

AL HURR SAUDI EQUITY FUND
Managed by
THE INVESTOR FOR SECURITIES

Interim Condensed Financial Statements (Un-audited)
Together with the Independent Review Report
For the six month period ended 30 June 2012



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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To: **The Unitholders of
Al Hurr Saudi Equity Fund
Riyadh, Kingdom of Saudi Arabia**

Scope of Review

We have reviewed the accompanying interim balance sheet of **Al Hurr Saudi Equity Fund** (the "Fund") managed by **The Investor for Securities** (the "Fund Manager") as at 30 June 2012, and the related interim statements of income, cash flows and changes in net assets attributable to unitholders for the six-month period then ended 30 June 2012 and the notes from (1) to (13) for the six-month period then ended which form an integral part of these interim condensed financial statements. These interim condensed 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 condensed 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 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 condensed financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Al Sadhan

Abdullah H. Al Fozan
License no. 348



Date: 01 September 2012
Corresponding to: 14 Shawwal 1433

AL HURR SAUDI EQUITY FUND
Managed by The Investor for Securities
INTERIM BALANCE SHEET (Un-audited)
As at 30 June 2012
(Saudi Arabian Riyals)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Balance at bank		64,654	11,856
Investments - Held for trading, net	7	4,652,238	4,889,436
Dividend receivable		--	85,283
TOTAL ASSETS		<u>4,716,892</u>	<u>4,986,575</u>
<u>LIABILITIES</u>			
Fund management fee payable	9	21,405	25,737
Other liabilities		31,585	31,234
TOTAL LIABILITIES		<u>52,990</u>	<u>56,971</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>4,663,902</u>	<u>4,929,604</u>
Units in issue (<i>numbers</i>)		<u>398,189</u>	<u>439,824</u>
Net assets value - per unit (SAR)		<u>11.71</u>	<u>11.21</u>

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

Bandar Alahmadi
Chief Executive Officer
Fund Manager

Hisham Bin Mogren
Chief Financial Officer
Fund Manager

AL HURR SAUDI EQUITY FUND
Managed by The Investor for Securities
INTERIM STATEMENT OF INCOME (Un-audited)
For the six month period ended 30 June 2012
(Saudi Arabian Riyals)

	<i><u>Note</u></i>	<u>2012</u>	<u>2011</u>
INCOME			
Trading gain / (Loss) from held for trading investments, net	9	284,173	(143,024)
Dividend income		125,982	162,271
		<u>410,155</u>	<u>19,247</u>
EXPENSES			
Fund management fee	6	(41,857)	(60,456)
Other expenses		(40,345)	(36,608)
		<u>(82,202)</u>	<u>(97,064)</u>
NET INCOME / (LOSS) FOR THE PERIOD		<u>327,953</u>	<u>(77,817)</u>

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

AL HURR SAUDI EQUITY FUND
Managed by The Investor for Securities
INTERIM STATEMENT OF CASH FLOWS (Un-audited)
For the six month period ended 30 June 2012
(Saudi Arabian Riyals)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	327,953	(77,817)
<i>Adjustment to reconcile net income to net cash from operating activities</i>		
Unrealized gain/ (loss) on held for trading investments	(239,336)	1,261,377
	88,617	1,183,560
Changes in operating assets and liabilities		
Held for trading investments, net	(14,230)	10,754,930
Dividend receivable	11,360	(73,583)
Fund management fee payable	2,618	(51,284)
Other liabilities	(29,525)	(27,411)
Net cash generated from operating activities	58,840	11,786,213
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments against redemption of units	--	(11,808,639)
Net cash used in financing activities	--	(11,808,639)
Net increase / (decrease) in cash and cash equivalents	58,840	(22,426)
Cash and cash equivalents at beginning of the period	5,814	34,282
Cash and cash equivalents at end of the period	64,654	11,856

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

AL HURR SAUDI EQUITY FUND
Managed by The Investor for Securities
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
THE UNIT HOLDERS (Un-audited)
For the six month period ended 30 June 2012
(Saudi Arabian Riyals)

	2012	2011
Net assets attributable to Unit Holders at beginning of period	4,335,949	16,816,061
Net income / (loss) for the period	327,953	(77,817)
Changes from unit transactions		
Payments against redemption of units	--	(11,808,639)
Net assets attributable to Unit Holders at end of period	4,663,902	4,929,604

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

AL HURR SAUDI EQUITY FUND
Managed by The Investor for Securities
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2012

1 THE FUND AND ITS ACTIVITIES

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

The Fund is managed by The Investor for Securities (the “Fund Manager”). All income is reinvested in the Fund and is reflected in the unit price.

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 22 Dhul Hijja 1427H (corresponding to 12 January 2007) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. SUBSCRIPTION / REDEMPTION (DEALING DAY & VALUATION DAY)

The Fund is open for subscriptions/ redemptions of units on each business day (“Subscription Day”). The value of the Fund’s portfolio is also determined on each business day (“Valuation Day”). The unit value of the Fund is computed by dividing the total value of the portfolio, plus all income including accrued income, less management fees and any expenses by the total number of units outstanding at that time.

4. BASIS OF PREPARATION

4.1 Statement of Compliance

These interim condensed 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 condensed form and do not include all the information presented in annual financial statements; therefore, these interim condensed financial statements should be read in conjunction with the financial statements for the period ended 31 December 2011.

4.2 Basis of Measurement

These interim condensed financial statements have been prepared under the historical cost convention, except for the measurement of investments 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 Riyals (SAR) which is the functional currency of the Fund. All financial information presented has been rounded to the nearest SAR.

AL HURR SAUDI EQUITY FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2012
(Saudi Arabian Riyals)

4. BASIS OF PREPARATION (Continued)

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 period in which the estimates are revised and in future periods affected.

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2011.

6. MANAGEMENT FEE AND OTHER EXPENSES

The Fund Manager charges from the Fund on every Valuation Day management fee at an annual rate of 1.75% of the Fund's net assets value. Other than management fee the Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund as audit fee 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. HELD FOR TRADING INVESTMENTS

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

	2012	2011
Petro Industrial	1,027,808	1,625,117
Banks & Financial Services	923,472	1,000,245
Industrial Investment	317,840	282,190
Telecommunication & Information Technology	457,318	725,317
Agriculture and Food	533,982	436,622
Building & Constructions	130,242	163,440
Real Estate Development	93,013	--
Cement	628,242	395,620
Retail	334,971	113,760
Energy and Utilities	51,600	147,125
Multi Investment Sector	123,750	--
Hotel and Tourism	30,000	--
Total	4,652,238	4,889,436

7.1 As at 30 June 2012, cost of the held for trading investments amounted to SAR 4.412 million (30 June 2011: 5.509 million).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
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8. UNIT TRANSACTIONS

Transactions in units during the period are summarized as follows:

	<u>2012</u>	<u>2011</u>
Units at beginning of the period	398,189	1,478,361
Units redeemed	--	(1,038,537)
Units at end of the period	<u>398,189</u>	<u>439,824</u>

9. TRADING GAIN / (LOSS) ON INVESTMENT, NET

	<u>2012</u>	<u>2011</u>
-Realised	44,837	1,118,354
-Unrealised	239,336	(1,261,378)
	<u>284,173</u>	<u>(143,024)</u>

10. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Fund includes unit holders ,“The Investor for Securities” being the Fund Manager and the other funds managed by the Fund manager. All transactions with related parties have been entered based on mutually agreed prices under formal agreement.

Related party transactions for period and balances arising there from are described as under:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the period</u>		<u>Closing balance Receivable / (Payable)</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Investor for Securities (Fund Manager)	- Fund management fee	<u>41,856</u>	<u>60,456</u>	<u>21,405</u>	<u>(25,736)</u>

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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 financial assets and financial liabilities.

The Fund's financial assets consist of bank balance, held for trading investments and other receivables; its financial liabilities consist of Fund management fee payables and other liabilities.

Investments are carried at fair values. The fair values of other financial instruments are not materially different from their carrying values.

12. LAST VALUATION DAY

The last valuation day of the fund was at 30 June 2012(2011: 29 June 2011).

13. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Manager on 14 Shawwal 1433 H corresponding to 1 September 2012.