

AL DANAH GCC TRADING EQUITY 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

AL DANAH GCC TRADING EQUITY 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

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

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

Introduction:

We have reviewed the accompanying interim condensed financial statements of **AL DANAH GCC TRADING EQUITY 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 Dhull Hijjah 1441 H (August 19, 2020)
Riyadh, Saudi Arabia

AL DANAH GCC TRADING EQUITY FUND

(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	<i>30 June 2020 (Un-Audited) SR</i>	<i>31 December 2019 (Audited) SR</i>
ASSETS			
Cash and cash equivalents	7	2,635,962	1,469,698
Investments measured at fair value through profit or loss (FVTPL)	8	10,896,478	13,927,263
Prepaid expenses		2,640	-
TOTAL ASSETS		13,535,080	15,396,961
LIABILITIES			
Management fee	10	19,857	23,592
Accrual and other liabilities		45,795	57,530
Payable against units redeemed		20,842	-
TOTAL LIABILITIES		86,494	81,122
Net assets attributable to the Unit Holders		13,448,586	15,315,839
Units in issue		1,030,133	991,172
Net assets value attributable to each unit		13.0552	15.4523

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

AL DANAH GCC TRADING EQUITY 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 / (LOSS)			
Net (loss) / gain on investments measured at fair value through profit or loss (FVTPL)	9	(2,394,602)	2,140,486
Dividend income		142,562	540,864
		<u>(2,252,040)</u>	<u>2,681,350</u>
EXPENSES			
Management fees	10	(123,299)	(167,805)
Other expenses		(47,102)	(65,943)
		<u>(170,401)</u>	<u>(233,748)</u>
NET (LOSS) / INCOME FOR THE PERIOD		<u>(2,422,441)</u>	<u>2,447,602</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		<u><u>(2,422,441)</u></u>	<u><u>2,447,602</u></u>

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

AL DANAH GCC TRADING EQUITY FUND

(Managed by Saudi Fransi Capital)

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	15,315,839	17,547,774
CHANGES FROM OPERATIONS		
Net (loss) / income for the period	(2,422,441)	2,447,602
Other comprehensive income	-	-
Total comprehensive (loss) / income	(2,422,441)	2,447,602
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	726,986	454,835
Value of units redeemed	(171,798)	(1,661,788)
Net change from unit transactions	555,188	(1,206,953)
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	13,448,586	18,788,423

UNIT TRANSACTIONS

Transactions in units during the periods are summarised as follows:

	<i>For the six-months period ended 30 June 2020 Units</i>	<i>For the six-months period ended 30 June 2019 Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	991,172	1,279,692
Units sold	52,435	30,434
Units redeemed	(13,474)	(111,843)
Net change in units	38,961	(81,409)
UNITS AT THE END OF THE PERIOD	1,030,133	1,198,283

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

AL DANAH GCC TRADING EQUITY FUND

(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (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>
	<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period		(2,422,441)	2,447,602
<i>Adjustments to reconcile net (loss) / income to net cash generated from operating activities:</i>			
Unrealised loss / (gain) on investments measured at fair value through profit or loss (FVTPL)	9	1,619,185	(999,412)
		(803,256)	1,448,190
Changes in operating assets and liabilities:			
Investments measured at fair value through profit or loss		1,411,600	(171,758)
Prepaid expenses		(2,640)	-
Management fee payable		(3,735)	182
Accruals and other liabilities		(11,735)	10,738
Net cash generated from operating activities		590,234	1,287,352
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		726,986	454,835
Value of units redeemed, net off redemption payable		(150,956)	(2,055,922)
Net cash generated from / (used in) financing activities		576,030	(1,601,087)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,166,264	(313,735)
Cash and cash equivalents at the beginning of the period		1,469,698	1,461,205
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,635,962	1,147,470

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

AL DANAH GCC TRADING EQUITY 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-Danah GCC Equity Trading Fund (the "Fund") is an open ended investment fund based on an agreement between Saudi Fransi Capital (the "Fund Manager") and the investors (the "Unitholders"). The Fund commenced its operations on 17 April 2006.

The Fund is an income accumulation fund whereby net income is re-invested in the Fund and reflected in the net asset value. Units of the Fund are made available for purchase only in the Kingdom of Saudi Arabia. The Fund aims to provide medium to long term capital growth primarily by investing in Shari'ah compliant publicly listed companies in the GCC member countries that includes the Kingdom of Saudi Arabia, UAE, Kuwait, Qatar, Oman & the Kingdom of Bahrain. The Fund may also invest up to 20% of its total investments in other Arab countries in the Middle East and North Africa in Shari'ah compliant assets in accordance with the Shari'ah guidelines issued by the Shari'ah Board of the Fund.

The Fund updated their terms and condition which were approved by the Capital Market Authority "CMA" on 18 Rabi-Al-Awal 1440H (corresponding to 26 November 2018). The Fund further updated the terms and conditions on 18 June 2019 (corresponding to 15 Shawal 1440H).

The Fund Manager is Saudi Fransi Capital and HSBC Saudi Arabia is the independent custodian of the Fund.

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 6 November 2016) by the New Investment Fund Regulations ("Amended Regulations") published by the Capital Market Authority on 16 Sha'aban 1437H (corresponding to 23 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 these condensed interim 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 measured 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.

AL DANAH GCC TRADING EQUITY FUND

(Managed by Saudi Fransi Capital)

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

For the six-months period ended 30 June 2020

4. SUMMARY OF 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 JUDGMENTS, 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

Significant standards issued but not yet effective

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
Cash at bank	36,195	5,494
Cash with the custodian	2,599,767	1,464,204
	<u>2,635,962</u>	<u>1,469,698</u>

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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 geographical composition of the investments measured at fair value through profit or loss in equity investments on the last valuation day of the period / year is summarized below:

30 June 2020 (Un-Audited)			
<i>Description by geographical segment</i>	<i>Cost SR</i>	<i>Market Value SR</i>	<i>% of Market Value</i>
Kingdom of Saudi Arabia	8,270,116	8,500,344	78.01
United Arab Emirates	2,665,275	1,288,204	11.82
Kuwait	1,221,256	1,107,930	10.17
	<u>12,156,647</u>	<u>10,896,478</u>	<u>100</u>

31 December 2019 (Audited)			
<i>Description by geographical segment</i>	<i>Cost SR</i>	<i>Market Value SR</i>	<i>% of Market Value</i>
Kingdom of Saudi Arabia	8,922,445	9,851,598	70.74
S5United Arab Emirates	2,665,275	1,821,948	13.08
Kuwait	1,980,527	2,253,717	16.18
	<u>13,568,247</u>	<u>13,927,263</u>	<u>100</u>

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

	<i>For the six- months period ended 30 June 2020 SR</i>	<i>For the six- months period ended 30 June 2019 SR</i>
Realised (loss) / gain, net	(775,417)	1,141,074
Movement in unrealised (loss) / gain, net	(1,619,185)	999,412
	<u>(2,394,602)</u>	<u>2,140,486</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 3,191 (30 June 2019: SR 9,040).

AL DANAH GCC TRADING EQUITY FUND

(Managed by Saudi Fransi Capital)

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 3% 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		Balance Receivable / (Payable)	
		For the period ended 30 June 2020 SR	For the period ended 30 June 2019 SR	30 June 2020 (Un-Audited) SR	31 December 2019 (Audited) SR
Saudi Fransi Capital	Fund management fee	(123,299)	(167,805)	(19,857)	(23,592)
	Brokerage Fee	(652)	(993)	-	-
Board of Directors	Annual remuneration	(157)	(163)	(157)	-

The units in issue at 30 June 2020 include 7,151 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital (31 December 2019: 7,151 units).

The units in issue at 30 June 2020 include 280,334 units held by Allianz Saudi Fransi (31 December 2019: 252,332 units).

At the end of the period, cash balance with the Banque Saudi Fransi is SR 36,195 (31 December 2019: SR 5,494).

AL DANAH GCC TRADING EQUITY FUND

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

For the six-months period ended 30 June 2020

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 and investments at fair value through profit or loss (FVTPL). The Fund's financial liabilities consist of management fee payable and accruals and other liabilities.

The following table shows the carrying amount and fair values of financial assets, 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>10,896,478</u>	<u>10,896,478</u>	<u>-</u>	<u>-</u>	<u>10,896,478</u>
31 December 2019 (Audited)					
Investments measured at FVTPL	<u>13,927,263</u>	<u>13,927,263</u>	<u>-</u>	<u>-</u>	<u>13,927,263</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 DANAH GCC TRADING EQUITY 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	2,635,962	-	2,635,962
Investments measured at FVTPL	10,896,478	-	10,896,478
Prepaid expenses	2,640	-	2,640
TOTAL ASSETS	13,535,080	-	13,535,080
LIABILITIES			
Management fee payable	19,857	-	19,857
Accruals and other liabilities	45,795	-	45,795
Payable against units redeemed	20,842	-	20,842
TOTAL LIABILITIES	86,494	-	86,494

<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	1,469,698	-	1,469,698
Investments measured at FVTPL	13,927,263	-	13,927,263
TOTAL ASSETS	15,396,961	-	15,396,961
LIABILITIES			
Management fee payable	23,592	-	23,592
Accruals and other liabilities	57,530	-	57,530
TOTAL LIABILITIES	81,122	-	81,122

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 1441 H (corresponding to 19 August 2020).