



RSM Allied Accountants

Dr. Abdelgadir Bannaga & Partners Co.

Mulkia Saudi Equity Fund
(Managed by Mulkia Investment Company)
Unaudited Interim Financial Statements
For The Six-Month period ended 30 June 2016
With Limited Review Report

Mulkia Saudi Equity Fund
Interim Financial Statements and Limited Review Report (Unaudited)
For The Six-Month period ended 30 June 2016

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Limited Review Report For Interim Financial Statements

To The Unitholders of Mulkia Saudi Equity Fund

Scope of Review

We have reviewed the accompanying balance sheet of Mulkia Saudi Equity Fund ("The Fund") managed by Mulkia Investment Company ("The Manager") as at 30 June 2016, and the related interim statements of income, cash flows and change in net assets for the six-month period ended and the notes from 1 to 8 considered an integral part of these interim financial statements. These interim financial statements are responsibility of the Fund's management and have been prepared by them 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.

RSM Allied Accountants

Dr. Abdelgadir Bannaga and Partners Company

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29 Shawal 1437H (August 3, 2016)

Riyadh, Saudi Arabia



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Commercial registration No. 4030228773
License No. 323 / 11 / 168
JCC : 120082

Mulkia Saudi Equity Fund
Interim Balance Sheet (Unaudited)
As at 30 June 2016

	<u>Note</u>	<u>2016</u> <u>SR</u>	<u>2015</u> <u>SR</u>
<u>Assets</u>			
Cash at Banks		7,169,189	7,901,690
Trading Investments, Net	4	8,203,874	12,993,430
Dividends receivable		28,000	15,500
Prepayments		39,556	24,059
Total Assets		15,440,619	20,934,679
<u>Liabilities</u>			
Fees Payables	6	68,696	93,620
Accrued expenses		40,098	46,107
Total Liabilities		108,794	139,727
Unitholder's Funds			
Net assets		<u>15,331,825</u>	<u>20,794,952</u>
Units in issue		<u>2,157,926</u>	<u>2,371,853</u>
Per unit value		<u>7.10</u>	<u>8.77</u>

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia Saudi Equity Fund
Interim Income Statement (Unaudited)
For the six-month period ended 30 June 2016

	<u>Note</u>	2016	The period from 26 August 2014 to 30 June 2015
		<u>SR</u>	<u>SR</u>
<u>Income</u>			
Trading income / (loss), Net	5	469,614	(2,725,345)
Dividend income		<u>228,425</u>	<u>355,553</u>
		698,039	(2,369,792)
<u>Expenses</u>			
Managements fees	6	(112,248)	(260,278)
Custodian fees	6	(18,708)	(43,380)
Other expenses		<u>(77,189)</u>	<u>(117,367)</u>
Total Expenses		<u>(208,145)</u>	<u>(421,025)</u>
Net Income / (Loss) from Operations		<u><u>489,894</u></u>	<u><u>(2,790,817)</u></u>

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia Saudi Equity Fund
Interim Statement of Cash flows (Unaudited)
For the six-month period ended 30 June 2016

	2016	The period from 26 August 2014 to 30 June 2015
	<u>SR</u>	<u>SR</u>
Operating activities		
Net Income / (Loss) from Operations	489,894	(2,790,817)
Adjustments for:		
Movement in unrealized losses on trading investments, Net	<u>69,446</u>	<u>662,742</u>
	559,340	(2,128,075)
Change in operating assets and liabilities		
Trading investments	2,904,772	(13,656,172)
Dividends receivable	(28,000)	(15,500)
Prepayments	(22,822)	(24,059)
Fees Payables	(95,884)	93,620
Accrued expenses	<u>20,098</u>	<u>46,107</u>
Net cash from (used in) operating activities	<u>3,337,504</u>	<u>(15,684,079)</u>
Financing Activities		
Proceeds from sale of units	50,000	23,717,956
Value of units redeemed	<u>(175,327)</u>	<u>(132,187)</u>
Net cash (used in) from financing activities	<u>(125,327)</u>	<u>23,585,769</u>
Net increase in cash at banks	3,212,177	7,901,690
Cash at banks at the beginning of the period	<u>3,957,012</u>	<u>-</u>
Cash at banks at the end of the period	<u>7,169,189</u>	<u>7,901,690</u>

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia Saudi Equity Fund
Interim Statement of Changes in Net Assets (Unaudited)
For the six-month period ended 30 June 2016

	2016	The period from 26 August 2014 to 30 June 2015
	SR	SR
Net assets at the beginning of the period	<u>14,967,258</u>	<u>-</u>
Net Income / (Loss) from Operations	<u>489,894</u>	<u>(2,790,817)</u>
Change from units transactions		
Proceeds from sale of units	50,000	23,717,956
Value of units redeemed	<u>(175,327)</u>	<u>(132,187)</u>
Net change from units transactions	<u>(125,327)</u>	<u>(23,585,769)</u>
Net assets at the end of the period	<u>15,331,825</u>	<u>20,794,952</u>

Units Transactions

Transactions in units are summarized as follows:

	2016	The period from 26 August 2014 to 30 June 2015
	Units	Units
Units at the beginning of the period	2,174,910	-
Units sold	8,068	2,386,777
Units redeemed	<u>(25,052)</u>	<u>(14,924)</u>
Net (decrease) increase in units	<u>(16,984)</u>	<u>2,371,853</u>
Units at the end of the period	<u>2,157,926</u>	<u>2,371,853</u>

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia Saudi Equity Fund
Notes to the interim financial statements (Unaudited)
For the six-month period ended 30 June 2016

1- General

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 increase the capital in medium and long term, by investing in the Saudi listed companies in Saudi Stock Exchange in accordance with the Sharia guidelines, and to achieve return higher than the performance of Benchmark Index (Ideal Ratings Saudi Equity Legitimacy).

The fund is managed by Mulkia Investment Company.

The Fund was established on 22 Ramadhan 1435 (corresponding to 20 July 2014) as per approval from the Capital Market Authority 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 indicative 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 1427 H (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 consistent with those used and disclosed in the annual financial statements for the period from 26 August 2014 to 31 December 2015.

The significant accounting policies adopted 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

Dividend income is recognized when declared (when the Fund's right to receive the dividend is established).

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

Special commission income is recognized on an accruals basis.

Investment valuation

Investments which are purchased for trading purposes are valued at their market price as at the valuation date. Unrealized gains and losses on the revaluation of investments and realized gains and losses on the disposal of investments are recognized in the income statement.

Mulkia Saudi Equity Fund

Notes to the interim financial statements (continued) (Unaudited)

For the six-month period ended 30 June 2016

3- Significant accounting policies (continued)

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.

Foreign Currencies

Transactions in foreign currencies are translated into Saudi Riyals (SAR) at the rates of exchange prevailing at the dates of the transaction. Assets and liabilities in foreign currencies at the balance sheet date are retranslated into Saudi Riyals (SAR) at the rates of exchange ruling at that date. Resulting exchange gains and losses are recognized in the income statement.

Expenses

Expenses are recognized on an accrual basis. The management fee and custody fee, payable quarterly in arrears, is calculated and accrued at each valuation date based on the fund's net assets value.

4- Trading Investments, Net

The composition of the trading investments portfolio on the balance sheet date is summarized as follows:

Sectors	As at 30 June 2016		
	% of Market Value	Cost SR	Market Value SR
Banks and financial services	19%	1,957,464	1,578,850
Agriculture and food industries	18%	1,743,997	1,473,750
Insurance	4%	296,660	301,257
Hotels & Tourism	11%	988,554	864,960
Multi-investment	11%	951,498	922,600
Real estate development	7%	487,981	576,288
Building & Construction	10%	973,952	799,040
Retail	20%	1,723,374	1,687,129
Total Investments	100%	9,123,480	8,203,874

5- Trading income / (loss), Net

	The period from 26 August 2014 to 30 June 2015	
	2016 SR	SR
Realized gains (losses) from sale of trading investments, net	539,060	(2,062,603)
Movement in unrealized losses on trading investments	(69,446)	(662,742)
	469,614	(2,725,345)

Mulkia Saudi Equity Fund
Notes to the interim financial statements (continued) (Unaudited)
For the six-month period ended 30 June 2016

6- Transactions with related parties

Significant related party transactions during the period and balances arising therefrom are described as follows:

<u>Related Party</u>	<u>Nature of transactions</u>	Amount of transactions for the six-month period ended 30 June 2016 SR	Balances at 30 June 2016 SR
Mulkia Investment Company	Management fees	112,248	58,882
	Custody fees	18,708	9,814
			<u>68,696</u>

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 2016 included 2,000,000 units held by the Fund Manager and 8,068 units held by the employees of the fund manager, fund board member also holds 9,840 units in the fund as at 30 June 2016.

7- Last valuation day

The last valuation day was 30 June 2016 (2015: 30 June 2015)

8- General

The figures in these financial statements are rounded to the nearest Saudi Riyal.