

ALINMA SAUDI RIYAL LIQUIDITY FUND

- **Unaudited Interim Financial Statements
for the Six-Month Period Ended June 30,
2014 and Independent Auditors' Limited
Review Report**



LIMITED REVIEW REPORT OF INDEPENDENT AUDITORS

July 24, 2014

To the unit holders and the Fund Manager of Alinma Saudi Riyal Liquidity Fund:

Scope of review

We have reviewed the accompanying balance sheet of Alinma Saudi Riyal Liquidity Fund (the "Fund") as of June 30, 2014, and the related interim statements of operations, cash flows and changes in net assets for the six-month period then ended and the related notes which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Fund's management and have been prepared by them and submitted to us together with all the information and explanations, which we required.

We conducted our limited review in accordance with the standard of review of interim financial reporting issued by the Saudi Organization for Certified Public Accountants. 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. The scope of the limited review is substantially less 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 financial statements as of and for the six-month period ended June 30, 2014 for them to be in conformity with accounting standards generally accepted in Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Mohammed A. Al Obaidi', is written over a horizontal line.

By:

Mohammed A. Al Obaidi
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ALINMA SAUDI RIYAL LIQUIDITY FUND
BALANCE SHEET
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
ASSETS				
Bank balance	4	10,818,359	4,476,565	4,003,622
Investments	4,5	303,973,151	104,206,819	101,042,972
Accrued income		670,627	181,367	99,625
		315,462,137	108,864,751	105,146,219
LIABILITIES				
Redemptions payable		142,178	91,700	-
Accrued expenses		75,713	30,049	35,636
		217,891	121,749	35,636
NET ASSETS		315,244,246	108,743,002	105,110,583
Units in issue		30,776,426	10,667,863	10,355,667
Per unit value		10.24	10.19	10.15

The notes on pages 6 and 7 form an integral part of these interim financial statements.

ALINMA SAUDI RIYAL LIQUIDITY FUND
INTERIM STATEMENT OF OPERATIONS (UNAUDITED)
 (All amounts in Saudi Riyals unless otherwise stated)

		<u>Six-month period ended June 30,</u>	
	Note	2014	2013
INCOME			
Income from investments		<u>1,103,985</u>	629,264
EXPENSES			
Management fees	6	220,797	125,842
Other expenses		<u>18,342</u>	18,712
		<u>239,139</u>	144,554
NET INCOME FROM OPERATIONS		<u>864,846</u>	484,710

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ALINMA SAUDI RIYAL LIQUIDITY FUND
INTERIM STATEMENT OF CASHFLOWS (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

		<u>Six-month period ended June 30,</u>	
	Note	2014	2013
OPERATING ACTIVITIES			
Net income from operations		864,846	484,710
Changes in operating assets and liabilities			
Investments	4	(109,708,206)	274,000
Accrued income		(489,260)	242,221
Redemptions payable		50,478	
Accrued expenses		45,664	(25,685)
Net cash (used in) generated from operating activities		<u>(109,236,478)</u>	<u>975,246</u>
FINANCING ACTIVITIES			
Proceeds from units sold		212,699,481	7,717,269
Value of units redeemed		(7,063,083)	(23,909,333)
Net cash generated from (used in) financing activities		<u>205,636,398</u>	<u>(16,192,064)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		96,399,920	(15,216,818)
Cash and cash equivalents at the beginning of the period		<u>24,476,565</u>	<u>80,263,412</u>
Cash and cash equivalents at the end of the period	4	<u>120,876,485</u>	<u>65,046,594</u>

The notes on pages 6 and 7 form an integral part of these interim financial statements.

ALINMA SAUDI RIYAL LIQUIDITY FUND
INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	<u>Six-month period ended June 30,</u>	
	2014	2013
NET ASSETS VALUE AT THE BEGINNING OF THE PERIOD	<u>108,743,002</u>	<u>120,817,937</u>
CHANGES FROM OPERATIONS		
Net income from operations	<u>864,846</u>	<u>484,710</u>
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	212,699,481	7,717,269
Value of units redeemed	<u>(7,063,083)</u>	<u>(23,909,333)</u>
Net change in unit transactions	<u>205,636,398</u>	<u>(16,192,064)</u>
NET ASSETS AT THE END OF THE PERIOD	<u>315,244,246</u>	<u>105,110,583</u>

UNIT TRANSACTIONS

Transactions in units for the six-month periods ended June 30 are summarized as follows:

	2014	2013
UNITS AT THE BEGINNING OF THE PERIOD	<u>10,667,863</u>	<u>11,955,200</u>
Units sold	20,799,161	761,504
Units redeemed	<u>(690,598)</u>	<u>(2,361,037)</u>
Net increase (decrease) in units	<u>20,108,563</u>	<u>(1,599,533)</u>
UNITS AT THE END OF THE PERIOD	<u>30,776,426</u>	<u>10,355,667</u>

The notes on pages 6 and 7 form an integral part of these interim financial statements.

ALINMA SAUDI RIYAL LIQUIDITY FUND
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

1 GENERAL

Alinma Saudi Riyal Liquidity Fund, (the "Fund"), is an open ended fund created by an agreement between Alinma Investment Company (the "Fund Manager"), a subsidiary of Alinma Bank (the "Bank") and investors (the "Unit holders") in the Fund, in accordance with Shariah standards issued by the Shariah board of the Fund Manager.

The Fund is designed for investors seeking capital preservation and high liquidity through exposure to Shariah compliant products. All income is reinvested in the Fund and is reflected in the unit price.

The results for the interim period may not be indicative of the annual operating results.

The books and records of the Fund are maintained in Saudi Riyal ("SR").

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by Capital Market Authority ("CMA") on 3 Dhul Hijja 1427H (corresponding to December 24, 2006) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3 SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with the accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants ("SOCPA").

The significant accounting policies used in the preparation of these interim financial statements are consistent with those used and disclosed in the annual audited financial statements for the year ended December 31, 2013.

4 CASH AND CASH EQUIVALENTS

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
Murabaha placements with original maturity of three-month or less	110,058,126	20,000,000	61,042,972
Bank balance	10,818,359	4,476,565	4,003,622
	<u>120,876,485</u>	<u>24,476,565</u>	<u>65,046,594</u>

5 INVESTMENTS

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
Murabaha placements with the Bank	-	20,000,000	35,000,000
Murabaha placements with other banks	293,973,151	74,206,819	56,042,972
Held to maturity investments	10,000,000	10,000,000	10,000,000
	<u>303,973,151</u>	<u>104,206,819</u>	<u>101,042,972</u>

Set out below are the maturity details of the investments:

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
Maturity within 3 months	170,800,568	28,000,000	61,042,972
Maturity within 3 - 12 months	123,172,583	66,206,819	40,000,000
Maturity within more than 1 year	10,000,000	10,000,000	-
	<u>303,973,151</u>	<u>104,206,819</u>	<u>101,042,972</u>

ALINMA SAUDI RIYAL LIQUIDITY FUND
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)
 (All amounts in Saudi Riyals unless otherwise stated)

6 TRANSACTIONS WITH RELATED PARTIES

The Fund pays management fees calculated at an annual rate of 20% of the Fund's gross profit at each valuation date based on the terms and conditions as approved by CMA. The management fees reflected in the statement of operations represent the fees charged by the Fund Manager during the period.

Administration expenses paid by the Fund Manager on behalf of the Fund are reimbursed from the Fund.

The Bank acts as the Fund's banker. Murabaha placements with the Bank are disclosed in note 5.

Unit holders' account included units held as follows:

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
Held by the Fund Manager	1,633,676	1,633,676	1,633,676

7 LAST VALUATION DAY

The last valuation day for the purpose of the preparation of these interim financial statements was June 30, 2014 (2013: June 30, 2013).

8 APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Fund Board on 27 Ramadan 1435H (corresponding to July 24, 2014).