

Mulhia Investment Company
Mulhia Saudi Equity Fund

UNAUDITED INTERIM FINANCIAL STATEMENTS

30 JUNE 2015



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LIMITED REVIEW REPORT TO THE UNITHOLDERS OF MULKIA INVESTMENT COMPANY - MULKIA SAUDI EQUITY FUND

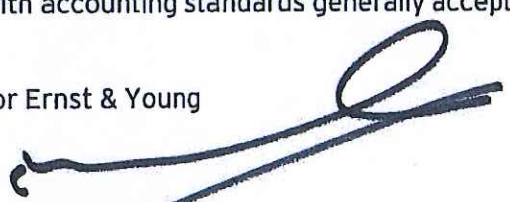
Scope of review

We have reviewed the accompanying interim balance sheet of Mulkia Saudi Equity Fund ("the Fund") managed by Mulkia Investment Company ("the Manager") as at 30 June 2015, and the related statements of operations, cash flows and changes in net assets for the period from 26 August 2014 to 30 June 2015 ("the period"). These interim financial statements are the responsibility of the Manager and have been prepared and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young


Ahmed I. Reda
Certified Public Accountant
Registration No. 356



Riyadh: 26 Shawwal 1436H
(11 August 2015)

15/199/MT

Mulkia Investment Company – Mulkia Saudi Equity Fund

INTERIM BALANCE SHEET - UNAUDITED

As at 30 June 2015

	<i>Note</i>	<i>SR</i>
ASSETS		
Bank balances		7,901,690
Trading investment	4	12,993,430
Prepayment and other receivables		24,059
Dividends receivable		15,500
		<hr/>
		20,934,679
		<hr/>
LIABILITIES		
Fee payables		139,727
		<hr/>
Net assets		20,794,952
		<hr/>
Units in issue		2,371,853
		<hr/>
Per unit value		8.77
		<hr/>

The attached notes 1 to 7 form of these interim financial statements.

Mulkia Investment Company – Mulkia Saudi Equity Fund

INTERIM STATEMENT OF OPERATIONS - UNAUDITED

For the period from 26 August 2014 to 30 June 2015

	<i>Note</i>	<i>SR</i>
INVESTMENT LOSS		
Trading loss	5	(2,725,345)
Dividends and other income		355,553
		<hr/>
Total Investment Loss		(2,369,792)
		<hr/>
EXPENSES		
Managements fees	6	(260,278)
Custodian fees	6	(43,380)
General and administration		(117,367)
		<hr/>
Total Expenses		(421,025)
		<hr/>
NET LOSS FROM OPERATIONS		(2,790,817)
		<hr/> <hr/>

The attached notes 1 to 7 form of these interim financial statements.

Mulkia Investment Company – Mulkia Saudi Equity Fund

INTERIM STATEMENT OF CASH FLOWS - UNAUDITED

For the period from 26 August 2014 to 30 June 2015

SR

OPERATING ACTIVITIES

Net loss from operations	(2,790,817)
Adjustment for:	
Unrealised loss from trading investments	662,742
	<hr/>
	(2,128,075)
Changes in operating assets and liabilities:	
Trading investments, net	(13,656,172)
Prepayment, and other receivables	(24,059)
Dividend receivables	(15,500)
Fee payables	139,727
	<hr/>
Net cash used in operating activities	(15,684,079)

FINANCING ACTIVITIES

Proceeds from units sold	23,717,956
Value of units redeemed	(132,187)
	<hr/>
Net cash from financing activities	23,585,769

BANK BALANCES AT THE END OF THE PERIOD

7,901,690

The attached notes 1 to 7 form of these interim financial statements.

Mulkia Investment Company – Mulkia Saudi Equity Fund

INTERIM STATEMENT OF CHANGES IN NET ASSETS - UNAUDITED

For the period from 26 August 2014 to 30 June 2015

SR

NET LOSS FROM OPERATIONS	(2,790,817)
CHANGES FROM UNIT TRANSACTIONS	
Proceeds from units sold	23,717,956
Value of units redeemed	(132,187)
Net change from unit transactions	23,585,769
NET ASSET AT THE END OF THE PERIOD	20,794,952

UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarised as follows:

	<i>Units</i>
Units sold	2,386,777
Units redeemed	(14,924)
UNITS AT THE END OF THE PERIOD	2,371,853

The attached notes 1 to 7 form of these interim financial statements.

Mulkia Investment Company – Mulkia Saudi Equity Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS - UNAUDITED

30 June 2015

1 GENERAL

Mulkia Investment Company – Mulkia Saudi Equity Fund (the Fund) is an open-ended fund created by an agreement between Mulkia Investment Company (the Fund Manager) and investors (unit holders) in the Fund. The objective of the Fund is to provide investment results according to sharia guidelines that generally correspond to the price and yield performance of the “Edeal ratings for Saudi Equity Sharia.”

The Fund was established on 22 Ramadhan 1435 (corresponding to 20 July 2014) as per approval from the Capital Market Authority (CMA) and commenced its operations on 26 August 2014.

The books and records of the Fund are maintained in Saudi Riyals (SAR).

The interim results may not be an indicator of the annual results of the operations.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the Regulations) issued by CMA on 3 Dhul Hijjah 1427H (corresponding to 24 December 2006) detailing requirements for all funds operating within the Kingdom of Saudi Arabia.

3 SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with the accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants (“SOCPA”).

The significant accounting policies used in the preparation of these interim financial statements are as follows:

Accounting convention

The interim financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading investments.

Revenue recognition

Trading income includes unrealised gains and losses from changes in fair value, realised gains and losses from sale of trading investments and dividends declared. Realised gains and losses on trading investments sold are determined on a weighted average cost basis.

Unrealised gains and losses on the revaluation of investments and realised gains and losses on the disposal of investments are recognised in the statement of operations.

Dividend income is recognised when declared (i.e. when the Fund’s right to receive the dividend is established).

Investment valuation

Investments which are purchased for trading purposes are valued at their market price as at the interim balance sheet date.

Investment transactions

Investments transactions are accounted for as of the trade date.

Zakat and income tax

Zakat and income tax are considered to be the obligation of the unit holders and are not provided for in these interim financial statements.

Mulkia Investment Company– Mulkia Saudi Equity Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS – UNAUDITED (continued)

30 June 2015

4 TRADING INVESTMENTS

Trading investments comprise the following sectors:

	<i>% of total market value</i>	<i>Market value SR</i>
Agriculture and Food Industry	30.6%	3,974,484
Retail	21.2%	2,748,950
Construction	17.1%	2,227,653
Cement	10.9%	1,409,968
Transportation	10.7%	1,402,695
Petrochemical Industries	9.5%	1,229,680
	100%	12,993,430

5 TRADING LOSS

Realised loss from trading investments	2,062,603
Unrealised loss from trading investments	662,742
	2,725,345

6 TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee calculated at an annual rate of 1.5% of the net asset value at the end of each day and is paid on a quarterly basis.

Additionally, the Fund Manager also charges a custodian fee calculated at an annual rate of 0.25% of the net asset value, calculated daily and paid on a quarterly basis by the fund. Expenses paid by the Fund Manager on behalf of the Fund are reimbursed by the Fund.

The management fee and custodian fee are charged according to the fund's terms and condition.

Trade transactions on the Saudi stock exchange are executed through the Fund Manager.

The unit holders' account at 30 June 2015 included 2,000,000 units held by the Fund Manager.

7 LAST VALUATION DAY

The last valuation day for the purpose of presentation of the interim financial statements was 30 June 2015.