

AI-EMAAR FUND
Open-Ended Fund
(Managed by Riyadh Capital)
Interim Condensed Financial Statements (Un-Audited)
For the six month period ended 30 June 2016
together with the
Review report to the Unitholders

**LIMITED REVIEW REPORT TO THE UNITHOLDERS OF
AI EMAAR FUND****Scope of Review**

We have reviewed the accompanying interim condensed balance sheet of **AI EMAAR FUND** ("the Fund") as at 30 June 2016, and the related interim condensed statements of income, cash flows and changes in net assets attributable to Unitholders for the six month period then ended and the accompanying notes which form an integral part of these interim condensed financial statements. These interim financial statements are the 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 the Saudi Organization for Certified Public Accountants ("SOCPA"). A 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 in order for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For and on behalf of
PKF Al Bassam & Al Nemer
Allied Accountant

Ibrahim A. Al-Bassam
Certified Public Accountant
Registration No. 337



14 August 2016
11 Dhual Qadah 1437
Riyadh, Kingdom of Saudi Arabia

AL-EMAAR FUND
Open-Ended Fund
(Managed by Riyadh Capital)
INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)
As at 30 June 2016
(Amounts in SAR)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash at bank		2,614,160	3,715,033
Held for trading investments	7	36,694,972	56,490,697
Dividend receivable		39,909	172,520
Total assets		39,349,041	60,378,249
<u>LIABILITIES</u>			
Accrued expenses	10	204,528	327,464
Redemptions payable		-	157,713
Total liabilities		204,528	485,177
Net asset attributable to the Unitholders		39,144,513	59,893,073
Units in issue (<i>numbers</i>)	8	2,640,123.46	2,993,354.41
Net asset attributable to each unit		14.83	20.01

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements

AL-EMAAR FUND
Open-Ended Fund
(Managed by Riyadh Capital)
INTERIM CONDENSED STATEMENT OF INCOME – (Un-audited)
For the six month period ended 30 June 2016
(Amounts in SAR)

	<u><i>Note</i></u>	<u>2016</u>	<u>2015</u>
INCOME/LOSS			
Net (loss)/gain from held for trading investments	9	(512,581)	5,615,827
Dividend income		1,445,680	1,530,188
Special Commission Income		<u>-</u>	<u>28</u>
		933,099	7,146,043
EXPENSES			
Fund Management fee	10	(386,557)	(635,313)
Other expenses	10	<u>(7,023)</u>	<u>(6,952)</u>
		(393,580)	(642,265)
Net income for the period		<u>539,519</u>	<u>6,503,778</u>

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements

AL-EMAAR FUND
Open-Ended Fund
(Managed by Riyad Capital)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (Un-audited)
For the six month period ended 30 June 2016
(Amounts in SAR)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	539,519	6,503,778
<i>Adjustments to reconcile net income to net cash generated from operating activities:</i>		
Unrealized (loss)/gain on held for trading investments	302,518	(3,507,576)
	842,037	2,996,201
Changes in operating assets and liabilities:		
Held for trading investments	1,192,144	(343,550)
Accrued expenses	(25,730)	(132,031)
Dividend receivables	(10,823)	(30,946)
Net cash generated from operating activities	1,997,628	2,489,675
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	507,869	8,323,684
Payments for redemption of units	(2,768,140)	(10,293,530)
Net cash used in financing activities	(2,260,271)	(1,969,846)
Net (decrease)/increase in cash and cash equivalents	(262,643)	519,829
Cash and cash equivalents at the beginning of the period	2,876,803	3,195,204
Cash and cash equivalents at end of the period	<u>2,614,160</u>	<u>3,715,033</u>

The accompanying notes 1 to 12 form an integral part of these Interim Condensed Financial Statements

AL - EMAAR FUND
Open-Ended Fund
(Managed by Riyad Capital)
INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO THE UNITHOLDERS
For the six month period ended 30 June 2016
(Amounts in SAR)

	<u>2016</u>	<u>2015</u>
Net asset attributable to the Unitholders at beginning of the period	40,318,408	55,516,854
Net income for the period	539,519	6,503,778
<i>Changes from unit transactions:</i>		
Issuance of units	507,869	8,323,684
Redemption of units	(2,221,283)	(10,451,243)
Net change from unit transactions	(1,713,414)	(2,127,559)
Net asset attributable to the Unitholders at end of the period	39,144,513	59,893,073

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements

AL-EMAAR FUND
Open-Ended Fund
(Managed by Riyadh Capital)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended 30 June 2016

1. THE FUND AND ITS ACTIVITIES

Al- Emaar Fund (the “Fund”) is an equity fund 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 Saudi companies engaged in building, construction, real estate and cement sectors or engaged in similar activities.

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 Market Authority (CMA)’s approval for the establishment of the Fund was granted in its letter number 291/5 dated Muharram 23, 1430 H (corresponding to 20 January 2009). The Fund commenced its operations on 1 January 2010.

2. REGULATING AUTHORITY

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

3. SUBSCRIPTION/ REDEMPTION

The Fund is open for subscriptions/ redemptions of units on Monday and Wednesday. The net assets value of the Fund is determined on Monday and Wednesday (each a “Valuation Day”). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net value of assets (fair value of Fund assets *minus* Fund liabilities) by the total number of outstanding Fund units on the relevant Valuation Day.

4. BASIS OF PRESENTATION

4.1 *Statement of compliance*

These interim condensed financial statements have been prepared in accordance with generally accepted accounting standards applicable in the Kingdom of Saudi Arabia 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 2015.

This interim condensed financial statement does not necessarily constitute an indication of the year-end financial statements.

These interim condensed financial statements were approved by the Fund’s Board of Directors on 11 Dhul Qa’dah 1437H corresponding to (14 August 2016).

AL-EMAAR FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended 30 June 2016

4. BASIS OF PRESENTATION (Continued)

4.2 *Basis of measurement*

These interim condensed financial statements have been prepared under the historical cost convention, except for the measurement of investments held for trading at fair value, using accrual basis of accounting and the going concern concept.

4.3 *Functional and presentation currency*

These interim condensed financial statements are presented in Saudi Arabian Riyal (SAR) which is the functional currency of the Fund. All financial information presented has been rounded to the nearest SAR.

4.4 *Use of estimates and judgments*

In the ordinary course of business, the preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. 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 future periods affected.

5. 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 the annual financial statements of the Fund for the year ended 31 December 2015.

Risk management policies are consistent with those as disclosed in the annual financial statements of the Fund for the year ended 31 December 2015.

6. FUND MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

On daily basis, the Fund Manager charges the Fund, a management fee at the rate of 1.75 percent per annum of the Fund's net assets 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 asset value.

In addition, on daily basis the Fund Manager charges the Fund, custody and administration fees at the rate of 0.1 and 0.2 percent per annum respectively of the Fund's net assets value.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended 30 June 2016
(Amount in SAR)

7. HELD FOR TRADING INVESTMENTS

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

Equities	2016	2015
Building and Construction	11,575,815	14,547,686
Cement	12,354,278	22,297,639
Real Estate Development	12,764,879	19,311,539
Retail	-	333,833
	<u>36,694,972</u>	<u>56,490,697</u>

- 7.2** The cost of the above held for trading investments portfolio amounted to SAR 36.99 million (30 June 2015: SAR 52.98 million)

8. UNIT TRANSACTIONS

Transactions in units for the period are summarized as follows:

	<i>(In numbers)</i>	
Units at beginning of the period	2,770,797.61	3,105,144.96
Units issued	34,410.92	405,884.96
Units redeemed	(165,085.08)	(517,675.51)
Net change in units	(130,674.15)	(111,790.55)
Units at end of the period	<u>2,640,123.46</u>	<u>2,993,354.41</u>

9. NET GAIN FROM HELD FOR TRADING INVESTMENTS

Realized gain on sale of held for trading investments	(210,063)	2,108,251
Unrealized gain on revaluation of held for trading investments	(302,518)	3,507,576
	<u>(512,582)</u>	<u>5,615,827</u>

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For the six month period ended 30 June 2016
(Amount in SAR)

10. TRANSACTION WITH RELATED PARTIES

Related parties of the Fund include “Riyadh Capital” being the Fund Manager, Riyadh Bank (being the shareholder 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 Board of directors.

Riyadh Bank acts as a banker of the Fund and as at 30 June 2016 amounted SAR 2,614,160 (30 June 2015: SAR 3,715,033) were held in current account of the Fund maintained with Riyadh Bank.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

<u>Related Party</u>	<u>Nature of transactions</u>	<u>Amount of transactions during the period</u>		<u>Closing balance payable</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Riyadh Capital	Fund Management fee	(386,557)	(635,313)	201,016	323,988
	Expenses incurred on behalf of the Fund	(7,024)	(6,952)	3,512	3,476

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm’s length transaction.

Financial instruments comprise of financial asset and financial liability. The Fund’s financial assets consists of cash at bank, held for trading investments and dividend receivable and financial liability consists of accrued expenses and redemption payable.

For investments traded in an active market, fair value is determined by reference to quoted market bid prices. The fair values of other financial liability are not materially different from their carrying values.

12. LAST VALUATION DAY

The last Valuation Day of the period was 29 June 2016 (30 June 2015: 29 June 2015).