

SAUDI FRANSI GCC IPO 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

SAUDI FRANSI GCC IPO FUND

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Index	Page
Independent Auditors Report on Review of Interim Condensed Financial Information	1
Condensed Interim Statement of Financial Position (Un – Audited)	2
Condensed Interim Statement of Comprehensive Income (Un – Audited)	3
Condensed Interim Statement of Changes in Equity (Un – Audited)	4
Condensed Consolidated Interim Statement of Cash Flows (Un – Audited)	5
Notes to Condensed Interim Financial Statements (Un – Audited)	6-12

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

**TO: THE UNITHOLDERS OF
SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)**

Introduction:

We have reviewed the accompanying interim condensed financial statements of **SAUDI FRANSI GCC IPO 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, Kingdom Saudi Arabia

SAUDI FRANSI GCC IPO 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	17,344,007	4,945,442
Investments measured at fair value through profit or loss (FVTPL)	8	171,908,923	247,829,012
Prepayments and other receivables		2,640	-
TOTAL ASSETS		189,255,570	252,774,454
LIABILITIES			
Management fee payable	10	298,019	385,387
Accruals and other liabilities		74,140	61,841
Payable against units redeemed		208,615	-
TOTAL LIABILITIES		580,774	447,228
Net assets attributable to the Unit Holders		188,674,796	252,327,226
Units in issue		26,277,465	30,727,792
Value per unit		7.1801	8.2117

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

SAUDI FRANSI GCC IPO FUND

(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-months period ended 30 June 2020

	Notes	<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	(30,438,300)	6,597,899
Dividend income		1,733,827	8,611,161
Other income		15,878	4,477
Foreign exchange gains / (loss)		11,784	(190,504)
		<u>(28,676,811)</u>	<u>15,023,033</u>
EXPENSES			
Management fees	10	(1,961,432)	(2,553,502)
Other expenses		(207,240)	(318,474)
		<u>(2,168,672)</u>	<u>(2,871,976)</u>
NET (LOSS) / INCOME FOR THE PERIOD		(30,845,483)	12,151,057
OTHER COMPREHENSIVE INCOME / (LOSS)		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		<u>(30,845,483)</u>	<u>12,151,057</u>

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

SAUDI FRANSI GCC IPO 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 UNIT HOLDERS AT THE BEGINNING OF THE PERIOD	252,327,226	305,459,676
CHANGES FROM OPERATIONS		
Net (loss) / income for the period	(30,845,483)	12,151,057
Other comprehensive income	-	-
Total comprehensive (loss) / income	(30,845,483)	12,151,057
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	198,058	7,845
Value of units redeemed	(33,005,005)	(56,982,615)
Net change from unit transactions	(32,806,947)	(56,974,770)
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS AT THE END OF THE PERIOD	188,674,796	260,635,963
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	30,727,792	39,342,840
Units sold	24,852	1,022
Units redeemed	(4,475,179)	(7,184,254)
Net change in units	(4,450,327)	(7,183,232)
UNITS AT THE END OF THE PERIOD	26,277,465	32,159,608

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

SAUDI FRANSI GCC IPO FUND

(Managed by Saudi Fransi Capital)

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		(30,845,483)	12,151,057
Adjustments to reconcile net (loss) / income for the period to net cash generated from operating activities:			
Unrealised (gain) / loss on investments measured at fair value through profit or loss (FVTPL)	9	(4,915,756)	7,079,470
		(35,761,239)	19,230,527
Changes in operating assets and liabilities:			
Investments measured at fair value through profit or loss (FVTPL)		80,835,845	32,781,873
Prepayments and other receivables		(2,640)	15,997
Due from brokers		-	(7,620,767)
Management fee payable		(87,368)	(92,627)
Accruals and other liabilities		12,299	(65,031)
Net cash generated from operating activities		44,996,897	44,249,972
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		198,058	7,845
Value of units redeemed, net of redemption payable		(32,796,390)	(59,682,810)
Net cash used in financing activities		(32,598,332)	(59,674,965)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		12,398,565	(15,424,993)
Cash and cash equivalents at the beginning of the period		4,945,442	28,365,328
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		17,344,007	12,940,335

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

SAUDI FRANSI GCC IPO FUND

(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2020

1. GENERAL

Saudi Fransi GCC IPO Fund (the “Fund”) is an open ended Shariah compliant Saudi Riyal denominated mutual investment fund based on an agreement between Saudi Fransi Capital (the “Fund Manager”) and investors (the “Unitholder”). The Fund commenced its operations on 7 Ramadan 1436H (corresponding to 24 June 2015).

The objective of the Fund is to provide long term capital growth by investing in initial public offerings in the GCC and newly listed companies during their first three years of listing. The Fund also has the ability to invest in rights issues in the Saudi stock market, Money market investment funds and Murabaha placements. The Fund is an income accumulated fund whereby net income is reinvested in the Fund and reflected in net asset value. Units of the Fund are made available for purchase only in Kingdom of Saudi Arabia.

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 further updated the terms and conditions on 18 June 2019 (corresponding to 15 Shawal 1440H).

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

2. REGULATING 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 7 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 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 (FVTPL) that are measured at fair value.

3.3 FUNCTIONAL CURRENCY

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

SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING 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
Cash at bank (See note below)	188,737	1,055,724
Cash with the custodian	17,155,270	3,889,718
	<u>17,344,007</u>	<u>4,945,442</u>

This cash is deposited in 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.

SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2020

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

These investments are composed of the following:

	30 June 2020 (Un-Audited) SR	31 December 2019 (Audited) SR
Investments in equities (see "a" below)	171,908,923	247,829,012
	<u>171,908,923</u>	<u>247,829,012</u>

a.) The sector-wise composition of investments in equities on the last valuation day of the period / year is summarized below:

	30 June 2020 (Un-Audited)		
<u>Equity Sectors</u>	Cost SR	Market Value SR	% of Market Value
Commercial and Professional Services	11,483,365	11,365,128	6.61
Consumer Services	9,445,969	10,824,021	6.30
Energy	32,835,577	28,420,178	16.53
Health Care Equipment and Services	9,100,000	13,704,600	7.97
Materials	39,371,126	33,012,035	19.20
Real Estate Investment Trust	8,470,468	9,284,297	5.40
Real Estate Management & Development	17,801,238	15,185,825	8.83
Retailing	27,307,692	23,609,686	13.73
Shares - Other Foreign	49,531,720	26,503,153	15.42
Total investment portfolio	<u>205,347,155</u>	<u>171,908,923</u>	<u>100.00</u>

	31 December 2019 (Audited)		
<u>Equity Sectors</u>	Cost SR	Market Value SR	% of Market Value
Materials	58,269,480	51,155,309	20.64
Shares - Other Foreign	49,531,720	37,651,366	15.19
Real Estate Investment Trust	46,554,229	33,476,732	13.51
Transportation	18,538,461	10,881,000	4.39
Retailing	27,307,694	27,327,483	11.03
Real Estate Management & Development	17,801,238	19,957,926	8.05
Shares – Other local	5,850,717	7,300,677	2.95
Capital Goods	10,331,005	7,986,600	3.22
Consumer Services	5,147,736	8,110,000	3.27
Energy	46,850,720	43,981,919	17.75
Total investment portfolio	<u>286,183,000</u>	<u>247,829,012</u>	<u>100.00</u>

SAUDI FRANSI GCC IPO FUND

(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2020

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

The geographical composition of investments in equities on the last valuation day of the period / year is summarized below:

Description by geographical segment

	<i>Cost SR</i>	<i>Market value SR</i>
<u>30 June 2020 (Un-Audited)</u>		
Saudi Arabia	155,815,435	145,405,770
United Arab Emirates	32,878,503	11,395,023
Kuwait	16,653,217	15,108,130
	<u>205,347,155</u>	<u>171,908,923</u>

Description by geographical segment

	<i>Cost SR</i>	<i>Market value SR</i>
<u>31 December 2019 (Audited)</u>		
Saudi Arabia	236,651,280	210,177,646
United Arab Emirates	32,878,503	21,343,694
Kuwait	16,653,217	16,307,672
	<u>286,183,000</u>	<u>247,829,012</u>

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

	<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	(35,354,056)	13,677,369
Movement in unrealised gain / (loss), net	4,915,756	(7,079,470)
	<u>(30,438,300)</u>	<u>6,597,899</u>

Realised (loss) / gain on disposal of investments measured at fair value through profit or loss (FVTPL) is computed net of brokerage and other trade fee amounting to SR 5,575 (30 June 2019: SR6,096).

SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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 percent 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:

<i>Name of related party</i>	<i>Nature of transactions</i>	<i>Amount of Transactions</i>		<i>Balance Receivable / (Payable)</i>	
		<i>For the period ended 30 June 2020</i>	<i>For the period ended 30 June 2019</i>	<i>30 June 2020</i>	<i>31 December 2019</i>
		<i>SR</i>	<i>SR</i>	<i>(Un-Audited)</i>	<i>(Audited)</i>
				<i>SR</i>	<i>SR</i>
Saudi Fransi Capital	Management fee	(1,961,432)	(2,553,502)	(298,019)	(385,387)
	Brokerage fee	(3,987)	(6,096)	-	-
Board of Directors	Annual remuneration	(2,586)	(6,136)	(2,586)	-

The units in issue at 30 June 2020 include 218,545 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital (31 December 2019: 234,526 units).

At the end of the period, cash balance with the Banque Saudi Fransi is SR 188,737(31 December 2019: SR 1,055,724).

SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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, investments held at FVTPL and investments held at amortised cost. 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>171,908,923</u>	<u>171,908,923</u>	<u>-</u>	<u>-</u>	<u>171,908,923</u>
31 December 2019 (Audited)					
Investments measured at FVTPL	<u>247,829,012</u>	<u>247,829,012</u>	<u>-</u>	<u>-</u>	<u>247,829,012</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.

SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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	17,344,007	-	17,344,007
Investments measured at fair value through profit or loss (FVTPL)	171,908,923	-	171,908,923
Prepayments and other receivables	2,640		2,640
TOTAL ASSETS	189,255,570	-	189,255,570
LIABILITIES			
Management fee payable	298,019	-	298,019
Accruals and other liabilities	74,140	-	74,140
Payable against units redeemed	208,615		208,615
TOTAL LIABILITIES	580,774	-	580,774

<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	4,945,442	-	4,945,442
Investments measured at fair value through profit or loss (FVTPL)	247,829,012	-	247,829,012
TOTAL ASSETS	252,774,454	-	252,774,454
LIABILITIES			
Management fee payable	385,387	-	385,387
Accruals and other liabilities	61,841	-	61,841
TOTAL LIABILITIES	447,228	-	447,228

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).