

SAUDI FRANSI SAUDI EQUITY INCOME FUND
(Managed by Saudi Fransi Capital)

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT

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FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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

Introduction:

We have reviewed the accompanying condensed interim financial statements of **Saudi Fransi Saudi Equity Income Fund ("the Fund")** managed by Saudi Fransi Capital (the "Fund Manager"), which comprises the condensed interim statement of financial position as at 30 June 2021 and the related condensed interim statements of comprehensive income, changes in net assets and cash flows for the six month period then ended and notes to the condensed interim financial information, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information 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 issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). Our responsibility is to express a conclusion on this condensed interim 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 condensed 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 condensed interim financial information does not present fairly, in all material respects, the financial position of the Fund as at 30 June 2021, and its financial performance and its cash flows for the six months period then ended, in accordance with International Accounting Standard 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").



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


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

09 Muharram1443H (17 August 2021)
Riyadh, Saudi Arabia

SAUDI FRANSI SAUDI EQUITY INCOME FUND
(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	30 June 2021 (Un-Audited) SR	31 December 2020 (Audited) SR
<u>ASSETS</u>			
Cash and cash equivalents	7	612,063	1,043,550
Investments measured at fair value through profit or loss	8	36,222,856	35,768,034
Dividend receivables		18,388	50,620
Prepaid Expenses and other receivables		15,479	--
TOTAL ASSETS		36,868,786	36,862,204
<u>LIABILITIES</u>			
Management fee payable	10	61,431	64,562
Accruals and other liabilities		24,815	55,770
Redemption payable		-	340,155
TOTAL LIABILITIES		86,246	460,487
 Net assets attributable to the Unit Holders		 36,782,540	 36,401,717
 Units in issue		 3,443,847	 4,178,843
 Net assets value attributable to each unit		 10.6807	 8.7110

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

SAUDI FRANSI SAUDI EQUITY INCOME FUND
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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-months period ended 30 June 2021

	<i>Note</i>	<i>For the six- months period ended 30 June 2021 SR</i>	<i>For the six- months period ended 30 June 2020 SR</i>
<u>INVESTMENT INCOME</u>			
Net gain / (loss) on investments measured at fair value through profit or loss	9	8,086,367	(3,853,316)
Dividend income		637,981	718,878
		8,724,348	(3,134,438)
<u>EXPENSES</u>			
Management fees	10	(362,619)	(361,924)
Other expenses		(80,709)	(65,781)
		(443,328)	(427,705)
NET INCOME / (LOSS) FOR THE PERIOD		8,281,020	(3,562,143)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		8,281,020	(3,562,143)

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

SAUDI FRANSI SAUDI EQUITY INCOME FUND
(Managed by Saudi Fransi Capital)

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (UN-AUDITED)

For the six-months period ended 30 June 2021

	<i>For the six- months period ended 30 June 2021 SR</i>	<i>For the six- months period ended 30 June 2020 SR</i>
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	36,401,717	45,786,453
CHANGES FROM OPERATIONS		
Net income / (loss) for the period	8,281,020	(3,562,143)
Total comprehensive income / (loss)	8,281,020	(3,562,143)
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	787,185	80,551
Value of units redeemed	(7,765,902)	(2,207,736)
Net change from unit transactions	(6,978,717)	(2,127,185)
Distribution	(921,480)	(1,117,783)
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	36,782,540	38,979,342

UNIT TRANSACTIONS

Transactions in units during the period are summarised as follows:

	<i>For the six- months period ended 30 June 2021 Units</i>	<i>For the six- months period ended 30 June 2020 Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	4,178,843	5,571,976
Units sold	79,873	10,790
Units redeemed	(814,869)	(295,093)
Net change in units	(734,996)	(284,303)
UNITS AT THE END OF THE PERIOD	3,443,847	5,287,673

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

SAUDI FRANSI SAUDI EQUITY INCOME FUND
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CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six-months period ended 30 June 2021

		<i>For the six- months period ended 30 June 2021 SR</i>	<i>For the six- months period ended 30 June 2020 SR</i>
	<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period		8,281,020	(3,562,143)
<i>Adjustments to reconcile net income / (loss) to net cash generated from operating activities:</i>			
Unrealised (gains) / loss on investments measured at fair value through profit or loss	9	(5,438,508)	3,973,886
		2,842,512	411,743
Changes in operating assets and liabilities:			
Investments measured at fair value through profit or loss		4,983,686	4,862,352
Dividend receivables		32,232	(43,299)
Prepaid expenses and other receivables		(15,479)	(2,640)
Management fee payable		(3,131)	(13,540)
Accruals and other liabilities		(30,955)	3,862
Due from related party (broker), net		-	(502,012)
Net cash flow from operating activities		7,808,865	4,716,466
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		787,185	80,551
Value of units redeemed, net off redemption payable		(8,106,057)	(2,205,793)
Dividend distribution		(921,480)	(1,117,783)
Net cash flow (used in) financing activities		(8,240,352)	(3,243,025)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(431,487)	1,473,441
Cash and cash equivalents at the beginning of the period		1,043,550	1,152,529
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		612,063	2,625,970

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

SAUDI FRANSI SAUDI EQUITY INCOME FUND
(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-months period ended 30 June 2021

1. GENERAL

Saudi Fransi Saudi Equity Income Fund (the “Fund”) is an open ended Shariah compliant investment fund based on an agreement between Saudi Fransi Capital (the ‘Fund Manager’) and investors (the ‘Unitholders’). The Fund commenced its operations on 20 Rabi Thani 1435H (corresponding to 20 February 2014).

The objective of the Fund is to provide medium to long-term growth by investing in listed companies in the Saudi Arabian Stock Market that comply with Shariah Standards.

During the period, the Fund updated its terms and conditions, which have been approved by the Capital Market Authority “CMA” on 20 Rajab 1442H (corresponding to 04 March 2021).

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

The Fund also aim to make cash distributions to its Unitholders considering following two options as per the terms and conditions, whichever is higher;

- 2.5% of the fund's net unit price, regardless of the fund's performance during the period; or
- If the fund's net unit price on the day of registration achieved the highest price level achieved by the fund since its inception in comparison with previous registration days, then 50% of the increase in the net unit price will be distributed compared to the last price that was calculated on the day of the previous registration.

The Fund Manager will distribute the cash at the end of each six-month period. The amount shall be calculated as of the end of the last dealing day of each six-month period (“The Record Day”). The proceeds of the cash distribution shall be paid within four business days.

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 amended by resolution of the Board of the Capital Market Authority on 12 Rajab 1442H (corresponding to 24 February 2021) effective from 19 Ramadan 1442H (corresponding 1 May 2021) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 17 Rajab 1442H (corresponding to 1 March 2021) 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 2020.

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 held at fair value through profit or loss.

SAUDI FRANSI SAUDI EQUITY INCOME FUND
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six-months period ended 30 June 2021

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 2020.

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 period in which the estimates are revised and in any future periods 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, these 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 2021 (Un-Audited) SR	31 December 2020 (Audited) SR
Cash at bank (see note below)	30,732	8,873
Cash with the custodian	581,331	1,034,677
	612,063	1,043,550

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 expected credit loss against the carrying value of bank balances

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six-months period ended 30 June 2021

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of investments measured at fair value through profit or loss (FVTPL) is summarized below:

<i>Saudi Equity Sectors</i>	<i>30 June 2021 (Un-Audited)</i>		
	<i>Cost SR</i>	<i>Market Value SR</i>	<i>% of Market Value</i>
Bank	3,053,447	5,273,703	14.56
Energy	3,973,129	3,940,165	10.88
Food & Beverages	953,089	1,223,278	3.38
Health Care Equipment & Services	1,358,257	1,546,641	4.27
Materials	8,123,067	11,304,945	31.19
Real Estate Management & Development	3,640,832	4,491,925	12.40
Retailing	1,160,260	2,135,866	5.90
Telecommunication Services	2,422,186	3,171,428	8.76
Transportation	1,151,619	1,557,258	4.30
Utilities	1,164,407	1,577,647	4.36
	27,000,293	36,222,856	100.00

<i>Saudi Equity Sectors</i>	<i>31 December 2020 (Audited)</i>		
	<i>Cost SR</i>	<i>Market Value SR</i>	<i>% of Market Value</i>
Bank	3,297,048	4,206,214	11.76
Energy	4,589,904	4,611,165	12.89
Materials	11,561,016	13,093,815	36.61
Real Estate Management & Development	4,294,985	4,442,311	12.42
Retailing	1,491,484	2,254,200	6.30
Telecommunication services	3,244,457	3,421,680	9.57
Transportation	2,012,740	2,293,224	6.41
Utilities	1,492,346	1,445,425	4.04
	31,983,980	35,768,034	100.00

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

	<i>For the six- months period ended 30 June 2021 SR</i>	<i>For the six- months period ended 30 June 2020 SR</i>
Realised gains on the disposal of investments, net	2,647,859	120,570
Unrealised gains / (loss) on investments, net	5,438,508	(3,973,886)
	8,086,367	(3,853,316)

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(Managed by Saudi Fransi Capital)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six-months period ended 30 June 2021

10. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include Saudi Fransi Capital ("the Fund Manager"), Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), the Funds' Board of Directors (BOD), affiliates of the Fund Manager, the Funds managed by the Fund Manager and the Unit holders of the Fund.

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 on daily basis. The fee is intended to compensate the Fund Manager for administration and management of the Fund.

Subscription fee up to 3% of the invested amount is adjusted by deduction from the gross subscription, hence, it does not affect or reflect in the financial statements of the Fund.

Related party transactions for the years 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 2021 SR	For the period ended 30 June 2020 SR	30 June 2021 (Un-Audited) SR	31 December 2020 (Audited) SR
Saudi Fransi Capital	Management fee	(362,619)	(361,924)	(61,431)	(64,562)
	Brokerage fee	(2,216)	(2,509)	-	-
Board of Directors	Annual remuneration	(331)	(470)	4	-

The units in issue as at 30 June 2021 include 53,043 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital (31 December 2020: 52,843 units).

At the end of the period, cash balance with the Banque Saudi Fransi is SR 30,732 (31 December 2020: SR 8,873).

During the year, the Fund has obtained funding from Saudi Fransi Capital amounting to SR 0.82 million (31 December 2020: SR 1.809 million) in order to invest in Initial Public Offering (IPO). The funding amount was re-paid to Saudi Fransi Capital subsequently. The funding was received with zero markup.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six-months period ended 30 June 2021

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 measured 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 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 2021 (Un-Audited)					
Investments measured at FVTPL	36,222,856	36,222,856	--	--	36,222,856
31 December 2020 (Audited)					
Investments measured at FVTPL	35,768,034	35,768,034	-	-	35,768,034

During the six months period ended 30 June 2021, 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six-months period ended 30 June 2021

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 2021 (Un-Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	612,063	--	612,063
Investments measured at FVTPL	36,222,856	--	36,222,856
Dividend receivables	18,388	--	18,388
Prepaid expenses and other receivables	15,479	--	15,479
TOTAL ASSETS	36,868,786	--	36,868,786
LIABILITIES			
Management fee payable	61,431	--	61,431
Accruals and other liabilities	24,815	--	24,815
TOTAL LIABILITIES	86,246	--	86,246
<i>31 December 2020 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	1,043,550	-	1,043,550
Investments measured at FVTPL	35,768,034	-	35,768,034
Dividend receivables	50,620	-	50,620
TOTAL ASSETS	36,862,204	-	36,862,204
LIABILITIES			
Management fee payable	64,562	-	64,562
Accruals and other liabilities	55,770	-	55,770
Redemption payable	340,155	-	340,155
TOTAL LIABILITIES	460,487	-	460,487

13. LAST VALUATION DAY

The last valuation day of the period was 30 June 2021 (31 December 2020: 31 December 2020).

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Board on 09 Muharram 1443H (corresponding to 17 August 2021).