

**AL EMAAR FUND**  
**Open-Ended Fund**  
**(Managed by Riyad Capital)**  
**Interim Condensed Financial Statements (Un-Audited)**  
**For the six month period ended 30 June 2017**  
Together with the  
**Independent Auditor Review Report**

## INDEPENDENT AUDITOR REVIEW REPORT

**TO THE UNITHOLDERS**  
**AL EMAAR FUND**  
**Riyadh, Kingdom of Saudi Arabia**

### **Introduction:**

We have reviewed the accompanying interim balance sheet of Al Emaar Fund (“the Fund”) as at 30 June 2017 and the related interim 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. The Fund's management is responsible for the preparation and fair presentation of these interim condensed financial in accordance with accounting standards generally accepted 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 accounting standards generally accepted in the Kingdom of Saudi Arabia.

For and on behalf of  
**PKF Al Bassam & Al Nemer**  
**Allied Accountants**

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



16 August 2017  
24 Dhual-Qa'dah 1438

**AL EMAAR FUND**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**  
**INTERIM CONDENSED BALANCE SHEET (Un-audited)**  
As at 30 JUNE 2017  
(Amounts in SAR)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents		<b>1,334,731</b>	2,614,160
Held for trading investments	7	<b>20,387,388</b>	36,694,972
Dividend receivable		<b>-</b>	39,909
<b>Total assets</b>		<b>21,722,119</b>	39,349,041
<b><u>LIABILITIES</u></b>			
Accrued expenses		<b>108,068</b>	204,528
Redemptions payable		<b>7,419</b>	-
Outstanding Settlements		<b>100,980</b>	
<b>Total liabilities</b>		<b>216,467</b>	204,528
<b>Net assets attributable to the Unitholders</b>		<b>21,505,652</b>	39,144,513
Units in issue ( <i>numbers</i> )	8	<b>1,609,691.18</b>	2,640,123.46
Net assets attributable to each unit		<b>13.36</b>	14.83

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 2017  
(Amounts in SAR)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<b>(LOSS) /INCOME</b>			
Net loss from held for trading investments	9	(3,858,094)	(512,581)
Dividend income		<u>626,356</u>	<u>1,445,680</u>
		(3,231,738)	933,099
<b>EXPENSES</b>			
Fund management fee		(254,803)	(386,557)
Other expenses	10	<u>(7,055)</u>	<u>(7,023)</u>
		(261,858)	(393,580)
<b>Net (loss) / income for the period</b>		<u><b>(3,493,596)</b></u>	<u><b>539,519</b></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 Riyadh Capital)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (Un-audited)**  
For the six month period ended 30 June 2017  
(Amounts in SAR)

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period	<b>(3,493,596)</b>	539,519
<i>Adjustments to reconcile net/ (loss)/ income to net cash from operating activities:</i>		
Unrealized loss from held for trading investments	<u>2,830,768</u>	302,518
	<b>(662,828)</b>	842,037
<b>Changes in operating assets and liabilities:</b>		
Held for trading investments, net	<b>6,918,808</b>	1,192,144
Dividend receivable	-	(10,823)
Accrued expenses	<b>(49,575)</b>	(25,730)
Outstanding Settlements	<u>100,980</u>	-
<b>Net cash from operating activities</b>	<b>6,307,385</b>	1,997,628
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	<b>42,562</b>	507,869
Payments against redemption of units	<u><b>(8,410,614)</b></u>	(2,768,140)
<b>Net cash used in financing activities</b>	<b>(8,368,052)</b>	(2,260,271)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,060,667)</b>	(262,643)
Cash and cash equivalents at the beginning of the period	<b>3,395,398</b>	2,876,803
<b>Cash and cash equivalents at end of the period</b>	<u><b>1,334,731</b></u>	<u>2,614,160</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 Riyadh Capital)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS**  
**ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)**  
For the six month period ended 30 June 2017  
(Amounts in SAR)

	<u>2017</u>	<u>2016</u>
<b>Net assets attributable to the Unit holders at beginning of the period</b>	<b>33,374,719</b>	40,318,408
Net (loss) / income for the period	<b>(3,493,596)</b>	539,519
<i><b>Changes from unit transactions:</b></i>		
Issuance of units	<b>42,562</b>	507,869
Redemption of units	<b>(8,418,033)</b>	(2,221,283)
Net change from unit transactions	<b>(8,375,471)</b>	(1,713,414)
<b>Net assets attributable to the Unit holders at end of the period</b>	<b><u>21,505,652</u></b>	<u>39,144,513</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 Riyadh Capital)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six month period ended 30 June 2017

**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 30 December 2009.

**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) which was amended on 16 Shaban 1437 (corresponding to 23 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia.

**3. SUBSCRIPTION/ REDEMPTION**

The Fund is open for subscriptions/ redemptions of units on every Monday and Wednesday. The net assets value of the Fund is determined on every 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 value of net assets (fair value of Fund assets *minus* Fund liabilities) by the total number of outstanding units on the relevant Valuation Day.

**4. BASIS OF PRESENTATION**

**4.1 *Statement of compliance***

These financial statements have been presented in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

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 2016.

This interim condensed financial statement does not necessarily constitute an indication of the yearend financial statements.

These interim condensed financial statements were approved by the Fund’s Board of Directors on 16 August 2017 corresponding to 24 Dhul-Qa’dah 1438.

**AL EMAAR FUND**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six month period ended 30 June 2017

**4. BASIS OF PRESENTATION (Continued)**

**4.2 *Basis of measurement***

These 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 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 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 year in which the estimates are revised and in future years affected.

**5. SIGNIFICANT ACCOUNTING 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 2016.

Risk management policies are consistent with those as disclosed in the annual financial statements of the Fund for the year ended 31 December 2016.

**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.



**AL EMAAR FUND**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six month period ended 30 June 2017  
(Amounts 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:

<b>Equities</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Materials	<b>7,008,147</b>	14,829,290
Capital Goods	<b>3,931,977</b>	7,726,850
Real Estate Development	<b>9,447,264</b>	14,138,833
	<b><u>20,387,388</u></b>	<u>36,694,972</u>

- 7.2** The cost of the above held for trading investments portfolio amounted to SAR 23.22 million (30 June 2016: SAR 36.99 million).

**8. UNIT TRANSACTIONS**

Transactions in units for the year are summarized as follows:

	<b><u>2017</u></b>	<b><u>2016</u></b>
	<i>(In numbers)</i>	
<b>Units at beginning of the period</b>	<b>2,206,942.81</b>	2,770,797.61
Units issued	<b>3,184.63</b>	34,410.92
Units redeemed	<b>(600,436.27)</b>	(165,085.08)
Net change in units	<b>(597,251.63)</b>	(130,674.15)
<b>Units at end of the period</b>	<b><u>1,609,691.18</u></b>	<u>2,640,123.46</u>

**9. NET LOSS FROM HELD FOR TRADING INVESTMENTS**

	<b><u>2017</u></b>	<b><u>2016</u></b>
Realized loss from sale of held for trading investments	<b>(1,027,326)</b>	(210,063)
Unrealized loss from revaluation of held for trading investments	<b>(2,830,768)</b>	(302,518)
	<b><u>(3,858,094)</u></b>	<u>(512,582)</u>

**AL EMAAR FUND**  
**Open-Ended Fund**  
**(Managed by Riyadh Capital)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six month period ended 30 June 2017  
(Amounts in SAR)

**10. TRANSACTION WITH RELATED PARTIES**

Related parties of the Fund include “Riyadh Capital” being the Fund Manager, Riyadh Bank (being the partner 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 22 June 2017 SAR nil (30 June 2016: SAR 2,614,160 ) were held in current account of the Fund maintained with Riyadh Bank.

Riyadh Capital is the custodian of the Fund and as at 22 June 2017 the amount held therewith, in investments account, was SAR **1,334,731** (30 June 2016: nil).

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

<b><u>Related Party</u></b>	<b><u>Nature of transactions</u></b>	<b><u>Amount of transaction during the year</u></b>		<b><u>Closing balance Payable</u></b>	
		<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Riyadh Capital	Fund management fee	<b>254,803</b>	386,557	<b>104,681</b>	201,016
	Expenses incurred on behalf of the Fund	<b>7,055</b>	7,024	<b>3,387</b>	3,512

**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 asset consists of Cash and cash equivalents, dividend receivable and held for trading investments 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 value of other financial liability is not materially different from their carrying values.

**12. LAST VALUATION DAY**

The last Valuation Day of the year was 22 June 2017 (2016 : 30 June 2016).

## 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: 6775 Takhassusi Street- Olaya, Riyadh 12331-3712, Saudi Arabia.

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 2017 is summarized below.

Real Estate Mgmt & Dev't	<b>9,447,264</b>
Materials	<b>7,008,147</b>
Capital Goods	<b>3,931,977</b>
Total	<b>20,387,388</b>

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

Benchmark	Fund Performance
-10.76	-12.66

### 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.