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

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Report on review of Interim Condensed Financial Information

To the Unitholders and the Fund Manager of
Riyad Income Fund

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Riyad Income 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 ("interim condensed financial information"). The 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.

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15 August 2022
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RIYAD INCOME FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Arabian Riyal unless otherwise stated)

	Note	As at 30 June 2022 (Un-audited)	As at 31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	6, 11	**2,455,254**	1,354,337
Investments carried at fair value through profit or loss (FVPL)	7	**43,214,119**	53,978,427
Dividend receivable		**-**	7,299
Total assets		**45,669,373**	55,340,063
LIABILITIES			
Management fee payable	11	**16,745**	257,056
Accrued expenses		**24,058**	66,348
Total liabilities		**40,803**	323,404
Equity attributable to the Unitholders		**45,628,570**	55,016,659
Units in issue (number)	8	**4,532,146.83**	5,230,965.11
Equity attributable to each unit		**10.07**	10.52

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Arabian Riyal unless otherwise stated)

	Note	For the six-month period ended	
		30 June 2022	30 June 2021
Investment income			
Net gain from investments at FVPL	9	**(23,695)**	10,613,018
Dividend income		**799,323**	853,652
		775,628	11,466,670
Expenses			
Fund management fees	11	**(505,610)**	(431,853)
Other expenses	10	**(124,086)**	(80,604)
		(629,696)	(512,457)
Net income for the period		**145,932**	10,954,213
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period		**145,932**	10,954,213

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS
(All amounts in Saudi Arabian Riyal unless otherwise stated)

	For the six-month period ended	
	30 June 2022	30 June 2021
Equity attributable to the Unitholders at the beginning of the period	**55,016,659**	47,464,126
Total comprehensive income for the period	**145,932**	10,954,213
Subscriptions and redemptions by the Unitholders		
Subscription of units	**3,685,578**	5,468,676
Redemption of units	**(11,519,599)**	(8,869,552)
Net changes from unit transactions	**(7,834,021)**	(3,400,876)
Dividend distribution	**(1,700,000)**	(1,000,000)
Equity attributable to the Unitholders at the end of the period	**45,628,570**	54,017,463

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS
(All amounts in Saudi Arabian Riyal unless otherwise stated)

		For the six-month period ended	
	Note	**30 June 2022**	30 June 2021
Cash flows from operating activities:			
Net income for the period		**145,932**	10,954,213
Adjustments for:			
Unrealized loss/(gain) from investments carried at FVPL	9	**3,044,527**	(9,208,706)
		3,190,459	1,745,507
Net changes in operating assets and liabilities:			
Investments carried at FVPL		**7,719,781**	3,188,453
Dividend receivable		**7,299**	(4,489)
Management fees payable		**(240,311)**	18,493
Accrued expenses		**(42,290)**	(4,316)
Net cash from operating activities		**10,634,938**	4,943,648
Cash flows from financing activities:			
Proceeds from issuance of units		**3,685,578**	5,468,676
Redemptions of the units		**(11,519,599)**	(8,869,552)
Dividend distribution		**(1,700,000)**	(1,000,000)
Net cash used in financing activities		**(9,534,021)**	(4,400,876)
Net changes in cash and cash equivalents		**1,100,917**	542,772
Cash and cash equivalents at beginning of the period		**1,354,337**	254,909
Cash and cash equivalents at end of the period		**2,455,254**	797,681

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

1 FUND AND ITS ACTIVITIES

The Riyad Income Fund ("the Fund") is an open-ended sharia compliant equity fund managed through an agreement between Riyad Capital (the "Fund Manager") and investors in the Fund (the "Unitholders"). The Fund aims to achieve income growth by investing primarily in the listed Saudi companies, with consistent distributions of cash dividends, within the criteria set by Shariah Committee of Riyad Capital.

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") approval for the establishment of the Fund was granted in its letter number 09/3 dated 6 Rabi ul Awal 1435H (corresponding to 07 January 2014). The Fund commenced its operations on 22 Jumada Al-Awwal1435H (corresponding to 23 March 2014).

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) which were amended 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 Accounting standard 34 – Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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.

3 BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting estimates and assumptions

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 statements, 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.

3.5 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 January 1, 2022. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial statements.

- Amendments to IAS 37 - 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making;
- Amendments to IAS 16 - 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income;
- 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; and
- 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'.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	**Description**	**Effective from periods beginning on or after**
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

5 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 1.5% (2021: 1.5%) per annum of the Fund's net assets value. In addition, on a daily basis the Fund Manager charges the Fund, custody and administration fees each at the rate of 0.035% and 0.20% (2021: 0.035% and 0.20%) per annum of the Fund’s net asset value respectively.

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, 11	**2,455,254**	1,354,337
		2,455,254	1,354,337

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

7 INVESTMENTS CARRIED AT FVPL

The Fund invests 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	**17,099,590**	18,126,626
Banks	**8,005,986**	16,709,032
Telecommunication services	**5,544,993**	8,186,317
Real estate management and development	**2,299,628**	1,130,224
Retailing	**2,235,253**	3,372,758
Food and beverages	**2,077,973**	-
REITs	**1,486,625**	2,181,543
Health care equipment	**1,434,342**	573,041
Food staples and retailing	**1,383,554**	773,846
Software and services	**890,715**	573,069
Transportation	**755,460**	-
Utilities	**-**	924,000
Media and entertainment	**-**	883,071
Energy	**-**	544,900
Total market value	**43,214,119**	53,978,427
Total cost	**46,258,646**	47,141,486

7 INVESTMENTS CARRIED AT FVPL (CONTINUED)

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%	**170,996**	1%	181,266
Banks	1%	**80,060**	1%	167,090
Telecommunication services	1%	**55,450**	1%	81,863
Real estate management and development	1%	**22,996**	1%	11,302
Retailing	1%	**22,352**	1%	33,728
Food and beverages	1%	**20,780**	1%	-
REITs	1%	**14,866**	1%	21,815
Health care equipment	1%	**14,343**	1%	5,730
Food staples and retailing	1%	**13,836**	1%	7,738
Software and services	1%	**8,907**	1%	5,731
Transportation	1%	**7,555**	**1%**	**-**
Utilities	1%	**-**	1%	9,240
Media and entertainment	1%	**-**	1%	8,832
Energy	1%	**-**	1%	5,450
		432,141		539,884

8 UNIT TRANSACTIONS

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

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	(Units in numbers)	
Units at the beginning of the period / year	**5,230,965.11**	5,578,048.54
Units issued during the period / year	**315,531.17**	1,629,307.33
Units redeemed during the period / year	**(1,014,349.45)**	(1,976,390.77)
Net change in units	**(698,818.28)**	(347,083.43)
Units at the end of the period / year	**4,532,146.83**	5,230,965.11

9 NET GAIN FROM INVESTMENTS CARRIED AT FVPL

	30 June 2022 (Un-audited)	30 June 2021 (Audited)
Realized gain from sale of investments carried at FVPL	**3,020,832**	1,404,312
Unrealized (loss) / gain from revaluation of investments carried at FVPL	**(3,044,527)**	9,208,706
	(23,695)	10,613,018

10 OTHER EXPENSES

	Notes	30 June 2022 (Un-audited)	30 June 2021 (Audited)
VAT expense		**78,897**	66,267
Purification fee	10.1	**1,394**	700
Other Expenses		**43,795**	13,637
		124,086	80,604

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 Board's approval.

11 TRANSACTIONS AND BALANCE WITH RELATED PARTIES

Related parties of the Fund include "Riyad Capital" being the Fund Manager, "Riyad Bank" being the shareholder of Riyad 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 (Un-audited)**	31 December 2021 (Audited)
Riyad Capital	Fund management fee	(505,610)	431,852	**(16,745)**	(257,056)
	Accrued VAT*	(78,897)	66,267	**(4,837)**	(38,558)

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

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 was 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 value less impairment provision of financial instruments curried at amortized cost are assumed to approximate their fair values.
The fair value hierarchy has the following levels:

- 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.

The Fund classifies all of its financial assets, except for those carried at amortized cost, in level 2 of the fair value hierarchy.

12 Fair value estimation (CONTINUED)

The Fund's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investments carried at FVPL	Net Asset Value provided by the fund managers	N/A	N/A

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the funds which is based on observable market data.

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 to12 Muharram 1444H).