

RIYAD EMAAR FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Interim condensed financial information (Un-audited)
For the six-months period ended 30 June 2022
Together with the
Independent Auditor's Review Report to the Unitholders

RIYAD EMAAR FUND
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Interim Condensed Financial Information (Un-audited)
For the period ended 30 June 2022

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Report on review of Interim Condensed Financial Information

To the Unitholders and the Fund Manager of
Riyad Emaar Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Riyadh Emaar 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 this interim condensed 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 interim condensed 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 interim condensed 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

15 August 2022
(17 Muharram 1444H)



RIYAD EMAAR FUND
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(Amounts in Saudi Arabian Riyals)

	Note	As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	6	588,285	1,523,148
Investments carried at fair value through profit or loss (FVPL)	7	13,982,307	13,131,522
Dividend receivable		-	24,019
Total assets		14,570,592	14,678,689
LIABILITIES			
Fund management fee payable	11	5,325	88,948
Accrued expenses		18,550	36,874
Total liabilities		23,875	125,822
Equity attributable to the unitholders		14,546,717	14,552,867
Units in issue (number)	8	887,090.91	830,306.17
Equity attributable to each unit		16.40	17.53

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD EMAAR FUND
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the six-month period ended
(Amounts in Saudi Arabian Riyals)

	Note	30 June 2022	30 June 2021
<u>Investment income</u>			
Net (loss) / gain from investments carried at FVPL	9	(1,172,764)	4,606,760
Dividend income		213,353	290,293
		(959,411)	4,897,053
<u>Expenses</u>			
Fund management fees	11	(167,591)	(187,501)
Other expenses	10	(62,727)	(43,269)
		(230,318)	(230,770)
Net (loss) / income for the period		(1,189,729)	4,666,283
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		(1,189,729)	4,666,283

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD EMAAR FUND
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (UN-AUDITED)
For the six-month period ended
(Amounts in Saudi Arabian Riyals)

	<u>30 June 2022</u>	<u>30 June 2021</u>
Equity attributable to the Unitholders at the beginning of the period	14,552,867	16,098,584
Total comprehensive (loss) / income for the period	(1,189,729)	4,666,283
Subscriptions and redemptions by the Unitholders		
Issuance of units	4,677,034	3,113,885
Redemption of units	(3,493,455)	(6,982,143)
Net changes from unit transactions	1,183,579	(3,868,258)
Equity attributable to the Unitholders at the end of the period	14,546,717	16,896,609

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD EMAAR FUND
Open-Ended Mutual Fund
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six-month period ended
(Amounts in Saudi Arabian Riyals)

	Note	30 June 2022	30 June 2021
Cash flows from operating activities:			
Net (loss) / income for the period		(1,189,729)	4,666,283
Adjustments for:			
Unrealized loss / (gain) from investments carried at FVPL	9	1,795,954	(3,273,840)
		606,225	1,392,443
Net changes in operating assets and liabilities:			
Investments carried at FVPL		(2,646,739)	2,481,137
Dividend receivable		24,019	-
Fund management fee payable		(83,623)	4,937
Accrued expenses		(18,324)	(7,549)
Net cash (used in) / generated from operating activities		(2,118,442)	3,870,968
Cash flows from financing activities:			
Proceeds from issuance of units		4,677,034	3,113,885
Redemptions of the units		(3,493,455)	(6,982,143)
Net cash generated from / (used in) financing activities		1,183,579	(3,868,258)
Net changes in cash and cash equivalents		(934,863)	2,710
Cash and cash equivalents at beginning of the period		1,523,148	263,338
Cash and cash equivalents at end of the period		588,285	266,048

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

RIYAD EMAAR FUND
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
Notes to the interim condensed financial information (Un-audited)
For the six-month period ended 30 June 2022

(All amounts in Saudi Arabian Riyals unless otherwise stated)

1 FUND AND ITS ACTIVITIES

The Riyadh Emaar Fund (the “Fund”) is an equity fund portfolio managed through an agreement between Riyadh Capital (the “Fund Manager”) and the investors in the Fund (the “Unit Holders”). The Fund’s objective is to achieve capital growth through investing primarily in equities of Saudi companies engaged in building, construction, real estate and cement sectors or engaged in similar activities.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s Agreement, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas.

Capital Market Authority (“CMA”)’s approval for the establishment of the Fund was granted in its letter number 291/5 dated Muharram 23, 1430H (corresponding to 20 January 2009). The Fund commenced its operations on 30 December 2009

2 REGULATING 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) as amended by resolution of the CMA Board 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

This interim condensed financial information of the Fund has been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Fund’s last annual financial statement 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.

3.2 Basis of measurement

This interim condensed financial information has been prepared under the historical cost convention, using the accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its interim condensed statement of financial position in the order of liquidity.

3.3 Functional and presentation currency

Items included in the interim condensed financial information are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). This interim condensed financial information is presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at date of the interim condensed statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim condensed statement of comprehensive income.

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3 BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting judgments, estimates and assumption

The preparation of the interim condensed financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

There are no significant estimates or judgements involved in the preparation of financial information that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period. The Fund based its assumptions and estimates on parameters available when the interim condensed financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Going concern

The Fund Manager has 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 on the Fund's ability to continue as a going concern.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this interim condensed financial information is consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2021. Certain new standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial information of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's interim condensed financial information. In the opinion of the Fund's Board, these will have no significant impact on the interim condensed financial information of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

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 information.

- 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

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5 MANAGEMENT FEE, AND OTHER CHARGES

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 1.75% (2021: 1.75%) per annum of the Fund's net assets value. In addition, on daily basis the Fund Manager charges the Fund, custody and administration fees each at the rate of 0.035% (2021: 0.035%) and 0.20% (2021: 0.20%) per annum of the Fund's net asset value.

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fees, and other similar charges. These charges are not expected to exceed in total 0.20% (2021: 0.20%) per annum of the Fund's net assets value.

6 CASH AND CASH EQUIVALENTS

	Notes	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Cash in investment account	6.1	588,285	1,523,148
		588,285	1,523,148

6.1 Cash in investment account is held in an investment account with HSBC Saudi Arabia. The Fund does not earn profit on these investment accounts.

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7 INVESTMENTS CARRIED AT FVPL

The Fund has invested primarily in equity securities of listed Saudi companies. The sector-wise portfolio of investments carried at FVPL is summarized as follows:

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
Materials	6,350,424	6,655,430
Real Estate Management and development	5,161,710	4,281,746
Capital Goods	2,122,464	1,640,960
Software and Services	182,835	-
Food and Staples Retail	164,874	-
Utilities	-	241,667
Media and entertainment	-	198,656
Diversified financial	-	113,063
Total market value	13,982,307	13,131,522
Total cost	15,778,261	12,953,399

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	Potential reasonable change %	Effect on Equity
Materials	1%	63,504	1%	66,554
Real Estate Management and development	1%	51,617	1%	42,817
Capital Goods	1%	21,225	1%	16,410
Software and Services	1%	1,828	1%	-
Food and Staples Retail	1%	1,649	1%	-
Utilities	1%	-	1%	2,417
Media and entertainment	1%	-	1%	1,987
Diversified financial	1%	-	1%	1,131
		139,823		131,316

8 UNIT TRANSACTIONS

Transactions in units for the period / year are summarized as follows:

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period / year	830,306.17	1,019,553.16
Units issued during the period / year	245,212.53	368,011.04
Units redeemed during the period / year	(188,427.79)	(557,258.03)
Net change in units	56,784.74	(189,246.99)
Units at the end of the period / year	887,090.91	830,306.17

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9 NET (LOSS) / GAIN FROM INVESTMENTS CARRIED AT FVPL

	30 June 2022	30 June 2021
	(Un-audited)	(Un-audited)
Realized gain from sale of investments carried at FVPL	623,190	1,332,920
Unrealized (loss) / gain from revaluation of investments carried at FVPL	(1,795,954)	3,273,840
	(1,172,764)	4,606,760

10 OTHER EXPENSES

	Note	30 June 2022	30 June 2021
		(Un-audited))	(Un-audited))
VAT fee		27,166	29,614
Purification fee	10.1	-	18
Other Expenses		35,561	13,637
		62,727	43,269

10.1 Purification fee represents charges incurred in respect of purification of the income generated from the investee companies in order to achieve a Sharia compliant return. These charges are calculated based on the Sharia Committee's approval.

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Fund include "Riyad Capital" being the Fund Manager, "Riyad Bank" being the shareholder of Riyadh Capital, other funds managed by the Fund Manager and the Fund's Board of Directors.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties' transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund's Board of Directors.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

Related party	Nature of transactions	Amount of transaction during the period		Closing balance (payable) / receivable	
		30 June 2022	30 June 2021	30 June 2022	31 December
		(Un-audited)	(Un-audited)	(Un-audited)	2021 (Audited)
Riyad Capital	Fund management fee	167,591	187,501	(5,325)	(88,948)
	Accrued VAT*	27,166	29,614	(2,629)	(13,342)
Riyad Bank	Finance cost	53,000	-	-	-

*Accrued VAT to related party is included under accrued expenses in the interim condensed statement of financial position.

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12 FAIR VALUE ESTIMATION

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying values of the Fund's financial instruments carried at amortized cost are assumed to approximate their fair values.

The Fund classifies its financial instruments in the following levels of fair value hierarchy:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, includes active listed equity. The Fund does not adjust the quoted price for these instruments.

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 1.

13 SUBSEQUENT EVENTS

As of the date of approval of this interim condensed financial information, there have been no significant subsequent events requiring disclosure to or adjustment in this interim condensed financial information.

14 LAST VALUATION DAY

The last valuation day for the purposes of preparation of this interim condensed financial information is 30 June 2022 (31 December 2021).

15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

This interim condensed financial information was approved and authorized for issue by the Fund's Board on 10 August 2022 (corresponding to 12 Muharram 1444H).