

Riyad Small and Medium Cap Fund
Open-Ended Fund
(Managed by Riyadh Capital)
Interim Condensed Financial Statements (Un-Audited)
For the six months period ended 30 June 2019
Together with the
Review report to the Unitholders

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Interim Condensed Financial Statements (Un-Audited)
For the six months period ended 30 June 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

THE UNITHOLDERS RIYAD SMALL AND MEDIUM CAP FUND KINGDOM OF SAUDI ARABIA

Introduction:

We have reviewed the accompanying interim financial position of **Riyad Small and Medium Cap Fund** ("the Fund") managed by Riyadh Capital (the "Fund Manager") as at 30 June 2019 and the related interim statements of income, changes in net assets attributable to Unitholders and statement of cash flows for the six month period then ended and the accompanying notes which form an integral part of these interim condensed financial statements. The Fund's management is responsible for the preparation and fair presentation of these interim condensed financial 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.

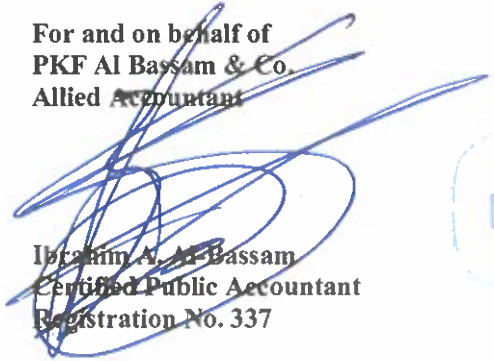
Scope of Review:

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 these 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 and consequently, it 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 International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

For and on behalf of
PKF Al Bassam & Co.
Allied Accountant


Ibrahim A. Al-Bassam
Certified Public Accountant
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6 August 2019
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Riyad Small and Medium Cap Fund
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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

		As at 30 June 2019 (Un-Audited)	As at 31 December 2018 (Audited)
	Notes	SAR	SAR
ASSETS			
Cash balance	9	82,680	407,334
Investments measured at FVPL	6	16,832,404	19,790,137
Dividend receivable		16,850	11,365
Total assets		16,931,934	20,208,836
LIABILITIES			
Accrued expenses	9	97,802	123,329
Total liabilities		97,802	123,329
Net assets attributable to the Unit holders		16,834,132	20,085,507
Units in issue (number)	7	836,823.62	1,146,278.31
Net assets attributable to each unit		20.12	17.52

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

Income		Period ended 30 June 2019 (Un-Audited)	Period ended 30 June 2018 (Un-Audited)
	Notes	SAR	SAR
Net realized/ unrealized gain from Investments measured at FVPL	8	2,300,398	2,200,016
Dividend income		386,957	770,336
		2,687,355	2,970,352
Expenses			
Fund Management fees	9	(179,902)	(243,937)
Other expenses	9	(15,791)	(58,663)
		(195,693)	(302,600)
Income for the period		2,491,662	2,667,752
Other comprehensive income		-	-
Total comprehensive income for the Period		2,491,662	2,667,752

Riyad Small and Medium Cap Fund
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INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)

	Period ended 30 June 2019 (Un-Audited)	Period ended 30 June 2018 (Un-Audited)
	SAR	SAR
Net assets attributable to the Unit holders at beginning of the Period	20,085,507	22,945,061
Net income for the Period	2,491,662	2,667,752
Changes from unit transactions:		
Issuance of units	22,500	1,173,200
Redemption of units	(5,765,537)	(2,768,747)
Net changes from unit transactions	(5,743,037)	(1,595,547)
Net assets attributable to the Unit holders at end of the Period	16,834,132	24,017,266

Riyad Small and Medium Cap Fund
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (Un-audited)

	Notes	Period ended 30 June 2019 (Un-Audited)	Period ended 30 June 2018 (Un-Audited)
		SAR	SAR
Cash flows from operating activities:			
Net income for the period		2,491,662	2,667,752
Adjustments for:			
Unrealized gain on investments measured at FVPL	8	(1,995,091)	(1,000,677)
		496,571	1,667,075
Net changes in operating assets and liabilities:			
Investments measured at FVPL		4,952,824	18,416
Dividend receivable		(5,485)	18,602
Accrued expenses		(25,527)	(27,902)
Net cash from operating activities		5,418,383	1,676,191
Cash flows from financing activities:			
Proceeds from issuance of units		22,500	1,173,200
Redemptions of the units		(5,765,537)	(2,768,747)
Net cash used in financing activities		(5,743,037)	(1,595,547)
Net (decrease) / increase in cash and cash equivalents		(324,654)	80,644
Cash and cash equivalents at beginning of the period		407,334	519,779
Cash and cash equivalents at end of the period		82,680	600,423

Riyad Small And Medium Cap Fund

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Notes to the Interim Condensed financial statements for the period ended 30 June 2019

1 FUND AND ITS ACTIVITIES

The Riyadh Small and Medium Cap Fund (the “Fund”) is established and managed through an agreement between Riyadh Capital (the “Fund Manager”) and the Fund investors (the “Unitholders”). The Fund aims to achieve long-term capital growth through investing primarily in equities of small and medium sized Saudi companies and also in equities of small and medium sized Gulf companies within the criteria set by Shariah Committee of Riyadh Capital.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares a separate financial statement 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 Management Authority (CMA)’s approval for the establishment of the Fund was granted in its letter number 291/5 dated 23, Muharram 1430H (corresponding to 20 January 2009). The Fund commenced its operations on 30 December 2009.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These interim financial statements have been prepared in accordance with ‘International 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 of Certified Public accountants.

These interim condensed financial statements do not include all of the information required for a full set of financial statements and should be read in conjunction with the annual financial statements of the Fund for the year ended 31 December 2018.

The financial statements have been prepared on a historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit or loss.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are 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 the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Riyad Small And Medium Cap Fund

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Notes to the Interim Condensed financial statements for the period ended 30 June 2019

3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT POLICIES

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2018.

Risk management policies are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2018.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Fair value of securities not quoted in an active market

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.

5 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

On each Valuation day, the Fund Manager charges the Fund, a management fee at the rate of 1.75 percent 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, board compensation and other similar charges. These charges are not expected to exceed in total 0.2 percent 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 and 0.2 percent per annum of the Fund's net asset value respectively.

Riyad Small And Medium Cap Fund

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Notes to the Interim Condensed financial statements for the period ended 30 June 2019

6 INVESTMENTS MEASURED AT FVPL

The Fund invests primarily in equity securities of listed Saudi companies. The market value of trading investment portfolio by sector wise is summarized as follows:

	30 June 2019 (Un-Audited) Market Value (SAR)	31 December 2018 (Audited) Market Value (SAR)
Equities:		
Banks	3,399,124	4,853,379
Materials	5,544,889	5,744,791
Retailing	1,414,725	2,243,936
Energy	417,349	1,112,960
Food & Beverages	958,590	1,005,471
Telecommunication Services	619,197	696,261
Insurance	987,451	1,033,902
Commercial & Professional Svc	564,618	465,750
Real Estate Mgmt & Dev't	900,253	826,481
Transportation	387,007	210,774
Consumer Services	956,688	778,870
Food & Staples Retailing	259,005	325,868
Health Care Equipment & Svc	423,508	491,694
Total Market value	16,832,404	19,790,137
Total Cost	14,837,313	19,318,498

7 UNIT TRANSACTIONS

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

	30 June 2019 (Un-Audited)	31 December 2018 (Audited)
	<i>(Units in numbers)</i>	
Units at the beginning of the period / year	1,146,278.31	1,371,270.91
Units issued	1,175.07	75,384.63
Units redeemed	(310,629.76)	(300,377.23)
Net change in units	(309,454.69)	(224,992.60)
Units at the end of the period / year	836,823.62	1,146,278.31

Riyad Small And Medium Cap Fund

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Notes to the Interim Condensed financial statements for the period ended 30 June 2019

8 NET REALIZED/ UNREALIZED GAIN FROM INVESTMENTS MEASURED AT FVPL

	30 June 2019 (Un-Audited)	30 June 2018 (Un-Audited)
Realized gain from sale of Investments measured at FVPL	305,307	1,199,339
Unrealized gain from revaluation of Investments measured at FVPL	1,995,091	1,000,677
	2,300,398	2,200,016

9 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include “Riyad Capital” being the Fund Manager, Riyadh Bank (being the owner of Riyadh Capital) and other funds managed by the Fund Manager.

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.

As at 30 June 2019 the cash held with Riyadh Capital in investments account was SAR 82,680 (2018: SAR 407,334).

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)	
		30 June 2019 (UN-Audited) (SAR)	30 June 2018 (Un-Audited) (SAR)	30 June 2019 (Un-Audited) (SAR)	31 December 2018 (Audited) (SAR)
Riyad Capital	Fund management fee	179,902	243,937	(86,697)	(104,786)
	Expenses incurred on behalf of the Fund	15,791	58,663	(11,105)	(18,543)

10 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2019 (Un-Audited)	Amortized Cost	FVPL
Assets as per statement of assets and liabilities	SAR	SAR
Cash and cash equivalents	82,680	-
Investments measured at FVPL	-	16,832,404
Dividend receivable	16,850	-
Total	99,530	16,832,404

Riyad Small And Medium Cap Fund

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Notes to the Interim Condensed financial statements for the period ended 30 June 2019

10 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2018 (Audited)	Amortized Cost	FVPL
Assets as per statement of assets and liabilities	SAR	SAR
Cash and cash equivalents	407,334	-
Investments measured at FVPL	-	19,790,137
Dividend receivable	11,365	-
Total	418,699	19,790,137

All financial liabilities as at 30 June 2019 were classified as financial liabilities measured at amortized cost category. All financial liabilities as at 31 December 2018 and were classified as other financial liabilities category and measured at amortized cost.

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

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

11 LAST VALUATION DAY

The last valuation day of the period was 30 June 2019 (28 June 2018).

12 APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund Manager on 6 August 2019 (corresponding to 5 Dhu Al-hijja 1440 H).

Annex- Fund Information:

1- Name & Address:

Riyad Capital is a Saudi Closed Joint Stock Company with Paid Up Capital of SR 200,000,000 licensed by The Saudi Arabian Capital Market Authority (NO. 07070-37). Commercial Registration No. 1010239234 Head Office Oasis Granada 2414 - Al Shohda Dist. Unit No. 69. Riyadh 13241 – 7279

Website: <http://www.riyadcapital.com>

2- Investment activities during the period:

The fund has invested mainly in traded Saudi equities. The market value of the investment portfolio by sector as at 30 June 2019 is summarized below.

Banks	3,399,124
Materials	5,544,889
Retailing	1,414,725
Energy	417,349
Food & Beverages	958,590
Telecommunication Services	619,197
Insurance	987,451
Commercial & Professional Svc	564,618
Real Estate Mgmt & Dev't	900,253
Transportation	387,007
Consumer Services	956,688
Food & Staples Retailing	259,005
Health Care Equipment & Svc	423,509
Total	<u>16,832,404</u>

3- Report on the performance of the Investment Fund during the period:

Benchmark	Fund Performance
11.31%	13.96%

4- Any changes in terms & conditions and information note during the period:

Nil.

5- Other Information:

More information can be found on the Fund's website, where periodic reports are published on the Fund's characteristics and performance that enable unit holders to make their decisions.

6- The Fund's investments in other funds:

The Fund has no investments in other funds.

7- Special Commission:

The Fund Manager did not receive any special commission during the period.