

**DERAYAH FREESTYLE SAUDI EQUITY FUND**  
**(Managed by Derayah Financial Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

Derayah Freestyle Saudi Equity Fund  
(Managed by Derayah Financial Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

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30 June 2022

<b>INDEX</b>	<b>PAGE</b>
Independent auditor's review report	1
Interim condensed statement of financial position	2
Interim condensed statement of comprehensive income	3
Interim condensed statement of cash flows	4
Interim condensed statement of changes in equity	5
Notes to the interim condensed financial statements	6 – 9

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**To the Unitholders of Derayah Freestyle Saudi Equity Fund**  
**(Managed by Derayah Financial Company)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Derayah Freestyle Saudi Equity Fund (the "Fund") being managed by Derayah Financial Company (the "Fund Manager") as at 30 June 2022 and the related interim condensed statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, including a summary of significant accounting policies and other explanatory notes. The 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") that is 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", that is 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 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 that is endorsed in the Kingdom of Saudi Arabia.

**For Alluhaid & Alyahya Chartered Accountants**

  
Saleh A. Al-Yahya  
Certified Public Accountant  
License No. 473

Riyadh: 25 Muharram 1444 H  
(23 August 2022)



Derayah Freestyle Saudi Equity Fund  
(Managed by Derayah Financial Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	<b>30 June 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
<b>ASSETS</b>			
Cash and cash equivalents		2,224,395	4,772,539
Financial assets at fair value through profit or loss ("FVTPL")	5	66,776,302	53,224,492
Advances for acquisition of financial asset at FVTPL		-	631,550
<b>TOTAL ASSETS</b>		<b>69,000,697</b>	<b>58,628,581</b>
<b>LIABILITIES</b>			
Management fee payable	6	105,265	83,505
Accrued expenses		116,705	156,588
<b>TOTAL LIABILITIES</b>		<b>221,970</b>	<b>240,093</b>
<b>EQUITY</b>			
Net assets attributable to unitholders of redeemable units		68,778,727	58,388,488
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>69,000,697</b>	<b>58,628,581</b>
Redeemable units in issue (numbers)		2,805,188	2,441,113
Net assets value attributable to unitholders per unit (SR)		24.52	23.92

The accompanying notes 1 to 9 form an integral part of these interim condensed financial statements.

Derayah Freestyle Saudi Equity Fund  
(Managed by Derayah Financial Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

	Note	<i>For the six-month period ended</i>	
		<b>30 June 2022 (Unaudited) SR</b>	<b>30 June 2021 (Unaudited) SR</b>
<b>INCOME</b>			
Dividend income		<b>668,822</b>	437,267
Gains from financial assets at FVTPL		<b>497,962</b>	7,861,133
Other income		<b>161</b>	2,881
<b>TOTAL INCOME</b>		<b>1,166,945</b>	<b>8,301,281</b>
<b>EXPENSES</b>			
Management fee	6	<b>(598,438)</b>	(303,710)
Custody fees		<b>(37,291)</b>	(15,251)
Directors' fees	6	<b>(19,836)</b>	(19,836)
Other operating expenses		<b>(75,955)</b>	(108,096)
<b>TOTAL OPERATING EXPENSES</b>		<b>(731,520)</b>	<b>(446,893)</b>
<b>NET INCOME FOR THE PERIOD</b>		<b>435,425</b>	<b>7,854,388</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>435,425</b>	<b>7,854,388</b>

The accompanying notes 1 to 9 form an integral part of these interim condensed financial statements.

Derayah Freestyle Saudi Equity Fund  
(Managed by Derayah Financial Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	435,425	7,854,388
Adjustments for:		
Unrealised losses (gain) from financial assets at FVTPL	4,560,724	(2,696,658)
Dividend income	(668,822)	(437,267)
	<u>4,327,327</u>	<u>4,720,463</u>
Changes in operating assets and liabilities:		
Decrease in advances for acquisition of financial asset at FVTPL	631,550	-
Decrease in advances to the Fund Manager	-	134,239
Increase in financial assets at fair value through profit or loss	(18,112,534)	(15,672,639)
Increase in management fee payable	21,760	58,279
Decrease in accrued expenses	(39,883)	(57,728)
	<u>(13,171,780)</u>	<u>(10,817,386)</u>
Cash flows used in operations		
Dividends received	668,822	445,444
Net cash flows used in operating activities	<u>(12,502,958)</u>	<u>(10,371,942)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	28,851,070	16,586,867
Payments against redemption of units	(18,896,256)	(5,852,826)
Net cash flows from financing activities	<u>9,954,814</u>	<u>10,734,041</u>
Net (decrease) increase in cash and cash equivalents	<u>(2,548,144)</u>	362,099
Cash and cash equivalents at the beginning of the period	4,772,539	142,974
Cash and cash equivalents at the end of the period	<u><u>2,224,395</u></u>	<u><u>505,073</u></u>

The accompanying notes 1 to 9 form an integral part of these interim condensed financial statements.

Derayah Freestyle Saudi Equity Fund  
(Managed by Derayah Financial Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>
<b>Net assets attributable to the redeemable unitholders at the beginning of the period (audited)</b>	<b>58,388,488</b>	<b>23,796,089</b>
<b>Comprehensive income:</b>		
Net income for the period	<b>435,425</b>	<b>7,854,388</b>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<b>435,425</b>	<b>7,854,388</b>
<b>CHANGE FROM UNIT TRANSACTIONS</b>		
Proceeds from issuance of units	<b>28,851,070</b>	<b>16,586,867</b>
Payment against redemption of units	<b>(18,896,256)</b>	<b>(5,852,826)</b>
Net increase from unit transactions	<b>9,954,814</b>	<b>10,734,041</b>
<b>Net assets attributable to the redeemable unitholders at the end of the period (unaudited)</b>	<b>68,778,727</b>	<b>42,384,518</b>

**REDEEMABLE UNITS TRANSACTIONS**

Transactions in units for the period are summarized as follows:

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>Units</i>	<i>Units</i>
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<b>2,441,113</b>	<b>1,309,101</b>
Units issued during the period	<b>1,049,119</b>	<b>857,266</b>
Units redeemed during the period	<b>(685,044)</b>	<b>(287,783)</b>
<b>UNITS AT THE END OF THE PERIOD</b>	<b>2,805,188</b>	<b>1,878,584</b>
<b>NET ASSETS VALUE PER UNIT AT THE END OF THE PERIOD</b>	<b>24.52</b>	<b>22.56</b>

The accompanying notes 1 to 9 form an integral part of these interim condensed financial statements.

# Derayah Freestyle Saudi Equity Fund (Managed by Derayah Financial Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

### 1 GENERAL

Derayah Freestyle Saudi Equity Fund (the "Fund") is an open-ended fund. The Fund aims to develop capital over the long term by investing mainly in companies listed on the Saudi Stock Exchange ("Tadawul"), in the parallel market ("Nomu"), and tradeable rights and initial offerings in Saudi Arabia. The Fund can also invest in the financial markets of other countries (globally). All investments of the Fund shall be in accordance with Sharia standards approved by the Sharia Committee of the Fund. The Fund Manager will also invest in real estate traded funds and Exchange-Traded Funds ("ETFs"). The Fund will not distribute dividends to its unitholders; however, all profits will be reinvested by the Fund.

The Fund is managed by Derayah Financial Company (the "Fund Manager"), a closed joint stock company licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") under license number 90810-27. Albilad Investment Company (the "Custodian") is appointed as the custodian of the Fund.

The registered office of the Fund Manager is P.O. Box 286546, Riyadh 11323, Kingdom of Saudi Arabia.

The Fund commenced its operations on 29 March 2016.

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

These interim condensed financial statements were authorized for issue by the Board of Directors on 25 Muharram 1444 H (corresponding to 23 August 2022).

### 2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA detailing requirements for all investment 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 ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by 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 and should be read in conjunction with the Fund's annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA.

The Fund Manager has prepared the interim condensed financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

#### 3.2 *Basis of measurement*

The interim condensed financial statements have been prepared under the historical cost convention using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value.

The Fund presents its interim condensed statement of financial position in order of liquidity based on the Fund Manager's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.



Derayah Freestyle Saudi Equity Fund  
(Managed by Derayah Financial Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 June 2022

**3 BASIS OF PREPARATION (continued)**

**3.3 Functional and presentation currency**

These interim condensed financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional and presentation currency. All financial information presented has been rounded to the nearest SR.

**3.4 Use of judgements, estimates and assumptions**

In preparing these interim condensed financial statements, Fund Manager has made the judgement, estimates, and assumptions that affect the application of the Fund’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by Fund Manager in applying the Fund’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements.

**4 SIGNIFICANT ACCOUNTING POLICIES**

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 2021 except for the adoption of new standards effective as of 1 January 2022. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but not effective yet.

**5 FINANCIAL ASSETS AT FVTPL**

These represent investments in equity instruments and are classified as financial assets at FVTPL.

Geographical exposure of these investments on the last valuation day is summarised below:

	<b>30 June 2022</b>		
	<i>Cost</i> SR	<i>Market Value</i> SR	<i>% of Market</i> <i>Value</i>
Kingdom of Saudi Arabia	<b>69,893,814</b>	<b>66,776,302</b>	<b>100</b>
	<hr/>	<hr/>	<hr/>
	<b>31 December 2021</b>		
	<i>Cost</i> SR	<i>Market Value</i> SR	<i>% of Market</i> <i>Value</i>
Kingdom of Saudi Arabia	40,095,347	40,688,445	76
Egypt	7,043,716	7,917,338	15
Qatar	4,642,217	4,618,709	9
	<hr/>	<hr/>	<hr/>
	<b>51,781,280</b>	<b>53,224,492</b>	<b>100</b>
	<hr/>	<hr/>	<hr/>

Derayah Freestyle Saudi Equity Fund  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
30 June 2022

5 FINANCIAL ASSETS AT FVTPL (continued)

The sector wise exposure of financial assets at FVTPL on the last valuation day is summarised below:

<i>Equity investments (by sector)</i>	<i>30 June 2022 (Unaudited)</i>	
	<i>Market Value SR</i>	<i>% of Market Value</i>
Materials	16,389,050	24
Banks	12,609,373	19
Energy	8,414,980	13
Software and Services	6,117,877	9
Commercial and Professional Services	4,851,401	7
Retailing	4,488,606	7
Telecommunication	3,515,474	5
Capital Goods	3,311,613	5
Insurance	2,491,140	4
Consumer Services	2,157,934	3
Food and Staples Retailing	2,012,468	3
Real Estate Management and Development	416,386	1
	<b>66,776,302</b>	<b>100</b>

  

<i>Equity investments (by sector)</i>	<i>31 December 2021 (Audited)</i>	
	<i>Market Value SR</i>	<i>% of Market Value</i>
Materials	12,760,180	24
Banks	7,568,366	14
Software and services	6,222,865	12
Insurance	4,367,831	8
Retailing	3,586,069	7
Utilities	3,473,359	7
Commercial and professional services	3,368,084	6
Consumer services	3,019,884	6
Health care equipment and services	2,837,269	5
Energy	1,706,005	3
Transportation	1,705,639	3
Telecommunication services	1,348,800	3
Real estate management and development	1,260,141	2
	<b>53,224,492</b>	<b>100</b>

6 RELATED PARTY TRANSACTIONS AND BALANCES

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. The Fund Manager and entities / persons related to Fund Manager are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties. Related party transactions are governed by limits set by the regulations issued by the CMA. All the related party transactions are approved by the Board of Directors.

a) *Management fee*

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager charges management fee at the rate of 1.5% (2021: 1.5%) that is calculated on a daily basis based on the net value of the Fund. The management fee for the six-month period ended 30 June 2022 amounted to SR 598,438 (30 June 2021: SR 303,710) with SR 105,265 (31 December 2021: SR 83,505) payable to the Fund Manager at the end of the period ended 30 June 2022.

# Derayah Freestyle Saudi Equity Fund (Managed by Derayah Financial Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
30 June 2022

## 6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

In addition, the Fund Manager charges subscription fee for one time at the rate of 3% (2021: 3%) of the subscription value from the Fund's unitholders, however such fee is not considered in the interim condensed financial statements of the Fund, as subscriptions are always net of subscription fees.

As at 30 June 2022, the Fund Manager held no units (31 December 2021: no units).

As at 30 June 2022, the shareholders of the Fund Manager held 67,370 units (31 December 2021: 67,370 units).

As at 30 June 2022, close family members of board members of the Fund Manager held 27,817 units (31 December 2021: 27,817 units).

### b) *Board of Directors remuneration*

The total remuneration paid to the directors for the six-month period ended 30 June 2022 was SR 19,836 (30 June 2021: SR 19,836) and consisted of only fixed directors' fees.

## 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investments at FVTPL which are 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 are classified as amortized cost and at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily realizable. 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 COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies as at the reporting date.

## 9 SUBSEQUENT EVENTS

There were no events subsequent to the reporting date which require adjustments of or disclosure in the interim condensed financial statements or notes thereto.