

AL DANA H GCC 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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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 Danah GCC Equity Trading Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Danah GCC 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 DANAH GCC 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	912,513	1,653,005
Investments measured at fair value through profit or loss (FVTPL)	8	16,664,042	14,956,168
Prepayments and other assets		39,861	203,934
TOTAL ASSETS		17,616,416	16,813,107
<u>LIABILITIES</u>			
Management fee payable	10	30,213	27,115
Accruals and other liabilities	11	43,229	830,233
Redemption payable		110,337	22,907
TOTAL LIABILITIES		183,779	880,255
Equity attributable to the Unitholders		17,432,637	15,932,852
Units in issue		782,470	744,392
Equity per unit in Saudi Riyals		22.2790	21.4038

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

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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	507,611	2,908,422
Dividend income, net		312,387	267,170
Other income		-	3,236
		819,998	3,178,828
<u>EXPENSES</u>			
Management fees	10	(184,576)	(135,144)
Other expenses		(73,959)	(60,953)
		(258,535)	(196,097)
NET INCOME FOR THE PERIOD		561,463	2,982,731
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		561,463	2,982,731

The accompanying notes from 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	15,932,852	12,702,748
CHANGES FROM OPERATIONS		
Total comprehensive income for the period	561,463	2,982,731
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	1,629,600	1,059,422
Value of units redeemed	(691,278)	(2,036,807)
Net change from unit transactions	938,322	(977,385)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	17,432,637	14,708,094

Transactions in units during the period are summarised as follows:

	<i>For the six-month period ended 30 June 2022 Units</i>	<i>For the six-month period ended 30 June 2021 Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	744,392	786,927
Units sold	68,082	58,613
Units redeemed	(30,004)	(113,217)
Net change in units	38,078	(54,604)
UNITS AT THE END OF THE PERIOD	782,470	732,323

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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		561,463	2,982,731
<i>Adjustment to reconcile net income to net cash generated from operating activities:</i>			
Unrealised losses / (gains) on investments measured at FVTPL	9	203,882	(1,386,762)
		765,345	1,595,969
Changes in operating assets and liabilities:			
Investments measured at FVTPL		(1,911,756)	(896,283)
Prepayments and other assets		164,073	(2,899)
Dividend receivable		-	17,944
Management fee payable		3,098	2,681
Accruals and other liabilities		(787,004)	(12,652)
Net cash (used in) / generated from operating activities		(1,766,244)	704,760
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		1,629,600	1,059,422
Payment against units redeemed, net off redemption payable		(603,848)	(1,883,254)
Net cash generated from / (used in) financing activities		1,025,752	(823,832)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(740,492)	(119,072)
Cash and cash equivalents at the beginning of the period		1,653,005	976,483
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		912,513	857,411

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

AL DANAH GCC EQUITY TRADING FUND

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

For the six-month period ended 30 June 2022

1. GENERAL

Al-Danah GCC Trading Equity 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 the investors (the “Unitholders”). The Fund commenced its operations on 17 April 2006.

The objective of the Fund is to provide medium to long-term capital growth primarily by investing in publicly listed Companies that are Shariah compliant in the Kingdom of Saudi Arabia, United Arab Emirates, State of Kuwait, State of Qatar, Sultanate of Oman, and 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.

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 Capital Market Authority (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 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 ended 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

These 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) that are measured at fair value.

3.3 FUNCTIONAL CURRENCY

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

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 and disclosed 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 (UN-AUDITED)

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)	149,860	44,221
Cash with custodian	762,653	1,608,784
	912,513	1,653,005

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 (FVTPL)

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

	30 June 2022 (Un-Audited)		
<u>Description by geographical segment</u>	<u>Cost SR</u>	<u>Market Value SR</u>	<u>% of Market Value</u>
Kingdom of Saudi Arabia	13,259,990	15,118,053	90.72
United Arab Emirates	1,076,465	1,000,678	6.01
Kuwait	539,795	545,311	3.27
	14,876,250	16,664,042	100.00

	31 December 2021 (Audited)		
<u>Description by geographical segment</u>	<u>Cost SR</u>	<u>Market Value SR</u>	<u>% of Market Value</u>
Kingdom of Saudi Arabia	11,347,311	13,449,519	89.92
United Arab Emirates	1,076,465	939,755	6.29
Kuwait	539,795	566,894	3.79
	12,963,571	14,956,168	100.00

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
Kingdom of Saudi Arabia	±1%	± 151,181	±1%	±134,495
United Arab Emirates	±1%	± 10,007	±1%	± 9,398
Kuwait	±1%	± 5,453	±1%	± 5,669
		± 166,641		± 149,562

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For the six-month period ended 30 June 2022

9. NET GAIN ON INVESTMENTS MEASURED AT FVTPL

	<i>For the six-month period ended 30 June 2022 (Un-Audited) SR</i>	<i>For the six-month period ended 30 June 2021 (Un-Audited) SR</i>
Realised gain on sale of investments measured at FVTPL, net	711,493	1,521,660
Unrealised (loss) / gain on remeasurement of investments measured at FVTPL, net	(203,882)	1,386,762
	507,611	2,908,422

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 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% (2021: 1.75%) per annum plus applicable taxes calculated on the total net assets value on daily basis and paid on a monthly basis. The fee is intended to compensate the Fund Manager for management and administration 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 impact or reflect in the interim condensed 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 2022 (Un-Audited) SR</i>	<i>For the period ended 30 June 2021 (Un-Audited) SR</i>	<i>As at 30 June 2022 (Un-Audited) SR</i>	<i>As at 31 December 2021 (Audited) SR</i>
Saudi Fransi Capital Company	Fund management fee	(184,576)	(135,144)	(30,213)	(27,115)
Company	Brokerage fee	(1,118)	(2,002)	(32)	(800,073)
Board of Directors	Annual remuneration	(147)	(116)	(147)	-

The units in issue at 30 June 2022, include 5,069 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital Company (31 December 2021: 3,842 units).

The units in issue at 30 June 2022 include 342,703 units held by Allianz Saudi Fransi (affiliate of Fund Manager) (31 December 2021: 306,518).

At the end of the period, cash balance with the Banque Saudi Fransi is SR 149,860 (31 December 2021: SR 44,221).

No funding was obtained from Saudi Fransi Capital Company during the six-month period ended 30 June 2022 (30 June 2021: SR 5.9 million).

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

For the six-month period ended 30 June 2022

11. ACCRUALS AND OTHER LIABILITIES

		<i>30 June 2022 (Un-Audited) SR</i>	<i>31 December 2021 (Audited) SR</i>
	<i>Note</i>		
Due to related party (Saudi Fransi Capital Company)	10	32	800,073
Others		43,197	30,160
		43,229	830,233

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 other assets. 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. 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</i>	<i>Level 1</i>	<i>Total</i>
<i>30 June 2022 (Un-Audited)</i>			
Investments measured at FVTPL	16,664,042	16,664,042	16,664,042
<i>31 December 2021 (Audited)</i>			
Investments measured at FVTPL	14,956,168	14,956,168	14,956,168

During the 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).