

**THE INVESTOR AL HURR SAUDI
EQUITY FUND
(Open Ended Mutual Fund)
Managed by
THE INVESTOR FOR SECURITIES COMPANY
Interim Financial Statements (Un-Audited)
For the six months period ended 30 June 2016
together with
Review Report to the Unitholders**

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by the Investor for Securities Company
Interim Financial Statements (Un-Audited)
For the six months period ended 30 June 2016

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REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

The Unitholders
The Investor Al Hurr Saudi Equity Fund
Riyadh, Kingdom of Saudi Arabia

Scope of Review

We have reviewed the accompanying interim balance sheet of **The Investor Al Hurr Saudi Equity Fund** (the “Fund”) managed by **The Investor For Securities Company** (the “Fund Manager”) as at 30 June 2016, and the related interim statements of income, cash flows and changes in net assets attributable to the Unitholders for the six months period ended 30 June 2016 and the attached notes from (1) to (13), which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Fund Manager and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our 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 information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the 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 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 the generally accepted accounting standards in the Kingdom of Saudi Arabia.

**For KPMG Al Fozan & Partners
Certified Public Accountants**



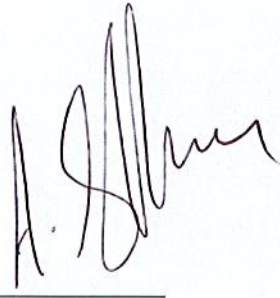
Abdullah Hamad Al Fozan
Licence No. 348



Riyadh on: 13 Dhual-Qa'dah 1437H
Corresponding to: 16 August 2016

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM BALANCE SHEET (Un-Audited)
As at 30 June 2016
(Saudi Arabian Riyals)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash and cash equivalents		51,953	8,757
Investments - held for trading	7	280,226	3,426,606
Dividend receivable		1,375	8,100
Other assets		28	--
TOTAL ASSETS		333,582	3,443,463
<u>LIABILITIES</u>			
Fund management fee payable	10	12,180	15,061
Accounts payable and other liabilities		50,063	43,193
TOTAL LIABILITIES		62,243	58,254
Net assets attributable to the Unitholders		271,339	3,385,209
Units in issue (numbers)	9	17,822	162,939
Net asset value - per unit (SR)		15.2246	20.7759


Chief Executive
Officer


Fund Manager


Chief Operations
Officer

The accompanying notes (1) through (13) form an integral part of these interim financial statements.

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM STATEMENT OF INCOME (Un-Audited)
For the six months period ended 30 June 2016
(Saudi Arabian Riyals)

	<u><i>Note</i></u>	<u>2016</u>	<u>2015</u>
INCOME			
Realized gain on disposal of investments - held for trading		178,448	173,563
Unrealized gain on revaluation of investments - held for trading		11,614	296,407
Dividend income		67,466	78,011
Other income		19,000	17,000
		<u>276,528</u>	<u>564,981</u>
EXPENSES			
Fund management fee	<i>6,10</i>	(23,968)	(29,835)
Custodian fee	<i>6,10</i>	(2,054)	(2,557)
Other expenses	<i>8</i>	(42,020)	(42,294)
		<u>(68,042)</u>	<u>(74,686)</u>
Net income for the period		<u>208,486</u>	<u>490,295</u>

The accompanying notes (1) through (13) form an integral part of these interim financial statements.

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM STATEMENT OF CASH FLOWS (Un-Audited)
For the six months period ended 30 June 2016
(Saudi Arabian Riyals)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	208,486	490,295
<i>Adjustment to reconcile net income to cash generated from operating activities:</i>		
Unrealized gain on investments - held for trading	<u>(11,614)</u>	<u>(296,407)</u>
	196,872	193,888
Changes in operating assets and liabilities		
Investments - held for trading	18,695	96,541
Dividend receivable	3,632	(8,100)
Other assets	(28)	--
Fund management fee payable	(11,883)	(394)
Other liabilities	<u>(8,999)</u>	<u>(38,631)</u>
Net cash generated from operating activities	<u>198,289</u>	<u>243,304</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	2,500,000	--
Payment for redemption of units	<u>(3,024,005)</u>	<u>(234,936)</u>
Net cash used in financing activities	<u>(524,005)</u>	<u>(234,936)</u>
Net (decrease) / increase in cash and cash equivalents	(325,716)	8,368
Cash and cash equivalents at beginning of the period	<u>377,669</u>	<u>389</u>
Cash and cash equivalents at end of the period	<u>51,953</u>	<u>8,757</u>

The accompanying notes (1) through (13) form an integral part of these interim financial statements.

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
THE UNITHOLDERS (Un-Audited)
For the six months period ended 30 June 2016
(Saudi Arabian Riyals)

	<u>2016</u>	<u>2015</u>
Net assets attributable to the Unitholders at beginning of the period	586,858	3,129,850
Net income for the period	208,486	490,295
<i><u>Changes from unit transactions</u></i>		
Proceeds from issuance of units	2,500,000	--
Redemption of units	(3,024,005)	(234,936)
	(524,005)	(234,936)
Net assets attributable to the Unitholders at end of the period	<u>271,339</u>	<u>3,385,209</u>

The accompanying notes (1) through (13) form an integral part of these interim financial statements.

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2016

1 THE FUND AND ITS ACTIVITIES

The Investor Al Hurr Saudi Equity Fund (the “Fund”) is an open-ended mutual investment fund created through an agreement between The Investor for Securities Company (the “Fund Manager”) and investors (“Unitholders”). The objective of the Fund is to seek capital growth approved by Shari’ah Board of the Fund over the medium to long term by investing in a diversified portfolio of companies listed on the Saudi stock exchange.

The Fund is managed by the Fund Manager, which is also the Custodian of the Fund. All income is reinvested in the Fund and is reflected in the unit price. In dealing with the unitholders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

Capital Market Authority (“CMA”) granted its approval for the establishment of the Fund through its decision number 1910/5 dated 15 Rabi II 1430H (corresponding to 11 April 2009). The Fund commenced its operation on 6 June 2009.

2. REGULATING AUTHORITY

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

3. SUBSCRIPTION / REDEMPTION

The Fund is open for subscriptions / redemptions with a cutoff time of 5:00 pm on each business day. The net asset value of the Fund’s portfolio is determined on daily basis. The net asset value of the Fund for the purpose of subscription / redemption of units is determined by dividing the net asset value of the Fund (fair value of the Fund’s assets minus the Fund’s liabilities) by the total number of the Fund’s units outstanding on the relevant dealing day.

4. BASIS OF PREPARATION

4.1 Statement of Compliance

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

These interim financial statements have been presented in form and do not include all the information presented in annual financial statements; therefore, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2015.

These interim financial statements does not necessarily constitute an indication of the year-end financial results.

4.2 Basis of Measurement

These interim 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.

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2016
(Saudi Arabian Riyals)

4. BASIS OF PREPARATION (Continued)

4.3 Functional and presentation currency

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

4.4 Use of estimates and judgments

In the ordinary course of business, the preparation of interim 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 on prospective basis.

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting and risk management policies used in the preparation of these interim financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2015.

6. MANAGEMENT FEE AND OTHER EXPENSES

The Fund Manager charges from the Fund on every daily business day management fee at an annual rate of 1.75% of the Fund's net assets value. As per the offer document, the Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fee, regulatory and shariah audits, legal, brokerage, consultation services, data processing and other similar charges. Subscription fee up to 2% of the invested amount is paid to the Fund Manager by deduction from the gross subscription.

7. INVESTMENTS – HELD FOR TRADING

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

	<u>2016</u>	<u>2015</u>
Retail	130,843	183,372
Banks & Financial Services	33,151	590,910
Petrochemical Industrial	25,664	296,658
Cement	17,114	483,760
Agriculture and Food	15,048	522,780
Transportation	14,393	336,973
Hotel and Tourism	12,871	422,428
Telecommunication & Information Technology	9,980	--
Insurance	8,420	--
Building & Constructions	7,163	166,635
Industrial Investment	5,578	295,740
Multi Investment	--	127,350
Total	<u>280,226</u>	<u>3,426,606</u>

- 7.1** As at 30 June 2016, cost of the investments - held for trading amounted to SR 268,612 (30 June 2015: SR 3,130,199).

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2016
(Saudi Arabian Riyals)

8. OTHER EXPENSES

	<u>2016</u>	<u>2015</u>
Professional charges	26,106	26,426
Fund board fee	12,432	12,397
Sharia committee fee	3,482	3,471
Total	<u><u>42,020</u></u>	<u><u>42,294</u></u>

9. UNIT TRANSACTIONS

Transactions in units during the period are summarized as follows:

	<u>2016</u>	<u>2015</u>
	<i>(In numbers)</i>	
Units at beginning of the period	38,264	174,618
Units subscribed during the period	175,687	
Units redeemed during the period	<u>(196,129)</u>	<u>(11,679)</u>
Units at end of the period	<u><u>17,822</u></u>	<u><u>162,939</u></u>

10. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Fund include the Unitholders, "The Investor for Securities Company" being the Fund Manager and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with related parties. The related party transactions are governed by limits set by the regulations issued by CMA. All the related party transactions are carried out based on mutually agreed prices under formal agreement.

Related party transactions for the period ended 30 June 2016 are as follows:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>2016</u>	<u>2015</u>
The Investor for Securities Company (The Fund Manager)	Subscription of units	<u>2,500,000</u>	--
	Redemption of units	<u>2,976,464</u>	--
	Fund management fee	<u>23,968</u>	29,835
	Custodian fee	<u>2,054</u>	2,557
Hisham A. Bin Morgren (CEO Fund Manager)	Redemption of units	<u>47,541</u>	--

The above related party transactions resulted in the following balances:

<u>Related party</u>	<u>Nature of balances</u>	<u>2016</u>	<u>2015</u>
The Investor for Securities Company (The Fund Manager)	Fund management fee	<u>(12,180)</u>	(15,061)
	Custodian fee	<u>(1,044)</u>	(1,291)

The Fund Manager holds NIL units in the Fund as at 30 June 2016 (30 June 2015: 158,154.64 units).

THE INVESTOR AL HURR SAUDI EQUITY FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2016

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Financial instruments comprise of financial assets and financial liabilities.

The financial assets and liabilities of the Fund comprise of investments held for trading and accounts and other payables and therefore, management believes that the fair values of these financial assets and liabilities are not materially different from their carrying values.

12. LAST VALUATION DAY

The last valuation day of the Fund was 30 June 2016 (30 June 2015: 30 June 2015).

13. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Fund Board on 13 Dhual-Qa'dah 1437H corresponding to 16 August 2016.