

**Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021



Ernst & Young & Co. (Certified Public Accountants)
General Partnership
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Registration No. 45/11/323
C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF BLOM SAUDI ARABIA FUND (MANAGED BY BLOMINVEST SAUDI ARABIA)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Blom Saudi Arabia Fund (the "Fund") managed by Blominvest Saudi Arabia (the "Fund Manager") as at 30 June 2021, 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 a summary of significant accounting policies and other explanatory notes. Management 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" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young


Saad M. Al-Khathlan
Certified Public Accountant
License No. 509



Riyadh: 8 Muharram 1443H
(16 August 2021)

Blom Saudi Arabia Fund
(Managed by Blominvest Saudi Arabia)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
ASSETS			
Financial assets at fair value through profit or loss (FVTPL)	4	15,032,765	11,386,239
Dividend receivables		10,755	-
Trade settlements		-	213,776
Cash and cash equivalents		926	265,719
Other receivables		4,536	1,638
TOTAL ASSETS		15,048,982	11,867,372
LIABILITIES			
Accrued management fees	6	18,275	17,017
Accrued expenses		104,373	63,508
TOTAL LIABILITIES		122,648	80,525
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		14,926,334	11,786,847
TOTAL LIABILITIES AND EQUITY		15,048,982	11,867,372
Redeemable units in issue		6,282	6,453
Net asset value attributable to each unit		2,376.05	1,826.59

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Blom Saudi Arabia Fund
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the six-month period ended 30 June 2021

	Notes	2021 SR	2020 SR
INCOME			
Net realized gain (loss) on disposal of financial assets at FVPTL	4	2,039,983	(466,295)
Net unrealized gain (loss) on financial assets at FVPTL	4	1,499,280	(432,640)
Dividend income		206,697	132,034
Other income		52,678	-
TOTAL INCOME (LOSS)		3,798,638	(766,901)
EXPENSES			
Management fees	6	(99,110)	(72,805)
Other expenses	5	(165,288)	(140,432)
TOTAL EXPENSES		(264,398)	(213,237)
NET INCOME (LOSS) FOR THE PERIOD		3,534,240	(980,138)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		3,534,240	(980,138)

The accompanying notes 1 to 11 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 2021

	2021 SR	2020 SR
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD	11,786,847	11,348,359
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	3,534,240	(980,138)
ISSUANCE AND REDEMPTION OF UNITS		
Issuance of units during the period	10,000	100,000
Redemptions of units during the period	(404,753)	(772,710)
Net changes in units	(394,753)	(672,710)
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD	14,926,334	9,695,511

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units made for the period ended 30 June are summarised as follows:

	2021 Units	2020 Units
UNITS AT THE BEGINNING OF THE PERIOD	6,453	6,859
Issuance of units during the period	5	66
Redemptions of units during the period	(176)	(473)
Net changes in units	(171)	(407)
UNITS AT THE END OF THE PERIOD	6,282	6,452

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Blom Saudi Arabia Fund
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2021

	2021 SR	2020 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	3,534,240	(980,138)
<i>Adjustment to reconcile net income (loss) to net cash flows:</i>		
Movement in unrealized (gain) /loss on financial assets at FVTPL	(1,499,280)	432,640
	2,034,960	(547,498)
<i>Working capital adjustments:</i>		
(Increase) decrease in financial assets at FVTPL	(2,147,246)	1,224,073
Increase in dividend receivables	(10,755)	(13,804)
(Increase) in other receivables	(2,898)	-
Decrease in trade settlement	213,776	29,720
Increase in accrued management fees and other expenses	42,123	8,945
Net cash flows from operating activities	129,960	701,436
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	10,000	100,000
Payment on redemption of units	(404,753)	(772,710)
Net cash flows used in financing activities	(394,753)	(672,710)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(264,793)	28,726
Cash and cash equivalents at the beginning of the period	265,719	183,075
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	926	211,801

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Blom Saudi Arabia Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

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 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 Saudi Arabia.

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 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”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further Amended by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12/7/1442H. Corresponding to 24/2/2021G (the “Amended Regulations”).

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 Basis of Preparation

These interim condensed financial statements for the six-month period ended 30 June 2021 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 2020.

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

3.2 New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Fund.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

The amendments include the following practical expedients:

- a) A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- b) Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- c) Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

4. 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:

Description	30 June 2021 (unaudited)			
	% of market value	Cost SR	Market value SR	Unrealised gain (loss) SR
<u>Sectors</u>				
Banks	29.14%	3,116,628	4,380,812	1,264,184
Material	22.41%	2,744,095	3,368,332	624,237
Utilities	6.77%	939,755	1,018,274	78,519
Capital Goods	6.63%	880,316	997,029	116,713
Retailing	6.42%	856,854	965,309	108,455
Real Estate Management and Development	5.86%	636,381	880,942	244,561
Health Care Equipment and Services	4.17%	589,861	626,996	37,135
Food, Beverages	3.68%	543,386	553,577	10,191
Insurance	3.33%	373,798	501,288	127,490
Telecommunication Services	3.13%	396,020	470,996	74,976
Consumer Durables & Apparel	2.72%	369,456	409,445	39,989
Energy	1.65%	242,243	247,347	5,104
Consumer services	1.42%	210,240	213,561	3,321
Pharmaceuticals, Biotechnology & Life Sciences	1.36%	136,146	204,777	68,631
Transportation	1.29%	198,950	194,080	(4,870)
	100.00%	12,234,129	15,032,765	2,798,636

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

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

Description	31 December 2020 (audited)			
	% of market value	Cost SR	Market value SR	Unrealised gain (loss) SR
<i>Sectors</i>				
Materials	37.43%	3,547,182	4,262,304	715,122
Energy	15.99%	1,744,836	1,821,103	76,267
Banks	15.25%	1,541,031	1,736,950	195,919
Retailing	10.98%	1,147,517	1,249,686	102,169
Real Estate Management and Development	6.02%	680,505	685,706	5,201
Food, Beverage	3.05%	309,486	347,060	37,574
Health Care Equipment and Services	2.34%	218,498	266,194	47,696
Telecommunication Services	2.04%	208,415	232,036	23,621
Utilities	1.87%	219,310	213,000	(6,310)
Capital Goods	1.48%	148,889	168,448	19,559
Food and Staples Retailing	1.18%	98,128	134,343	36,215
Insurance	0.99%	90,868	113,094	22,226
Transportation	0.57%	56,078	64,600	8,522
Pharmaceuticals, Biotechnology & Life Sciences	0.51%	41,826	57,663	15,837
Commercial and Professional Services	0.30%	34,314	34,052	(262)
	100.00%	10,086,883	11,386,239	1,299,356

Equity investments are traded on the Saudi Arabian stock exchange (“Tadawul”)

The movement of financial assets at fair value through profit and loss is as follow:

	30 June 2021 SR	30 June 2020 SR
Fair value as at the beginning of the period	11,386,239	11,222,436
Net sales (purchases) of financial assets at FVPTL	107,263	(757,778)
Net realized gain (loss) on financial assets at FVPTL	2,039,983	(466,295)
Net unrealized gain (loss) on financial assets at FVPTL	1,499,280	(432,640)
Fair value as at the end of period	15,032,765	9,565,723

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

5. OTHER EXPENSES

	For six-month period ended 30 June	
	2021 SR	2020 SR
Administration fee (see below)	44,630	44,754
Value added tax	31,576	9,075
Transaction charges	30,319	24,150
Audit fees	19,092	22,377
Board meeting expense	18,596	18,648
Custodian fees (see below)	14,877	14,918
Tax and regulatory fee	3,719	4,024
Tadawul charges	2,479	2,486
	<u>165,288</u>	<u>140,432</u>

HSBC Saudi Arabia Limited act as the custodian and administrator of the Fund. The Fund pays an administration fee calculated at an annual rate, as per the below table as set out in the Fund's terms and conditions, of the net asset value at each valuation date.

<i>Net asset value</i>	<i>Annual rate</i>
From SR Nil to SR 187.5 million	0.10%
SR 187.5 million and above	0.08%
Minimum monthly administration fee	SR 7,500

The custody fee is calculated and accrued at a rate of 0.10% per annum of the net asset value at each valuation date as set out in the Fund's terms and conditions and subject to the monthly minimum fee of SR 2,500.

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 99,110 (2020: SR 72,805) reflected in the interim condensed statement of comprehensive income represent the fees charged by the Fund Manager during the period as prescribed above. The accrued management fees payable to the Fund Manager at the period-end are as follows:

	30 June 2021 SR	31 December 2020 SR
Accrued management fees	<u>18,275</u>	<u>17,017</u>

The Unitholders' account during the period included units held as follows:

	30 June 2021 Units	31 December 2020 Units
Held by the fund manager	<u>1,239</u>	<u>1,239</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date.

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 measures financial instruments at fair value at each reporting date.

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. 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. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

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:

As at 30 June 2021	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	15,032,765	-	15,032,765
Dividend receivables	10,755	-	10,755
Trade settlements	-	-	-
Cash and cash equivalents	926	-	926
Other receivables	4,536	-	4,536
TOTAL ASSETS	15,048,982	-	15,048,982
LIABILITIES			
Accrued management fees	18,275	-	18,275
Accrued expenses	104,373	-	104,373
TOTAL LIABILITIES	122,648	-	122,648

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

8. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

As at 31 December 2020	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Financial assets at FVTPL	11,386,239	-	11,386,239
Trade settlements	213,776	-	213,776
Dividend receivables	-	-	-
Cash and cash equivalents	265,719	-	265,719
Other receivables	1,638	-	1,638
TOTAL ASSETS	11,867,372	-	11,867,372
LIABILITIES			
Accrued management fees	17,017	-	17,017
Accrued expenses	63,508	-	63,508
TOTAL LIABILITIES	80,525	-	80,525

9. LAST VALUATION DAY

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

10. IMPACT OF COVID-19 ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Fund Manager has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

The impact of the pandemic on the Fund’s operations and financial results till the date of the unaudited interim condensed financial statements has been reflected in the net assets value and investments value. These developments could further impact our future financial results, cash flows and financial condition and the Fund Manager will continue to assess the nature and extent of the impact on its business and financial results.

11. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund’s management on 8 Muharram 1443H (corresponding to 16 August 2021).