

SOUTH EAST ASIA 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's Review Report

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE UNITHOLDERS****SOUTH EAST ASIA FUND****Riyadh, Kingdom of Saudi Arabia****Introduction:**

We have reviewed the accompanying interim balance sheet of South East Asia 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 Accountant

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



16 August 2017
24 Dhual-Qa'dah 1438

SOUTH EAST ASIA FUND
Open-Ended Fund
(Managed by Riyad Capital)
INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)
As at 30 June 2017
(Amounts in USD)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Held for trading investments	7	<u>20,503,673</u>	<u>16,575,217</u>
Total assets		20,503,673	16,575,217
<u>LIABILITIES</u>			
Accrued expenses	10	<u>2,125</u>	<u>1,974</u>
Total liabilities		2,125	1,974
Net assets attributable to the Unitholders		<u>20,501,548</u>	<u>16,573,243</u>
Units in issue (<i>numbers</i>)	8	<u>363,762.64</u>	<u>366,929.84</u>
Net assets attributable to each unit		<u>56.36</u>	<u>45.17</u>

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

SOUTH EAST ASIA 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 USD)

	<u><i>Note</i></u>	<u>2017</u>	<u>2016</u>
<u>INCOME</u>			
Net gain from held for trading investments	9	3,957,968	266,413
<u>EXPENSES</u>			
Fund management fee	10	-	(41,870)
Other expenses	10	<u>(2,125)</u>	<u>(1,974)</u>
		(2,125)	(43,844)
Net income for the period		<u>3,955,843</u>	<u>222,569</u>

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

SOUTH EAST ASIA FUND
Open-Ended Fund
(Managed by Riyadh Capital)
INTERIM CONDENSED STATEMENT OF CASHFLOWS (UN-AUDITED)
For the six month period ended 30 June 2017
(Amounts in USD)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	3,955,843	222,569
<i>Adjustments to reconcile net income to net cash from operating activities:</i>		
Unrealized gain from held for trading investments	<u>(3,884,423)</u>	<u>(272,910)</u>
	71,420	(50,341)
Changes in operating assets and liabilities:		
Held for trading investments	20,020	177,911
Accrued expenses	<u>(1,725)</u>	<u>(1,843)</u>
Net cash from operating activities	89,715	125,727
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	301,715	33,263
Payments of redemption of units	<u>(391,430)</u>	<u>(158,990)</u>
Net cash used in financing activities	(89,715)	(125,727)
Net changes in cash and cash equivalents	-	-
Cash and cash equivalents at beginning / end of the period	<u>-</u>	<u>-</u>

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SOUTH EAST ASIA FUND
Open-Ended Fund
(Managed by Riyadh Capital)
INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO THE UNITHOLDERS (UN-AUDITED)
For the six month period ended 30 June 2017
(Amounts in USD)

	<u>2017</u>	<u>2016</u>
Net assets attributable to the Unitholders at beginning of the period	16,635,420	16,476,401
Net income for the period	3,955,843	222,569
<i>Changes from unit transactions:</i>		
Issuance of units	301,715	33,263
Redemption of units	(391,430)	(158,990)
Net change from unit transactions	(89,715)	(125,727)
Net assets attributable to the Unitholders at end of the period	<u>20,501,548</u>	<u>16,573,243</u>

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

SOUTH EAST ASIA 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

The South East Asia Fund (the “Fund”) is an Equity Fund Portfolio managed through an agreement between Riyadh Capital (the “Fund Manager”) and the Fund Investors (the “Unitholders”). The objective of the Fund is to achieve long-term capital growth through investment primarily in the stock markets of the Pacific basin, with the exception of Japan. Investment is primarily in a broad spread of larger “blue chip” companies, thus allowing the Fund to maintain a fairly high degree of liquidity in these often-volatile markets.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund’s Management prepares separate financial statements 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. Accordingly, pursuant to an agreement, dated 3 June 2002, Fidelity International acts as the Sub Fund Manager of the Fund and also acts as the sub-administrator and custodian of the Fund.

Saudi Arabia Monetary Agency’s approval for the establishment of the Fund was granted in its letter number 87/MA/25 dated 3 Muharram 1412 H (corresponding to 14 July 1991). The Fund commenced its operations on 19 May 1992.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by Capital Market Authority (CMA) on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) which was amended on 16 Shaban 1437 (corresponding to 23 May 2016), detailing requirements for all investment funds within the Kingdom of Saudi Arabia.

3. SUBSCRIPTION/ REDEMPTION

The Fund is open for subscriptions/redemptions of units from Monday to Wednesday. The value of the Fund’s portfolio is determined from Monday to Wednesday (each “Valuation Day”). The net assets 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 were approved by the Fund’s Board of Directors on 16 August 2017 corresponding to 24 Dhul-Qa’dah 1438.

SOUTH EAST ASIA FUND
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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 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 the accrual basis of accounting and the going concern concept.

4.3 *Functional and presentation currency*

These interim condensed financial statements are presented in United States Dollar (USD) which is the functional currency of the Fund. All financial information presented has been rounded to the nearest USD.

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

5. SIGNIFICANT ACCOUNTING 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 in the annual financial statements of the Fund for the year ended 31 December 2016.

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

SOUTH EAST ASIA FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended 30 June 2017
(Amount in USD)

6. FUND MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

On daily basis, the sub Fund Manager charges the Fund, a management fee at the rate of 1.5 percent per annum of the Fund's net assets value. In addition, on daily basis the Sub Administrator and Custodian charges the Fund, custody and administration fees at the rate of 0.1 percent per annum and 0.3 percent per annum respectively of the Fund's net assets value. The net assets value of the fund being sub-managed and reported by the sub-manager to the fund manager, is net of the above mentioned fees rates totaling to 1.9% per annum.

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 assets value.

7. HELD FOR TRADING INVESTMENTS

To date the Fund has invested exclusively with Fidelity International (Foreign Sub-Fund Manager). The held for trading investments portfolio is summarized as follows:

	<u>2017</u>	<u>2016</u>
Units in Fidelity South East Asia Fund		
Number of units	2,526,950.06	2,547,290.13
Net Assets Value per unit	8.114	6.507
	<u>20,503,673</u>	<u>16,575,217</u>

- 7.1** The cost of above held for trading investments portfolio amounted to USD 16.62 million (29 June 2016: USD 16.30 million)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended 30 June 2017
(Amounts in USD)

8. UNIT TRANSACTIONS

Transactions in units for the period are summarized as follows:

	<i>(Units in numbers)</i>	
	<u>2017</u>	<u>2016</u>
Units at the beginning of the period	365,372.59	369,855.56
Units issued	<u>5,407.46</u>	788.00
Units redeemed	<u>(7,017.41)</u>	(3,713.72)
Net change in units	<u>(1,609.95)</u>	(2,925.72)
Units at end of the period	<u>363,762.64</u>	<u>366,929.84</u>

9. NET GAIN FROM HELD FOR TRADING INVESTMENTS

	<u>2017</u>	<u>2016</u>
Realised gain / (loss) on sale from held for trading investments	73,545	(6,497)
Unrealised gain on revaluation from held for trading investments	<u>3,884,423</u>	<u>272,910</u>
	<u>3,957,968</u>	<u>266,413</u>

10. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include “Riyad Capital” being the Fund Manager and Riyadh Bank (being the partner of Riyadh Capital).

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’s Board of directors.

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 transaction during the period</u>		<u>Closing balance Payable</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Riyad Capital	Fund management fee	-	41,870	-	-
	Expenses incurred on behalf of the Fund	<u>2,125</u>	<u>1,974</u>	<u>2,125</u>	<u>1,974</u>
		<u>2,125</u>	<u>43,844</u>	<u>2,125</u>	<u>1,974</u>

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For the six month period ended 30 June 2017

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 consist of held for trading investments, and financial liability consists of accrued expenses.

Fair value is determined by reference to Net Assets Value "NAV" computed by South East Asia sub Fund manager. The fair values of other financial assets and liabilities are not materially different from their carrying values.

12. LAST VALUATION DAY

The last valuation day of the period was 21 June 2017 (2016: 29 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- Name and address of the Sub-Manager:

Fidelity Investments Luxembourg S.A.

Kansallis House, Place de l'Etoile, BP2174, L - 1021 Luxembourg

Tel +352250404

FAX +352250340/343

3- Investment activities during the period:

To date, the Fund has invested exclusively with Fidelity Global (the Foreign Fund Manager). The following table summarizes the portfolio held for trading:

No. of Units	2,526,950.06
NAV per Unit	8.114
Total	20,503,673

4- Report on the performance of the Investment Fund during the period:

Benchmark	Fund Performance
22.74	23.78

5- Any changes in terms & conditions and information note during the period:

Nil.

6- 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.

7- The Fund's investments in other funds:

The Fund has no investments in other funds.

8- Special Commission:

The Fund Manager did not receive any special commission during the period.
