Payable against units redeemed		506,781	-
Due to related party	10	4,376,090	828,895
TOTAL LIABILITIES		5,486,187	1,558,895
Net assets attributable to the Unit Holders		353,824,132	418,094,912
Units in issue		28,613,861	30,171,792
Net assets value attributable to each unit		12.3655	13.8571

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

AL SAFFA SAUDI EQUITY TRADING FUND
(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the six-months period ended 30 June 2020

	<i>Notes</i>	<i>For the six- months period ended 30 June 2020 SR</i>	<i>For the six- months period ended 30 June 2019 SR</i>
INVESTMENT INCOME			
Net (loss) / gain on investments measured at fair value through profit or loss	9	(46,139,907)	56,791,392
Dividend income		4,961,664	10,256,248
Other income		33,733	-
		<u>(41,144,510)</u>	<u>67,047,640</u>
EXPENSES			
Management fees	10	(3,299,688)	(4,291,406)
Other expenses		(217,144)	(231,449)
		<u>(3,516,832)</u>	<u>(4,522,855)</u>
NET (LOSS) / INCOME FOR THE PERIOD		<u>(44,661,342)</u>	<u>62,524,785</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		<u><u>(44,661,342)</u></u>	<u><u>62,524,785</u></u>

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

AL SAFFA SAUDI EQUITY TRADING FUND
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CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (UN-AUDITED)
For the six-months period ended 30 June 2020

	<i>For the six- months period ended 30 June 2020 SR</i>	<i>For the six- months period ended 30 June 2019 SR</i>
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	418,094,912	449,622,715
CHANGES FROM OPERATIONS		
Net (loss) / income for the period	(44,661,342)	62,524,785
Other comprehensive income	-	-
Total comprehensive (loss) / income	(44,661,342)	62,524,785
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	6,418,831	13,304,950
Value of units redeemed	(26,028,269)	(58,556,278)
Net change from unit transactions	(19,609,438)	(45,251,328)
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	353,824,132	466,896,172
UNIT TRANSACTIONS		
Transactions in units during the periods are summarised as follows:	<i>For the six- months period ended 30 June 2020</i>	<i>For the six- months period ended 30 June 2019</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	30,171,792	36,870,608
Units sold	517,011	981,880
Units redeemed	(2,074,942)	(4,300,267)
Net change in units	(1,557,931)	(3,318,387)
UNITS AT THE END OF THE PERIOD	28,613,861	33,552,221

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

AL SAFFA SAUDI EQUITY TRADING FUND
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CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six-months period ended 30 June 2020

	Notes	For the six-months period ended 30 June 2020 SR	For the six-months period ended 30 June 2019 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period		(44,661,342)	62,524,785
<i>Adjustments to reconcile net (loss) / income to net cash generated from operating activities:</i>			
Unrealised loss / (gains) on investments measured at fair value through profit or loss	9	32,684,459	(21,757,745)
		(11,976,883)	40,767,040
Changes in operating assets and liabilities			
Due from related party, net		3,547,195	(20,051,835)
Investments measured at fair value through profit or loss		45,316,974	52,625,865
Management fee payable		(105,533)	(12,031)
Accruals and other liabilities		(21,151)	(106,935)
Prepaid expenses		(2,640)	-
Net cash generated from operating activities		36,757,962	73,222,104
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		6,418,831	13,304,950
Value of units redeemed		(25,521,488)	(59,092,029)
Net cash used in financing activities		(19,102,657)	(45,787,079)
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,655,305	27,435,025
Cash and cash equivalents at the beginning of the period		25,810,907	26,629,114
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		43,466,212	54,064,139

The accompanying notes 1 to 14 form an integral part of these condensed interim financial statements.

AL SAFFA SAUDI EQUITY TRADING FUND
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2020

1. GENERAL

Al Saffa Saudi Equity Trading Fund (the "Fund") is an open ended Saudi Riyal denominated investment fund based on an agreement between Saudi Fransi Capital (the Fund Manager) and investors (the Unitholders). The Fund commenced its operations on 11 Jumad Al Thani 1426H (corresponding to 17 July 2005)

The Fund aims to generate capital growth over the medium to long run, by investing in listed companies in the Saudi Arabian Equity Market. The Fund will only invest in companies that fulfill Shariah Board Criteria. The Fund is an income accumulation fund whereby net income is re-invested in the Fund and reflected in the net asset value.

The Fund has updated its terms and condition which have been approved by the Capital Market Authority "CMA" on 20 Ramadan 1439H (corresponding to 4 June 2018).

The Fund Manager of the Fund is Saudi Fransi Capital. The Custodian of the Fund is HSBC Saudi Arabia.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and effective from 6 Safar 1438H (corresponding 7 November 2016) by the New Investment Fund Regulations ("Amended Regulations") published by the Capital Market Authority on 16 Sha'aban 1437H (corresponding to 24 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Fund's annual audited financial statements as at and for the year ended 31 December 2019.

Assets and liabilities in the statement of financial position are presented in the order of liquidity.

An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 12.

3.2 BASIS OF MEASUREMENT

The condensed interim financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for investment held at fair value through profit or loss.

3.3 FUNCTIONAL CURRENCY

These condensed interim financial statements are presented in Saudi Riyal ("SR"), which is the Fund's functional currency.

4. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting and risk management policies used in the preparation of these condensed interim financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2019.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Going concern

The Fund Manager made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the condensed interim financial statements continue to be prepared on the going concern basis.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New IFRS, amendments and interpretations issued not yet effective and not early adopted

There are several standards and interpretations that are issued, but not yet effective, up to the date of the Fund's condensed interim financial statements. In the opinion of the Board, these standards will have no significant impact on the condensed interim financial statements of the Fund. The Fund intends to adopt these standards, if applicable.

7. CASH AND CASH EQUIVALENTS

	30 June 2020 (Un-Audited) SR	31 December 2019 (Audited) SR
Bank balances (See note below)	1,020,238	436,352
Cash with custodian	42,445,974	25,374,555
	<u>43,466,212</u>	<u>25,810,907</u>

The bank balances represent the cash in a current account maintained with Banque Saudi Fransi (Note 10).

The management has conducted a review as required under IFRS 9 and based on such an assessment, the management believes that there is no need for any significant impairment loss against the carrying value of bank balances

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2020

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of investments measured at FVTPL is summarized below:

<i>Saudi Equity Sectors</i>	30 June 2020 (Un-Audited)		
	Cost SR	Market Value SR	% of Market Value
Bank	51,826,552	62,401,477	19.76
Commercial and Professional Services	21,280,047	19,787,544	6.27
Energy	61,322,850	67,250,561	21.29
Health Care Equipment and Services	7,385,500	11,122,563	3.52
Insurance	18,111,006	19,855,244	6.29
Materials	83,106,697	72,586,085	22.98
Retailing	50,520,686	47,587,993	15.06
Transportation	14,158,120	15,250,000	4.83
	<u>307,711,458</u>	<u>315,841,467</u>	<u>100.00</u>

<i>Saudi Equity Sectors</i>	31 December 2019 (Audited)		
	Cost SR	Market Value SR	% of Market Value
Bank	88,662,242	114,834,880	29.16
Consumer Services	11,294,423	11,607,000	2.95
Energy	84,548,731	93,865,542	23.83
Food & Beverages	17,508,930	19,408,506	4.93
Insurance	30,414,681	34,812,541	8.84
Materials	73,385,785	73,936,198	18.77
Pharma, Biotech and Life Science	12,721,894	11,023,415	2.80
Retailing	33,508,930	33,354,940	8.47
Others	982,816	999,878	0.25
	<u>353,028,432</u>	<u>393,842,900</u>	<u>100.00</u>

9. NET (LOSS) / GAIN ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	For the six- months period ended 30 June 2020 SR	For the six- months period ended 30 June 2019 SR
Realised (loss) / gain on disposal of investments, net	(13,455,448)	35,033,647
Unrealised (loss) / gains on investments, net	(32,684,459)	21,757,745
	<u>(46,139,907)</u>	<u>56,791,392</u>

Realised (loss) / gain on disposal of investments measured at fair value through profit or loss (FVTPL) is computed net of brokerage and other fee amounting to SR 89,814 (30 June 2019: SR 22,177).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six-months period ended 30 June 2020

10. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Fund transacts business with related parties.

The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.75% per annum calculated on the total net assets value at each valuation date. The fee is intended to compensate the Fund Manager for administration of the Fund. In addition, the Fund Manager has the right to collectively charge the Fund at any time with any charges relating to the Fund.

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fee, board compensation and other similar charges. Subscription fee up to of the invested amount is adjusted by deduction from the gross subscription, hence, it does not impact or reflect in the condensed interim financial statements of the Fund.

Related party transactions for the periods ended and balances are as follows:

Name of related party	Nature of transactions	Amount of Transactions		Balances Receivable / (Payable)	
		For the period ended 30 June 2020	For the period ended 30 June 2019	30 June 2020	31 December 2019
		SR	SR	(Un-Audited) SR	(Audited) SR
Saudi Fransi Capital	Management fee	(3,299,688)	(4,291,406)	(528,650)	(634,183)
Saudi Fransi Capital	Due from / (to) broker	-	-	(4,376,090)	(828,895)
	Brokerage fee	(16,649)	(22,177)	-	-
Board of Directors	Annual remuneration	(4,286)	(3,115)	(4,286)	-

The units in issue at 30 June 2020 include 12,830 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital (31 December 2019: 20,057 units).

The units in issue at 30 June 2020 include 4,280,410 units held by Allianz Saudi Fransi (31 December 2019: 4,238,233 units).

The units in issue at 30 June 2020 include 537,894 units held by Saudi Fransi Capital Investment Fund 5 (31 December 2019: 896,491 units).

At the end of the period, cash balance with the Banque Saudi Fransi is SR 1,020,238 (31 December 2019: SR 436,352).

During the period, the Fund has obtained funding from Saudi Fransi Capital amounting to SR 16.2 million (31 December 2019: SR Nil) in order to invest in Initial Public Offering (IPO) of Dr. Sulaiman Al Habib Medical Services Group. The funding amount was re-paid to Saudi Fransi Capital subsequently. The funding was received with zero markup.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the principal or the most advantageous market must be accessible to the Fund.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Fund's financial assets consist of bank balance, investments measured at fair value through profit or loss (FVTPL) and due from related parties. The Fund's financial liabilities consist of management fee payable, accruals and other liabilities and payable against units redeemed.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	<i>Carrying value SR</i>	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
30 June 2020 (Un-Audited)					
Investments measured at FVTPL	<u>315,841,467</u>	<u>315,841,467</u>	<u>-</u>	<u>-</u>	<u>315,841,467</u>
31 December 2019 (Audited)					
Investments measured at FVTPL	<u>393,842,900</u>	<u>393,842,900</u>	<u>-</u>	<u>-</u>	<u>393,842,900</u>

During the six months period ended 30 June 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

AL SAFFA SAUDI EQUITY TRADING FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six-months period ended 30 June 2020

12. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

<i>30 June 2020 (Un-Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	43,466,212	-	43,466,212
Investments measured at FVTPL	315,841,467	-	315,841,467
Prepaid expenses	2,640	-	2,640
TOTAL ASSETS	359,310,319	-	359,310,319
LIABILITIES			
Management fee payable	528,650	-	528,650
Accruals and other liabilities	74,666	-	74,666
Payable against units redeemed	506,781	-	506,781
Due to broker	4,376,090	-	4,376,090
TOTAL LIABILITIES	5,486,187	-	5,486,187
<i>31 December 2019 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	25,810,907	-	25,810,907
Investments measured at FVTPL	393,842,900	-	393,842,900
TOTAL ASSETS	419,653,807	-	419,653,807
LIABILITIES			
Management fee payable	634,183	-	634,183
Accruals and other liabilities	95,817	-	95,817
Due to broker	828,895	-	828,895
TOTAL LIABILITIES	1,558,895	-	1,558,895

13. LAST VALUATION DAY

The last valuation day of the period was 30 June 2020 (31 December 2019; 31 December 2019).

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 29 Dhull Hijjah 1441H (corresponding to 19 August 2020).