

THE INVESTOR SAUDI RIYAL MURABAHA FUND
An Open Ended Mutual Fund
Managed by
THE INVESTOR FOR SECURITIES COMPANY
Interim Condensed Financial Statements (Un-Audited)
For the six months period ended 30 June 2015
together with
Review Report to the Unitholders



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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Unitholders
The Investor Saudi Riyal Murabaha Fund
Riyadh, Kingdom of Saudi Arabia

Scope of Review

We have reviewed the accompanying interim condensed balance sheet of **The Investor Saudi Riyal Murabaha Fund** (the "Fund") managed by The Investor For Securities Company (the "Fund Manager") as at 30 June 2015, and the related interim condensed statements of income, cash flows and changes in net assets attributable to the Unitholders for the six months period ended 30 June 2015 and the attached notes from (1) to (14), 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 the 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 the generally accepted accounting standards in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Al Sadhan

Abdullah H. Al Fozan
License No. 348



Date: 27 Shawwal 1436H
Corresponding to: 12 August 2015

THE INVESTOR SAUDI RIYAL MURABAHA FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM CONDENSED BALANCE SHEET (Un-Audited)
As at 30 June 2015
(Saudi Arabian Riyals)

	<i>Note</i>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Cash and cash equivalents	6	8,088,955	19,273
Murabaha placements	7	75,489,988	46,217,861
Accrued profit on murabaha placements		767,722	257,758
Total assets		<u>84,346,665</u>	<u>46,494,892</u>
<u>LIABILITIES</u>			
Fund management fee payable	8	36,970	21,123
Other liabilities		31,985	31,479
Total liabilities		<u>68,955</u>	<u>52,602</u>
Net assets attributable to the Unitholders		<u>84,277,710</u>	<u>46,442,290</u>
Units in issue (numbers)	10	<u>7,494,198</u>	<u>4,186,727</u>
Net asset value per unit (SR)		<u>11.25</u>	<u>11.09</u>

The accompanying notes (1) through (14) form an integral part of these interim condensed financial statements.

THE INVESTOR SAUDI RIYAL MURABAHA FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM CONDENSED STATEMENT OF INCOME (Un-Audited)
For the six months period ended 30 June 2015
(Saudi Arabian Riyals)

	<i>Note</i>	<u>2015</u>	<u>2014</u>
INCOME			
Profit on Murabaha placements		623,490	350,642
Other income		<u>17,000</u>	<u>14,000</u>
		<u>640,490</u>	<u>364,642</u>
EXPENSES			
Fund management fee	<i>8,11</i>	(70,980)	(38,299)
Other expenses	<i>9</i>	(31,985)	(31,492)
		<u>(102,965)</u>	<u>(69,791)</u>
NET INCOME FOR THE PERIOD		<u>537,525</u>	<u>294,851</u>

The accompanying notes (1) through (14) form an integral part of these interim condensed financial statements.

THE INVESTOR SAUDI RIYAL MURABAHA FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM CONDENSED STATEMENT OF CASH FLOWS (Un-Audited)
For the six months period ended 30 June 2015
(Saudi Arabian Riyals)

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	537,525	294,851
Changes in operating assets and liabilities		
Murabaha placements	(40,489,988)	(17,202,471)
Accrued profit on murabaha placements	(258,338)	(114,005)
Fund management fee payable	(2,669)	2,602
Other liabilities	(32,515)	(28,021)
Net cash used in operating activities	<u>(40,245,985)</u>	<u>(17,047,044)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	6,000,000	10,000,000
Payments against redemption of units	--	(26,364,432)
Net cash generated from / (used in) financing activities	<u>6,000,000</u>	<u>(16,364,432)</u>
Net decrease in cash and cash equivalents	(34,245,985)	(33,411,476)
Cash and cash equivalents at the beginning of the period	42,334,940	52,137,749
Cash and cash equivalents at the end of the period	<u>8,088,955</u>	<u>18,726,273</u>

The accompanying notes (1) through (14) form an integral part of these interim condensed financial statements.

THE INVESTOR SAUDI RIYAL MURABAHA FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO THE UNITHOLDERS (Un-Audited)
For the six months period ended 30 June 2015
(Saudi Arabian Riyals)

	<u>2015</u>	<u>2014</u>
Net assets attributable to the Unitholders at beginning of period	77,740,185	62,511,871
Net income for the period	537,525	294,851
Changes from unit transactions		
Proceeds from issuance of units	6,000,000	10,000,000
Payments for redemption of units	--	(26,364,432)
Net changes from unit transactions	6,000,000	(16,364,432)
Net assets attributable to the Unitholders at end of period	84,277,710	46,442,290

The accompanying notes (1) through (14) form an integral part of these interim condensed financial statements.

THE INVESTOR SAUDI RIYAL MURABAHA FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2015

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 Company (the “Fund Manager”) and Fund Investors (“unitholders”). 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 as approved by Shari’ah Board of the Fund.

The Fund is managed by the Fund Manager, which is also the Custodian of the Fund. All income is reinvested in the Fund and is reflected in the unit price. In dealing with the unitholders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

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 3 Dhul Hijja1427H (corresponding to 24 December 2006) detailing requirements for investments funds within the Kingdom of Saudi Arabia.

3. SUBSCRIPTION/ REDEMPTION

The Fund is opened for subscriptions / redemptions on each dealing day. The net asset value of the Fund’s is determined on daily basis. The net asset value of the Fund for the purpose of subscription / redemption of units is determined based on the net asset value per unit as of the following dealing day of receiving the subscription / redemption request.

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”) and are in compliance with the terms and conditions of the Fund.

These interim condensed 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 annual financial statements for the year ended 31 December 2014.

These interim condensed financial statements does not necessarily constitute an indication of the year-end financial results.

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 (SR), which is the functional currency of the Fund. All financial information presented has been rounded to nearest SR.

THE INVESTOR SAUDI RIYAL MURABAHA FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2015
(Saudi Arabian Riyals)

4. BASIS OF PREPARATION (Continued)

4.4 Use of estimates and judgments

In the ordinary course of business, the preparation of interim 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 on prospective basis.

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting policies used in the preparation of these interim condensed financial statements and risk management policies are consistent with those used and disclosed in the annual financial statements for the year ended 31 December 2014.

6. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalent of the Fund comprises of:

	<u>2015</u>	<u>2014</u>
Cash at bank	3,088,955	19,273
Murabaha placements-with original maturity of three months or less	5,000,000	--
	<u>8,088,955</u>	<u>19,273</u>

7. MURAHABA PLACEMENTS

	<u>2015</u>	<u>2014</u>
<u>Counter Party</u>		
Muscat Capital	56,989,988	17,096,525
Bank Al Jazira	15,600,000	8,707,000
Qatar Islamic Bank	2,900,000	--
Al Inma Bank	--	20,414,336
	<u>75,489,988</u>	<u>46,217,861</u>

All of the above murabaha placements are held under the name of the Fund Manager

8. FUND MANAGEMENT FEE AND OTHER EXPENSES

The Fund Manager charges from the Fund on every Dealing Day management fee at an annual rate of 12% of the Fund's net profit with maximum limit of 1% of the Fund's net asset value. As per the offer document, the Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fee, regulatory and shariah audits, legal, brokerage, consultation services, data processing 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2015
(Saudi Arabian Riyals)

9. OTHER EXPENSES

	<u>2015</u>	<u>2014</u>
Professional fees	17,108	17,121
Fund board fee	12,397	12,397
Publication fee	2,480	1,974
	<u>31,985</u>	<u>31,492</u>

10. UNIT TRANSACTIONS

	<u>2015</u>	<u>2014</u>
	<i>(In numbers)</i>	
Units at beginning of the period	6,958,911	5,674,131
Units issued	535,287	904,429
Units redeemed	--	(2,391,833)
Net change in units	535,287	(1,487,404)
Units at end of the period	7,494,198	4,186,727

11. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Fund include the Unitholders, “The Investor for Securities Company” being the Fund Manager and other funds managed by the Fund manager. In the ordinary course of its activities, the Fund transacts business with related parties. All the related party transactions are carried out based on mutually agreed prices under formal agreement and approved by the Fund Board.

Related party transactions for the period and balances arising there from are as follows:

<u>Related parties</u>	<u>Nature of transactions</u>	<u>2015</u>	<u>2014</u>
The Investor for Securities Company (The Fund Manager)	Fund management fee	<u>70,980</u>	<u>38,299</u>
The Investor Al Aroos Fund	Redemption of units	<u>--</u>	<u>1,339,521</u>
The Investor Fund for Multi Project Real Estate Fund	Subscription of units	<u>--</u>	<u>10,000,000</u>
The Investor Fund for Al Sudaniah Land Development	Redemption of units	<u>--</u>	<u>25,024,912</u>

The above related party transactions resulted in the following balances:

<u>Related party</u>	<u>Nature of Balance</u>	<u>2015</u>	<u>2014</u>
The Investor for Securities Company (The Fund Manager)	Fund management fee payable	<u>36,970</u>	<u>21,123</u>

The Fund Manager holds Nil units in the Fund as at 30 June 2015 (30 June 2014: 824,583 units).

THE INVESTOR SAUDI RIYAL MURABAHA FUND
(Open Ended Mutual Fund)
Managed by The Investor for Securities Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-Audited)
For the six months period ended 30 June 2015

12. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial assets of the Fund comprise of murabaha placements and accrued profit on murabaha placements and financial liabilities comprising fund management fee payable and other liabilities. Such murabaha placements are not measured at fair value. Management believes that the fair values of these financial assets and liabilities are not materially different from their carrying values.

The fair value of murabaha placements can be affected by changes in prevailing market profit rates.

13. LAST VALUATION DATE

The last valuation day of the Fund was at 30 June 2015 (2014: 30 June 2014).

14. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Manager on 27 Shawwal 1436H corresponding to 12 August 2015.