

AL-SEEF FUND
Managed by
AlBilad Investment Company

Condensed Interim Financial Statements (Un-audited)
For the six month period ended 30 June 2011
together with the
Review Report to the Unit Holders

**KPMG Al Fozan & Al Sadhan**

KPMG Tower
Salahudeen Al Ayoubi Road
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Telephone +966 1 8748500
Fax +966 1 8748600
Internet www.kpmg.com.sa

License No. 46/11/323 issued 11/3/1992

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To: **The Unit holders of
Al Seef Fund
Riyadh, Kingdom of Saudi Arabia**

Scope of Review

We have reviewed the accompanying interim condensed financial statements of **Al Seef Fund** (the "Fund") managed by Al Bilad Investment Company (the "Fund Manager"), which comprise the interim balance sheet as at 30 June 2011, and the related interim statements of income, cash flows and changes in net assets attributable to unit holders for the six month period then ended and the attached condensed notes (1) to (9) 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 limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited 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 limited 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 : 13 Ramadhan 1432 H
Corresponding to: 13 August 2011

AL-SEEF FUND
INTERIM BALANCE SHEET (UN-AUDITED)
As at 30 June 2011
(Kuwaiti Dinars)

	<u>Note</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
ASSETS			
Bank balance		--	93
Investments held for trading	5	3,369,856	3,318,768
Total assets		<u>3,369,856</u>	<u>3,318,861</u>
LIABILITIES			
Bank overdraft		13,458	--
Accrued expenses		30,967	8,866
Total liabilities		<u>44,425</u>	<u>8,866</u>
Net assets attributable to Unit Holders		<u>3,325,431</u>	<u>3,309,995</u>
Units in issue (numbers)		<u>6,182,693</u>	<u>6,564,322</u>
Net assets value – per unit (Kuwaiti Dinaar)		<u>0.5379</u>	<u>0.5042</u>

The accompanying notes 1 to 9 form an integral part of these condensed interim financial statements.

AL-SEEF FUND
INTERIM STATEMENT OF OPERATIONS (UN-AUDITED)
For the six months period ended 30 June 2011
(Kuwaiti Dinars)

	<u>30 June 2011</u>	<u>30 June 2010</u>
EXPENSES		
Management fees	(4,361)	(4,498)
Other expenses	<u>(6,315)</u>	<u>(6,520)</u>
	<u>(10,676)</u>	<u>(11,018)</u>
Realised and unrealised gain / (loss) on investments		
Realised loss on investments, net	(112,728)	(171,468)
Unrealised (loss) / gain on investments, net	<u>(63,245)</u>	<u>88,539</u>
	<u>(175,973)</u>	<u>(82,929)</u>
NET LOSS FOR THE PERIOD	<u>(186,649)</u>	<u>(93,947)</u>

The accompanying notes 1 to 9 form an integral part of these condensed interim financial statements.

AL-SEEF FUND
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six months period ended 30 June 2011
(Kuwaiti Dinars)

	<u>30 June 2011</u>	<u>30 June 2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(186,649)	(93,947)
<i>Adjustment to reconcile net loss to net cash from operating activities:</i>		
Unrealised loss / (gain) on investments, net	63,245	(88,539)
	<u>(123,404)</u>	<u>(182,486)</u>
Changes in operating assets and liabilities:		
Investments held for trading	259,929	381,536
Accrued expenses	10,676	(569)
Net cash from operating activities	<u>147,201</u>	<u>198,481</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sales of units	9,802	4,858
Value of units redeemed	(149,651)	(203,031)
Net cash used in financing activities	<u>(139,849)</u>	<u>(198,173)</u>
Net increase in cash and cash equivalents	7,352	308
Cash and cash equivalents at beginning of the period	(20,810)	(215)
Cash and cash equivalents at end of the period	<u>(13,458)</u>	<u>93</u>

The accompanying notes 1 to 9 form an integral part of these condensed interim financial statements.

AL-SEEF FUND
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO UNITHOLDERS (UN-AUDITED)

For the six months period ended 30 June 2011

(Kuwaiti Dinars)

	<u>30 June 2011</u>	<u>30 June 2010</u>
Net assets value at beginning of the period	3,651,929	3,602,115
Net loss for the period	(186,649)	(93,947)
Changes from unit transactions		
Proceeds from sales of units	9,802	4,858
Value of units redeemed	(149,651)	(203,031)
Net change from unit transactions	(139,849)	(198,173)
Net assets value at end of the period	<u>3,325,431</u>	<u>3,309,995</u>
<u>UNIT TRANSACTIONS</u>		
Units at beginning of the period	6,427,173	6,917,380
Units issued	17,591	8,636
Units redeemed	(262,071)	(361,694)
Net change in units	(244,480)	(353,058)
Units at end of the period	<u>6,182,693</u>	<u>6,564,322</u>

The accompanying notes 1 to 9 form an integral part of these condensed interim financial statements

AL-SEEF FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2011

1. THE FUND AND ITS ACTIVITIES

The Al Seef Fund is an open-ended investment fund established and managed by AlBilad Investment Company ("the Fund Manager") and licensed by the Saudi Arabian Monetary Agency (SAMA) through its letter number 15734/MZT dated 28 Shawaal 1426H (corresponding to 30 November 2005). The Fund commenced its operations on 1 January 2006.

The objective of the fund is to achieve long term capital growth through investing in Shari'ah compliant equities listed in the Kuwaiti Stock Exchange with good track record. The Fund applies selection criteria in accordance with Shari'ah standards used by Global Islamic Index.

In dealing with the Unit Holders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, Unit Holders are considered to be owners of the assets of the Fund.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations ("the Regulations") published by the 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. BASIS OF PREPARATION

3.1 *Statement of compliance*

These condensed interim financial statements have been presented in accordance with the requirements of the accounting standard on financial reporting issued by the Saudi Organization of Certified Public Accountants (SOCPA) and the terms and conditions stipulated in the management agreement.

These condensed interim financial statements were authorized for issue by the Fund Manager on 10 August 2011 corresponding to 10 Ramadan 1432 A.H.

3.2 *Basis of measurement*

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

3.3 *Functional and presentation currency*

These condensed interim financial statements have been presented in Kuwaiti Dinars, which is the functional currency of the Fund. All financial information presented in Kuwaiti Dinars has been rounded to the nearest Dinaar.

3.4 *Use of estimates and judgment*

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.

AL-SEEF FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2011
(Kuwaiti Dinars)

4. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting policies used in these condensed interim financial statements are consistent with those used and disclosed in the annual financial statements for the year ended 31 December 2010.

Risk management policies are also consistent with those disclosed in the annual financial statement for the year ended 31 December 2010.

5. INVESTMENTS HELD FOR TRADING

<u>Name of the Fund</u>	<u>Units</u>	<u>Market value</u>
30 June 2011		
Al Durra Islamic Fund	2,877,759	3,369,856
Total investment	2,877,759	3,369,856
30 June 2010		
Al Durra Islamic Fund	3,041,153	3,318,768
Total investment	3,041,153	3,318,768

6. TRANSACTIONS WITH RELATED PARTIES

AlBilad Investment Company (the Fund Manager) and Bank AlBilad (the shareholder of the Fund Manager) are related parties.

In the ordinary course of its activities, the Fund do transaction with the related parties. Related party transactions are governed by limits set by the regulations issued by the CMA. All the related party transactions are approved by the Fund Manager.

The Fund pays a management fees calculated at an annual rate of 1.75% (2010: 1.75%) of the net asset value at each valuation date. Additionally, a subscription fees up to 3% (2010: 3%) of gross subscriptions is charged and deducted by the Fund Manger to cover administration costs.

<u>Name of related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions during period</u>		<u>Closing balance</u>	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
AlBilad Investment Company	Management fees	4,361	4,498	11,299	2,345
	Other expenses	5,514	5,693	17,175	5,693
Bank AlBilad	Bank balances	--	--	(13,458)	93

AL-SEEF FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
For the six months period ended 30 June 2011
(*Kuwaiti Dinars*)

7. SUBSCRIPTION AND REDEMPTION OF UNITS

Units of the Fund are made available for purchase only in the Kingdom of Saudi Arabia at the Bank AlBilad branches by natural and corporate persons. The net asset value of the Fund is determined on every Sunday ("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 units on the relevant valuation day.

8. 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 balances and held for trading investments and its financial liabilities consist of certain other liabilities. Investments are carried at fair values and with respect to other financial assets and liabilities, management believes that fair values of these instruments are not materially different from their carrying values.

9. LAST VALUATION DAY

The last valuation date of the period was 30 June 2011 (2010: 30 June 2010).