

**Al Rajhi Commodities Mudaraba Fund –
United States Dollar
(Managed by Al Rajhi Capital)**

UNAUDITED INTERIM FINANCIAL STATEMENTS

30 JUNE 2013

**LIMITED REVIEW REPORT TO THE UNITHOLDERS OF
AL RAJHI COMMODITIES MUDARABA FUND - UNITED STATES DOLLAR**


Scope of review

We have reviewed the accompanying balance sheet of Al Rajhi Commodities Mudaraba Fund - United States Dollar ("the Fund") as at 30 June 2013, and the related statements of operations, cash flows and changes in net assets for the six month period then ended. 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 on Review of Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data 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 financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young



Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 8 Ramadan 1434H
(16 July 2013)

Al Rajhi Commodities Mudaraba Fund – United States Dollar

BALANCE SHEET

As at 30 June 2013

	<i>Notes</i>	30 June 2013 (Unaudited) USD	31 December 2012 (Audited) USD	30 June 2012 (Unaudited) USD
ASSETS				
Bank balance		805,470	2,459,530	852,665
Trading investments	5	21,396,779	15,498,041	9,210,161
Money market placements	6	218,021,122	150,998,086	89,997,881
Held to maturity investments		1,106,589	5,132,383	1,122,500
Accrued income		118,217	1,029,682	592,299
		<u>241,448,177</u>	<u>175,117,722</u>	<u>101,775,506</u>
LIABILITIES				
Accrued expenses		<u>5,134</u>	<u>8,219</u>	<u>5,159</u>
NET ASSETS		<u><u>241,443,043</u></u>	<u><u>175,109,503</u></u>	<u><u>101,770,347</u></u>
Units in issue		<u><u>116,497</u></u>	<u><u>85,015</u></u>	<u><u>49,762</u></u>
Per unit value		<u><u>USD 2,072.53</u></u>	<u><u>USD 2,059.75</u></u>	<u><u>USD 2,045.14</u></u>

The accompanying notes 1 to 8 form part of these interim financial statements.

Al Rajhi Commodities Mudaraba Fund – United States Dollar

STATEMENT OF OPERATIONS

For the six months period ended 30 June 2013

	Notes	2013 (Unaudited) USD	2012 (Unaudited) USD
INVESTMENT INCOME			
Special commission income		1,386,730	806,043
Trading income, net	7	99,633	50,137
		<u>1,486,363</u>	<u>856,180</u>
EXPENSES			
Management fees	4	(221,844)	(128,603)
Others		(5,134)	(5,162)
		<u>(226,978)</u>	<u>(133,765)</u>
NET INCOME FROM OPERATIONS		<u><u>1,259,385</u></u>	<u><u>722,415</u></u>

The accompanying notes 1 to 8 form part of these interim financial statements.

Al Rajhi Commodities Mudaraba Fund – United States Dollar

STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2013

	2013 (Unaudited) USD	2012 (Unaudited) USD
<i>Note</i>		
OPERATING ACTIVITIES		
Net income from operations	1,259,385	722,415
Adjustments for:		
Movement in unrealized (loss) gain on trading investments	37,489	(6,434)
Changes in operating assets and liabilities:		
Trading investments, net	(5,936,227)	2,256,336
Money market placements	(67,023,036)	17,598,980
Held to maturity investments	4,025,794	(1,122,500)
Accrued income	911,465	(150,139)
Accrued expenses	(3,085)	(2,650)
Net cash (used in) from operating activities	<u>(66,728,215)</u>	<u>19,296,008</u>
FINANCING ACTIVITIES		
Proceeds from units sold	167,680,324	25,757,600
Value of units redeemed	(102,606,169)	(44,701,381)
Net cash from (used in) financing activities	<u>65,074,155</u>	<u>(18,943,781)</u>
(DECREASE) INCREASE IN BANK BALANCE	<u>(1,654,060)</u>	<u>352,227</u>
Bank balance at the beginning of the period	<u>2,459,530</u>	<u>500,438</u>
BANK BALANCE AT THE END OF THE PERIOD	<u><u>805,470</u></u>	<u><u>852,665</u></u>
<u>Operational cash flows from special commission income:</u>		
Special commission income received	<u><u>2,298,195</u></u>	<u><u>655,904</u></u>

The accompanying notes 1 to 8 form part of these interim financial statements.

Al Rajhi Commodities Mudaraba Fund – United States Dollar

STATEMENT OF CHANGES IN NET ASSETS

For the six months period ended 30 June 2013

	2013 (Unaudited) USD	2012 (Unaudited) USD
NET ASSETS AT THE BEGINNING OF THE PERIOD	175,109,503	119,991,713
CHANGES FROM OPERATIONS		
Net income from operations	1,259,385	722,415
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	167,680,324	25,757,600
Value of units redeemed	(102,606,169)	(44,701,381)
Net change from unit transactions	65,074,155	(18,943,781)
NET ASSETS AT THE END OF THE PERIOD	241,443,043	101,770,347

UNIT TRANSACTIONS

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

	2013 (Unaudited) Units	2012 (Unaudited) Units
UNITS AT THE BEGINNING OF THE PERIOD	85,015	59,081
Units sold	81,118	12,635
Units redeemed	(49,636)	(21,954)
Net increase (decrease) in units	31,482	(9,319)
UNITS AT THE END OF THE PERIOD	116,497	49,762

The accompanying notes 1 to 8 form part of these interim financial statements.

1 GENERAL

Al Rajhi Commodities Mudaraba Fund – United States Dollar (the Fund) is an open ended fund created by an agreement between Al Rajhi Capital (the Fund Manager), a wholly owned subsidiary of the Al Rajhi Banking and Investment Corporation (the Bank), and investors (the Unitholders) in the Fund.

The Fund is designed for investors seeking current income consistent with the preservation of capital and liquidity. The assets of the Fund are invested in Mudaraba funds and in Mudaraba transactions executed in accordance with Sharia principles. Mudaraba comprises purchases of goods and commodities from approved suppliers against immediate payment and selling them to reputed organisations on deferred payment terms, thereby generating a profit. All the trading profits are reinvested in the Fund. The Fund was established on 14 December 1990.

The books and records of the Fund are maintained in the United States Dollar (USD).

The interim results may not be indicator of the annual results of the operations.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the regulations) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 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 standard of accounting for 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 financial statements for the year ended 31 December 2012.

The significant accounting policies adopted are as follows:

Accounting convention

The interim financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading investments.

Revenue recognition

Special commission income from Mudaraba investment is recognized on an effective yield basis.

Trading income includes all unrealized gains and losses from changes in fair value. Realised gains and losses on trading investments sold are determined on the weighted average cost basis.

Investment valuation

Money market placements are carried at cost.

Investments which are purchased for trading purposes are valued at their market price. Investments in mutual funds are valued on the basis of net assets value published by the fund manager.

Investments that are bought with the intention of being held to maturity are carried at cost (adjusted for any premium or discount on an effective yield basis), less provision for any permanent decline in value.

Investment transactions

Investment transactions are accounted for as of the trade date.

Zakat and income tax

Zakat and income tax are the obligations of the Unitholders and are not provided for in the accompanying interim financial statements.

Al Rajhi Commodities Mudaraba Fund – United States Dollar

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

30 June 2013

4 TRANSACTIONS WITH RELATED PARTIES

The Fund pays to the Fund Manager a management fee calculated at an annual rate of 16% per annum of the Fund's special commission income. The fee is intended to compensate the Fund Manager for administration of the Fund. The management fees reflected in the interim statement of operations represent the fees charged by the Fund Manager during the period.

In addition, the Fund Manager has the right to collectively charge the Fund at any time with any charges relating to the Fund.

In the normal course of business, the Fund places Mudaraba investments with the Bank at prevailing market rates. Mudaraba investments involve typically the purchase of a commodity by the Fund for the purpose of its re-sale. The re-sale and the related mark up over cost is agreed with a counterparty at the inception of the Mudaraba transaction deals.

The Bank acts as the Fund's banker.

5 TRADING INVESTMENTS

Investments held for trading comprise the following as at 30 June:

<i>Description</i>	<i>Cost USD</i>	<i>Market value USD</i>
30 June 2013 (Unaudited)		
<u><i>Mutual Fund</i></u>		
Al Rajhi Commodities Mudaraba Fund – Saudi Riyals	<u>21,327,573</u>	<u>21,396,779</u>
31 December 2012 (Audited)		
<u><i>Mutual Fund</i></u>		
Al Rajhi Commodities Mudaraba Fund – Saudi Riyals	<u>15,391,346</u>	<u>15,498,041</u>
30 June 2012 (Unaudited)		
<u><i>Mutual Fund</i></u>		
Al Rajhi Commodities Mudaraba Fund – Saudi Riyals	<u>9,178,154</u>	<u>9,210,161</u>

6 MONEY MARKET PLACEMENTS

	<i>30 June 2013 (Unaudited) USD</i>	<i>31 December 2012 (Audited) USD</i>	<i>30 June 2012 (Unaudited) USD</i>
Mudaraba investments with the other banks	<u>218,021,122</u>	<u>150,998,086</u>	<u>91,120,381</u>

30 June 2013

7 TRADING INCOME, NET

	<i>30 June 2013 (Unaudited) USD</i>	<i>30 June 2012 (Unaudited) USD</i>
Realised gains on sale, net	137,122	43,703
Movement in unrealised (loss) gain on trading investments	(37,489)	6,434
	<u>99,633</u>	<u>50,137</u>

8 LAST VALUATION DAY

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