

**SAUDI FRANSI CAPITAL FIXED INCOME
FUND**

(Managed by Saudi Fransi Capital Company)

**CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

SAUDI FRANSI CAPITAL FIXED INCOME FUND

(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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Report on review of condensed interim financial information

To the Unitholders and Fund Manager of
Saudi Fransi Capital Fixed Income Fund

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Saudi Fransi Capital Fixed Income Fund (the "Fund") as of 30 June 2023 and the related condensed interim 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 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. 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 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 condensed interim financial information is 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

10 August 2023

SAUDI FRANSI CAPITAL FIXED INCOME FUND

(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		<i>As at 30 June 2023 SR (Un-Audited)</i>	<i>As at 31 December 2022 SR (Audited)</i>
	<i>Note</i>		
<u>ASSETS</u>			
Cash and cash equivalents	7	8,243,082	4,103,964
Investments measured at fair value through profit or loss (FVTPL)	8	65,315,328	94,974,195
Investments at amortized cost	9	30,446,458	42,151,325
Prepayments and other assets		49,948	11,693
TOTAL ASSETS		104,054,816	141,241,177
<u>LIABILITIES</u>			
Management fee payable	10	49,975	97,637
Accruals and other liabilities		36,174	60,299
Payable against units redeemed		1,963,181	-
TOTAL LIABILITIES		2,049,330	157,936
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS		102,005,486	141,083,241
Of which:			
Equity attributable to the Unitholders (Class A)		23,793,405	23,807,796
Equity attributable to the Unitholders (Class B)		78,212,081	117,275,445
Units in issue (Class A)		2,386,200	2,386,200
Units in issue (Class B)		7,867,260	11,778,326
Equity per unit in Saudi Riyals (Class A)		9.9713	9.9773
Equity per unit in Saudi Riyals (Class B)		9.9415	9.9569

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

SAUDI FRANSI CAPITAL FIXED INCOME FUND

(Managed by Saudi Fransi Capital Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

		<i>For the six- month period ended 30 June 2023 SR</i>
	<i>Note</i>	<hr/>
<u>INCOME</u>		
Special commission income		3,195,772
Net loss on investments measured at FVTPL	11	(59,580)
Other income		1,414
		<hr/> 3,137,606
<u>EXPENSES</u>		
Management fees	10	(467,414)
Other expenses		(127,781)
		<hr/> (595,195)
NET INCOME FOR THE PERIOD		<hr/> 2,542,411
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<hr/> <hr/> 2,542,411

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

SAUDI FRANSI CAPITAL FIXED INCOME FUND
(Managed by Saudi Fransi Capital Company)

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

	<i>For the six-month period ended 30 June 2023 SR</i>
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	141,083,241
CHANGES FROM OPERATIONS	
Total comprehensive income for the period	2,542,411
Dividends paid – Class A	505,849
Dividends paid – Class B	2,194,150
CHANGES FROM UNIT TRANSACTIONS	
Value of units sold – Class A	-
Value of units sold – Class B	291,497
Value of units redeemed- Class B	(39,211,664)
Net change from unit transactions	(38,920,167)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	102,005,486
Of which:	
Class A	23,793,405
Class B	78,212,081

Transactions in units during the period are summarised as follows:

	<i>For the six-month period ended 30 June 2023 Units</i>	
	Class A	Class B
UNITS AT THE BEGINNING OF THE PERIOD	2,386,200	11,778,326
Units sold	-	29,185
Units redeemed	-	(3,940,251)
Net change in units	-	(3,911,066)
UNITS AT THE END OF THE PERIOD	2,386,200	7,867,260

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

SAUDI FRANSI CAPITAL FIXED INCOME FUND

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CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

		<i>For the six-month period ended 30 June 2023 SR</i>
	<i>Note</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		2,542,411
<i>Adjustments to reconcile net income to net cash generated from / (used in) operating activities:</i>		
Unrealised gain on investments measured at FVTPL	11	(619,449)
		<u>1,922,962</u>
Changes in operating assets and liabilities:		
Investments measured at FVTPL		30,278,316
Receivable against purchase of investment		-
Investments measured at amortized cost		11,704,867
Prepayments and other assets		(38,255)
Management fee payable		(47,662)
Accruals and other liabilities		(24,125)
Net cash generated from operating activities		<u>43,796,103</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from units sold		291,497
Payment against units redeemed, net of redemption payable		(37,248,483)
Dividend distribution		(2,699,999)
Net cash used in financing activities		<u>(39,656,985)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		4,139,118
Cash and cash equivalents at the beginning of the period		4,103,964
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	<u><u>8,243,082</u></u>

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

SAUDI FRANSI CAPITAL FIXED INCOME FUND

(Managed by Saudi Fransi Capital Company)

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

For the six-month period ended 30 June 2023

All amounts presented in Saudi Riyals unless otherwise stated

1. GENERAL

Saudi Fransi Capital Fixed Income Fund (the “Fund”) is an open-ended public 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 6 Ramadan 1443H (corresponding to 8 April 2022).

The objective of the Fund is to achieve capital and income development by investing in Sukuk that comply with the criteria of the Fund's Shariah Compliant.

During the period, the Fund updated its terms and conditions, which have been approved by the Capital Market Authority (“CMA”) on 21 Shawwal 1444H (corresponding to 11 May 2023).

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

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and amended by resolution of the Board of CMA 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 CMA 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

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, 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).

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements; therefore, this should be read in conjunction with the Fund's audited financial statements for the period from 8 April 2022 (date of commencement of operations) to 31 December 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The Fund prepared its first set of financial statements for the period from 8 April 2022 (date of commencement of operations) to 31 December 2022 and no condensed interim financial information was produced for the period ended 30 June 2022, accordingly comparative balances/transactions for the period ended 30 June 2022 have not been presented in this condensed interim financial information.

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

3.2 BASIS OF MEASUREMENT

This condensed interim financial information is prepared under the historical cost convention, using the accrual basis of accounting except for investment held at fair value through profit or loss that are measured at fair value.

3.3 FUNCTIONAL CURRENCY

This condensed interim financial information is presented in Saudi Riyal (“SR”), which is the Fund's functional and presentation currency.

4. ACCOUNTING AND RISK MANAGEMENT POLICIES

The accounting and risk management policies used in the preparation of this condensed interim financial information are consistent with those used and disclosed in the financial statements for the period from 8 April 2022 (date of commencement of operations) to 31 December 2022, unless otherwise mentioned in Note 6 to this condensed interim financial information.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial information 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 this condensed interim financial information are consistent with those used in the financial statements for the period from 8 April 2022 (date of commencement of operations) to 31 December 2022.

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, this condensed interim financial information continues to be prepared on the going concern basis.

6. NEW STANDARDS INTERPRETATIONS AND AMENDMENTS**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 2023. Fund Manager has assessed that the amendments have no impact on the Fund's financial statements.

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

New Standards, interpretations and amendments not yet effective and not early adopted

The listing of standards and interpretations issued which are applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. These amendments and standards are not expected to have any impact on the financial statements of the Fund.

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)**New Standards, interpretations and amendments not yet effective and not early adopted (continued)**

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

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

For the six-month period ended 30 June 2023

All amounts presented in Saudi Riyals unless otherwise stated

7. CASH AND CASH EQUIVALENTS

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Bank balances	40,825	183,428
Cash with custodian	8,202,257	3,920,536
	8,243,082	4,103,964

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 this condensed interim financial information.

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

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Investment in sukuk	65,315,328	94,974,195

The composition of investments in Sukuk measured at FVTPL on the last valuation date is summarized below:

30 June 2023 (Un-Audited)				
	Cost	Market Value	Cumulative unrealized fair value loss	% of Market Value
Corporate bonds	55,794,374	54,804,388	(989,986)	83.91
Government bond	10,757,369	10,510,940	(246,429)	16.09
	66,551,743	65,315,328	(1,236,415)	100.00
31 December 2022 (Audited)				
	Cost	Market Value	Cumulative unrealized fair value loss	% of Market Value
Corporate bonds	86,072,690	84,422,470	(1,650,220)	88.89
Government bond	10,757,369	10,551,725	(205,644)	11.11
	96,830,059	94,974,195	(1,855,864)	100.00

The effect on the equity as a result of the change in the fair value of investments as at 30 June 2023 and 31 December 2022 due to a reasonably possible change in market prices, with all other variables held constant, is as follows:

	30 June 2023 (Un-Audited)		31 December 2022 (Audited)	
	Potential reasonable change %	Effect on Equity SR	Potential reasonable change %	Effect on Equity SR
Corporate bonds	±1%	548,044	±1%	844,225
Government bond	±1%	105,109	±1%	105,517
		653,153		949,742

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9. INVESTMENTS MEASURED AT AMORTISED COST

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Money market placements (see note “a” below)	-	12,003,200
Investment in Sukuk (see note “b” below)	30,446,458	30,148,125
	30,446,458	42,151,325

a) The composition of money market placements by remaining maturity as at each period-end is set out below;

31 December 2022 (Audited)

<i>Remaining maturity</i>	<i>% of Value</i>	<i>Amortised Cost</i>
Up to 1 month	100.00	12,003,200
	100.00	12,003,200

b) The carrying value of investments in Sukuks is summarised as follows;

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Carrying value	30,446,458	30,148,125

The composition of investment in sukuk by maturity as at each period-end is set out below;

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
1-5 years	30,446,458	30,148,125

The Fund Manager has conducted a review as required under IFRS 9. Based on the assessment, the Fund Manager believes that there is no need for any significant expected credit loss against the carrying value of net investment measured at amortised cost at the reporting date.

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 Fund Board Directors, affiliates of the Fund Manager and the funds managed by the Fund Manager.

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 0.5% per annum for Class A Unitholders and 0.75% per annum for Class B Unitholders plus applicable taxes calculated on the total equity 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.

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For the six-month period ended 30 June 2023

All amounts presented in Saudi Riyals unless otherwise stated

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

<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 2023</i>	<i>As at 30 June 2023</i>	<i>As at 31 December 2022</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Audited)</i>
Saudi Fransi Capital Company	Management fee	(467,414)	(49,975)	(97,637)
	Brokerage fee	-	-	(1,013)
Board of Directors	Annual remuneration	(1,386)	(1,015)	(1,253)
Banque Saudi Fransi	Bank balances	-	40,825	183,428

The units in issue at 30 June 2023, include 31,081 (31 December 2022: 31,018 units) held by the employees of Banque Saudi Fransi and Saudi Fransi Capital Company.

11. NET LOSS ON INVESTMENTS MEASURED AT FVTPL

	<i>For the six-month period ended 30 June 2023</i>
	<i>(Un-Audited)</i>
Realised loss on sale of investments measured at FVTPL, net	(679,029)
Net unrealised gain on remeasurement of investments measured at FVTPL for the period	619,449
	(59,580)

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 measured at FVTPL, investments held at amortised cost and other assets. The Fund's financial liabilities consist of redemption payable, 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.

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All amounts presented in Saudi Riyals unless otherwise stated

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<u>Carrying value</u>	<u>Level 1</u>	<u>Total</u>
30 June 2023 (Un-Audited)			
Investments measured at FVTPL	65,315,328	65,315,328	65,315,328
31 December 2022 (Audited)			
Investments measured at FVTPL	94,974,195	94,974,195	94,974,195

During the period ended 30 June 2023, 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 this condensed interim financial information for the six-month period ended was 30 June 2023.

14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information was approved and authorised for issue by the Fund Board on 22 Muharram 1445H (corresponding to 9 August 2023 G).