

ASAYEL 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**

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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Scope of Review

We have reviewed the accompanying interim condensed financial statements of **Assayel 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

ASAYEL FUND
INTERIM BALANCE SHEET (UN-AUDITED)
As at 30 June 2011
(Saudi Riyals '000')

	<u><i>Note</i></u>	<u>30 June 2011</u>	<u>30 June 2010</u>
ASSETS			
Bank balances		23,815	20,532
Investments held for trading	5	584,490	638,218
Other assets		777	360
Total assets		<u>609,082</u>	<u>659,110</u>
LIABILITIES			
Accrued expenses		<u>58</u>	<u>555</u>
Total liabilities		<u>58</u>	<u>555</u>
Net assets attributable to Unit Holders		<u>609,024</u>	<u>658,555</u>
Units in issue (<i>numbers '000</i>)		<u>1,700,694</u>	<u>1,923,793</u>
Net assets value – per unit (<i>Saudi Riyal</i>)		<u>0.3581</u>	<u>0.3423</u>

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

ASAYEL FUND
INTERIM STATEMENT OF OPERATIONS (UN-AUDITED)
For the six months period ended 30 June 2011
(Saudi Riyals '000')

	<u>30 June 2011</u>	<u>30 June 2010</u>
INCOME		
Dividend income	13,383	14,771
EXPENSES		
Management fees	(5,452)	(6,176)
Other expenses	(89)	(88)
	<u>(5,541)</u>	<u>(6,264)</u>
Realised and unrealised gain / (loss) on investments		
Realised loss on investments, net	(68,302)	(107,151)
Unrealised gain on investments, net	37,401	99,366
	<u>(30,901)</u>	<u>(7,785)</u>
NET (LOSS) / INCOME FOR THE PERIOD	<u>(23,059)</u>	<u>722</u>

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

ASAYEL FUND
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six months period ended 30 June 2011
(Saudi Riyals '000')

	<u>30 June 2011</u>	<u>30 June 2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(23,059)	722
<i>Adjustment to reconcile net (loss) / income to net cash from operating activities:</i>		
Unrealised gain on investments, net	(37,401)	(99,366)
	<u>(60,460)</u>	<u>(98,644)</u>
Changes in operating assets and liabilities		
Investments held for trading	112,637	108,499
Other assets	(777)	(360)
Accrued expenses	58	(3,519)
Net cash from operating activities	<u>51,458</u>	<u>5,976</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sales of units	735	4,212
Value of units redeemed	(35,337)	(45,983)
Net cash used in financing activities	<u>(34,602)</u>	<u>(41,771)</u>
Net increase / (decrease) in cash and cash equivalents	16,856	(35,795)
Cash and cash equivalents at beginning of the period	6,959	56,327
Cash and cash equivalents at end of the period	<u>23,815</u>	<u>20,532</u>

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

ASAYEL FUND
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO UNITHOLDERS (UN-AUDITED)
For the six months period ended 30 June 2011
(Saudi Riyals '000')

	<u>30 June 2011</u>	<u>30 June 2010</u>
Net assets value at beginning of the period	666,685	699,604
Net income from operations for the period	(23,059)	722
Changes from unit transactions		
Proceeds from sales of units	735	4,212
Value of units redeemed	(35,337)	(45,983)
Net change from unit transactions	(34,602)	(41,771)
Net assets value at end of the period	<u>609,024</u>	<u>658,555</u>

UNIT TRANSACTIONS

(Units in '000)

Units at beginning of the period	1,797,393	2,039,652
Units issued	2,043	12,014
Units redeemed	(98,742)	(127,873)
Net change in units	(96,699)	(115,859)
Units at end of the period	<u>1,700,694</u>	<u>1,923,793</u>

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

ASAYEL 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 Asayel 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 capital growth with strong returns over the long term (at least three years). The Fund is managing a diversified portfolio including local shares that comply with the criteria set by the Sharia'h Board.

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 Saudi Riyals, which is the functional currency of the Fund. All financial information presented in Saudi Riyals has been rounded to the nearest Riyal.

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.

ASAYEL FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2011
(Saudi Riyals '000')

4. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

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

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

5. INVESTMENTS HELD FOR TRADING

The fund management invested in the following sectors:

<u>Description by geographical segment</u>	<u>% of market value</u>	<u>Cost</u>	<u>Market value</u>
30 June 2011			
Quoted shares:			
Banking	47	462,932	274,724
Telecommunication	12	88,074	71,547
Cement	6	66,655	35,106
Industrial	9	41,940	49,469
Agriculture	9	39,982	53,218
Real Estate	3	24,942	20,359
Building & Construction	3	13,166	15,997
Retail	9	44,989	54,624
Mutual Funds	2	9,440	9,446
Total investment	100	792,120	584,490
30 June 2010			
Quoted shares:			
Banking	46	484,097	294,952
Telecommunication	19	189,461	126,720
Services	1	7,034	6,818
Cement	7	120,798	46,991
Industrial	5	26,530	29,463
Agriculture	10	40,913	62,528
Real Estate	12	78,176	70,746
Total investment	100	947,009	638,218

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 transactions 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 2% (2010: 2%) of gross subscriptions is charged and deducted by the Fund Manger to cover administration costs.

ASAYEL FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2011
(Saudi Riyals '000')

6. TRANSACTIONS WITH RELATED PARTIES (Continued)

Name of related party	Nature of transaction	Amount of transactions during period		Closing balance	
		2011	2010	2011	2010
AlBilad Investment Company	Management fees	5,452	6,176	--	--
	Other expenses	78	77	--	77
Bank AlBilad	Bank balances	--	--	23,815	20,532

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 by natural and corporate persons. The net asset value of the Fund is determined on every Sunday and Wednesday ("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, held for trading investments, other assets 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 DATE

The last valuation date of the period was 29 June 2011 (2010: 30 June 2010).