

INVESTOR SAUDI RIYAL MURABAHA 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
Investor Saudi Riyal Murabaha Fund
Riyadh, Kingdom of Saudi Arabia**

Scope of Review

We have reviewed the accompanying interim balance sheet of **Investor Saudi Riyal Murabaha 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 (11) 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

INVESTOR SAUDI RIYAL MURABAHA FUND
Managed by The Investor for Securities

INTERIM BALANCE SHEET (Un-audited)
As at 30 June 2012
(Saudi Arabian Riyals)

	<i>Note</i>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Cash at bank		677,616	103,007
Murabaha placements		41,721,859	86,976,591
Accrued profit on Murabaha placements		514,912	213,891
Total assets		<u>42,914,387</u>	<u>87,293,489</u>
<u>LIABILITIES</u>			
Fund management fee payable	9	27,003	43,027
Other liabilities		29,668	30,963
Total liabilities		<u>56,671</u>	73,990
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>42,857,716</u>	<u>87,219,499</u>
Units in issue (<i>numbers</i>)	8	<u>3,986,439</u>	<u>8,231,450</u>
Net assets value per unit (SAR)		<u>10.75</u>	<u>10.60</u>

The accompanying notes (1) through (11) 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

INVESTOR SAUDI RIYAL MURABAHA 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>Note</i>	<u>2012</u>	<u>2011</u>
INCOME			
Profit on Murabaha placements		382,146	572,028
EXPENSES			
Management fee	7	(62,032)	(85,585)
Other expenses		(29,668)	(47,091)
		<u>(91,700)</u>	<u>(132,676)</u>
NET INCOME FOR THE PERIOD		<u>290,446</u>	<u>439,352</u>

The accompanying notes (1) through (11) form an integral part of these interim condensed financial statements.

INVESTOR SAUDI RIYAL MURABAHA 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)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		290,446	439,352
Changes in operating assets and liabilities			
Murabaha placements		27,200,865	--
Accrued profit on murabaha placements		122,924	238,762
Fund management fee payable		(19,565)	(9,135)
Other liabilities		(29,832)	12,264
Net cash generated from operating activities		<u>27,564,838</u>	<u>681,243</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		840,000	52,876,178
Payments against redemption of units		(45,708,368)	(22,124,716)
Net cash (used) / generated from financing activities		<u>(44,868,368)</u>	<u>30,751,462</u>
Net (decrease) / increase in cash and cash equivalents		(17,303,530)	31,432,705
Cash and cash equivalents at the beginning of the period		35,412,870	55,646,893
Cash and cash equivalents at the end of the period	6	<u>18,109,340</u>	<u>(87,079,598)</u>

The accompanying notes (1) through (11) form an integral part of these interim condensed financial statements.

INVESTOR SAUDI RIYAL MURABAHA FUND
Managed by The Investor for Securities

**INTERIM STATEMENT OF CHANGES IN ASSETS ATTRIBUTABLE TO THE
UNIT HOLDERS (Un-audited)**

For the six month period ended 30 June 2012
(Saudi Arabian Riyals)

	<u>2012</u>	<u>2011</u>
Net assets attributable to Unit Holders at beginning of period	87,435,638	56,028,685
Net income for the period	290,446	439,352
Changes from unit transactions		
Proceeds from issuance of units	840,000	52,876,178
Payments against redemption of units	(45,708,368)	(22,124,716)
Net changes from unit transactions	(44,868,368)	30,751,462
Net assets attributable to Unit Holders at end of period	42,857,716	87,219,499

The accompanying notes (1) through (11) form an integral part of these interim condensed financial statements.

INVESTOR SAUDI RIYAL MURABAHA 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

Investor Saudi Riyal Murabaha Fund (“the Fund”) is an open-ended investment fund established and managed through an agreement between The Investor for Securities (the “Fund Manager”) and Fund Investors (“unit holders”). The objective of the Fund is to generate income and liquidity consistent with short term money market rates and to preserve the value of holder’s investment.

The Fund is managed by the Fund Manager. All income is reinvested in the Fund and is reflected in the unit price.

Capital Market Authority’s (“CMA”) approval for the establishment of the Fund was granted through its decision number 1909/5 dated 15 Rabi II 1430H (corresponding to 11 April 2009). The Fund commenced its operation on 2 May 2009.

2. REGULATORY AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 3Dhul Hijja1427H (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 (a “Dealing Day”). The net assets value of the Fund is determined on each business day (a “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 fund units on the relevant valuation day.

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 year ended 31 December 2011.

4.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using accrual basis of accounting and the going concern concept.

4.3 Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Arabian Riyal (SAR), which is the functional currency of the Fund. All financial information presented has been rounded to nearest SAR.

INVESTOR SAUDI RIYAL MURABAHA 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
(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 if required.

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 annual financial statements for the year ended 31 December 2011.

6. CASH AND CASH EQUIVALENTS

	<u>2012</u>	<u>2011</u>
Cash at bank	677,616	103,007
Murabaha placements-with original maturity of three months or less	17,431,724	86,976,591
Cash and cash equivalents	18,109,340	87,079,598

7. FUND MANAGEMENT FEE AND OTHER EXPENSES

The Fund Manager charges from the Fund on every Valuation Day management fee at an annual rate of 12 % of the Fund's net profit while not exceeding 1% 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, regulatory and shariah audits, legal, brokerage, consultation services, data processing and other similar charges.

8. UNIT TRANSACTIONS

Transactions in units during the period are summarized as follows:

	<u>2012</u>	<u>2011</u>
	<i>(In numbers)</i>	
Units at beginning of the period	8,184,518	5,340,715
Units issued	78,809	4,989,793
Units redeemed	(4,276,888)	(2,099,058)
Net change in units	(4,198,079)	2,890,735
Units at end of the period	3,986,439	8,231,450

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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)

9. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Fund includes ,“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 the period and balances arising there from are 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>
The Investor for Securities	- Fund management fee	<u>62,032</u>	<u>85,585</u>	<u>(27,003)</u>	<u>43,027</u>

10. 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 and Murabaha placements ; its financial liabilities consist of Fund management fee payable and other liabilities.

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

11. LAST VALUATION DATE

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