

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

EY
محل تجاري ٩٠١٠٢٨٢٨٩١
CR. 1010363821
شركة إرنست ويونغ للخدمات المهنية
(مفوضية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 SR (Unaudited)	31 December 2021 SR (Audited)
	Note		
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	5	12,990,759	13,805,033
Dividend receivables		5,742	-
Other receivables		1,638	124,038
Cash and cash equivalents		435,361	830,677
TOTAL ASSETS		13,433,500	14,759,748
LIABILITIES			
Management fees payable	6	17,349	19,006
Accrued expenses		74,596	107,137
TOTAL LIABILITIES		91,945	126,143
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		13,341,555	14,633,605
TOTAL LIABILITIES AND EQUITY		13,433,500	14,759,748
Redeemable units in issue		4,983	5,717
Net asset value attributable to each unit		2,677	2,560

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2022

		2022	2021
	Notes	SR	SR
INCOME			
Net realized gain on disposal of financial assets at FVPTL	5	2,487,866	2,039,983
Net unrealized (loss) gain on financial assets at FVPTL		(1,271,418)	1,499,280
Dividend income		139,940	206,697
Miscellaneous income		-	52,678
TOTAL INCOME		1,356,388	3,798,638
EXPENSES			
Management fees	6	(116,132)	(99,110)
Other expenses		(175,170)	(165,288)
TOTAL EXPENSES		(291,302)	(264,398)
NET INCOME FOR THE PERIOD		1,065,086	3,534,240
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,065,086	3,534,240

The accompanying notes 1 to 10 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 (UNAUDITED)

For the six-month period ended 30 June 2022

	2022 SR	2021 SR
Equity attributable to the unitholders at the beginning of the period	14,633,605	11,786,847
Total comprehensive (loss) income for the period	1,065,086	3,534,240
Issuance and redemption of units		
Issuance of units during the period	298,285	10,000
Redemptions of units during the period	(2,655,421)	(404,753)
Net changes in units	(2,357,136)	(394,753)
Equity attributable to the unitholders at the end of the period	13,341,555	14,926,334

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units made during the period are summarized, as follows:

	2022 Units	2021 Units
Units at the beginning of the period	5,717	6,452
Issuance of units during the period	112	5
Redemptions of units during the period	(846)	(175)
Net changes in units	(734)	(170)
Units at the end of the period	4,983	6,282

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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2022

	2021 SR	2021 SR
OPERATING ACTIVITIES		
Net income for the period	1,065,086	3,534,240
Adjustment to reconcile net income to net cash flows:		
Movement in unrealized loss (gain) on financial assets at FVTPL	1,271,418	(1,499,280)
	<u>2,336,504</u>	<u>2,034,960</u>
Working capital adjustments:		
Financial assets at FVTPL	(457,144)	(2,147,246)
Dividend receivables	(5,742)	(10,755)
Management fees payable and other expenses	(34,198)	42,123
Trade settlement	-	213,776
Other receivables	122,400	(2,898)
	<u>1,961,820</u>	<u>129,960</u>
Net cash flows from operating activities		
FINANCING ACTIVITIES		
Proceeds from issuance of units	298,285	10,000
Payment on redemption of units	(2,655,421)	(404,753)
	<u>(2,357,136)</u>	<u>(394,753)</u>
Net cash flows used in financing activities		
NET DECREASE IN BANK BALANCE	(395,316)	(264,793)
Bank balance at beginning of the period	830,677	265,719
BANK BALANCE AT END OF THE PERIOD	435,361	926

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Blom Saudi Arabia Fund

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

1. GENERAL

Blom Saudi Arabia Fund (the “Fund”) is an open ended fund created by agreement between Blominvest Saudi Arabia - A Saudi Joint Stock Company (the “Fund Manager”) and investors (“unitholders”) in the Fund. The Fund was established on 21 Jumad Awal 1432H (corresponding to 25 April 2011) as per approval from the Capital Market Authority (the “CMA”) and commenced its operations on 6 July 2011.

The objective of the Fund is to generate long term capital growth for investors through investing in equity securities listed in Tadawul, either directly or through other funds or collective investment schemes established under the laws and regulations of the kingdom of Saudi Arabia.

The Fund has appointed HSBC Saudi Arabia Limited to act as its custodian and administrator. The fees for the custodian and administrator services are paid directly by the Fund.

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 6 Safar 1438H (corresponding to 6 November 2016) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 16 Sha’aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The regulations were further amended by Resolution of the Board of CMA number 2-22-2021 dated 1 Rajab 1442H (corresponding to 24 February 2021). The amended regulations were effective from 19 Ramadan 1442H (corresponding to 1 May 2021).

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These interim condensed financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the annual financial statements for the year ended 31 December 2021. In addition, 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.

The interim condensed financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at fair value through profit or loss that are measured at fair value. These interim condensed financial statements are presented in Saudi Riyals (“SR”), which is the Fund’s functional currency.

3.2 Significant accounting policies

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2021, except for the new standards and amendments effective from 1 January 2022.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

New standards, interpretations and amendments

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021).
- 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 (effective for annual periods beginning on or after 1 January 2022):
- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial
- Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, 'Property, plant and equipment' prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in statement of income.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs an entity includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities (deferred until accounting periods starting not earlier than 1 January 2024).
- Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8 (annual periods beginning on or after 1 January 2023).
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction (annual periods beginning on or after 1 January 2023).
- IFRS 17, 'Insurance Contracts', as amended in June 2020 (annual periods beginning on or after 1 January 2023).
- A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts (annual periods beginning on or after 1 January 2023).

4. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATE AND ASSUMPTIONS

The significant accounting judgements, estimates and assumptions used in preparation of interim condensed financial statements are consistent with those used in preparation of the fund's annual financial statements for the year ended 31 December 2021.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2022

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the financial assets at fair value through profit or loss is summarised below:

<i>Description</i>	<i>30 June 2022 (Unaudited)</i>			
	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/ (loss) SR</i>
<u>Sectors</u>				
Banks	34.98%	3,716,008	4,544,761	828,753
Material	17.03%	2,210,235	2,212,066	1,831
Energy	12.65%	1,650,765	1,642,842	(7,923)
Telecommunication Services	6.07%	901,449	788,032	(113,417)
Health Care Equipment and Services	5.09%	569,524	661,237	91,713
Real Estate	3.69%	501,512	479,250	(22,262)
Utilities	3.47%	434,180	450,754	16,574
Insurance	3.34%	486,620	434,231	(52,389)
Consumer Services	2.09%	281,693	271,695	(9,998)
Media	1.74%	242,768	225,788	(16,980)
Capital Goods	1.62%	275,202	209,979	(65,223)
Retailing	1.61%	246,268	208,741	(37,527)
Diversified Financials	1.58%	205,988	204,876	(1,112)
Food and Beverages	1.43%	221,005	186,379	(34,626)
Software and Services	1.18%	170,356	153,691	(16,665)
Transportation	0.93%	123,990	120,306	(3,684)
Food and Staples Retailing	0.84%	108,736	109,710	974
Commercial and professional services	0.67%	98,965	86,421	(12,544)
	100%	12,445,264	12,990,759	545,495
<i>31 December 2021 (Audited)</i>				
<i>Description</i>	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain SR</i>
<u>Sectors</u>				
Banks	37.25%	3,633,987	5,142,327	1,508,340
Commercial and professional services	1.03%	143,553	142,090	(1,463)
Consumer services	4.59%	630,207	633,870	3,663
Energy	1.44%	200,944	198,530	(2,414)
Material	23.01%	2,979,936	3,176,068	196,132
Real estate management and development	4.49%	636,166	619,248	(16,918)
Retailing	3.37%	407,036	465,052	58,016
Transportation	0.83%	121,161	114,420	(6,741)
Utilities	8.50%	1,058,261	1,173,983	115,722
Insurance	2.29%	348,505	315,672	(32,833)
Health care equipment and services	5.46%	729,164	753,216	24,052
Consumer durables and apparel	0.88%	168,162	121,883	(46,279)
Media and entertainment	2.17%	260,185	301,167	40,982
Capital goods	4.15%	591,481	572,227	(19,254)
Software and services	0.54%	79,372	75,280	(4,092)
	100%	11,988,120	13,805,033	1,816,913

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2022

6. TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee at the rate of 1.50% per annum calculated based on the net assets at each valuation date. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund including audit fee, board compensation and other similar charges.

The management fees amounting to SR 116,132 (2021: SR 99,110) recognised in the interim condensed statement of comprehensive income represent the fees charged by the Fund Manager during the period. The management fees payable to the Fund Manager during the period is SR 17,349 (2021: SR 19,006).

The unitholders' account included 1,239 units (2021: 1,239 units) held by the Fund Manager as of 31 December 2021

7. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund has only investments at fair value through profit or loss which is measured at fair values. All other financial assets and liabilities are classified as amortised cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid.

The following table provides the fair value measurement hierarchy of the Fund's financial assets as at 30 June 2022 and 31 December 2021. There are no financial liabilities measured at fair value.

		<i>Fair value measurement using</i>		
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<i>As at 30 June 2022 (Unaudited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	12,990,759	12,990,759	-	-
<i>As at 31 December 2021 (Audited)</i>				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL (listed on Tadawul)	13,805,033	13,805,033	-	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2022

8. 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>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
<i>As at 30 June 2022 ((Unaudited)</i>			
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	12,990,759	-	12,990,759
Dividend receivables	5,742	-	5,742
Cash and cash equivalents	435,361	-	435,361
Other receivables	1,638	-	1,638
TOTAL ASSETS	13,433,500	-	13,433,500
LIABILITIES			
Management fees payable	17,349	-	17,349
Accrued expenses	74,596	-	74,596
TOTAL LIABILITIES	91,945	-	91,945
<i>As at 31 December 2021 (Audited)</i>			
ASSETS			
Financial assets at FVTPL	13,805,033	-	13,805,033
Cash and cash equivalents	830,677	-	830,677
Other receivables	124,038	-	124,038
TOTAL ASSETS	14,759,748	-	14,759,748
LIABILITIES			
Management fees payable	19,006	-	19,006
Accrued expenses	107,137	-	107,137
TOTAL LIABILITIES	126,143	-	126,143

9. LAST VALUATION DAY

The last valuation day of the period was 30 June 2022 [31 December 2021 (Audited): 31 December 2021].

10. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund's Board of Directors on 18 Muharram 1444H (corresponding to 16 August 2022).