

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT

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(Managed by Saudi Fransi Capital Company)

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FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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Report on review of interim condensed financial statements

To the Unitholders and the Fund Manager of
Al Saffa Saudi Equity Trading Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Saffa Saudi Equity Trading Fund (the "Fund") as of 30 June 2022 and the related interim condensed statements of comprehensive income, changes in equity attributable to the unitholders and cash flows for the six-month period then ended and other explanatory notes. 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)*, as 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"*, 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, as 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, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

23 August 2022

AL SAFFA SAUDI EQUITY TRADING FUND
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		<i>As at 30 June 2022 (Un-Audited) SR</i>	<i>As at 31 December 2021 (Audited) SR</i>
	<i>Note</i>		
<u>ASSETS</u>			
Cash and cash equivalents	7	31,470,526	17,247,123
Investments measured at fair value through profit or loss (FVTPL)	8	486,388,930	452,498,843
Due from related party / broker	10	3,562,195	1,187,915
Prepaid expenses and other receivables		10,181	5,492,606
TOTAL ASSETS		521,431,832	476,426,487
<u>LIABILITIES</u>			
Management fee payable	10	880,923	803,476
Accruals and other liabilities	11	163,087	58,137
Redemption payable		3,960,412	4,311
TOTAL LIABILITIES		5,004,422	865,924
Equity attributable to the Unitholders		516,427,410	475,560,563
 Units in issue		 23,645,690	 22,489,782
Equity per unit in Saudi Riyal		21.8402	21.1456

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

AL SAFFA SAUDI EQUITY TRADING FUND
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

		<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
	<i>Note</i>		
<u>INCOME</u>			
Net gain on investments measured at FVTPL	9	12,358,766	99,895,738
Dividend income		7,563,861	5,369,272
Other income		37	-
		19,922,664	105,265,010
<u>EXPENSES</u>			
Management fees	10	(5,508,091)	(3,962,609)
Other expenses		(1,075,872)	(597,232)
		(6,583,963)	(4,559,841)
NET INCOME FOR THE PERIOD		13,338,701	100,705,169
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,338,701	100,705,169

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

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)

	<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	475,560,563	380,818,780
CHANGES FROM OPERATIONS		
Total comprehensive income for the period	13,338,701	100,705,169
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	60,883,387	20,787,811
Value of units redeemed	(33,355,241)	(61,340,594)
Net change from unit transactions	27,528,146	(40,552,783)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	516,427,410	440,971,166
UNIT TRANSACTIONS		
Transactions in units during the period are summarised as follows:		
	<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
UNITS AT THE BEGINNING OF THE PERIOD	22,489,782	25,017,712
Units sold	2,554,476	1,175,637
Units redeemed	(1,398,568)	(3,733,751)
Net change in units	1,155,908	(2,558,114)
UNITS AT THE END OF THE PERIOD	23,645,690	22,459,598

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)

		<i>For the six-month period ended 30 June 2022 SR</i>	<i>For the six-month period ended 30 June 2021 SR</i>
	<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		13,338,701	100,705,169
<i>Adjustments to reconcile net income to net cash generated from operating activities:</i>			
Unrealised loss / (gain) on investments measured at FVTPL	9	49,406,303	(53,270,513)
		62,745,004	47,434,656
Changes in operating assets and liabilities			
Investments measured at FVTPL		(83,296,390)	10,205,015
Due to / from related party (broker), net		(2,375,623)	(6,309,426)
Prepaid expenses and other receivables		5,482,424	(30,706)
Dividend receivable		-	489,878
Management fee payable		77,447	67,444
Accruals and other liabilities		106,294	(24,769)
Net cash (used in) / generated from operating activities		(17,260,844)	51,832,092
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		60,883,387	20,787,811
Payment against units redeemed, net off redemption payable		(29,399,140)	(59,045,569)
Net cash generated from / (used in) financing activities		31,484,247	(38,257,758)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,223,403	13,574,334
Cash and cash equivalents at the beginning of the period		17,247,123	15,133,672
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		31,470,526	28,708,006

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

AL SAFFA SAUDI EQUITY TRADING FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

1. GENERAL

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

The objective of the Fund is to provide medium to long term growth by investing in listed companies in the Saudi Arabian Stock Exchange (Tadawul).

During the period, the Fund updated its terms and conditions, which have been approved by the Capital Market Authority “CMA” on 7 Rajab 1443H (corresponding to 8 February 2022).

The Fund Manager and Administrator of the Fund is Saudi Fransi Capital Company. 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 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 to 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) in addition to the new amendment number 2-22-2021 issued on 12 Rajab 1442H (Corresponding to 24 February 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These interim condensed 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 as issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim condensed 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 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

3.2 BASIS OF MEASUREMENT

The interim condensed 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 (FVTPL) which present the fair value at the reporting date.

3.3 FUNCTIONAL CURRENCY

These interim condensed 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 interim condensed financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2021 except as mentioned in note 6.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed 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. The significant accounting estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the financial statements for the year ended 31 December 2021.

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 about the Fund's ability to continue as a going concern. Therefore, these interim condensed financial statements continue to be prepared on the going concern basis.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards, interpretations and amendments adopted by the Fund

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial statements.

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

The listing of standards and interpretations issued which the Fund reasonably expects to be applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	Disclosure of Accounting Policies	1 January 2023
IFRS 17, 'Insurance contracts'	New Insurance standard	1 January 2023
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

7. CASH AND CASH EQUIVALENTS

	30 June 2022 (Un-Audited) SR	31 December 2021 (Audited) SR
Bank balances (See note below)	8,316,919	82,978
Cash with custodian	23,153,607	17,164,145
	31,470,526	17,247,123

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 effect of expected credit loss allowance against the carrying value of cash and cash equivalents is insignificant as the balances are held with investment grade credit rated financial institutions and therefore has not been recognised in these interim condensed financial statements.

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:

	30 June 2022 (Un-Audited)		
<u>Saudi Equity Sectors</u>	Cost SR	Market Value SR	% of Market Value
Banks	83,660,561	146,586,819	30.14
Materials	116,900,538	99,479,840	20.45
Telecommunication services	85,622,788	82,839,072	17.03
Retailing	44,469,366	40,804,803	8.39
Energy	32,834,708	37,233,023	7.66
Insurance	24,357,000	20,129,857	4.14
Information technology	10,419,595	17,090,100	3.51
Capital goods	18,531,671	16,369,380	3.37
Real estate management & development	18,096,442	16,210,828	3.33
Consumer services	13,192,627	9,645,208	1.98
	448,085,296	486,388,930	100.00

	31 December 2021 (Audited)		
<u>Saudi Equity Sectors</u>	Cost SR	Market Value SR	% of Market Value
Bank	93,497,846	168,558,559	37.25
Telecommunication services	65,112,131	73,925,630	16.34
Energy	51,336,823	50,365,133	11.13
Materials	31,428,372	33,133,712	7.32
Health care equipment and services	31,053,898	34,952,532	7.72
Retailing	30,957,460	34,296,109	7.58
Food and beverage	21,332,400	16,555,276	3.66
Consumer services	14,834,299	14,124,320	3.12
Utilities	13,238,865	13,311,512	2.95
Insurance	11,996,812	13,276,060	2.93
	364,788,906	452,498,843	100.00

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

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

The effect on the equity as a result of the change in the fair value of investments as at 30 June 2022 (Un-Audited) and 31 December 2021 (Audited) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	30 June 2022 (Un-Audited)		31 December 2021 (Audited)	
	Potential reasonable change %	Effect on Equity SR	Potential reasonable change %	Effect on Equity SR
Banks	±1%	1,465,868	±1%	1,685,586
Materials	±1%	994,798	±1%	331,337
Telecommunication services	±1%	828,391	±1%	739,256
Retailing	±1%	408,048	±1%	342,961
Energy	±1%	372,330	±1%	503,651
Insurance	±1%	201,299	±1%	132,761
Information technology	±1%	170,901	±1%	-
Capital goods	±1%	163,694	±1%	-
Real estate management & development	±1%	162,108	±1%	-
Consumer services	±1%	96,452	±1%	141,243
Health care equipment and services	±1%	-	±1%	349,525
Food and beverage	±1%	-	±1%	165,553
Utilities	±1%	-	±1%	133,115
		4,863,889		4,524,988

9. NET GAIN ON INVESTMENTS MEASURED AT FVTPL

	For the six-month period ended 30 June 2022 (Un-Audited) SR	For the six-month period ended 30 June 2021 (Un-Audited) SR
Realised gain on sale of investments measured at FVTPL, net	61,765,069	46,625,225
Unrealised (loss) / gain on investments measured at FVTPL, net	(49,406,303)	53,270,513
	12,358,766	99,895,738

10. TRANSACTIONS AND BALANCES 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 Company ("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 Unitholders 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% (31 December 2021: 1.75%) per annum plus applicable taxes calculated on the total equity 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 percent 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

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>Balances receivable / (payable)</i>	
		<i>For the period ended 30 June 2022</i>	<i>For the period ended 30 June 2021</i>	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Saudi Fransi Capital Company	Management fee	(5,508,091)	(3,962,609)	(880,923)	(803,476)
	Due from related party / broker	-	-	3,562,195	1,187,915
	Brokerage fee	196,478	114,695	-	(1,343)
Board of Directors	Annual remuneration	(4,353)	(3,441)	(4,353)	-

The units in issue at 30 June 2022 include 9,495 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital Company (31 December 2021: 7,586 units).

The units in issue at 30 June 2022 include 4,141,330 units held by Allianz Saudi Fransi (affiliate of the Fund Manager) (31 December 2021: 4,110,336 units).

At the end of the period, cash balance with the Banque Saudi Fransi is SR 8,316,919 (31 December 2021: SR 82,978).

No funding was obtained from Saudi Fransi Capital Company during the six-month period ended 30 June 2022 (30 June 2021: SR 8.13 million).

11. ACCRUALS AND OTHER LIABILITIES

	<i>Note</i>	<i>30 June 2022</i>	<i>31 December 2021</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
Due to related party (Saudi Fransi Capital Company)	10	-	1,343
Others		163,087	56,794
		163,087	58,137

12. 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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 other receivables 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. The fair value of investments measured at FVTPL are based on quoted prices in active markets and are therefore classified within Level 1.

	<i>Carrying value SR</i>	<i>Level 1 SR</i>	<i>Total SR</i>
30 June 2022 (Un-Audited)			
Investments measured at FVTPL	486,388,930	486,388,930	486,388,930
31 December 2021 (Audited)			
Investments measured at FVTPL	452,498,843	452,498,843	452,498,843

During the six-month period ended 30 June 2022, 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.

13. LAST VALUATION DAY

The last valuation day for the purpose of preparation of these interim condensed financial statements for the six-month period ended was 30 June 2022 (31 December 2021).

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorised for issue by the Fund Board on 24 Muharram 1444H (corresponding to 22 August 2022G).