

ASAYEL FUND
Managed by
ALBILAD INVESTMENT COMPANY

Interim condensed financial statements (un-audited)
For the six months period ended 30 June 2013
together with the
Review report to the unit holders



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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Scope of Review

We have reviewed the accompanying interim balance sheet of **Asayel Fund** (the "Fund") managed by **AlBilad Investment Company** (the "Fund Manager") as at 30 June 2013, and the related interim statements of income, cash flows and changes in net assets attributable to unit holders for the six-month period ended 30 June 2013 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**

Khalil Ibrahim Al Sedais
License no. 371



Date: 16 Ramadan 1434H
Corresponding to: 25 July 2013

ASAYEL FUND
MANAGED BY ALBILAD INVESTMENT COMPANY
INTERIM BALANCE SHEET (UN-AUDITED)
As at 30 June
(Saudi Riyals '000')

	<i>Note</i>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash and cash equivalent		73,134	79,412
Investments	6	630,663	558,708
Other assets		842	2,657
Total assets		<u>704,639</u>	<u>640,777</u>
LIABILITIES			
Accrued expenses		3,043	2,955
Total liabilities		<u>3,043</u>	<u>2,955</u>
Net assets attributable to unit holders		<u>701,596</u>	<u>637,822</u>
Units in issue (numbers '000)		<u>1,414,732</u>	<u>1,568,663</u>
Net assets value – per unit (Saudi Riyals)		<u>0.4959</u>	<u>0.4066</u>

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

ASAYEL FUND
MANAGED BY ALBILAD INVESTMENT COMPANY
INTERIM STATEMENT OF INCOME (UN-AUDITED)
For the six months period ended 30 June
(Saudi Riyals '000')

	<i>Note</i>	<u>2013</u>	<u>2012</u>
INCOME			
Dividend income		20,106	16,669
Profit on commodity murabaha		-	11
Trading gain, net			
- Realised loss on investments		(24,628)	(12,663)
- Unrealised gain on investments		<u>126,242</u>	<u>90,319</u>
		<u>121,720</u>	<u>94,336</u>
EXPENSES			
Management fees	5	5,768	5,651
Other expenses	5	<u>100</u>	<u>81</u>
		<u>5,868</u>	<u>5,732</u>
NET INCOME FOR THE PERIOD		<u>115,852</u>	<u>88,604</u>

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

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

	2013	2012
OPERATING ACTIVITIES		
Net income for the period	115,852	88,604
<i>Adjustment to reconcile net income to net cash from operating activities</i>		
Unrealised gain on investments, net	(126,242)	(90,319)
	(10,390)	(1,715)
Changes in operating assets and liabilities		
Investments, net	117,478	87,751
Other assets	(842)	(2,657)
Accrued expenses	248	413
Net cash from operating activities	106,494	83,792
FINANCING ACTIVITIES		
Proceeds from issuance of units	5,121	7,340
Payment towards units redeemed	(39,921)	(29,732)
Net cash used in financing activities	(34,800)	(22,392)
Net increase in cash and cash equivalent	71,694	61,400
Cash and cash equivalent at beginning of the period	1,440	18,012
Cash and cash equivalent at end of the period	73,134	79,412

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

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

	2013	2012
Net assets value at beginning of the period	620,544	571,610
Net income for the period	115,852	88,604
Changes from unit transactions		
Proceeds from issuance of units	5,121	7,340
Payment towards units redeemed	(39,921)	(29,732)
Net change from unit transactions	(34,800)	(22,392)
Net assets value at end of the period	701,596	637,822

UNIT TRANSACTIONS

(Units in '000)

Units at beginning of the period	1,491,013	1,625,447
Units issued	11,295	17,136
Units redeemed	(87,576)	(73,920)
Net change in units during the period	(76,281)	(56,784)
Units at end of the period	1,414,732	1,568,663

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

ASAYEL FUND
MANAGED BY ALBILAD INVESTMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2013
(Saudi Riyals '000')

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"), a subsidiary of Bank AlBilad (the "Bank") for the benefit of the Fund's Unit Holders. 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.

The Fund commenced its operations on 1 January 2006 and operated under the regulations issued by Saudi Arabian Monetary Agency (SAMA) till when Capital Market Authority (CMA) pursuant to resolution number 1-219-2006 dated 3 Dhul Hijja 1427H (corresponding to 24 December 2006), issued Investment Funds Regulations detailing regulatory requirements for all funds operating within the Kingdom of Saudi Arabia. The terms and conditions of the Fund were initially approved by SAMA and subsequently endorsed by the CMA on 20 January 2009.

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 interim condensed financial statements have been presented in accordance with generally accepted accounting standards in Kingdom of Saudi Arabia issued by the Saudi Organization of Certified Public Accountants (SOCPA) and do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Fund as at and for the year ended 31 December 2012.

3.2 Basis of measurement

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

3.4 Use of estimates and judgment

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.

The significant judgment made by management in applying accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2012.

ASAYEL FUND
MANAGED BY ALBILAD INVESTMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six months period ended 30 June 2013
(Saudi Riyals '000')

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting 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 2012.

5. MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

The Fund Manager charges each investor a subscription fee of a percentage not exceeding 2% (30 June 2012: 2%) of the subscribed amount to cover administration costs and is netted off against proceeds from issuance of units.

Fund Manager charges the Fund, a management fee at the rate of 1.75% (30 June 2012: 1.75%) per annum of the Fund's net asset value which is calculated and deducted on each valuation day.

The Fund Manager also recovers certain expenses incurred on behalf of the Fund within limits mentioned in terms and conditions of the Fund.

6. INVESTMENTS

Investments comprise the following as of 30 June:

	Note	2013	2012
Investments held for trading			
Equities - quoted	6.1	630,663	526,949
Mutual Funds		--	100
		<u>630,663</u>	<u>527,049</u>
Investments held to maturity	6.2		
Commodity murabaha		--	31,659
Total Investments		<u>630,663</u>	<u>558,708</u>

6.1 Investments held for trading

The fund manager has invested in the following sectors as of 30 June:

<u>Description by industry segment</u>	<u>% of market value</u>		<u>Cost</u>		<u>Market value</u>	
	2013	2012	2013	2012	2013	2012
Banks & financial services	31	43	255,192	348,158	193,533	229,666
Telecommunication	15	15	70,706	83,002	95,505	80,404
Cement	9	15	43,527	88,615	53,639	77,421
Industrial investment	3	-	16,105	--	18,736	--
Agriculture & food	11	5	50,105	26,098	71,501	27,620
Real estate development	8	7	43,996	37,080	47,060	36,306
Building & construction	4	3	20,715	11,822	27,321	14,148
Retail	11	8	52,220	28,375	71,452	40,382
Petrochemical industries	5	1	30,597	7,630	34,205	7,402
Transport	3	3	13,594	13,869	17,711	13,600
Mutual funds	-	-	--	95	--	100
Total investment	<u>100</u>	<u>100</u>	<u>596,757</u>	<u>644,744</u>	<u>630,663</u>	<u>527,049</u>

ASAYEL FUND
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(Saudi Riyals '000')

6. INVESTMENTS (continued)

6.1 Investments held for trading (continued)

	<u>2013</u>	<u>2012</u>
Cost	596,757	644,744
Unrealized gain / (loss)	<u>33,906</u>	<u>(117,695)</u>
	<u>630,663</u>	<u>527,049</u>

6.2 Investments held to maturity

The fund manager has invested in murabaha contracts with the following underlying commodities:

	<u>% of Amortized cost</u>	<u>Acquisition cost</u>	<u>Amortized cost</u>
<i>30 June 2012</i>			
Palladium	100	31,648	31,659
Total investment	<u>100</u>	<u>31,648</u>	<u>31,659</u>

7. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are in accordance with the terms and conditions of the Fund. All the related party transactions are approved by the Fund Board.

Related parties comprise of the Fund Manager, Bank AlBilad (the Parent Company of the Fund Manager) and entities related to Bank AlBilad and Fund Manager.

<u>Name of related party</u>	<u>Nature of transaction</u>	<u>Value of transactions during period</u>		<u>Closing balance</u>	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
AlBilad Investment Company	Management fees	5,768	5,651	2,988	2,917
	Other expenses	89	69	45	31
	Cash and cash equivalent (investment account balance)	-	-	73,134	79,412
Aqar Fund	Units purchased	-	95	-	-
	Units redeemed	122	-	-	-
	Closing balance	-	-	-	100
Murabeh Fund	Units redeemed	18,175	-	-	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
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8. 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.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's financial assets consist of cash and cash equivalent and held for trading investments and its financial liabilities consist of accrued expenses. 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.

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 objective of the Funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety to unit holders.

The Fund manages its investment portfolio and other assets by monitoring the return on net assets and makes adjustments to its investment policy in the light of changes in market conditions. The capital available is dependent upon the issuance and redemption of units.

Asset allocation is determined by the Fund Manager with a view for achieving the investment objectives.

The Fund maintains positions in different financial instruments as dictated by its investment policy. Investment comprise of "held for trading" and "held to maturity" investments. The Fund is exposed to credit risk, equity price risk, profit rate risk, liquidity risk and currency risk.

9.1 Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund is exposed to credit risk on its cash and cash equivalent which are maintained with a related party (note 7) that has good credit ratings.

The Fund's maximum exposure at the reporting date is represented by respective carrying amounts of the relevant financial assets in the balance sheet.

9.2 Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Fund is exposed to equity price risk arising from its investments held for trading portfolio due to investment in quoted equity shares that are listed in the Saudi stock exchange. Equity price risk is managed by diversifying the portfolio. This is achieved by investing in securities in various sectors of market (note 6.2) and continuous monitoring of the equity prices by the Fund Manager.

ASAYEL FUND
MANAGED BY ALBILAD INVESTMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
For the six months period ended 30 June 2013
(Saudi Riyals '000')

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

9.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities and payment towards units redeemed. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

The Fund's terms and conditions provide for the subscription and redemption of units on every valuation day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. The Fund's securities are considered to be readily realisable and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise.

9.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. All the Fund's transactions and balances are in Saudi Riyals and therefore it is not exposed to currency risk.

9.5 Profit rate risk

Profit rate risk arises from the possibility that changes in market profit rate will affect future returns or the fair value of the murabaha contracts. The Fund is not significantly exposed to profit rate risk. The financial assets of the Fund are not exposed to profit rate risk as murabaha investments are held to maturity and are entered for short term at fixed rates of profit.

10. LAST VALUATION DATE

The last valuation date of the period was 30 June 2013 (2012: 27 June 2012).

11. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund Board on 16 Ramadan 1434H corresponding to 25 July 2013.