

DERAYAH GCC GROWTH AND INCOME EQUITY FUND
Open-Ended Investment Fund
(Managed by Derayah Financial Company)
Interim Condensed Financial Statements (Unaudited)
For the period ended 30 June 2023
Together with the
Independent Auditor's Review Report to the Unitholders

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

Financial Statements

For the Period ended 30 June 2023

Together with the Independent Auditor's Report to the Unitholders

	PAGES
INDEPENDENT AUDITOR'S REVIEW REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-9

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE UNITHOLDERS OF DERAYAH GCC GROWTH AND INCOME EQUITY FUND

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of DERAYAH GCC GROWTH AND INCOME EQUITY FUND'' (the "Fund"), managed by Derayah Financial Company (the Fund Manager) as at 30 June 2023 and the related interim statements of comprehensive income, changes in net assets (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 (the "interim condensed financial statements"). 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") 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 Engagement 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 condensed 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 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 23 Muharram 1445H
Corresponding to: 10 August 2023

RIYADH

Tel. +966 11 206 5333 | P.O. Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 662 5333 | P.O. Box 15651
Fax +966 12 662 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O. Box 4036
Fax +966 13 893 3349 | Al Khobar 31952

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**As at 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	4	2,113,718	3,361,681
Investments carried at amortized cost	6	1,010,000	1,010,111
Investments carried at fair value through profit or loss (FVTPL)	5	47,157,511	36,563,405
Other receivables		18,253	5,538
Prepayments to purchase Financial investments	7	1,109,368	-
TOTAL ASSETS		51,408,850	40,940,735
LIABILITIES			
Accrued expenses		133,534	71,209
Management fee payable	10	84,570	157,713
TOTAL LIABILITIES		218,104	228,922
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS		51,190,746	40,711,813
Units in issue (number)	8	3,824,904	3,780,684
NET ASSETS (EQUITY) ATTRIBUTABLE TO EACH UNIT		13.38	10.77

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**For the period ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	Note	For the period ended 30 June 2023 (Unaudited)	For the period ended 30 June 2022 (Unaudited)
<u>Investment income</u>			
Special commission income		-	867,783
Realized gain from investments carried at FVPL		3,196,154	5,207,757
Unrealized gain /(losses) from investments carried at FVPL		7,955,865	(4,606,741)
Dividend income		741,198	-
Other income		38,660	20,224
TOTAL INCOME FROM OPERATIONS		<u>11,931,877</u>	<u>1,489,023</u>
Management fees	10	(464,241)	(418,950)
Other expenses		(153,028)	(103,062)
TOTAL EXPENSES		<u>(617,269)</u>	<u>(522,012)</u>
NET INCOME FOR THE PERIOD ENDED		<u>11,314,608</u>	<u>967,011</u>
Other comprehensive income for the period Ended		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>11,314,608</u>	<u>967,011</u>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS**For the period ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	For the period ended 30 June 2023 (Unaudited)	For the period ended 30 June 2022 (Unaudited)
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS AT THE BEGINNING OF THE PERIOD	40,711,813	28,800,665
Changes from unit transactions:		
Issuance of units	5,757,839	20,542,437
Redemption of units	(5,067,674)	(8,402,892)
Net changes from unit transactions	690,165	12,139,545
Dividends	11 (1,525,840)	(651,138)
Total comprehensive income for the period	11,314,608	967,011
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS AT THE END OF THE YEAR /PERIOD	51,190,746	41,256,083

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

INTERIM CONDENSED STATEMENT OF CASH FLOWS**For the period ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

	For the period ended 30 June 2023 (Unaudited)	For the period ended 30 June 2022 (Unaudited)
Cash Flows from Operating Activities:		
Net Income for The Period	11,314,608	967,011
Adjustments for:		
Unrealized gain /(losses) from investments carried at FVPL	7,955,865	(4,606,741)
Net Changes in Operating Assets and Liabilities:		
Other receivables	(12,715)	316,200
Investments carried at FVPL	(18,549,971)	(9,316,600)
Prepayments to purchase Financial investments	(1,109,368)	
Investments carried at amortized cost	111	111
Management fees payable	(73,143)	22,146
Accrued expenses	62,325	(56,684)
Net Cash Used in Operating Activities	(412,288)	(12,674,557)
Cash Flows from Financing Activities:		
Proceeds from issuance of units	5,757,839	20,542,437
Redemptions of the units	(5,067,674)	(8,402,892)
Dividends	(1,525,840)	(651,138)
Net Cash (Used in) Generated from Financing Activities	(835,675)	11,488,407
Net (Decrease) in Cash and Cash Equivalents	(1,247,963)	(1,186,150)
Cash and cash equivalents at beginning of the period	3,361,681	3,098,844
Cash and Cash Equivalents at End of the Period	2,113,718	1,912,694

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

Notes to the interim condensed financial statements

For the period Ended 30 June 2023

(All Amounts in Saudi Arabian Riyals)

1. FUND AND ITS ACTIVITIES

Derayah GCC Growth and Income Equity Fund (the “Fund”) is an open-ended, Shariah-compliant public investment fund managed under an agreement between Derayah Financial (the “Fund Manager”) and the fund’s investors (“Unit Holders”). The fund aims to provide long-term capital growth and distribute cash dividends periodically by investing primarily in the securities of companies listed in the Saudi stock market and in shares of companies listed in the Gulf financial markets, and this includes primary and secondary offerings, priority rights and units of real estate traded funds and units of stock index funds, traded sukuk and shares of companies listed in the parallel market. The fund also aims to invest in fixed income instruments such as sukuk and money market instruments locally, in the Gulf and internationally. The fund aims to distribute cash dividends to its unit holders on a semi-annual basis.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund’s Management prepares a separate financial statement for the Fund.

Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number (S/3/5/1574/21) dated Rajab 2, 1442 H (corresponding to 14 February 2021).

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha’ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

3 BASIS OF PREPARATION

3.1 Statement of Commitment

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 “Initial Financial Reporting” approved in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Auditors and Accountants, and they must be read in conjunction with the latest annual financial statements of the fund for the year ending on December 31 2022. These interim condensed financial statements usually do not include all the information required to prepare the financial statements, but specific accounting policies and explanatory notes have been included to explain important events and transactions in order to understand the changes in the financial position and the company's performance since December 31, 2022.

3.2 Basis of measurement Functional and presentation currency

The interim condensed financial statements have been prepared on the historical cost basis, with the exception of investments carried at fair value through profit or loss.

These interim condensed financial statements have been presented in Saudi Riyals, which is the Company's functional and presentation currency.

3.3 New standards, amendments to standards and interpretations

There are new standards and a number of amendments to the standards that are effective as of January 1, 2023, and they were clarified in the fund's annual financial statements, but they do not have a material impact on the fund's preliminary financial statements.

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

Notes to the interim condensed financial statements**For the period Ended 30 June 2023**

(All Amounts in Saudi Arabian Riyals)

4. CASH AND CASH EQUIVALENTS

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks	4-1	2,113,718	3,361,681
		2,113,718	3,361,681

4.1 Bank balances are held in investment accounts with local banks.

5. Investments carried at fair value through profit or loss (FVTPL)

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Cost	Fair Value	Cost	Fair Value
Real estate management and development	1,057,451	942,178	3,590,635	2,931,550
Shares in the UAE market	7,225,527	7,572,316	1,693,825	1,813,129
Shares in the Kuwaiti market	791,793	881,058	791,793	803,015
Shares in the Qatari market	2,611,112	1,823,098	2,212,125	1,621,003
Telecommunication services	1,390,301	1,338,800	-	-
Banks	908,027	965,537	-	-
Insurance	490,720	464,700	-	-
Information technology	2,709,206	3,785,173	880,435	2,215,768
Consumer services	4,805,009	6,978,005	4,125,078	3,980,205
Commercial and professional services	1,430,890	1,605,895	2,989,002	2,658,682
Health care equipment and services	2,104,379	3,600,095	1,717,938	1,835,011
capital goods sector	-	-	1,210,132	1,134,730
Energy	498,482	915,851	583,388	642,072
Services	-	-	1,441,719	1,524,069
Materials	7,430,182	8,177,306	9,777,517	8,677,098
Transportation	868,866	1,338,963	868,866	832,747
Food & Staples Retailing	2,326,122	2,553,775	1,302,166	1,481,943
Retailing	2,720,488	2,343,073	4,395,137	3,213,060
Industrials	894,198	1,038,702	1,304,771	1,199,323
Financial	909,629	832,986	-	-
	41,172,382	47,157,511	38,884,527	36,563,405

6. Investments at carried at amortized cost

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
SUKUK		
Alinma Bank SUKUK	1,010,000	1,010,111

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

Notes to the interim condensed financial statements

For the period Ended 30 June 2023

(All Amounts in Saudi Arabian Riyals)

7. Prepayments to purchase Financial investments

During the period the fund subscribed in the new additional offering in SEDCO Capital REIT Fund with SAR 1,109,368.

8. UNIT TRANSACTIONS

Transactions in units for the period are summarized as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Units at the beginning of the Year / period	3,780,684	2,649,012
Units issued	459,809	2,339,791
Units redeemed	(415,589)	(1,208,119)
Net change in units	44,220	1,131,672
Units at the end of the Year / period	3,824,904	3,780,684

9. MANAGEMENT FEE, ADMINISTRATION AND OTHER EXPENSES

The fund manager charges a management fee of 1.8% of the fund's net asset value. The management fee is calculated daily and deducted at the end of each calendar month.

The fund manager recovers from the fund any expenses incurred on behalf of the fund such as audit fees, legal fees and other similar expenses. These fees are not expected to exceed 0.25% per annum of the fund's net asset value.

10. TRANSACTIONS AND BALANCE WITH RELATED PARTIES

Related parties of the Fund include Derayah Financial Company (the fund manager), and Albilad Capital (the custodian). 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 following are the significant transactions with related parties that the fund entered into during the period and the balances resulting therefrom:

Related Party	Nature of transactions	Amount of transaction		Closing balance receivable / (Payable)	
		30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Derayah Financial Company	Management Fees	464,241	866,902	(84,570)	(71,209)
Albilad Capital	Custody Fees	40,050	39,924	(53,550)	(21,962)
Board of directors	rewards	40,000	40,000	(40,000)	(40,000)

DERAYAH GCC GROWTH AND INCOME EQUITY FUND

Open-Ended Investment Fund

Managed by Derayah Financial Company

Notes to the interim condensed financial statements

For the period Ended 30 June 2023

(All Amounts in Saudi Arabian Riyals)

11. DIVIDENDS

On May 8, 2022, the fund manager approved the distribution of dividends to shareholders for the period from 1 November 2021 to April 30, 2022 in the amount of 0.1783 Saudi riyals per unit, with a total amount of 651,138 Saudi riyals for its unit holders.

On May 9, 2023, the fund manager approved the distribution of dividends to shareholders for the period from 1 November 2021 to April 30, 2022 in the amount of 0.40 Saudi riyals per unit, with a total amount of 1,525,840 Saudi riyals for its unit holders

12. SUBSEQUENT EVENTS

In the opinion of the management, there were no significant subsequent events after June 30, 2023 and until the date of approval of the interim condensed financial statements, which may have a material impact on the interim condensed financial statements as of June 30, 2023.

13. COMPARATIVE FIGURES

Some comparative period figures have been reclassified to conform with the current classification of the financial statements.

14. LAST VALUATION DAY

The last valuation day of the period /Year was 30 June 2023 (31 Dec 2022).

15. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund Board of Directors on 20 Muharram 1445H (7 August 2023).